Building a better working world

ALAM MARITIM RESOURCES BERHAD

(700849-K)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2016

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Alam Maritim Resources Berhad
(Incorporated in Malaysia)

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Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal activities

The principal activity of the Company is investment holding.

The principal activities and other information relating to the subsidiaries, associates and joint ventures are disclosed in **Notes 15**, **16** and **17** to the financial statements respectively.

Results

	Group RM	Company RM
Net (loss)/profit for the year	(142,658,459)	4,404,224
Attributable to:		
Owners of the parent	(137,502,551)	4,404,224
Non-controlling interests	(5,155,908)	-
	(142,658,459)	4,404,224

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 except other than disclosed in the financial statements.

Dividend

The directors do not recommend payment of any dividend for the financial year ended 31 December 2016.

Directors

The names of the directors of the Company in office since the beginning of the financial year to 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 1.1.2016	**Acquired**	**Sold**	**At 31.12.2016**
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 1.1.2016	**Acquired**	**Sold**	**At 31.12.2016**
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 1.1.2016	**Expired**	**Granted**	**Exercised**	**At 31.12.2016**
Datuk Azmi bin Ahmad	3,309,900	(3,309,900)	924,000	-	924,000
Shaharuddin bin Warno @ Rahmad	-	-	900,000	-	900,000
Ahmad Hassanudin bin Ahmad Kamaluddin	-	-	900,000	-	900,000

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

Other statutory information (cont'd.)

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Subsequent events

Details of subsequent events are disclosed in **Note 40** to the financial statements.

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Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 1 APR 2017

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, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 16 to 124 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 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in **Note 41** to the financial statements on page 125 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 APR 2017.

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 16 to 124 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Md Nasir bin Noh
at Kuala Lumpur in the Federal
Territory on 21 APR 2017

Md Nasir bin Noh

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

Before me,

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.
Tel: 019-6680745

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Alam Maritim Resources Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment of Group's vessels

As at 31 December 2016, the Group has RM443,644,103 of property, vessels and equipment of which 90% relates to vessels and diving equipment with a total carrying value of RM400,558,428, being the most significant assets of the Group. This is further detailed in **Note 12** to the financial statements.

Due to the continued depressed oil and gas industry, the Group has recorded a decline in revenue for the current financial year, thereby indicating that the carrying amount of the vessels and diving equipment may be impaired. The Group had recognised an impairment amount of RM22,469,772 in the current financial year.

The recoverable amount are determined separately as each vessel and diving equipment is able to generate cash inflows independently. Accordingly, the Group estimated the recoverable amount of the vessels and diving equipment based on the higher of fair value less costs to sell and its value in use.

The impairment review was significant to our audit because the assessment process is complex and is based on assumptions that are highly judgmental.

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

Key audit matters (cont'd.)

Impairment of Group's vessels (cont'd.)

Our audit procedures included, amongst others:

- assessed the methodologies used by external valuers to estimate the fair value of the vessels;
- evaluated the external valuer's competency, capabilities and objectivity;
- checked, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer;
- evaluated management's cash flow forecasts where we compared these forecasts with the business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of the forecasting; and
- evaluated and challenged the assumption made on vessels' utilisation rate, daily charter rate, budgeted gross margins and discount rate.

In addition, we also assessed the appropriateness of the disclosures in the audited financial statements in accordance with the relevant standards. We refer to **Notes 3.2(c)** and **12** in the notes to the financial statements.

Key audit matters (cont'd.)

Impairment of investments in associates and joint ventures

As at 31 December 2016, the carrying value of investments in associates and joint ventures are RM47,741,569 and RM210,040,405 respectively. This is further detailed in **Notes 16** and **17** to the financial statements.

The continued depressed oil and gas industry mentioned above has raised indication of possible impairment where the directors have assessed the recoverable amount of the entities. The Group had recognised an impairment amount of RM7,570,161 in the current financial year.

Our audit procedures included amongst others:

- evaluating the assumptions and methodologies used by the Group in performing the impairment assessment;
- evaluated management's cash flow forecasts where we compared these forecasts with the business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of the forecasting;
- evaluated and challenged the assumptions made on forecasted revenue, budgeted gross margins and discount rate;
- assessed the methodologies used by external valuers to estimate the fair value of the vessels, which is the most significant assets of the entities;
- evaluated the external valuer's competency, capabilities and objectivity; and
- checked, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer.

In addition, we also assessed the appropriateness of the disclosures in the audited financial statements in accordance with the relevant standards. We refer to **Note 3.2(d)** in the notes to the financial statements.

**Independent auditors' report to the members of
Alam Maritim Resources Berhad (cont'd.)
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Information other than the financial statements and the auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and out auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

**Independent auditors' report to the members of
Alam Maritim Resources Berhad (cont'd.)
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Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent auditors' report to the members of
Alam Maritim Resources Berhad (cont'd.)
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Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also (cont'd.):

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Auditors' responsibilities for the audit of the financial statements (cont'd.)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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
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Other reporting responsibilities

The supplementary information set out in **Note 41** to the financial statements on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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
21 April 2017

Statements of comprehensive income
For the financial year ended 31 December 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	4	229,480,524	350,222,090	-	-
Cost of sales	4	(218,060,275)	(286,904,376)	-	-
Gross profit		11,420,249	63,317,714	-	-
Other income	5	10,972,342	19,738,027	10,639,680	8,244,846
Employee benefits expense	6	(26,322,906)	(26,889,553)	(382,760)	(414,002)
Other expenses		(68,877,278)	(41,644,716)	(624,421)	(950,827)
Operating (loss)/ profit		(72,807,593)	14,521,472	9,632,499	6,880,017
Finance costs	8	(9,151,947)	(12,345,609)	(5,205,500)	(7,550,483)
Share of results of associates		(30,454,322)	2,379,049	-	-
Share of results of joint ventures		(36,454,136)	(24,373,278)	-	-
(Loss)/profit before tax	9	(148,867,998)	(19,818,366)	4,426,999	(670,466)
Income tax credit/ (expense)	10	6,209,539	65,629,571	(22,775)	(107,907)
(Loss)/profit for the year		(142,658,459)	45,811,205	4,404,224	(778,373)
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent period (net of tax):					
Foreign currency translation, representing other comprehensive income for the year, net of tax		(353,045)	2,061,148	-	-
Total comprehensive income for the year		(143,011,504)	47,872,353	4,404,224	(778,373)

Statements of comprehensive income
For the financial year ended 31 December 2016 (cont'd.)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
(Loss)/profit attributable to:					
Owners of the parent		(137,502,551)	45,593,836	4,404,224	(778,373)
Non-controlling interests		(5,155,908)	217,369	-	-
		(142,658,459)	45,811,205	4,404,224	(778,373)
Total comprehensive income attributable to:					
Owners of the parent		(136,926,411)	47,176,970	4,404,224	(778,373)
Non-controlling interests		(6,085,093)	695,383	-	-
		(143,011,504)	47,872,353	4,404,224	(778,373)
(Loss)/earnings per share attributable to owners of the parent:					
Basic (sen)	11(a)	(14.9)	4.9		
Diluted (sen)	11(b)	(14.9)	4.9		

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 2016

		Group		Company	
	Note	2016 RM	2015 RM Restated	2016 RM	2015 RM
Assets					
Non-current assets					
Property, vessels and equipment	12	443,644,103	502,669,963	-	-
Investment properties	13	8,534,655	8,300,574	-	-
Intangible assets	14	-	1,559,512	-	-
Investments in subsidiaries	15	-	-	100,303,120	100,303,120
Investments in associates	16	47,741,569	79,431,906	-	-
Interests in joint ventures	17	210,040,405	253,652,117	-	-
Deferred tax assets	18	5,157,381	7,841,327	-	-
Trade receivables	20	581,965	581,965	-	-
		715,700,078	854,037,364	100,303,120	100,303,120
Current assets					
Inventories	19	2,066,265	2,629,730	-	-
Amounts due from subsidiaries	28	-	-	366,934,663	402,087,637
Trade receivables	20	55,303,574	100,484,306	-	-
Other receivables	21	132,925,189	105,054,822	192,776	28,811
Tax recoverable		6,248,867	4,138,802	352,577	360,302
Cash and bank balances	22	45,124,437	125,513,402	11,968,076	14,922,379
		241,668,332	337,821,062	379,448,092	417,399,129
Total assets		957,368,410	1,191,858,426	479,751,212	517,702,249
Equity and liabilities					
Current liabilities					
Borrowings	26	92,628,508	102,594,926	30,000,000	40,000,000
Trade payables	29	47,732,118	81,247,255	-	-
Other payables	30	12,842,878	24,921,291	613,753	5,077,250
Tax payable		256,501	351,771	-	-
		153,460,005	209,115,243	30,613,753	45,077,250
Net current assets		88,208,327	128,705,819	348,834,339	372,321,879

