



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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 2017.

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
Loss for the year	(145,380,551)	(1,974,661)
Attributable to:		
Owners of the parent	(145,971,075)	(1,974,661)
Non-controlling interests	590,524	-
	(145,380,551)	(1,974,661)

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 2017.

DIRECTORS' REPORT

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

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Wu Qiong
Samuel Bernard Sassoon
Ho Kum Khuen (alternate to Samuel Bernard Sassoon)

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 below) 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.

The directors' benefits are as follows:

	Group RM	Company RM
Salaries, fees and other emoluments	3,623,740	349,000
Defined contribution plan	284,435	-
Estimated money value of benefits-in-kind	144,000	-
Insurance effected to indemnify directors and officers*	38,000	-
	4,090,175	349,000

* The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for directors and officers of the Group for the financial year amounted to RM30,000,000.

DIRECTORS' REPORT

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:

	At 1.1.2017	Number of ordinary shares		At 31.12.2017
		Acquired	Sold	
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
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

* Include interest by virtue of 165,625 shares held by spouse

** Interest by virtue of shares held by spouse

	At 1.1.2017	Number of options over ordinary shares			At 31.12.2017
		Expired	Granted	Exercised	
Datuk Azmi bin Ahmad	924,000	-	-	-	924,000
Shaharuddin bin Warno @ Rahmad	900,000	-	-	-	900,000
Ahmad Hassanudin bin Ahmad Kamaluddin	900,000	-	-	-	900,000

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.

The salient features and other terms of the Employee Share Option Plans are disclosed in Note 31 to the financial statements.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Employee Share Option Plans as at 31 December 2017 are as follows:

	Weighted average exercise price RM	Exercise period
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

Details of options granted to directors are disclosed in the section on Directors' interests in this report.

DIRECTORS' REPORT

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.
- (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, other than as disclosed in Note 2.2 in the financial statements:
- (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.

DIRECTORS' REPORT

Significant and subsequent events

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

Auditors and auditors' remuneration

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration are disclosed below:

	Group RM	Company RM
Ernst & Young	219,000	70,000
Other auditors	95,624	-

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 December 2017.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2018.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

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 114 to 201 are drawn up, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2017 and of the financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2018.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

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 114 to 201 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Md Nasir bin Noh
at Kuala Lumpur in the Federal Territory
on 27 April 2018.

Md Nasir bin Noh

Before me,

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 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 201.

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 2017, and of their financial performance and their 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, 2016 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.

Material uncertainty related to going concern

We draw attention to Note 2.2 of the financial statements, which indicate that the Group and the Company incurred a loss for the year of RM145,380,551 and RM1,974,661 respectively during the financial year ended 31 December 2017. These conditions, along with other matters as set forth in Note 2.2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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.

INDEPENDENT AUDITORS' REPORT

to the members of Alam Maritim Resources Berhad (Incorporated in Malaysia)

Impairment of Group's vessels and equipment

As at 31 December 2017, the Group has RM391,083,183 of property, vessels and equipment of which 95% relates to vessels and equipment with a total carrying value of RM371,314,629, 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 equipment may be impaired. The Group had recognised an impairment amount of RM18,611,686 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.

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 assumptions 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.

Impairment of investments in associates and joint ventures

As at 31 December 2017, the carrying value of investments in associates and joint ventures are RM39,013,005 and RM149,094,485 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 RM14,561,300 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.

INDEPENDENT AUDITORS' REPORT

to the members of Alam Maritim Resources Berhad (Incorporated in Malaysia)

Impairment of investments in associates and joint ventures (cont'd.)

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.

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 our 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, 2016 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.

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 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 Company's internal control.

INDEPENDENT AUDITORS' REPORT

to the members of Alam Maritim Resources Berhad (Incorporated in Malaysia)

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.):

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements 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.

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, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
27 April 2018

Nik Rahmat Kamarulzaman Bin Nik Ab. Rahman
No. 01759/02/2020J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	161,074,596	229,480,524	-	-
Cost of sales	4	(159,229,140)	(218,060,275)	-	-
Gross profit		1,845,456	11,420,249	-	-
Other income	5	44,590,904	10,972,342	4,485,703	10,639,680
Employee benefits expense	6	(21,549,497)	(26,322,906)	(315,012)	(382,760)
Other expenses		(101,223,891)	(68,877,278)	(2,816,832)	(624,421)
Operating (loss)/profit		(76,337,028)	(72,807,593)	1,353,859	9,632,499
Finance costs	8	(6,654,090)	(9,151,947)	(3,328,520)	(5,205,500)
Share of results of associates		(8,728,564)	(30,454,322)	-	-
Share of results of joint ventures		(47,177,759)	(36,454,136)	-	-
(Loss)/profit before tax	9	(138,897,441)	(148,867,998)	(1,974,661)	4,426,999
Income tax (expense)/credit	10	(6,483,110)	6,209,539	-	(22,775)
(Loss)/profit for the year		(145,380,551)	(142,658,459)	(1,974,661)	4,404,224
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		1,417,142	(353,045)	-	-
Total comprehensive (loss)/ income for the year		(143,963,409)	(143,011,504)	(1,974,661)	4,404,224
(Loss)/profit attributable to:					
Owners of the parent		(145,971,075)	(137,502,551)	(1,974,661)	4,404,224
Non-controlling interests		590,524	(5,155,908)	-	-
		(145,380,551)	(142,658,459)	(1,974,661)	4,404,224
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(144,990,731)	(136,926,411)	(1,974,661)	4,404,224
Non-controlling interests		1,027,322	(6,085,093)	-	-
		(143,963,409)	(143,011,504)	(1,974,661)	4,404,224
Loss per share attributable to owners of the parent:					
Basic (sen)	11(a)	(15.80)	(14.9)		
Diluted (sen)	11(b)	(15.80)	(14.9)		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Assets					
Non-current assets					
Property, vessels and equipment	12	391,083,183	443,644,103	-	-
Investment properties	13	1,649,573	8,534,655	-	-
Intangible assets	14	-	-	-	-
Investments in subsidiaries	15	-	-	100,303,120	100,303,120
Investments in associates	16	39,013,005	47,741,569	-	-
Interests in joint ventures	17	149,094,485	210,040,405	-	-
Deferred tax assets	18	530,650	5,157,381	-	-
Trade receivables	20	-	581,965	-	-
		581,370,896	715,700,078	100,303,120	100,303,120
Current assets					
Inventories	19	1,513,253	2,066,265	-	-
Amounts due from subsidiaries	28	-	-	345,147,526	366,934,663
Trade receivables	20	97,416,453	55,303,574	-	-
Other receivables	21	118,087,359	132,925,189	4,823,376	192,776
Tax recoverable		5,731,432	6,248,867	162,852	352,577
Cash and bank balances	22	55,792,409	45,124,437	27,832,934	11,968,076
		278,540,906	241,668,332	377,966,688	379,448,092
Non-current asset held for sale	32	10,978,265	-	-	-
		289,519,171	241,668,332	377,966,688	379,448,092
Total assets		870,890,067	957,368,410	478,269,808	479,751,212
Equity and liabilities					
Current liabilities					
Borrowings	26	130,859,240	92,628,508	75,000,000	30,000,000
Trade payables	29	47,661,415	47,732,118	-	-
Other payables	30	72,766,137	12,842,878	1,107,010	613,753
Tax payable		94,593	256,501	-	-
		252,381,385	153,460,005	76,107,010	30,613,753

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017 (cont'd.)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-current liabilities					
Borrowings	26	20,438,528	62,132,470	-	45,000,000
Deferred tax liabilities	18	4,426,819	4,169,191	-	-
		24,865,347	66,301,661	-	45,000,000
Total liabilities		277,246,732	219,761,666	76,107,010	75,613,753
Net current assets		37,137,786	88,208,327	301,859,678	348,834,339
Net assets		593,643,335	737,606,744	402,162,798	404,137,459
Equity attributable to owners of the parent					
Share capital	23	396,314,966	231,115,231	396,314,966	231,115,231
Share premium	23	-	165,199,735	-	165,199,735
Other reserves	24	1,684,592	704,248	2,108,236	2,108,236
Retained earnings	25	199,127,654	345,098,729	3,739,596	5,714,257
		597,127,212	742,117,943	402,162,798	404,137,459
Non-controlling interests		(3,483,877)	(4,511,199)	-	-
Total equity		593,643,335	737,606,744	402,162,798	404,137,459
Total equity and liabilities		870,890,067	957,368,410	478,269,808	479,751,212