Statements of financial position
As at 31 December 2016 (cont'd.)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current liabilities					
Borrowings	26	62,132,470	91,434,191	45,000,000	75,000,000
Deferred tax liabilities	18	4,169,191	12,798,980	-	-
		66,301,661	104,233,171	45,000,000	75,000,000
Total liabilities		219,761,666	313,348,414	75,613,753	120,077,250
Net assets		737,606,744	878,510,012	404,137,459	397,624,999
Equity attributable to owners of the parent					
Share capital	23	231,115,231	231,115,231	231,115,231	231,115,231
Share premium	23	165,199,735	165,199,735	165,199,735	165,199,735
Other reserves	24	704,248	(1,885,182)	2,108,236	94,946
Retained earnings		345,098,729	482,506,334	5,714,257	1,215,087
		742,117,943	876,936,118	404,137,459	397,624,999
Non-controlling interests		(4,511,199)	1,573,894	-	-
Total equity		737,606,744	878,510,012	404,137,459	397,624,999
Total equity and liabilities		957,368,410	1,191,858,426	479,751,212	517,702,249

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

Consolidated statement of changes in equity
For the financial year ended 31 December 2016

	Attributable to owners of the parent						
	Non-distributable			Distributable			
	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 2016	231,115,231	165,199,735	(1,885,182)	482,506,334	876,936,118	1,573,894	878,510,012
Loss for the year	-	-	-	(137,502,551)	(137,502,551)	(5,155,908)	(142,658,459)
Other comprehensive income	-	-	576,140	-	576,140	(929,185)	(353,045)
Total comprehensive income	231,115,231	165,199,735	(1,309,042)	345,003,783	740,009,707	(4,511,199)	735,498,508
Expiry of employee share options	-	-	(94,946)	94,946	-	-	-
Issuance of employee share options	-	-	2,108,236	-	2,108,236	-	2,108,236
Closing balance at 31 December 2016	231,115,231	165,199,735	704,248	345,098,729	742,117,943	(4,511,199)	737,606,744
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	-	-	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

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

Company statement of changes in equity
For the financial year ended 31 December 2016 (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
At 1 January 2016	231,115,231	165,199,735	94,946	1,215,087	397,624,999
Total comprehensive income for the year	-	-	-	4,404,224	4,404,224
Transactions with owners:					
Issuance of employee share options	-	-	2,108,236	-	2,108,236
Expiry of employee share options	-	-	(94,946)	94,946	-
Total transactions with owners	-	-	2,013,290	94,946	2,108,236
At 31 December 2016	231,115,231	165,199,735	2,108,236	5,714,257	404,137,459
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

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

Statements of cash flows
For the financial year ended 31 December 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Operating activities				
(Loss)/profit before tax	(148,867,998)	(19,818,366)	4,426,999	(670,466)
Adjustments for:				
Interest income	(836,442)	(3,475,745)	(172,325)	(689,795)
Interest recharged to subsidiaries	-	-	(5,205,500)	(7,550,483)
Property, vessels and equipment:				
- Depreciation **(Note 12)**	44,958,897	42,876,078	-	-
- Loss on disposal	60,994	3,176	-	-
- Written off **(Note 12)**	8,777	2,004	-	-
- Impairment **(Note 12)**	22,469,772	16,077,838	-	-
Finance costs	9,151,947	12,345,609	5,205,500	7,550,483
Trade receivables:				
- Impairment loss **(Note 20)**	9,343,523	12,378,295	-	-
- Reversal of impairment loss **(Note 20)**	(3,025,000)	-	-	-
Amounts due from joint ventures:				
- Impairment loss **(Note 21)**	7,953,167	-	-	-
Net unrealised foreign exchange loss/(gain)	9,292,038	(12,919,748)	(5,261,668)	-
Intangibles assets:				
- Impairment loss **(Note 14)**	1,590,456	-	-	-
Share of results of associates	30,454,322	(2,379,049)	-	-
Share of results of joint ventures	36,454,136	24,373,278	-	-
Gain on disposal of a subsidiary company **(Note 15)**	(1,610,095)	-	-	-
Impairment loss on investments in associates **(Note 16)**	1,236,015	-	-	-
Impairment loss on interests in joint ventures **(Note 17)**	6,334,146	840,967	-	-
Issuance of employee share options **(Note 24)**	2,108,236	-	-	-
Cash flow generated from/(used in) before working capital changes	27,076,891	70,304,337	(1,006,994)	(1,360,261)

Statements of cash flows
For the financial year ended 31 December 2016 (cont'd.)

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Operating activities (cont'd.)				
Operating cash flows before working capital changes	27,076,891	70,304,337	(1,006,994)	(1,360,261)
Changes in working capital:				
Decrease in inventories	563,465	2,296,931	-	-
Decrease/(increase) in receivables	3,482,814	57,057,751	(163,965)	78,574
(Decrease)/increase in payables	(52,054,064)	(70,231,129)	(4,463,497)	4,163,591
Total changes in working capital	(48,007,785)	(10,876,447)	(4,627,462)	4,242,165
Cash flows (used in)/ generated from operations	(20,930,894)	59,427,890	(5,634,456)	2,881,904
Income tax (paid)/refund, net	(2,176,038)	(3,161,572)	(15,050)	36,047
Interest paid	(9,151,947)	(12,345,609)	(5,205,500)	(7,550,483)
Net cash flows (used in)/ generated from operating activities	(32,258,879)	43,920,709	(10,855,006)	(4,632,532)
Investing activities				
Purchase of property, vessels and equipment	(8,364,445)	(33,217,956)	-	-
Proceeds from disposal of property, vessels and equipment	57,905	-	-	-
Proceeds from disposal of a subsidiary company	2	-	-	-
Decrease in amounts due from subsidiaries	-	-	42,522,878	4,215,994
Interest received	836,442	3,475,745	5,377,825	8,240,278
Net cash flows (used in)/ generated from investing activities	(7,470,096)	(29,742,211)	47,900,703	12,456,272

Statements of cash flows
For the financial year ended 31 December 2016 (cont'd.)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financing activities				
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	(40,000,000)	(115,000,000)	(40,000,000)	(115,000,000)
Term loans:				
- Drawdown	5,634,843	2,734,901	-	-
- Repayment	(10,798,490)	(10,969,919)	-	-
Revolving credits:				
- Drawdown	11,082,500	6,000,000	-	-
- Repayment	(6,116,500)	(9,200,000)	-	-
Hire purchase and finance lease liabilities:				
- Repayment	(1,418,925)	(1,168,185)	-	-
Decrease/(increase) in cash set aside for marginal deposit	9,176,416	(981,110)	-	-
Net cash set aside for sinking fund	1,168,750	30,356,239	1,168,750	42,697,622
Withdrawal in fixed deposit with maturity more than three months	-	30,000,000	-	-
Net cash flows used in financing activities	(31,271,406)	(68,228,074)	(38,831,250)	(72,302,378)
Net decrease in cash and cash equivalents	(71,000,381)	(54,049,576)	(1,785,553)	(64,478,638)
Net foreign exchange difference	(1,391,851)	(6,179,232)	-	-
Cash and cash equivalents at beginning of the financial year	79,435,811	139,664,619	2,234,872	66,713,510
Cash and cash equivalents at end of the financial year (Note 22)	7,043,579	79,435,811	449,319	2,234,872

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

1. Corporate information

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

The immediate holding company is SAR Venture Holdings (M) Sdn. Bhd., which is incorporated in Malaysia and is an investment holding company.