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 2017

	<----- Attributable to owners of the parent ----->						Non-controlling interests RM	Total equity RM
	<----- Non-distributable ----->			Distributable		Total RM		
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained earnings RM				
Opening balance at 1 January 2017	231,115,231	165,199,735	704,248	345,098,729	742,117,943	(4,511,199)	737,606,744	
Loss for the year	-	-	-	(145,971,075)	(145,971,075)	590,524	(145,380,551)	
Other comprehensive income	-	-	980,344	-	980,344	436,798	1,417,142	
Total comprehensive income	231,115,231	165,199,735	1,684,592	199,127,654	597,127,212	(3,483,877)	593,643,335	
Transfer to share capital	165,199,735	(165,199,735)	-	-	-	-	-	
Closing balance at 31 December 2017	396,314,966	-	1,684,592	199,127,654	597,127,212	(3,483,877)	593,643,335	
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	

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 2017

	< ————— Non-distributable ————— >			Distributable Retained earnings (Note 25) RM	Total equity RM
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM		
At 1 January 2017	231,115,231	165,199,735	2,108,236	5,714,257	404,137,459
Total comprehensive income for the year	-	-	-	(1,974,661)	(1,974,661)
Transfer to share capital	165,199,735	(165,199,735)	-	-	-
At 31 December 2017	396,314,966	-	2,108,236	3,739,596	402,162,798
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

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 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Operating activities				
(Loss)/profit before tax	(138,897,441)	(148,867,998)	(1,974,661)	4,426,999
Adjustments for:				
Interest income	(752,343)	(836,442)	(205,582)	(172,325)
Interest recharged to subsidiaries	-	-	(3,328,520)	(5,205,500)
Property, vessels and equipment:				
- Depreciation (Note 12)	39,263,113	44,958,897	-	-
- (Gain)/loss on disposal	(16,682,669)	60,994	-	-
- Written off (Note 12)	221	8,777	-	-
- Impairment (Note 12)	18,611,686	22,469,772	-	-
Investment properties				
- Depreciation (Note 13)	208,103	120,580	-	-
- Gain on disposal	(1,664,747)	-	-	-
Finance costs	6,654,090	9,151,947	3,328,520	5,205,500
Trade receivables:				
- Impairment loss (Note 20)	8,554,045	9,343,523	-	-
- Reversal of impairment loss (Note 20)	(4,235,000)	(3,025,000)	-	-
Amounts due from joint ventures:				
- Impairment loss (Note 21)	43,311,829	7,953,167	-	-
Net unrealised foreign exchange loss/(gain)	21,156,356	9,292,038	1,420,082	(5,261,668)
Intangibles assets:				
- Impairment loss (Note 14)	-	1,590,456	-	-
Share of results of associates	8,728,564	30,454,322	-	-
Share of results of joint ventures	47,177,759	36,454,136	-	-
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)	14,561,300	6,334,146	-	-
Issuance of employee share options (Note 24)	-	2,108,236	-	-
Cash flow generated from/(used in) before working capital changes	45,994,866	27,197,471	(760,161)	(1,006,994)
Operating cash flows before working capital changes	45,994,866	27,197,471	(760,161)	(1,006,994)
Changes in working capital:				
Decrease in inventories	553,012	563,465	-	-
(Increase)/decrease in receivables	(80,217,097)	3,482,814	(4,630,600)	(163,965)
Increase/(decrease) in payables	44,796,200	(52,054,064)	493,257	(4,463,497)
Total changes in working capital	(34,867,885)	(48,007,785)	(4,137,343)	(4,627,462)
Cash flows generated from/(used in) operations	11,126,981	(20,810,314)	(4,897,504)	(5,634,456)
Income tax (paid)/refund, net	(1,159,090)	(2,176,038)	189,725	(15,050)
Interest paid	(6,654,090)	(9,151,947)	(3,328,520)	(5,205,500)
Net cash flows generated from/(used in) operating activities	3,313,801	(32,138,299)	(8,036,299)	(10,855,006)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2017 (cont'd.)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Investing activities				
Purchase of property, vessels and equipment	(34,249,488)	(8,364,445)	-	-
Proceeds from disposal of property, vessels and equipment	31,193,593	57,905	-	-
Proceeds from disposal of investment properties	8,341,726	-	-	-
Proceeds from disposal of a subsidiary company	-	2	-	-
Decrease in amounts due from subsidiaries	-	-	20,367,055	42,522,878
Interest received	752,343	836,442	3,534,102	5,377,825
Net cash flows generated from/(used in) investing activities	6,038,174	(7,470,096)	23,901,157	47,900,703
Financing activities				
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	-	(40,000,000)	-	(40,000,000)
Term loans:				
- Drawdown	9,929,752	5,634,843	-	-
- Repayment	(7,451,487)	(10,798,490)	-	-
Revolving credits:				
- Drawdown	-	11,082,500	-	-
- Repayment	(2,920,182)	(6,116,500)	-	-
Hire purchase and finance lease liabilities:				
- Repayment	(708,553)	(1,418,925)	-	-
(Increase)/ decrease in cash set aside for marginal deposit	(4,563,045)	9,176,416	-	-
Movement in sinking fund	(9,982,534)	1,168,750	(16,077,257)	1,168,750
Net cash flows used in financing activities	(15,696,049)	(31,271,406)	(16,077,257)	(38,831,250)
Net decrease in cash and cash equivalents	(6,344,074)	(70,879,801)	(212,399)	(1,785,553)
Net foreign exchange difference	4,779,207	(1,512,431)	-	-
Cash and cash equivalents at beginning of the financial year	7,043,579	79,435,811	449,319	2,234,872
Cash and cash equivalents at end of the financial year (Note 22)	5,478,712	7,043,579	236,920	449,319

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2018.

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, 2016 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 2017 as disclosed in Note 2.3.

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.

2.2 Going concern assumptions

The Group incurred a net loss for the year of RM145,380,551 (2016: RM142,658,459) for the financial year ended 31 December 2017.

As disclosed in Note 40, the Group and its subsidiaries, joint venture companies and associated companies (collectively, the "Affected Companies") had approached the Corporate Debt Restructuring Committee of Bank Negara Malaysia ("CDRC") to facilitate the restructuring of their existing borrowings facilities and their repayment terms and conditions with their respective financiers (hereafter referred to as the Proposed Restructuring Scheme ("PRS")). As part of the exercise in formulating the PRS under the CDRC Participants' Code of Conduct, on 25 May 2017, the CDRC issued a Standstill Letter to the financiers of the Affected Companies as well as the trustee to the Company's Sukuk-holders. Consequently, during the year, the Group has not paid any sukuk principal repayments and loan repayments amounting to RM160.8 million at their respective payment due dates.

The Affected Companies had on 30 March 2018 received the requisite approval-in-principle for the PRS from the financiers subject to satisfaction of certain conditions, as disclosed in **Note 40**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.2 Going concern assumptions (cont'd.)

The ability of the Group and the Company to continue as going concerns are dependent upon the Group's ability to secure significant contracts from oil and gas majors, their successful profitable operations in the foreseeable future and their ability to comply with the terms and conditions of the PRS as detailed in **Note 26**.

The Directors have concluded that the circumstances highlighted above indicate a material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as going concerns and, if not mitigated, may result in the Group and the Company being unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors have considered the prospects of securing the contracts as prescribed by the PRS approval and are confident of its chances of securing them and of the Group's and the Company's ability to generate sufficient profitable operations in the foreseeable future. For these reasons, the Directors believe that it is appropriate to present and prepare these financial statements using the going concern basis.

2.3 Changes in accounting policies

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

On 1 January 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2017.

Description	Effective for annual periods beginning on or after
MFRS 107 Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual Improvements to MFRS Standards 2014–2016 Cycle Amendments to MFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12	1 January 2017

The adoption of the above new and Amendments to MFRSs did not have any significant financial impact to the Group.