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, associates and joint ventures during the financial year except for the discontinuance of the ship owning activity by Alam Maritim (L) Inc. as disclosed in **Note 15** to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2017.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 2016 as disclosed in **Note 2.2**.

The financial statements have been prepared on a historical cost basis except as disclosed in this summary of significant accounting policies.

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 2016, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2016.

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 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

The nature and impact of the new and amended MFRS 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 do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

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

2.2 Changes in accounting policies (cont'd.)

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

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

These amendments do not have any impact on the Group's consolidated financial statements as there has been no interest acquired in a joint operation during the year.

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.

These amendments do not have any impact on the Group's and the Company's financial statements.

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; and
- Presentation of items of other comprehensive income arising from equity accounted investments.

The amendments do not have any impact on the Group's and the Company's financial statements.

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

2.2 Changes in accounting policies (cont'd.)

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. These amendments will not have any impact on the Group's and the Company's financial statements.

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 does not apply.

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. These amendments do not have a significant impact on the Group's and the Company's financial statements.

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

2.2 Changes in accounting policies (cont'd.)

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 applied prospectively.

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. This amendment is applied retrospectively.

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. This amendment is applied prospectively.

MFRS 134 Interim Financial Reporting

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 (e.g., 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. This amendment is applied retrospectively.

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
MFRS 16 Leases	1 January 2019
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 107: Disclosure Initiative

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

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

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

Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses (cont'd.)

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and on the Company.

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on the financial statements.

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

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

MFRS 15 Revenue from Contracts with Customers

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 MFRS 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, i.e 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. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

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. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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

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

Amendments to MFRS 140 Transfers of Investment Property

The amendments clarify that:

(a) when an entity should transfer property, including property under construction or development into, or out of investment property;
(b) a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use; and
(c) a mere change in management's intentions for the use of a property does not provide evidence of a change in use.

The amendments are effective from 1 January 2018. The amendments will eliminate diversity in practice.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group plans to assess the potential effect of MFRS 16 on its financial statements in year 2017.

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

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

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

The amendments clarify that:

(a) 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

(b) gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture 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. These amendments are not expected to have any impact on the Group.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group control an investee if, and only if, the Group has:

(i) Power over the investee (i.e. 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 involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee
(ii) Rights arising from other contractual arrangements
(iii) The Group's voting rights and potential voting rights

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

2.4 Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

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

2.5 Business combinations (cont'd.)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Economic entities in the Group

(a) Subsidiary companies

Investment in subsidiary companies are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is set out in **Note 2.11**.

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.)

2.6 Economic entities in the Group (cont'd.)

(b) 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.

(c) 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.

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

2.6 Economic entities in the Group (cont'd.)

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

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.

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

2.7 Foreign currencies

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.8 Property, vessels and equipment

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.

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

2.8 Property, vessels and equipment

Subsequent to initial 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.

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

2.9 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 2.11**.

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 either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.10 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.

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

2.10 Intangible assets (cont'd.)

(a) Goodwill (cont'd.)

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.

2.11 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.12 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

(i) Initial recognition and measurement

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.

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

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

(a) Financial assets (cont'd.)

(ii) Subsequent measurement

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.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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

(a) Financial assets (cont'd.)

(iv) 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 asset'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.

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

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

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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 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.

(ii) Subsequent measurement

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.

(iii) Derecognition

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

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

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

(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.

2.13 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.

Deposit with licensed banks and financial institutions with maturity profile above 3 months are excluded from cash and cash equivalents.

2.14 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.)

2.15 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

2.16 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 a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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.

2.17 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.)

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 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.)

2.19 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.

2.20 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

(a) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the 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 of the asset and the lease term.

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

2.20 Leases (cont'd.)

(a) As lessee (cont'd.)

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income are set out in **Notes 2.21(a)** and **2.21(d)**.

2.21 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. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

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

Charter hire of vessels, ship catering 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 2.14**.

(c) Diving and sub-sea services

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

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

2.21 Revenue recognition (cont'd.)

(d) Rental of equipment

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

(e) Vessel's management fees

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

(f) Sales of diving equipment

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

(g) Interest income

Interest income is recognised on 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.

2.22 Income taxes

Income tax on profit or loss for the financial year comprises current and deferred tax.

(a) Current tax

Current income 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 at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

2.22 Income taxes (cont'd.)

(b) Deferred tax

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

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, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised 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.

- 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.

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

2.22 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.23 Segment reporting

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

2.24 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 classified as equity.

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

2.25 Contingent liabilities and contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiary companies by the Group and the Company under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

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

2.26 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.

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 Group classifies all other liabilities as non-current.

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

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

2.27 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties at fair value at each balance sheet date.

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.

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 uses 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.)

2.27 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 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 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 accompanying disclosures, 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 periods.

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**.

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

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

(d) Impairment of investments in subsidiaries, associates and joint ventures

The Group assesses whether there is any indication that an investment in subsidiaries, associates and joint ventures may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in subsidiaries, associates and joint ventures are as follows:

(i) The Group determines whether its investments are impaired following certain indications of impairment such as amongst others shortfall between Group's cost of investment and share of net assets, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and

(ii) Depending on their nature and the location in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or revised net assets value.

Once a suitable method of valuation is selected, management makes certain key assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trends.

Sensitivity to changes in assumptions

The sensitivity tests indicated that with a decrease in the vessels' utilisation rate or daily charter rate by 10%, the recoverable amount will be varied by approximately 18%.

4. Revenue and cost of sales

Revenue

	Group 2016 RM	Group 2015 RM
Charter hire	82,011,350	177,200,040
Offshore installation and construction	105,078,125	2,607,593
Diving and sub-sea services	12,724,650	79,647,714
Rental of equipment	1,172,482	22,828,190
Other shipping related income	17,948,371	51,484,870
Vessel's management fees	8,788,701	13,685,032
Ship catering	1,756,845	2,768,651
	229,480,524	350,222,090

Cost of sales

Cost of sales represents cost of services provided, labour 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 2016 RM	Group 2015 RM
Wages and allowances	16,256,428	48,569,476
Contributions to defined contribution plan - EPF	868,232	1,258,900
Social security contributions	80,539	95,627
	17,205,199	49,924,003

5. Other income

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Interest income	836,442	3,475,745	172,325	689,795
Gain on foreign exchange:				
- Realised	1,623,002	564,759	-	-
- Unrealised	-	12,919,748	5,261,668	-
Rental of premises	258,744	348,666	-	-
Interest recharged to subsidiaries	-	-	5,205,500	7,550,483
Reversal of impairment loss on trade receivables **(Note 20)**	3,025,000	-	-	-
Gain on disposal of a subsidiary company **(Note 15)**	1,610,095	-	-	-
Other income	3,619,059	2,429,109	187	4,568
	10,972,342	19,738,027	10,639,680	8,244,846

6. Employee benefits expense

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Salaries, bonuses and allowances	19,401,421	19,906,223	315,000	210,507
Contributions to defined contribution plan	1,687,558	2,189,507	-	-
Social security contributions	347,601	113,549	-	-
Share options granted under ESOS **(Note 24)**	2,108,236	-	-	-
Other staff related expenses	2,778,090	4,680,274	67,760	203,495
	26,322,906	26,889,553	382,760	414,002
Cost of sales **(Note 4)**	17,205,199	49,924,003	-	-
	43,528,105	76,813,556	382,760	414,002

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,796,175 (2015: RM3,895,629) as further disclosed in **Note 7**.