2.4 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
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Summary of significant accounting policies (cont'd.)**2.4 Standards issued but not yet effective (cont'd.)**

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the standards and amendments to standards above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

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

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors do not anticipate that the application of the amendments will have a significant impact on the Group's and the Company's financial statements as the Group and the Company do not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

MFRS 9 Financial Instruments

MFRS 9 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. During 2017, the Group has performed a detailed impact assessment of all three aspects of MFRS 9 and noted no significant impact to the Group's and Company's financial statements. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

Based on the analysis of the Group's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the directors have assessed the impact of MFRS 9 to the Company's financial statements and the status as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity in applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

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.

The Directors have assessed the effect of applying the new standard on the Group's financial statements, as follows:

- Prior to 1 January 2018, there was no outstanding contract with customer where the Company has remaining performance obligation, i.e. all promised goods or services are transferred for contracts entered prior to 31 December 2017. As such, there would be no impact to the opening retained earnings of the Company arising from the adoption of MFRS 15.

MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that 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. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

Entities can apply these amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Earlier application of the amendments is permitted and must be disclosed. The Group will apply these amendments when they become effective. However, since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

Annual Improvements to MFRS Standards 2014 – 2016 Cycle

The Annual Improvements to MFRS Standards 2014-2016 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.

MFRS 128 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition, on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- if an entity, that is not itself an investment entity, has an interest in associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to 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. This election is made separately for each investment entity associate or joint venture, at a later date on which:
 - (a) the investment entity associate or joint venture is initially recognised;
 - (b) the associate or joint venture becomes an investment entity; and
 - (c) the investment entity associate or joint venture first becomes a parent.

Earlier application of these amendments are permitted and must be disclosed. These amendments are not applicable to the Group as the Group is not a venture capital organisation and the Group does not have any associate or joint venture that is an investment entity.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed. The application of these amendments will not have an impact on the Group and on the Company as the Group and the Company are already accounting for transactions involving the payment or receipt of advance consideration in foreign currency in a way that is consistent with the amendments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

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.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

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 standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group has non-cancellable operating lease commitments of RM33,325,594. However, the Group has not assessed if there are any adjustments which are necessary because of the different treatment of variable lease payments, extension or termination options. It is therefore not practicable at this juncture to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of MFRS 16 and how this may affect the Group's profit or loss and classification of cash flows going forward.

MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment recognised as adjustments to the net investment in Associates and Joint Ventures.

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the directors of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

Annual Improvements to MFRS Standards 2015–2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 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.

Standards	Descriptions
MFRS 3 Business Combinations – Previously held interests in a joint operation	<p>The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.</p> <p>An entity applies these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.</p>
MFRS 11 Joint Arrangements – Previously held interests in a joint operation	<p>A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.</p> <p>An entity applies these amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.</p>

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017. 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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.6 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.

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.

2.7 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 2.12**.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

(a) Subsidiary companies (cont'd.)

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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

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

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.

2.8 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).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.9 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.

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%
Vessels	4%
Drydocking	20% to 40%
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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.10 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 2.12**.

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.

2.11 Intangible assets

(a) Goodwill

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

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

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

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

(b) Other intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.11 Intangible assets (cont'd.)

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

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

2.12 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.13 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.13 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

(b) Financial liabilities (cont'd.)

(ii) Subsequent measurement (cont'd.)

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.

(c) Offsetting of financial instruments

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

2.14 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.

2.15 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.15 Construction contracts (cont'd.)

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

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.16 Inventories

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

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.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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.

2.18 Financial guarantee contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.19 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.

2.20 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

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

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.21 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.

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 2.22(a)** and **2.22(d)**.

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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 2.15**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.22 Revenue recognition (cont'd.)

(c) Diving and sub-sea services

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

(d) Rental of equipment

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

(e) Vessel's management fees

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

(f) Sales of diving equipment

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

(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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.23 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.24 Segment reporting

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

2.25 Share capital and share issuance expenses

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

2.26 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.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.28 Fair value measurement

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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.

3.2 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**.

The expected future cash flows is depending on the ability of the Group to secure significant contracts from oil and gas majors and ability to comply with the terms and obligation under the PRS as disclosed in **Notes 2.2, 26 and 40**.

(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**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

(d) Impairment of investments in associates and joint ventures

The Group assesses whether there is any indication that an investment in 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 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.

The expected future cash flows is depending on the ability of the Group to secure significant contracts from oil and gas majors and ability to comply with the terms and obligation under the PRS as disclosed in **Notes 2.2, 26 and 40**.

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%.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

4. Revenue and cost of sales

	2017	Group
	RM	2016
		RM
Charter hire	69,228,391	82,011,350
Offshore installation and construction	35,152,031	105,078,125
Diving and sub-sea services	35,032,270	12,724,650
Rental of equipment	9,197,110	1,172,482
Other shipping related income	1,763,256	17,948,371
Vessel's management fees	8,753,130	8,788,701
Ship catering	1,948,408	1,756,845
	161,074,596	229,480,524

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:

	2017	Group
	RM	2016
		RM
Wages and allowances	17,740,725	16,256,428
Contributions to defined contribution plan - EPF	1,936,353	868,232
Social security contributions	114,014	80,539
	19,791,092	17,205,199

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

5. Other income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income	752,343	836,442	205,582	172,325
Gain on foreign exchange:				
- Realised	18,914,528	1,623,002	951,601	-
- Unrealised	-	-	-	5,261,668
Rental of premises	777,091	258,744	-	-
Interest recharged to subsidiaries	-	-	3,328,520	5,205,500
Reversal of impairment loss on trade receivables (Note 20)	4,235,000	3,025,000	-	-
Gain on disposal of a subsidiary company (Note 15)	-	1,610,095	-	-
Gain on disposal of property, vessels and equipment	16,682,669	-	-	-
Gain on disposal of investment properties	1,664,747	-	-	-
Other income	1,564,526	3,619,059	-	187
	44,590,904	10,972,342	4,485,703	10,639,680

6. Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonuses and allowances	17,740,725	19,401,421	315,012	315,000
Contributions to defined contribution plan	1,936,353	1,687,558	-	-
Social security contributions	114,014	347,601	-	-
Share options granted under ESOS (Note 24)	-	2,108,236	-	-
Other staff related expenses	1,758,405	2,778,090	-	67,760
	21,549,497	26,322,906	315,012	382,760
Cost of sales (Note 4)	19,791,092	17,205,199	-	-
	41,340,589	43,528,105	315,012	382,760

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,703,175 (2016: RM3,796,175) as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
Salaries and other emoluments	3,274,740	3,367,740	-	-
Defined contribution plan	284,435	284,435	-	-
Estimated money value of benefits-in-kind	144,000	144,000	-	-
Total executive directors' remuneration	3,703,175	3,796,175	-	-
Non-executive:				
Fees and other emoluments	349,000	348,000	349,000	348,000
Total non-executive directors' remuneration	349,000	348,000	349,000	348,000
Total directors' remuneration	4,052,175	4,144,175	349,000	348,000

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	
	2017	2016
Executive directors:		
RM900,001 - RM1,000,000	1	1
RM1,200,001 - RM1,300,000	1	1
RM1,501,001 - RM1,600,000	1	1
Non-executive directors:		
RM100,001 - RM110,000	1	1
RM110,001 - RM120,000	1	1
RM120,001 - RM130,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

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8. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
Term loans	1,328,564	1,357,099	-	-
Hire purchase and finance lease liabilities	124,432	253,139	-	-
Sukuk Ijarah MTN	3,328,520	5,205,500	3,328,520	5,205,500
Revolving credits	1,301,145	1,967,499	-	-
Other borrowings	571,429	368,710	-	-
	6,654,090	9,151,947	3,328,520	5,205,500