7. Directors' remuneration

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive:				
Salaries and other emoluments	3,367,740	3,437,194	-	-
Defined contribution plan	284,435	284,435	-	-
Estimated money value of benefits-in-kind	144,000	174,000	-	-
Total executive directors' remuneration	3,796,175	3,895,629	-	-
Non-executive:				
Fees and other emoluments	348,000	356,499	348,000	356,499
Estimated money value of benefits-in-kind	-	50,000	-	50,000
Total non-executive directors' remuneration	348,000	406,499	348,000	406,499
Total directors' remuneration	4,144,175	4,302,128	348,000	406,499

7. Directors' remuneration (cont'd.)

The number of directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2016	**2015**
Executive directors:		
RM900,001 - RM1,000,000	1	-
RM1,000,001 - RM1,100,000	-	1
RM1,200,001 - RM1,300,000	1	1
RM1,501,001 - RM1,600,000	1	1
RM1,901,001 - RM2,000,000	-	-
Non-executive directors:		
RM100,001 - RM110,000	1	-
RM110,001 - RM120,000	1	2
RM120,001 - RM130,000	1	-
RM170,001 - RM180,000	-	1

8. Finance costs

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Term loans	1,357,099	1,679,387	-	-
Hire purchase and finance lease liabilities	253,139	211,397	-	-
Sukuk Ijarah MTN	5,205,500	7,550,483	5,205,500	7,550,483
Revolving credits	1,967,499	2,527,747	-	-
Other borrowings	368,710	376,595	-	-
	9,151,947	12,345,609	5,205,500	7,550,483

9. (Loss)/profit before tax

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-executive directors' remuneration **(Note 7)**	348,000	406,499	348,000	406,499
Auditors' remuneration:				
- Statutory audits	219,000	203,000	70,000	70,000
- Other services	30,000	32,000	-	-
- Other auditors	81,250	72,800	-	-
Operating leases payment:				
- premises	1,815,049	1,401,196	-	-
- third party vessels	3,270,648	32,581,545	-	-
Property, vessels and equipment:				
- Depreciation **(Note 12)**	44,958,897	42,876,078	-	-
- Loss on disposal	60,994	3,176	-	-
- Written off **(Note 12)**	8,777	2,004	-	-
- Impairment **(Note 12)**	22,469,772	16,077,838	-	-
Trade receivables:				
- Impairment loss **(Note 20)**	9,343,523	12,378,295	-	-
- Reversal of impairment loss **(Note 20)**	(3,025,000)	-	-	-
Amounts due from joint ventures:				
- Impairment loss **(Note 21)**	7,953,167	-	-	-
Intangible assets:				
- Impairment loss **(Note 14)**	1,590,456	-	-	-
Net unrealised foreign exchange losses	9,292,038	-	-	-
Impairment loss on investments in associates **(Note 16)**	1,236,015	-	-	-
Impairment loss on interests in joint venture **(Note 17)**	6,334,146	840,967	-	-

10. Income tax (credit)/expense

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2016 and 2015 are:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	599,175	1,615,213	-	-
(Over)/underprovision in prior years:				
Malaysian income tax	(628,472)	966,747	22,775	107,907
Foreign tax	-	309,820	-	-
	(29,297)	2,891,780	22,775	107,907
Deferred tax **(Note 18)**:				
Relating to origination and reversal of temporary differences	(8,783,650)	(69,663,693)	-	-
Underprovision in prior years	2,603,408	1,142,342	-	-
	(6,180,242)	(68,521,351)	-	-
Income tax (credit)/ expense for the year	(6,209,539)	(65,629,571)	22,775	107,907

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/profit before tax	(148,867,998)	(19,818,366)	4,426,999	(670,466)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(35,728,320)	(4,954,592)	1,062,480	(167,617)
Different tax rates in other countries	1,741,971	(138,716)	-	-
Different tax rates in other tax jurisdiction	6,220,015	1,278,174	-	-
Effect of changes in tax rate	(125,998)	(2,692,562)	-	-
Effect of income not subject to tax	(1,315,102)	(6,276,743)	-	-
Effect of share of results of joint ventures and associates	16,058,030	5,498,557	-	-
Expenses non-deductible for tax purposes	4,837,002	4,907,825	-	159,033
Deferred tax assets not recognised on unutilised business losses	127,927	-	(1,062,480)	8,584
Deferred tax liabilities previously recognised on deductible temporary differences now unrecognised **(Note 12)**	-	(65,670,423)	-	-
(Over)/underprovision of income tax in prior years	(628,472)	1,276,567	22,775	107,907
Underprovision of deferred tax in prior years	2,603,408	1,142,342	-	-
Income tax (credit)/ expense for the year	(6,209,539)	(65,629,571)	22,775	107,907

11. (Loss)/earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2016 RM	2015 RM
(Loss)/profit attributable to owners of the parent of the Company	(137,502,551)	45,593,836
Weighted average number of ordinary shares in issue	924,460,921	924,460,921
Basic (loss)/earnings per share (sen)	(14.9)	4.9

(b) Diluted

For the purpose of calculating diluted earnings per share, the (loss)/profit for the year attributable to owners of the parent 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.

	2016 RM	2015 RM
(Loss)/profit attributable to owners of the parent of the Company	(137,502,551)	45,593,836
Weighted average number of ordinary shares in issue	924,460,921	924,460,921
Effects of dilution from share options granted to employees	-	419,152
Adjusted weighted average number of ordinary shares in issue and issuable	924,460,921	924,880,073
Diluted (loss)/earnings per share (sen)	(14.9)	4.9

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 2016	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
Additions	-	-	-	4,086,520	1,535,575	304,000	185,199	94,018	2,159,133	8,364,445
Disposal of a subsidiary company	-	(382,555)	-	-	-	(190,227)	(373,738)	(118,252)	(368,461)	(1,433,233)
Disposals	-	-	-	-	-	(113,958)	(127,835)	-	-	(241,793)
Written off	-	-	-	-	(588,666)	-	-	-	-	(588,666)
Exchange differences	-	255,467	-	-	1,396,289	-	23,965	19,909	-	1,695,630
At 31 December 2016	12,039,510	24,317,515	587,248,045	55,677,616	142,926,301	5,871,713	8,707,924	6,193,429	6,052,586	849,034,639

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
Accumulated depreciation and impairment										
At 1 January 2016	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
Charge for the year	121,611	575,210	23,899,728	2,794,131	15,661,433	566,550	958,678	381,556	-	44,958,897
Disposal of a subsidiary company	-	(24,474)	-	-	-	(190,226)	(299,874)	(88,836)	-	(603,410)
Disposals	-	-	-	-	-	(93,066)	(29,828)	-	-	(122,894)
Impairment **(Note 9)**	-	-	9,613,383	59,259	12,797,130	-	-	-	-	22,469,772
Written off	-	-	-	-	(579,889)	-	-	-	-	(579,889)
Exchange differences	-	39,029	-	-	618,964	-	21,866	19,908	-	699,767
At 31 December 2016	903,275	4,344,309	260,209,886	39,935,221	85,148,427	3,972,932	6,682,106	4,194,380	-	405,390,536

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 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

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
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
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 2016	11,136,235	19,973,206	327,038,159	15,742,395	57,777,874	1,898,781	2,025,818	1,999,049	6,052,586	443,644,103

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

(a) Included in the Group's additions for the year are property, vessels and equipment of RM304,000 (2015: RM1,127,172) 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	
	2016	**2015**
	RM	**RM**
Motor vehicles	1,898,781	2,182,224
Computers, office equipment, and furniture and fittings	841,835	1,441,963

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

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

	Group	
	2016	**2015**
	RM	**RM**
Leasehold buildings	19,973,206	20,690,059
Vessels	327,038,159	360,551,270
	347,011,365	381,241,329

(c) In prior year, 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 were 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)** was derecognised in full upon transfer due to different tax jurisdiction applied by the transferee.

(d) The Group has performed a review of the recoverable amount of the Group's vessels and diving equipment also known as Remotely Operated Vehicle ("ROV"). Impairment assessment review for each vessels and ROV were performed as those assets are able to generate its own identifiable cash inflows. The review led to the recognition of impairment losses of the Group's vessels and ROV amounting to RM22,469,772 (2015: RM16,077,838). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM397,746,805. The recoverable amount of the vessels and ROV were based on the higher of the assets' fair value less costs to sell and its value in use.

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

(d) (cont'd.)

Value in use ("VIU") calculations

Estimating the VIU of the vessels involves estimates made by the directors relating to the future cash inflows and outflows that will be derived from the vessels, and discounting them at an appropriate rate.

VIU was determined by discounting the future cash flows expected to be generated from the continuing use of the vessels and ROV. The following describes each key assumption used:

(i) Revenue

Revenue are estimated based on existing order book and anticipated contracts, which affect the vessels' utilisation rate and daily charter rate.

(ii) Budgeted gross margins

Gross margins are estimated based on forecast margins for order book, management's expectation and past experience.

(iii) Discount rate

The discount rate reflects specific risk relating to the assets. The discount rate used is 11% (2015: 10%).

Valuation judgement by an independent professional valuer

External valuer were engaged to issue valuation reports on 9 group of vessels, which was classified based on similar specification and characteristics. Further assessment performed to estimate the fair value of each vessels in reference to the valuation reports, taking into consideration of significant factors (amongst others vessels' classification, age, year built and engine capacity).

The valuation were carried out by an independent professional valuer, Maphilindo-Insight Sdn. Bhd..

The valuation judgement by the independent professional valuer was derived using the following assumptions:

(i) The type, size, main and auxiliary machinery fitted on board and other specification of the vessels.
(ii) The age of the vessels and its future economic life expectancy.
(iii) The condition of the vessels' hull, machinery and equipment are consistent with its age as noted with the normal wear and tear.
(iv) The current supply and demand for vessels of this type and size in the sales and purchase market.

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

(d) (cont'd.)

Sensitivity to changes in assumptions

The sensitivity tests indicated that with a decrease in the vessels' utilisation rate or daily charter rate by 10%, the recoverable amount will be varied by approximately 18%.

13. Investment properties

	Group 2016 RM	Group 2015 RM
Cost		
At 1 January	8,410,451	-
Addition	354,661	-
Transfer from property, vessels and equipment **(Note 12)**	-	8,410,451
At 31 December	8,765,112	8,410,451
Accumulated depreciation		
At 1 January	109,877	-
Charge for the year	120,580	-
Transfer from property, vessels and equipment **(Note 12)**	-	109,877
At 31 December	230,457	109,877
Net carrying amount		
At 31 December	8,534,655	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 RM14,854,315 (2015: RM11,667,426) 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 2016	1,743,390	755,586	2,498,976
Exchange differences	30,944	178,161	209,105
At 31 December 2016	1,774,334	933,747	2,708,081
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
Accumulated amortisation and impairment			
At 1 January 2016	183,878	755,586	939,464
Impairment loss **(Note 9)**	1,590,456	-	1,590,456
Exchange differences	-	178,161	178,161
At 31 December 2016	1,774,334	933,747	2,708,081
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
Net carrying amount			
At 31 December 2016	-	-	-
At 31 December 2015	1,559,512	-	1,559,512

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

14. Intangible assets (cont'd.)

Allocation of goodwill

The carrying amount of goodwill is allocated to the Group's cash-generating unit ("CGU") that the goodwill relates to, which is the sub-sea service business.

Impairment test for goodwill

The Group undertook an annual impairment test for goodwill based on the recoverable amount of each CGU. The impairment test during the year has resulted in an impairment loss of RM1,590,456 (2015: RM nil) being booked for investment in a foreign subsidiary due to the projected recoverable amount being lower than the carrying amount of the goodwill relating to the foreign subsidiary.

Assumptions and approach used

The recoverable amount of the CGU including goodwill in this test was determined based on the value in use calculation. This value in use calculation applies a discounted cash flow model using cash flow projections covering a five year period. The projections reflect the CGU's expectations of revenue growth, operating costs and margins based on past experience and expectations of market growth and industry growth.

The following are the key assumptions used in the cash flow projections:

(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 2016 RM	2015 RM
Unquoted shares, at cost	100,303,120	100,303,120

15. Investments in subsidiaries (cont'd.)

The Company completed the following in the current financial year:

(a) 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 sales consideration of RM2.00. As a result, KJ Waja shall cease to be a subsidiary company of the Group.

(b) On 14 September 2016, Alam Hidro (M) Sdn. Bhd., a wholly-owned subsidiary company of the Group, has incorporated a private company limited by shares known as Alam Hidro (L) Inc. ("AHLI") with paid-up share capital of USD100, comprising 100 ordinary shares of USD1.00 each. As a result, AHLI has become an indirect wholly-owned subsidiary of the Group.

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2016 %	2015 %
(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 2016 %	Group's effective interest 2015 %
(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
Alam Maritim Properties (M) Sdn. Bhd. ("AMP")	Malaysia	Property owner and management	100	100
(iii) Held through AHSB:				
Alam Hidro (L) Inc. ("AHLI")	Federal Territory of Labuan, Malaysia	Offshore facilities construction and installation and sub-sea services	100	-

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2016 %	Group's effective interest 2015 %
(iv) Held through KJWE:				
KJ Waja Services Sdn. Bhd. ("KJWS") *	Malaysia	Ship spare supply and other related services	-	84
(v) Held through AMLI:				
Eastar Offshore Pte Ltd. ("EASTAR") *	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	75	75
(vi) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV Services	75	75
(vii) Held through AMIH				
Alam Maritim Investment I (L) Inc. ("AMI I")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment I (L) Inc. ("AMI I")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment II (L) Inc. ("AMI II")	Federal Territory of Labuan, Malaysia	Ship owning	100	100

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2016 %	Group's effective interest 2015 %
(vii) Held through AMIH (cont'd.)				
Alam Maritim Investment III (L) Inc. ("AMI III")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment IV (L) Inc. ("AMI IV")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment V (L) Inc. ("AMI V")	Federal Territory of Labuan, Malaysia	Ship owning	100	100

* 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 2016 RM	Group 2015 RM
Unquoted shares, at cost	61,699,516	61,699,516
Share of post-acquisition reserves	(12,721,932)	17,732,390
	48,977,584	79,431,906
Less: Impairment loss	(1,236,015)	-
	47,741,569	79,431,906

16. Investments in associates (cont'd.)

Summarised financial information in respect of each of the Group's material associated company 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. 2016 RM	2015 RM
Assets and liabilities		
Non-current assets	308,055,752	365,611,478
Current assets	28,750,258	61,808,354
Total assets	336,806,010	427,419,832
Non-current liabilities	131,437,883	217,303,955
Current liabilities	93,616,967	36,456,423
Total liabilities	225,054,850	253,760,378
Net assets	111,751,160	173,659,454

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc. 2016 RM	2015 RM
Revenue for the year	23,850,691	49,168,150
Depreciation	(18,033,376)	(16,973,863)
Impairment on property, vessels and equipment	(45,547,368)	-
Interest income	338,472	457,981
Interest expense	(11,780,673)	(14,268,731)
Income tax expense	(40,000)	(40,000)
(Loss)/profit for the year, representing total comprehensive income	(62,151,678)	4,855,202

16. Investments in associates (cont'd.)

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

	TH-Alam Holdings (L) Inc.	
	2016	**2015**
	RM	**RM**
Net assets as at 31 December	111,751,160	173,659,454
(Loss)/profit for the year, representing total comprehensive income	(62,151,678)	4,855,202
Investments in associates	49%	49%
Carrying value of Group's investments in associates	54,758,068	85,093,132
Group's share of results of associates	(30,454,322)	2,379,049

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2016 %	Group's effective interest 2015 %
(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

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 2016 RM	Group 2015 RM Restated
Unquoted shares, at cost	93,134,378	93,134,378
Share of post-acquisition reserves	118,499,054	155,776,620
	211,633,432	248,910,998
Redeemable preference shares	6,000,000	6,000,000
Less: Impairment loss	(7,593,027)	(1,258,881)
	210,040,405	253,652,117

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 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
2016				
Assets and liabilities				
Non-current assets	198,631,547	49,525,441	163,774,704	160,188,860
Cash and cash equivalent	7,828,887	122,185	10,931,906	7,726,602
Other current assets	51,507,083	3,197,334	9,062,239	28,386,923
Total assets	257,967,517	52,844,960	183,768,849	196,302,385
Non-current liabilities	-	20,080,826	67,898,830	49,108,028
Trade and other payables	33,294,427	1,446,249	49,247,012	26,347,642
Other current liabilities	9,733,611	16,424,967	44,285,674	37,576,521
Total liabilities	43,028,038	37,952,042	161,431,516	113,032,191
Net assets	214,939,479	14,892,918	22,337,333	83,270,194