9. (Loss)/profit before tax

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-executive directors' remuneration (Note 7)	349,000	348,000	349,000	348,000
Auditors' remuneration:				
- Statutory audits	219,000	219,000	70,000	70,000
- Other services	60,000	30,000	60,000	30,000
- Other auditors	95,624	81,250	-	-
Operating leases payment:				
- premises	1,280,790	1,815,049	-	-
- third party vessels	7,009,935	3,270,648	-	-
Property, vessels and equipment:				
- Depreciation (Note 12)	39,263,113	44,958,897	-	-
- Loss on disposal	-	60,994	-	-
- Written off (Note 12)	221	8,777	-	-
- Impairment (Note 12)	18,611,686	22,469,772	-	-
Investment properties				
- Depreciation (Note 13)	208,103	120,580	-	-
Trade receivables:				
- Impairment loss (Note 20)	8,554,045	9,343,523	-	-
Amounts due from joint ventures:				
- Impairment loss (Note 21)	43,311,829	7,953,167	-	-
Intangible assets:				
- Impairment loss (Note 14)	-	1,590,456	-	-
Net unrealised foreign exchange losses	21,156,356	9,292,038	1,420,082	-
Impairment loss on investments in associates (Note 16)	-	1,236,015	-	-
Impairment loss on interests in joint venture (Note 17)	14,561,300	6,334,146	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

10. Income tax expense/(credit)**Major components of income tax expenses/(credit)**

The major components of income tax expenses/(credit) for the years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	592,547	599,175	-	-
Under/(over) provision in prior years:				
Malaysian income tax	922,070	(628,472)	-	22,775
	1,514,617	(29,297)	-	22,775
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	3,674,607	(8,783,650)	-	-
Underprovision in prior years	1,293,886	2,603,408	-	-
	4,968,493	(6,180,242)	-	-
Income tax expense/(credit) for the year	6,483,110	(6,209,539)	-	22,775

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(Loss)/profit before tax	(138,897,441)	(148,867,998)	(1,974,661)	4,426,999
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(33,335,386)	(35,728,320)	(473,919)	1,062,480
Different tax rates in other countries	(233,885)	1,741,971	-	-
Different tax rates in other tax jurisdiction	8,880,050	6,220,015	-	-
Effect of changes in tax rate	-	(125,998)	-	-
Effect of income not subject to tax	(919,694)	(1,315,102)	-	-
Effect of share of results of joint ventures and associates	13,417,518	16,058,030	-	-
Expenses non-deductible for tax purposes	6,348,084	4,837,002	473,919	-
Deferred tax assets not recognised	10,110,467	127,927	-	(1,062,480)
Under/(over)provision of income tax in prior years	922,070	(628,472)	-	22,775
Underprovision of deferred tax in prior years	1,293,886	2,603,408	-	-
Income tax expense/(credit) for the year	6,483,110	(6,209,539)	-	22,775

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

	Group	
	2017 RM	2016 RM
Unutilised tax losses	6,719,103	924,805
Unabsorbed capital allowances	1,848,111	551,599
Other deductible temporary differences	35,036,136	-
	43,603,350	1,476,404

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

11. (Loss) per share**(a) Basic**

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

	2017	2016
	RM	RM
Loss attributable to owners of the parent of the Company	(145,971,075)	(137,502,551)
Weighted average number of ordinary shares in issue	924,460,921	924,460,921
Basic loss per share (sen)	(15.8)	(14.9)

(b) Diluted

For the purpose of calculating diluted earnings per share, the loss 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.

	2017	2016
	RM	RM
Loss attributable to owners of the parent of the Company	(145,971,075)	(137,502,551)
Weighted average number of ordinary shares in issue	924,460,921	924,460,921
Effects of dilution from share options granted to employees	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	924,460,921	924,460,921
Diluted loss earnings per share (sen)	(15.8)	(14.9)

NOTES TO THE FINANCIAL STATEMENTS

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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, furniture and fittings RM	Renovations RM	Assets under construction RM	Total RM
Cost										
At 1 January 2017	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
Additions	-	-	33,600,000	-	-	-	17,500	-	631,988	34,249,488
Disposals	-	(11,875,581)	(10,653,496)	(6,571,764)	(11,409,163)	-	-	(1,119,833)	-	(41,629,837)
Written off	-	-	-	-	-	(529,733)	(221)	-	-	(529,954)
Transfer to non-current asset held for sale	(12,039,510)	-	-	-	-	-	-	-	-	(12,039,510)
Exchange differences	-	(802,571)	-	-	(2,619,156)	(318,063)	(211,748)	(23,364)	-	(3,974,902)
At 31 December 2017	-	11,639,363	610,194,549	49,105,852	128,897,982	5,023,917	8,513,455	5,050,232	6,684,574	825,109,924
Accumulated depreciation and impairment										
At 1 January 2017	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
Charge for the year	157,970	979,282	20,843,737	5,646,085	10,306,768	470,583	539,164	319,524	-	39,263,113
Disposals	-	(2,774,246)	(10,534,559)	(6,571,764)	(6,241,612)	-	-	(996,732)	-	(27,118,913)
Impairment (Note 9)	-	-	18,015,649	66,254	529,783	-	-	-	-	18,611,686
Written off	-	-	-	-	-	(529,733)	-	-	-	(529,733)
Transfer to non-current asset held for sale	(1,061,245)	-	-	-	-	-	-	-	-	(1,061,245)
Exchange differences	-	-	-	-	(470,121)	-	(35,219)	(23,363)	-	(528,703)
At 31 December 2017	-	2,549,345	288,534,713	39,075,796	89,273,245	3,913,782	7,186,051	3,493,809	-	434,026,741

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 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
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	23,889,728	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
Net carrying amount										
At 31 December 2017	-	9,090,018	321,659,836	10,030,056	39,624,737	1,110,135	1,327,404	1,556,423	6,684,574	391,083,183
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

- (a) Included in the Group's additions for the year are property, vessels and equipment of RM Nil (2016: RM304,000) 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	
	2017 RM	2016 RM
Motor vehicles	1,110,135	1,898,781
Computers, office equipment, and furniture and fittings	489,239	841,835
	<hr/>	<hr/>

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	
	2017 RM	2016 RM
Leasehold buildings	9,090,018	19,973,206
Vessels	321,659,836	327,038,159
	<hr/>	<hr/>
	330,749,854	347,011,365

- (c) 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 RM18,611,686 (2016: RM22,469,772). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM360,699,955 (2016: 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

(c) (cont'd.)

Value in use ("VIU") calculations (cont'd.)

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 (cont'd.):

(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 10% (2016: 11%).

The expected future cash flows is depending on the ability of the Group to secure significant contracts from oil and gas majors and ability to comply with the terms and obligation under the PRS as disclosed in **Notes 2.2, 26 and 40**.

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.

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%.

NOTES TO THE FINANCIAL STATEMENTS

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13. Investment properties

	Group	
	2017 RM	2016 RM
Cost		
At 1 January	8,765,112	8,410,451
Addition	-	354,661
Disposal	(6,820,253)	-
At 31 December	1,944,859	8,765,112
Accumulated depreciation		
At 1 January	230,457	109,877
Charge for the year	208,103	120,580
Disposal	(143,274)	-
At 31 December	295,286	230,457
Net carrying amount		
At 31 December	1,649,573	8,534,655

The Group's investment properties consist of one unit of office building (2016: two units of office buildings). The fair value of the investment properties were estimated at RM2,568,439 (2016: RM14,854,315) 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**.