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

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

	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

(ii) Summarised statements of comprehensive income:

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2016				
Revenue	30,805,597	1,068,360	29,564,265	18,345,266
Depreciation	(13,537,494)	(14,299,654)	(37,821,322)	(8,800,346)
Impairment on property, vessels and equipment	(4,457,712)	(10,169,192)	(28,395,564)	-
Interest income	56,708	-	1,245	-
Interest expense	(1,042,029)	(1,080,463)	(8,925,366)	(5,350,425)
Loss before tax	(2,020,960)	(17,201,894)	(38,081,042)	(7,864,734)
Income tax credit/ (expense)	341	-	-	(20,000)
Loss for the year, representing total comprehensive income	(2,020,619)	(17,201,894)	(38,081,042)	(7,884,734)

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

(ii) Summarised statements of comprehensive income (cont'd.):

	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)

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

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2016				
Net assets as at 31 December	214,939,479	14,892,918	22,337,333	83,270,194
Loss for the year, representing total comprehensive income	(2,020,619)	(17,201,894)	(38,081,042)	(7,884,734)
Interests in joint ventures	51%	60%	51%	51%
Carrying value of Group's interests in joint ventures	109,619,134	8,935,751	11,392,040	42,467,799
Group's share of results of joint ventures	(1,030,516)	(10,321,136)	(19,421,331)	(4,021,214)

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 (cont'd.):

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2015				
Net assets as at 31 December	218,128,268	32,094,813	60,418,375	90,970,516
Profit/(loss) for the year, representing total comprehensive income	25,294,169	(9,575,946)	(13,657,087)	(12,658,866)
Interests in joint ventures	51%	60%	51%	51%
Carrying value of Group's interests in joint ventures	111,245,417	19,256,888	30,813,371	46,394,963
Group's share of results of joint ventures	12,900,026	(5,745,568)	(6,965,114)	(6,456,022)

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

	2016 RM	2015 RM
Loss for the year, representing total comprehensive income of joint ventures	(4,308,747)	(33,030,757)
The Group's share of results, representing total comprehensive income	(1,659,939)	(18,106,600)
Carrying value of Group's interest in joint ventures	37,625,681	45,941,478

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

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
(i) Held through AMSB:				
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy I (L) Inc. ("AS I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy II (L) Inc. ("AS II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
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

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
(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
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

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
(ii) Held through AMLI (cont'd.):				
Globe Alam Marine Offshore Services Co. ("Globe Alam")	Saudi Arabia	Offshore facilities construction and installation services	40	40
(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 2016 %	2015 %
(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	51
(vi) Held through Alam JV:				
Wide Global (L) Inc. ("WG")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	50	50

These joint ventures have the same reporting period 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 2016 and 31 December 2015.

18. Deferred taxation

	Group 2016 RM	2015 RM
At 1 January	4,957,653	73,037,676
Recognised in profit or loss **(Note 10)**	(6,180,242)	(68,521,351)
Exchange differences	234,399	441,328
At 31 December	(988,190)	4,957,653

Presented after appropriate offsetting as follows:

	Group 2016 RM	2015 RM
Deferred tax assets	(5,157,381)	(7,841,327)
Deferred tax liabilities	4,169,191	12,798,980
	(988,190)	4,957,653

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 2016	12,798,980
Recognised in profit or loss	(8,864,188)
Exchange differences	234,399
At 31 December 2016	4,169,191
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 assets of the Group

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2016	(1,824,272)	(6,017,055)	(7,841,327)
Recognised in profit or loss	1,248,027	1,435,919	2,683,946
At 31 December 2016	(576,245)	(4,581,136)	(5,157,381)
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)

19. Inventories

	Group 2016 RM	2015 RM
Cost		
Raw materials	974,200	1,180,791
Work-in-progress	483,826	848,230
Spare parts	608,239	600,709
	2,066,265	2,629,730

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM176,756 (2015: RM3,330,566).

20. Trade receivables

	Group	
	2016	2015
	RM	RM
Current		
Third parties	55,714,131	84,189,399
Accrued charter hire income	6,567,747	16,954,688
Less: Allowance for impairment	(6,978,304)	(659,781)
	55,303,574	100,484,306
Non-current		
Third parties	54,263,341	54,263,341
Less: Allowance for impairment	(53,681,376)	(53,681,376)
	581,965	581,965
Trade receivables, net	55,885,539	101,066,271

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2015: 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	
	2016	2015
	RM	RM
Neither past due nor impaired	22,143,233	62,944,782
1 to 30 days past due not impaired	9,895,817	15,442,867
31 to 60 days past due not impaired	5,743,837	7,354,770
61 to 90 days past due not impaired	4,009,820	7,390,449
91 to 120 days past due not impaired	9,384,518	6,013,833
More than 121 days past due not impaired	4,708,314	1,919,570
	33,742,306	38,121,489
Impaired	60,659,680	54,341,157
	116,545,219	155,407,428

20. Trade receivables (cont'd.)

Trade receivables that are neither past due nor impaired

As at 31 December 2016, the Group has trade receivables amounting to RM22,143,233 (2015: RM62,944,782) that were 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.

Trade receivables that are past due but not impaired

As at 31 December 2016, the Group has trade receivables amounting to RM33,742,306 (2015: RM38,121,489) that are past due at the reporting date but not impaired.

At the reporting date, 47% (2015: 23%) 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.

Trade receivables that are impaired

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

The reconciliation of movement in the impairment loss of trade receivables is as follows:

	Group	
	2016	**2015**
	RM	**RM**
At 1 January	54,341,157	41,962,862
Charge for the year **(Note 9)**	9,343,523	12,378,295
Reversal of impairment **(Note 9)**	(3,025,000)	-
At 31 December	60,659,680	54,341,157

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.

21. Other receivables

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Amounts due from related parties:				
- Joint ventures	134,983,392	88,124,647	-	19,496
- Associates	1,966,307	624	192,776	624
	136,949,699	88,125,271	192,776	20,120
Less: Impairment loss	(7,953,167)	-	-	-
	128,996,532	88,125,271	192,776	20,120
Deposits	1,070,957	1,181,978	-	-
Prepayments	2,655,035	11,253,551	-	-
Sundry receivables	202,665	4,494,022	-	8,691
Total other receivables	132,925,189	105,054,822	192,776	28,811
Add: Trade receivables **(Note 20)**	55,885,539	101,066,271	-	-
Cash and bank balances **(Note 22)**	45,124,437	125,513,402	11,968,076	14,922,379
Amount due from subsidiaries	-	-	366,934,663	402,087,637
Less: Prepayments	(2,655,035)	(11,253,551)	-	-
Total loans and receivables	231,280,130	320,380,944	379,095,515	417,038,827

Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

The reconciliation movement in the impairment loss of other receivables is as follows:

	Group 2016 RM	Group 2015 RM
At 1 January	-	-
Charge for the year **(Note 9)**	7,953,167	-
At 31 December	7,953,167	-

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

22. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash on hand and at banks	13,735,002	45,813,014	449,319	2,234,872
Deposits with licensed banks (a)	31,389,435	79,700,388	11,518,757	12,687,507
Cash and bank balances	45,124,437	125,513,402	11,968,076	14,922,379
Less:				
Bank overdrafts **(Note 26)**	(6,691,423)	(4,342,990)	-	-
Amounts set aside as sinking fund (b)	(28,431,065)	(29,599,815)	(11,518,757)	(12,687,507)
Amounts set aside as margin deposits for bank guarantee facilities	(2,958,370)	(12,134,786)	-	-
Total cash and cash equivalents	7,043,579	79,435,811	449,319	2,234,872

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2016 are 2.00% (2015: 2.80%) and 36 days (2015: 90 days) respectively.

(b) Amounts set aside as sinking fund 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		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Ringgit Malaysia	43,250,477	118,075,118	11,968,076	14,922,379
United States Dollar	1,061,441	6,036,770	-	-
Singapore Dollar	812,519	1,401,514	-	-
	45,124,437	125,513,402	11,968,076	14,922,379

23. Share capital and share premium

	Number of ordinary shares of RM0.25 each 2016	Number of ordinary shares of RM0.25 each 2015	Amount 2016 RM	Amount 2015 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 Share capital (issued and fully paid)	Amount: Share capital (issued and fully paid) RM	Amount: Share premium RM	Amount: Total RM
At 1 January 2016/ 31 December 2016	924,460,921	231,115,231	165,199,735	396,314,966
At 1 January 2015/ 31 December 2015	924,460,921	231,115,231	165,199,735	396,314,966

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

Group	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
At 1 January 2016	(4,639,834)	2,659,706	94,946	(1,885,182)
Foreign currency translation	-	576,140	-	576,140
Expiry of employee share options	-	-	(94,946)	(94,946)
Issuance of employee share options	-	-	2,108,236	2,108,236
At 31 December 2016	(4,639,834)	3,235,846	2,108,236	704,248
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)

24. Other reserves (cont'd.)

Company	Employee share option reserve/Total RM
At 1 January 2016	94,946
Pursuant to employee share options expired	(94,946)
Fair value of employee share options	2,108,236
At 31 December 2016	2,108,236
At 1 January/31 December 2015	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 2016 and 31 December 2015 under the single tier system.

26. Borrowings

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Bank overdrafts **(Note 22)**	6,691,423	4,342,990	-	-
Term loans	4,428,388	11,513,742	-	-
Sukuk Ijarah MTN	30,000,000	40,000,000	30,000,000	40,000,000
Hire purchase and finance lease liabilities **(Note 27)**	542,697	738,194	-	-
	41,662,508	56,594,926	30,000,000	40,000,000
Unsecured:				
Revolving credits	50,966,000	46,000,000	-	-
	92,628,508	102,594,926	30,000,000	40,000,000
Long term borrowings				
Secured:				
Term loans	15,303,362	13,381,655	-	-
Sukuk Ijarah MTN	45,000,000	75,000,000	45,000,000	75,000,000
Hire purchase and finance lease liabilities **(Note 27)**	1,829,108	3,052,536	-	-
	62,132,470	91,434,191	45,000,000	75,000,000
Total borrowings				
Bank overdrafts **(Note 22)**	6,691,423	4,342,990	-	-
Revolving credits	50,966,000	46,000,000	-	-
Term loans	19,731,750	24,895,397	-	-
Sukuk Ijarah MTN	75,000,000	115,000,000	75,000,000	115,000,000
Hire purchase and finance lease liabilities **(Note 27)**	2,371,805	3,790,730	-	-
	154,760,978	194,029,117	75,000,000	115,000,000

26. Borrowings (cont'd.)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Not later than 1 year	92,085,811	101,856,732	30,000,000	40,000,000
Later than 1 year not later than 2 years	40,892,109	39,770,246	45,000,000	75,000,000
Later than 2 years not later than 5 years	8,003,315	42,984,139	-	-
Later than 5 years	11,407,938	5,627,270	-	-
	152,389,173	190,238,387	75,000,000	115,000,000

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	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts	5.06	6.50	-	-
Term loans	5.94	6.10	-	-
Sukuk Ijarah MTN	5.40	5.60	5.40	5.60
Revolving credits	3.64	5.69	-	-

(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, vessels and investment properties of certain subsidiaries as disclosed in **Notes 12** and **13**;

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

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

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

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 (2015: 5.2% to 5.9% 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 as disclosed in **Note 22**.

27. Hire purchase and finance lease liabilities

	Group 2016 RM	Group 2015 RM
Future minimum lease payments:		
Not later than 1 year	623,223	930,479
Later than 1 year and not later than 2 years	808,325	972,861
Later than 2 years and not later than 5 years	1,018,624	1,507,468
Later than 5 years	123,508	683,344
Total future minimum lease payments	2,573,680	4,094,152
Less: Future finance charges	(201,875)	(303,422)
Present value of finance lease liabilities **(Note 26)**	2,371,805	3,790,730
Analysis of present value:		
Not later than 1 year	542,697	738,194
Later than 1 year and not later than 2 years	924,361	808,877
Later than 2 years and not later than 5 years	783,709	1,375,100
Later than 5 years	121,038	868,559
	2,371,805	3,790,730
Less: Amount due within 12 months **(Note 26)**	(542,697)	(738,194)
Amount due after 12 months **(Note 26)**	1,829,108	3,052,536

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2015: 2.87%) per annum.

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 RM75,000,000 (2015: RM115,000,000) which bears interest rate between 5.2% per annum and 5.9% per annum (2015: 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 2016 RM	Group 2015 RM
Third parties	25,783,361	56,268,452
Joint ventures	21,948,757	24,978,803
	47,732,118	81,247,255

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 (2015: 30 to 60 days).

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

30. Other payables

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Amounts due to related parties:				
- Joint ventures	3,016	22,500	-	-
- Associates	3,375,427	6,680,761	-	-
	3,378,443	6,703,261	-	-
Accrued expenses	4,364,987	3,918,408	-	288,371
Deposits from customers	537,094	514,940	-	-
Sundry payables	4,562,354	13,784,682	613,753	4,788,879
	12,842,878	24,921,291	613,753	5,077,250
Add: Trade payables **(Note 29)**	47,732,118	81,247,255	-	-
Borrowings **(Note 26)**	154,760,978	194,029,117	75,000,000	115,000,000
Total financial liabilities carried at amortised costs	215,335,974	300,197,663	75,613,753	120,077,250

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

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 3 June 2016. The ESOS was implemented on 21 July 2016 and is to be in force for a period of 5 years from the date of implementation.

(a) The number of shares comprised in the options to be offered under the ESOS shall not exceed in aggregate 15% of the issued and paid-up share capital of the Company at any point of time. On 21 July 2016, the total number of new shares to be issued pursuant to the ESOS is 92,446,092.

(b) 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 during the duration of the scheme, 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.

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

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

	<------Number of share options------>			
	Outstanding at 1 January	(Expired)/ additional	Outstanding at 31 December	Exercisable at 31 December
2016				
2006 Options	8,782,269	(8,782,269)	-	-
2007 Options	2,773,752	(2,773,752)	-	-
2008 Options	3,384,000	(3,384,000)	-	-
2009 Options	1,035,000	(1,035,000)	-	-
2016 Options	-	8,054,900	8,054,900	8,054,900
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

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

	Weighted average exercise price RM	Exercise period
2016		
2020 Options	0.40	21.07.2020 to 20.07.2021
2019 Options	0.36	21.07.2019 to 20.07.2020
2018 Options	0.36	21.07.2018 to 20.07.2019
2017 Options	0.33	21.07.2017 to 20.07.2018
2016 Options	0.33	21.07.2016 to 20.07.2017
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

32. Operating lease arrangements

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of office premise. Leases of the 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:

	2016 RM	2015 RM
Future rental payments:		
Not later than 1 year	776,330	4,896,143
Later than 1 year and not later than 5 years	17,714,645	16,989,022
	18,490,975	21,885,165

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:

	2016 RM	2015 RM
Not later than 1 year	45,595,450	78,609,578
Later than 1 year and not later than 5 years	53,836,350	105,212,988
Later than 5 years	4,112,014	10,215,482
	103,543,814	194,038,048

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 (2015: RM92,500,000).

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	2016 RM	2015 RM
Group			
Joint ventures:			
Charter hire of vessels	(i)	62,408,242	96,625,120
Vessel's management fees	(ii)	8,788,700	9,198,249
Dividend income		2,550,000	-
Associates:			
Charter hire of vessels	(i)	69,464,750	81,116,115
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(iii)	5,205,500	7,550,483

(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 2016 and 31 December 2015 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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	6,465,573	6,848,008	348,000	406,499
Contributions to defined contribution plan	580,739	567,101	-	-

Included in the total key management personnel compensation are:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Directors' remuneration **(Note 7)**	4,144,175	4,302,128	348,000	406,499

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:

	Number of share options Group and Company	
	2016	2015
At 1 January/31 December	42,109,000	39,880,840

35. Fair value measurement

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

	Group	
	Carrying amount RM	Fair value RM
2016		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	(15,303,362)	(14,648,859)
- Sukuk Ijarah MTN	(45,000,000)	(42,773,632)
- Hire purchase and finance lease liabilities	(1,829,108)	(1,731,262)
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)

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 (cont'd.)