NOTES TO THE FINANCIAL STATEMENTS

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14. Intangible assets

Group	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Cost			
At 1 January 2017	1,774,334	933,747	2,708,081
Exchange differences	(36,110)	(21,472)	(57,582)
At 31 December 2017	1,738,224	912,275	2,650,499
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
Accumulated amortisation and impairment			
At 1 January 2017	1,774,334	933,747	2,708,081
Exchange differences	(36,110)	(21,472)	(57,582)
At 31 December 2017	1,738,224	912,275	2,650,499
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
Net carrying amount			
At 31 December 2017	-	-	-
At 31 December 2016	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 resulted in an impairment loss of RM Nil (2016: RM1,590,456) 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	
	2017	2016
	RM	RM
Unquoted shares, at cost	100,303,120	100,303,120

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

15. Investments in subsidiaries (cont'd.)

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest	
			2017 %	2016 %
(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
(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
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	100
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") *	Singapore	Designing manufacturing and operation of remotely operated vehicles ("ROVs")	75	75

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest	
			2017 %	2016 %
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV services	75	75
(vi) Held through AMIH				
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
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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

16. Investments in associates

	Group	
	2017	2016
	RM	RM
Unquoted shares, at cost	61,699,516	61,699,516
Share of post-acquisition reserves	(21,450,496)	(12,721,932)
	40,249,020	48,977,584
Less: Impairment loss	(1,236,015)	(1,236,015)
	39,013,005	47,741,569

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.	
	2017	2016
	RM	RM
Assets and liabilities		
Non-current assets	279,091,914	312,197,724
Current assets	5,626,566	28,750,258
Total assets	284,718,480	340,947,982
Non-current liabilities	-	131,437,883
Current liabilities	187,248,110	93,616,967
Total liabilities	187,248,110	225,054,850
Net assets	97,470,370	115,893,132

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

16. Investments in associates (cont'd.)

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc.	
	2017 RM	2016 RM
Revenue for the year	37,605,519	23,850,691
Depreciation	(18,616,696)	(18,033,376)
Impairment on property, vessels and equipment	(2,361,319)	(45,547,368)
Interest income	6,627	290,115
Interest expense	(9,510,784)	(11,780,673)
Income tax expense	(40,000)	(40,000)
Loss for the year, representing total comprehensive income	(17,813,396)	(62,151,678)

(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.	
	2017 RM	2016 RM
Net assets as at 31 December	97,470,370	115,893,132
Loss for the year, representing total comprehensive income	(17,813,396)	(62,151,678)
Investments in associates	49%	49%
Carrying value of Group's investments in associates	47,760,481	56,787,635
Group's share of results of associates	(8,728,564)	(30,454,322)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest	
			2017 %	2016 %
(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

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2017	2016
	RM	RM
Unquoted shares, at cost	93,134,378	93,134,378
Share of post-acquisition reserves	72,114,434	118,499,054
	<hr/>	<hr/>
	165,248,812	211,633,432
Redeemable preference shares	6,000,000	6,000,000
Less: Impairment loss	(22,154,327)	(7,593,027)
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	149,094,485	210,040,405
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The Group completed the following in the current financial year:

- (a) On 6 July 2017, the Group has announced that Alam Swiber Offshore (M) Sdn Bhd, a joint venture company between Alam Maritim (M) Sdn. Bhd., a wholly owned subsidiary of the Company; and Swiber Offshore Construction Pte Ltd, a subsidiary of Swiber Holdings Limited established in Singapore, may be wound up by the Court under the provisions of the Companies Act, 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

(i) Summarised statements of financial position

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2017				
Assets and liabilities				
Non-current assets	183,728,307	41,469,311	193,364,151	145,748,138
Cash and cash equivalent	2,896,513	(349,819)	79,962	7,735,300
Other current assets	23,831,320	8,938,447	18,429,223	33,699,200
Total assets	210,456,140	50,057,939	211,873,336	187,182,638
Non-current liabilities				
Trade and other payables	3,621,384	10,179,483	7,515,844	35,995,916
Other current liabilities	-	13,032,402	67,525,456	37,803,956
Total liabilities	3,621,384	43,292,711	226,822,550	122,907,900
Net assets/(liabilities)	206,834,756	6,765,228	(14,949,214)	64,274,738
2016				
Assets and liabilities				
Non-current assets	198,631,555	49,525,441	276,915,075	160,304,027
Cash and cash equivalent	7,879,418	374,480	88,625	8,158,742
Other current assets	18,214,514	2,606,681	90,725	9,182,228
Total assets	224,725,487	52,506,602	277,094,425	177,644,997
Non-current liabilities				
Trade and other payables	9,376,368	1,000,813	1,552,331	5,211,904
Other current liabilities	6,449,718	22,752,616	57,798,570	88,183,717
Total liabilities	15,826,086	37,532,830	227,575,901	94,440,811
Net assets	208,899,401	14,973,772	49,518,524	83,204,186

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

(ii) Summarised statements of comprehensive income

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2017				
Revenue	41,308,756	-	20,543,867	16,593,616
Depreciation	(11,554,074)	(2,551,980)	(1,534,233)	(8,862,431)
Impairment on property, vessels and equipment	-	(5,504,150)	(4,191,074)	(15,245,038)
Interest income	83,218	-	-	-
Interest expense	-	(742,267)	(6,515,674)	(4,533,618)
Profit/(loss) before tax	6,897,400	(8,107,691)	(59,309,215)	(18,791,044)
Income tax expense	(2,125)	(20,000)	-	(20,000)
Profit/(loss) for the year, representing total comprehensive income	6,895,275	(8,127,691)	(59,309,215)	(18,811,044)

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2016				
Revenue	31,102,902	1,068,360	-	18,345,266
Depreciation	(12,477,494)	(4,130,462)	(1,534,233)	(8,800,346)
Impairment on property, vessels and equipment	(4,457,712)	(10,169,192)	-	-
Interest income	46,100	-	-	-
Interest expense	(1,042,029)	(1,080,463)	(1,206,893)	(5,350,425)
Loss before tax	(3,547,204)	(17,084,185)	(4,070,713)	(7,852,467)
Income tax credit/(expense)	341	-	-	(20,000)
Loss for the year, representing total comprehensive income	(3,546,863)	(17,084,185)	(4,070,713)	(7,872,467)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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:

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2017				
Net assets as at 31 December	206,834,756	6,765,228	(14,949,214)	64,274,738
Profit/(loss) for the year, representing total comprehensive income	6,895,275	(8,127,691)	(59,309,215)	(18,811,044)
Interests in joint ventures	51%	60%	51%	51%
Carrying value of Group's interests in joint ventures	105,485,726	4,059,137	-	32,780,116
Group's share of results of joint ventures	3,516,590	(4,876,615)	(25,254,447)	(9,593,632)
2016				
Net assets as at 31 December	208,899,401	14,973,772	49,518,524	83,204,186
Loss for the year, representing total comprehensive income	(3,546,863)	(17,084,185)	(4,070,713)	(7,872,467)
Interests in joint ventures	51%	60%	51%	51%
Carrying value of Group's interests in joint ventures	106,538,695	8,984,263	25,254,447	42,434,135
Group's share of results of joint ventures	(1,808,900)	(10,250,511)	(2,076,064)	(4,014,958)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

	2017	2016
	RM	RM
Loss for the year, representing total comprehensive loss of joint ventures	(40,724,893)	(38,082,583)
The Group's share of results, representing total comprehensive income	(10,969,655)	(18,884,595)
Carrying value of Group's interest in joint ventures	6,769,506	23,760,077

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017 %	2016 %
(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 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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017 %	2016 %
(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
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017 %	2016 %
(iii) Held through ALAM-PE(H) (cont'd.):				
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
(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 2017 and 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

18. Deferred taxation

	Group	
	2017 RM	2016 RM
At 1 January	(988,190)	4,957,653
Recognised in profit or loss (Note 10)	4,968,493	(6,180,242)
Exchange differences	(84,134)	234,399
At 31 December	3,896,169	(988,190)

Presented after appropriate offsetting as follows:

Deferred tax assets	(530,650)	(5,157,381)
Deferred tax liabilities	4,426,819	4,169,191
	3,896,169	(988,190)

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 2017	4,169,191
Recognised in profit or loss	768,308
Exchange differences	(84,134)
At 31 December 2017	4,853,365
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 2017	(576,245)	(4,581,136)	(5,157,381)
Recognised in profit or loss	576,245	3,623,940	4,200,185
At 31 December 2017	-	(957,196)	(957,196)
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)

19. Inventories

	Group	
	2017 RM	2016 RM
Cost		
Raw materials	932,279	974,200
Work-in-progress	-	483,826
Spare parts	580,974	608,239
	1,513,253	2,066,265

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM625,715 (2016: RM176,756).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

20. Trade receivables

	2017 RM	Group 2016 RM
Current		
Third parties	71,667,964	55,714,131
Accrued charter hire income	36,463,873	6,567,747
Less: Allowance for impairment	(10,715,384)	(6,978,304)
	97,416,453	55,303,574
Non-current		
Third parties	54,263,341	54,263,341
Less: Allowance for impairment	(54,263,341)	(53,681,376)
	-	581,965
Trade receivables, net	97,416,453	55,885,539

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Ageing analysis of trade receivables

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

	2017 RM	Group 2016 RM
Neither past due nor impaired	37,959,181	22,143,233
1 to 30 days past due not impaired	25,697,487	9,895,817
31 to 60 days past due not impaired	11,007,195	5,743,837
61 to 90 days past due not impaired	1,837,299	4,009,820
91 to 120 days past due not impaired	17,805,317	9,384,518
More than 121 days past due not impaired	3,109,974	4,708,314
	59,457,272	33,742,306
Impaired	64,978,725	60,659,680
	162,395,178	116,545,219

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

20. Trade receivables (cont'd.)

Trade receivables that are neither past due nor impaired

As at 31 December 2017, the Group has trade receivables amounting to RM37,959,181 (2016: RM22,143,233) 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 2017, the Group has trade receivables amounting to RM59,457,272 (2016: RM33,742,306) that are past due at the reporting date but not impaired.