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 2016 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 2016 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
Property, vessels and equipment **(Note 12)**				
- Vessels	31 Dec 2016	-	381,857,292	381,857,292
Investment properties **(Note 13)**	31 Dec 2016	14,854,315	-	14,854,315

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:

- 52.1% (2015: 44.7%) of the Group's trade receivables were due from 10 (2015: 10) major customers who are located in Malaysia; and

- 68.0% (2015: 42.9%) 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% (2015: 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% (2015: 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
2016				
Financial liabilities:				
Group				
Trade and other payables	60,574,996	-	-	60,574,996
Borrowings	92,628,508	55,291,121	17,400,201	165,319,830
Total undiscounted financial liabilities	153,203,504	55,291,121	17,400,201	225,894,826
Company				
Other payables	613,753	-	-	613,753
Borrowings	30,000,000	46,407,500	-	76,407,500
Total undiscounted financial liabilities	30,613,753	46,407,500	-	77,021,253

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
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

(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 74% (2015: 78%) of the Group's borrowings are at fixed rates of interest.

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's (loss)/profit before tax would have been RM41,544 (2015: RM46,291) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sources of interest rate risk

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

(d) Foreign currency risk

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

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

Approximately 4% (2015: 3%) of the Group's sales are denominated in foreign currencies whilst almost 4% (2015: 100%) of cost are denominated in the respective functional currencies of the Group's entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (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 2016 RM	Group (Loss)/profit before tax 2015 RM
Financial assets			
USD/RM	- strengthened 3% (2015: 3%)	6,729,012	61,164
	- weakened 3% (2015: 3%)	(6,729,012)	(61,164)
Financial liabilities			
USD/RM	- strengthened 3% (2015: 3%)	(251,136)	(324,705)
	- weakened 3% (2015: 3%)	251,136	324,705
SGD/RM	- strengthened 3% (2015: 3%)	(135,988)	(5,917)
	- weakened 3% (2015: 3%)	135,988	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 2016 and 31 December 2015.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Borrowings	154,760,978	194,029,117	75,000,000	115,000,000
Trade and other payables	60,574,996	106,168,546	613,753	5,077,250
Less: Cash and bank balances	(45,124,437)	(125,513,402)	(11,968,076)	(14,922,379)
Net debt	170,211,537	174,684,261	63,645,677	105,154,871
Equity attributable to the owners of the parent, representing total capital	742,117,943	876,936,118	404,137,459	397,624,999
Capital and net debt	912,329,480	1,051,620,379	467,783,136	502,779,870
Gearing ratio	18.7%	16.6%	13.6%	20.9%

38. Restatement

The Group's interest in its joint venture are accounted for using the equity method. During the financial year, the Group noted that its cost of investment in a joint venture were recognised in other receivables. Accordingly, the interests in joint ventures and other receivables have been restated. The effects of this adjustment to the financial statements of the Group for the prior period are as follows:

	As previously stated RM	Adjustments RM	As restated RM
Group			
At 31 December 2015			
Non-current assets			
Interests in joint ventures	227,376,117	26,276,000	253,652,117

38. Restatement (cont'd.)

	As previously stated RM	Adjustments RM	As restated RM
Group			
At 31 December 2015			
Current assets			
Other receivables			
Amounts due from related parties:			
- Joint ventures	114,400,647	(26,276,000)	88,124,647

39. Segmental information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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.

39. Segmental information

(b) Business segments

Other business segments include investment holding and provision of transportation, ship forwarding and agent and ship chandelling to the subsidiaries, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) Geographical segments

Segmental reporting by geographical segments has not been prepared as the Group's operations are carried out predominantly in Malaysia.

(d) Allocation basis and transfer pricing

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

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

39. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2016					
Revenue					
Sales to external customers	110,505,267	118,975,257	-	-	229,480,524
Inter segment sales	45,620,641	21,334,641	3,475,142	(70,430,424)	-
Total revenue	156,125,908	140,309,898	3,475,142	(70,430,424)	229,480,524
Results					
Segment results	(31,833,180)	(39,128,250)	804,634	(2,650,797)	(72,807,593)
Finance costs	(8,392,471)	(694,018)	(488,014)	422,556	(9,151,947)
Share of results of associates	(30,454,322)	-	-	-	(30,454,322)
Share of results of joint ventures	(18,309,045)	(18,145,091)	-	-	(36,454,136)
Loss before tax					(148,867,998)
Income tax expenses					6,209,539
Loss for the year					(142,658,459)
Assets					
Segment assets	377,973,243	70,649,682	9,215,696	(5,659,863)	452,178,758
Investments in associates	60,463,502	-	-	(12,721,933)	47,741,569
Interests in joint ventures	89,251,959	-	-	120,788,446	210,040,405
Intangible assets	-	-	-	-	-
Unallocated assets	374,167,556	17,008,298	437,850,149	(581,618,325)	247,407,678
Total assets	901,856,260	87,657,980	447,065,845	(479,211,675)	957,368,410
Total liabilities	1,007,753,176	96,915,860	90,552,701	(975,460,071)	219,761,666
Other segment information:					
Capital expenditure	4,575,719	3,788,726	-	-	8,364,445
Depreciation	28,219,087	16,042,989	696,821	-	44,958,897
Other significant non-cash expenses:					
Impairment loss on :					
- trade receivables	3,166,357	6,177,166	-	-	9,343,523
- amount due from a joint venture	6,434,233	1,518,934	-	-	7,953,167
- interests in an associate	1,236,015	-	-	-	1,236,015
- interests in joint ventures	6,334,146	-	-	-	6,334,146
Impairment of property, vessels and equipment	22,469,772	-	-	-	22,469,772
Property, vessels and equipment written off	8,777	-	-	-	8,777

39. 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	96,531,327	-	-	157,120,790	253,652,117
Intangible assets	-	19,416	-	1,540,096	1,559,512
Unallocated assets	256,465,453	32,120,598	460,126,404	(402,468,101)	346,244,354
Total assets	833,042,274	115,341,423	469,549,554	(226,074,825)	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

40. Subsequent events

(a) On 20 Februrary 2017, the Group's wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd. has entered into Sale and Purchase Agreement with Sovereign Delicacies Corporation Sdn. Bhd. in disposing three storey shop lot building located at 1, 1-1 & 1-2, Jalan Raden Bagus 5, Sri Petaling, 57000 Kuala Lumpur with a total purchase price of RM9 million.

(b) On 8 March 2017, the Group announced that its wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd., was recently awarded a contract for the Provision of Offshore Construction Subcontractor for FPSO Perisai Kamelia ("the Contract") by a reputable contractor. The Contract is for a demobilisation works at a lump sum price of approximately RM34 million with an additional scope for water treatment at provisional sum of approximately RM1 million.

(c) On 21 March 2017, the Group announced that its wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd., was recently awarded a contract for the Provision of Subsea Inspection, Maintenance and Repair (IMR) Services ("the Contract") by an independent oil and gas exploration and production company. The Contract is for the primary period of two (2) years with an extension option of one (1) year. The Contract is for a value of up to approximately RM99.0 million.

41. 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 2016 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	637,211,670	672,707,205	12,566	1,220,541
- unrealised	(353,544,250)	(316,853,443)	5,701,691	(5,454)
	283,667,420	355,853,762	5,714,257	1,215,087
Total share of retained earnings from associates:				
- realised	(7,059,639)	23,173,268	-	-
- unrealised	(63,012)	39,142	-	-
Total share of retained earnings from joint ventures:				
- realised	119,576,296	157,351,063	-	-
- unrealised	13,298,810	14,507,325	-	-
	409,419,875	550,924,560	5,714,257	1,215,087
Less: consolidation adjustments	(64,321,146)	(68,418,226)	-	-
Retained earnings as per financial statements	345,098,729	482,506,334	5,714,257	1,215,087