At the reporting date, 40% (2016: 47%) 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:

	2017 RM	Group 2016 RM
At 1 January	60,659,680	54,341,157
Charge for the year (Note 9)	8,554,045	9,343,523
Reversal of impairment (Note 5)	(4,235,000)	(3,025,000)
At 31 December	64,978,725	60,659,680

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

21. Other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amounts due from related parties:				
- Joint ventures	119,614,683	134,983,392	4,822,752	-
- Associates	3,992,884	1,966,307	624	192,776
	123,607,567	136,949,699	4,823,376	192,776
Less: Impairment loss	(51,264,996)	(7,953,167)	-	-
	72,342,571	128,996,532	4,823,376	192,776
Deposits	908,614	1,070,957	-	-
Prepayments	11,178,125	2,655,035	-	-
Sundry receivables	33,658,049	202,665	-	-
Total other receivables	118,087,359	132,925,189	4,823,376	192,776
Add: Trade receivables (Note 20)	97,416,453	55,885,539	-	-
Cash and bank balances (Note 22)	55,792,409	45,124,437	27,832,934	11,968,076
Amount due from subsidiaries	-	-	345,147,526	366,934,663
Less: Prepayments	(11,178,125)	(2,655,035)	-	-
Total loans and receivables	260,118,096	231,280,130	377,803,836	379,095,515

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	
	2017 RM	2016 RM
At 1 January	7,953,167	-
Charge for the year (Note 9)	43,311,829	7,953,167
At 31 December	51,264,996	7,953,167

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

22. Cash and bank balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash on hand and at banks	7,988,787	13,735,002	171,715	449,319
Deposits with licensed banks (a)	47,803,622	31,389,435	27,661,219	11,518,757
Cash and bank balances	55,792,409	45,124,437	27,832,934	11,968,076
Less: Bank overdrafts (Note 26)	(4,378,683)	(6,691,423)	-	-
Amounts set aside as sinking fund (b)	(38,413,599)	(28,431,065)	(27,596,014)	(11,518,757)
Amounts set aside as margin deposits for bank guarantee facilities (c)	(7,521,415)	(2,958,370)	-	-
Total cash and cash equivalents	5,478,712	7,043,579	236,920	449,319

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2017 are 2.4% (2016: 2.00%) and 36 days (2016: 38 days) respectively.

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

(c) Guarantee to third parties for the performance obligations by the subsidiaries. No liability is expected to arise.

Other information on financial risks of cash and bank balances are disclosed in **Note 37**.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	51,667,023	43,250,477	27,832,934	11,968,076
United States Dollar	3,390,696	1,061,441	-	-
Singapore Dollar	734,690	812,519	-	-
	55,792,409	45,124,437	27,832,934	11,968,076

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

23. Share capital and share premium

	Number of ordinary shares		Amount	
	2017	2016	2017 RM	2016 RM
Authorised share capital				
At 1 January/31 December	-	2,000,000,000	-	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	Share premium RM	Total RM
At 1 January 2017	924,460,921	231,115,231	165,199,735	396,314,966
Transfer non-par value regime	-	165,199,735	(165,199,735)	-
At 31 December 2017	924,460,921	396,314,966	-	396,314,966
At 1 January 2016/31 December 2016	924,460,921	231,115,231	165,199,735	396,314,966

The new Companies Act, 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. However, the Company has yet to utilise the credit amount transferred from share premium accounts of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. Other reserves

	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2017	(4,639,834)	3,235,846	2,108,236	704,248
Foreign currency translation	-	980,344	-	980,344
At 31 December 2017	(4,639,834)	4,216,190	2,108,236	1,684,592

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

24. Other reserves (cont'd.)

	Premium paid on acquisition of non- controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 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

	Employee share option reserve/Total RM
Company	
At 1 January 2017/31 December 2017	2,108,236
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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

25. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2017 and 31 December 2016 under the single tier system.

26. Borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 22)	4,378,683	6,691,423	-	-
Term loans	3,067,151	4,428,388	-	-
Sukuk Ijarah MTN	75,000,000	30,000,000	75,000,000	30,000,000
Hire purchase and finance lease liabilities (Note 27)	367,588	542,697	-	-
	82,813,422	41,662,508	75,000,000	30,000,000
Unsecured:				
Revolving credits	48,045,818	50,966,000	-	-
	130,859,240	92,628,508	75,000,000	30,000,000
Long term borrowings				
Secured:				
Term loans	19,142,864	15,303,362	-	-
Sukuk Ijarah MTN	-	45,000,000	-	45,000,000
Hire purchase and finance lease liabilities (Note 27)	1,295,664	1,829,108	-	-
	20,438,528	62,132,470	-	45,000,000
Total borrowings				
Bank overdrafts (Note 22)	4,378,683	6,691,423	-	-
Revolving credits	48,045,818	50,966,000	-	-
Term loans	22,210,015	19,731,750	-	-
Sukuk Ijarah MTN	75,000,000	75,000,000	75,000,000	75,000,000
Hire purchase and finance lease liabilities (Note 27)	1,663,252	2,371,805	-	-
	151,297,768	154,760,978	75,000,000	75,000,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

26. Borrowings (cont'd.)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Not later than 1 year	130,491,652	92,085,811	75,000,000	30,000,000
Later than 1 year not later than 2 years	3,515,018	40,892,109	-	45,000,000
Later than 2 years not later than 5 years	7,745,099	8,003,315	-	-
Later than 5 years	7,882,747	11,407,938	-	-
	149,634,516	152,389,173	75,000,000	75,000,000

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	
	2017 %	2016 %	2017 %	2016 %
Bank overdrafts	6.60	5.06	-	-
Term loans	5.50	5.94	-	-
Sukuk Ijarah MTN	5.63	5.40	5.63	5.40
Revolving credits	3.80	3.64	-	-

During the year, the Group have not paid sukuk principal repayment and loan repayment amounting to RM160.8 million, in accordance with the Informal Standstill Arrangement with the respective financiers of which the Proposed Restructuring Scheme ("PRS") must comply with the Corporate Debt Restructuring Committee's ("CDRC") restructuring principles as disclosed in **Note 40**. Details of the unpaid borrowings are as follows:

Entities	RM'000
(a) Company and its subsidiaries	
(i) MCP/MMTN and Sukuk Ijarah MTN Facility	75,000
(ii) Revolving credits	5,000
(b) Joint ventures	
(i) Term loans	47,867
(c) Associates	
(i) Term loans	32,914
	160,781

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

26. Borrowings (cont'd.)

(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**.

The proposed key restructuring terms under PRS are as follows:

- restructuring of remaining debt repayment within one to three years tenure, with interest charged as at last accepted rate;
- waiver of all penalty interest (if any);
- the restructured facility shall be settled from the surplus cash flow after accounting for operating and overhead expenses, or offset against existing cash in fixed deposits secured in favour of the lender; and
- all covenant breaches and borrowers' undertakings shall be waived.

(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;
- (v) Corporate guarantees by the Company; and
- (vi) Assignment of the insurance policy for vessels of certain subsidiaries.

The proposed key restructuring terms under PRS are as follows:

- restructuring of remaining debt repayment into a three year tenure with interest charged as at last accepted rate;
- waiver of all penalty interest (if any);
- the restructured facility shall be settled from the surplus cash flow after accounting for operating and overhead expenses; and
- all covenant breaches and borrowers' undertakings shall be waived.

(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**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

26. Borrowings (cont'd.)

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

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 5.6% per annum (2016: 5.2% to 5.9% per annum).

The proposed key restructuring terms under PRS are as follows:

- restructuring of remaining debt repayment into a two year tenure with profit charged as at last accepted rate;
- waiver of all penalty interest (if any);
- existing cash in the sinking fund shall be released to the Trustee for distribution to the Sukuk holders;
- the restructured facility shall be settled from the surplus cash flow after accounting for operating and overhead expenses;
- any excess cash after profit rate and principal repayment shall be placed in an escrow account; and
- all covenant breaches and borrowers' undertakings shall be waived.

(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**.

The proposed key restructuring terms under PRS are as follows:

- restructuring of remaining debt repayment into a one year tenure with interest charged as at last accepted rate;
- waiver of all penalty interest (if any); and
- disposal of leasehold land pledged to the revolving credit.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

27. Hire purchase and finance lease liabilities

	Group	
	2017 RM	2016 RM
Future minimum lease payments:		
Not later than 1 year	427,963	623,223
Later than 1 year and not later than 2 years	440,926	808,325
Later than 2 years and not later than 5 years	960,817	1,018,624
Later than 5 years	31,021	123,508
Total future minimum lease payments	1,860,727	2,573,680
Less: Future finance charges	(197,475)	(201,875)
Present value of finance lease liabilities (Note 26)	1,663,252	2,371,805
Analysis of present value:		
Not later than 1 year	367,588	542,697
Later than 1 year and not later than 2 years	393,502	924,361
Later than 2 years and not later than 5 years	873,240	783,709
Later than 5 years	28,922	121,038
Less: Amount due within 12 months (Note 26)	1,663,252 (367,588)	2,371,805 (542,697)
Amount due after 12 months (Note 26)	1,295,664	1,829,108

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2016: 2.77%) per annum.

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

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 (2016: RM75,000,000) which bears interest rate between 5.2% per annum and 5.6% per annum (2016: between 5.2% per annum and 5.9% per annum).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

29. Trade payables

	Group	
	2017 RM	2016 RM
Third parties	47,661,415	25,783,361
Joint ventures	-	21,948,757
	47,661,415	47,732,118

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 (2016: 30 to 60 days).

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

30. Other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amounts due to related parties:				
- Joint ventures	38,613,640	3,016	-	-
- Associates	3,533,956	3,375,427	-	-
	42,147,596	3,378,443	-	-
Accrued expenses	23,682,516	4,364,987	688,410	-
Deposits from customers	572,449	537,094	-	-
Sundry payables	7,363,576	4,562,354	418,600	613,753
	73,766,137	12,842,878	1,107,010	613,753
Add: Trade payables (Note 29)	47,661,415	47,732,118	-	-
Borrowings (Note 26)	151,297,768	154,760,978	75,000,000	75,000,000
Total financial liabilities carried at amortised costs	272,725,320	215,335,974	76,107,010	75,613,753

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 37**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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.

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
2017				
2006 Options	-	-	-	-
2007 Options	-	-	-	-
2008 Options	-	-	-	-
2009 Options	-	-	-	-
2016 Options	8,054,900	-	8,054,900	8,054,900

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

The following table illustrates the number and movements in share options during the year (cont'd.):

	< ————— 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

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

	Weighted average exercise price RM	Exercise period
2017		
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
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

32. Non-current asset held for sale

	Group 2017 RM
At 1 January	-
Transfer from property, vessels and equipment:	
Cost (Note 12)	12,039,510
Accumulated depreciation (Note 12)	(1,061,245)
At 31 December	10,978,265

As disclosed in Notes 2.2, 26 and 40, under the PRS terms, the leasehold land is required to be disposed of by 31 December 2018. Accordingly during the financial year, the asset has been reclassified to asset held for sale from property, vessels and equipment.

NOTES TO THE FINANCIAL STATEMENTS

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33. Operating lease arrangements

(a) The Group as lessee

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

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

	2017 RM	2016 RM
Future rental payments:		
Not later than 1 year	33,325,594	776,330
Later than 1 year and not later than 5 years	-	17,714,645
	33,325,594	18,490,975

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:

	2017 RM	2016 RM
Not later than 1 year	54,827,220	45,595,450
Later than 1 year and not later than 5 years	41,026,019	53,836,350
Later than 5 years	-	4,112,014
	95,853,239	103,543,814

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

34. 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 (2016: RM92,500,000).

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

NOTES TO THE FINANCIAL STATEMENTS

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35. 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	2017 RM	2016 RM
Group			
Joint ventures:			
Vessel's management fees	(i)	6,692,851	8,788,701
Dividend income		5,100,000	2,550,000
<hr/>			
Associates:			
Vessel's management fees	(i)	900,000	-
<hr/>			
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(ii)	3,328,520	5,205,500

(i) 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.

(ii) 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 2017 and 31 December 2016 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.

NOTES TO THE FINANCIAL STATEMENTS

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35. Related party disclosures (cont'd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employee benefits	6,706,041	6,465,573	349,000	348,000
Contributions to defined contribution plan	618,887	580,739	-	-

Included in the total key management personnel compensation are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors' remuneration (Note 7)	4,052,175	4,144,175	349,000	348,000

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

	Group and Company	
	2017 RM	2016 RM
At 1 January/31 December	42,109,000	42,109,000

36. 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
2017		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	19,142,864	14,938,330
- Hire purchase and finance lease liabilities	1,295,664	1,212,840

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

36. 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.)

	Carrying amount RM	Group 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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

36. Fair value measurement (cont'd.)

Determination of fair value

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2017 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.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2017 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
Property, vessels and equipment (Note 12)				
- Vessels	31 Dec 2017	-	360,699,955	360,699,955
Investment properties (Note 13)	31 Dec 2017	2,568,439	-	2,568,439

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 **Notes 3.2(c)** and **12**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

37. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

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:

- 48% (2016: 52.1%) of the Group's trade receivables were due from 10 (2016: 10) major customers who are located in Malaysia; and
- 37% (2016: 68%) 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**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

37. 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 86% (2016: 60%) 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 100% (2016: 40%) of the Company's borrowings will mature in less than one year at the reporting date.

As at year end, as disclosed in **Notes 26** and **40**, certain borrowings repayment of the Group and the Company were unpaid due to ongoing restructuring of the borrowings facilities via CDRC.

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 the proposed restructuring terms under the PRS and original terms for borrowings which are not part of PRS.

	Carrying amount RM	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2017					
Financial liabilities:					
Group					
Trade and other payables	121,427,552	121,427,552	-	-	121,427,552
Borrowings					
-At restructured terms based on PRS	124,589,389	*	*	*	*
-At original terms	26,708,379	15,983,981	8,086,902	2,832,863	26,903,746
Total undiscounted financial liabilities	272,725,320	137,411,533	8,086,902	2,832,863	148,331,298
Company					
Other payables	1,107,010	1,107,010	-	-	1,107,010
Borrowings					
-PRS' proposed restructured terms	75,000,000	*	*	*	*
Total undiscounted financial liabilities	76,107,010	1,107,010	-	-	1,107,010

* Subject to PRS terms as disclosed in **Note 26**.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

37. Financial risk management objectives and policies (cont'd.)**(b) Liquidity risk (cont'd.)**Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on the proposed restructuring terms under the PRS and original terms for borrowings which are not part of PRS. (cont'd.).

	Carrying amount RM	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	-	-	60,574,996
Borrowings	154,760,978	92,628,508	55,291,121	17,400,201	165,319,830
Total undiscounted financial liabilities	215,335,974	153,203,504	55,291,121	17,400,201	225,894,826
Company					
Other payables	613,753	613,753	-	-	613,753
Borrowings	75,000,000	30,000,000	46,407,500	-	76,407,500
Total undiscounted financial liabilities	75,613,753	30,613,753	46,407,500	-	77,021,253

(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 69.2% (2016: 74%) of the Group's borrowings are at fixed rates of interest.

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 before tax would have been RM349,490 (2016: RM357,278) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

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 7% (2016: 4%) of the Group's sales are denominated in foreign currencies whilst almost 5% (2016: 4%) 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.

		Group	
		(Loss)/profit before tax	
		2017	2016
		RM	RM
Financial assets			
USD/RM	- strengthened 3% (2016: 3%)	36,609	6,729,012
	- weakened 3% (2016: 3%)	(36,609)	(6,729,012)
Financial liabilities			
USD/RM	- strengthened 3% (2016: 3%)	(816,359)	(251,136)
	- weakened 3% (2016: 3%)	816,359	251,136
SGD/RM	- strengthened 3% (2016: 3%)	(591,904)	(135,988)
	- weakened 3% (2016: 3%)	591,904	135,988

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

38. 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 2017 and 31 December 2016.

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Borrowings	151,297,768	154,760,978	75,000,000	75,000,000
Trade and other payables	121,427,552	60,574,996	1,107,010	613,753
Less: Cash and bank balances	(55,792,409)	(45,124,437)	(27,832,934)	(11,968,076)
Net debt	216,932,911	170,211,537	48,274,076	63,645,677
Equity attributable to the owners of the parent, representing total capital	597,127,212	742,117,943	402,162,798	404,137,459
Capital and net debt	814,060,123	912,329,480	450,436,874	467,783,136
Gearing ratio	26.6%	18.7%	10.7%	13.6%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

39. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2017					
Revenue					
Sales to external customers	81,693,185	79,381,411	-	-	161,074,596
Inter segment sales	46,947,663	63,368,076	4,070,722	(114,386,462)	-
Total revenue	128,640,848	142,749,487	4,070,722	(114,386,462)	161,074,596
Results					
Segment results	(94,109,775)	17,107,413	2,097,368	(1,432,034)	(76,337,028)
Finance costs	(1,999,595)	(998,748)	(3,655,747)	-	(6,654,090)
Share of results of associates	(8,728,564)	-	-	-	(8,728,564)
Share of results of joint ventures	(35,785,719)	(11,392,040)	-	-	(47,177,759)
Loss before tax					(138,897,441)
Income tax expenses					(6,483,110)
Loss for the year					(145,380,551)
Assets					
Segment assets	343,940,192	36,727,115	7,566,372	4,499,077	392,732,756
Investments in associates	60,463,502	-	-	(21,450,497)	39,013,005
Interests in joint ventures	76,722,451	-	-	72,372,034	149,094,485
Unallocated assets	1,174,527,755	64,690,505	383,142,030	(1,332,614,565)	290,049,821
Total assets	1,655,653,900	101,417,620	390,708,402	(1,277,193,951)	870,890,067
Total liabilities	1,499,602,530	88,446,164	10,309,830	(1,321,415,888)	277,246,732
Other segment information:					
Capital expenditure	34,249,488	-	-	-	34,249,488
Depreciation:					
- property, vessels and equipment	30,358,614	8,636,119	268,379	-	39,263,113
- investment properties	-	-	208,103	-	208,103
Other significant non-cash expenses:					
Impairment loss on :					
- trade receivables	8,554,045	-	-	-	8,554,045
- amount due from a joint venture	43,311,829	-	-	-	43,311,829
- interests in joint ventures	14,561,300	-	-	-	14,561,300
Impairment of property, vessels and equipment	18,611,686	-	-	-	18,611,686
Property, vessels and equipment written off	221	-	-	-	221

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 credit					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
Property, vessels and equipment	-	-	120,580	-	120,580
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

40. Significant and subsequent events

- (a) The Group is in the midst of formulating a restructuring and regularisation scheme on its borrowings. During the year, the Group applied for assistance from the Corporate Debt Restructuring Committee of Bank Negara ("CDRC") to mediate between the Group, certain of its subsidiaries, joint-venture companies and associated companies (collectively, the "Affected Companies") and their respective financiers. The Group had received a letter issued by the CDRC, approving the Group's application for assistance on 25 May 2017.

The Proposed Restructuring Scheme ("PRS") must comply with the CDRC's restructuring principles for the Affected Companies to continue to remain under the Informal Standstill Arrangement with the respective financiers. The Standstill Letter was issued by CDRC to the financiers of the Affected Companies as well as the trustee to the Company's Sukuk holders on 25 May 2017. Consequently, during the year, the Group has not paid sukuk principal repayments and loan repayments amounting to RM160.8 million at their respective payment due dates.

On 30 March 2018, the Affected Companies received the requisite approval-in-principle of the PRS from the respective lenders and financiers. To date, the Group has received the requisite approval-in-principle representing 87% of the secured debt and 100% of the unsecured debt.

The PRS is deemed effective subject to:

- 1) Award of stipulated contracts;
- 2) Consent of shareholders of the Affected Companies; and
- 3) Completion of the bilateral settlement documentation within 60 days from 30 March 2018 or any extension thereof.

The Group's restructuring involves a bilateral settlement between each borrowing entity and its respective lenders or financiers by amending and extending the terms and conditions of the existing borrowing or facilities based on their respective cash flow forecasts and projections.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2018

Authorised Share Capital	: RM500,000,000
Issued and Paid-Up Share Capital	: RM231,115,230
Class of Shares	: Ordinary Shares of RM0.25 each fully paid
Voting Rights	: On a poll - One vote for every ordinary share held
No. of Voting Shares	: 924,460,921

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	131	1.449	5,354	0.000
100 - 1,000	517	5.722	368,869	0.039
1,001 - 10,000	4,250	47.039	25,122,489	2.717
10,001 - 100,000	3,507	38.815	130,823,851	14.151
100,001 - 46,223,045(*)	627	6.939	345,759,222	37.401
46,223,046 and above(**)	3	0.033	422,381,136	45.689
Total	9,035	100.00	924,460,921	100.000

Notes:

(*) Less than 5% of issued shares

(**) 5% and above of issued shares

DIRECTORS' SHAREHOLDING

Name of Directors	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
DATUK AZMI BIN AHMAD	2,278,637	0.246	330,581,061(1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	(*)	330,415,436 (2)	35.741
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	(*)	123,750(3)	0.013
FINA NORHIZAH BINTI HJ BAHARU ZAMAN	34,000	(*)	-	-
DATO' HAJI AB WAHAB BIN IBRAHIM	1,500	(*)	-	-
AINUL AZHAR BIN AINUL JAMAL	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
SAR VENTURE HOLDINGS (M) SDN BHD	330,415,436	35.741	-	-
LEMBAGA TABUNG HAJI	91,965,700(4)	9.948	-	-
POH YANG HONG	36,200,000(5)	3.915	39,000,000(6)	4.369
DATUK AZMI BIN AHMAD	2,291,748	0.248	330,581,061(1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	(*)	330,415,436(2)	35.741

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2018

Notes:

- (*) Shareholding of less than 0.01%
- (1) Deemed interested by virtue of his shareholding in SAR Venture Holdings (M) Sdn Bhd and the shareholding of his spouse in AMRB pursuant to Section 8(4) and 59(11)(c) of the Companies Act 2016 respectively.
- (2) Deemed interested by virtue of his shareholding in SAR Venture Holdings (M) Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his spouse shareholding in AMRB pursuant to Section 59(11)(c) of the Act.
- (4) Held through Kenanga Islamic Investors Bhd for 1,687,300 ordinary shares of RM0.25 each in AMRB.
- (5) Held through Maybank Nominees (Asing) Sdn Bhd for 33,700,000 ordinary shares of RM0.25 each and HLIB Nominees (Tempatan) Sdn Bhd for 2,500,000 ordinary shares of RM0.25 each in AMRB.
- (6) Deemed interested by virtue of his shareholding in Caprice Capital International Limited and Caprice Capital Holdings Limited pursuant to Section 8(4) of the Act.

LIST OF TOP 30 HOLDERS**(Without aggregating securities from different securities accounts belonging to the same registered holder)**

No	Name	Holdings	%
1	SAR VENTURE HOLDINGS (M) SDN BHD	243,109,197	26.297
2	LEMBAGA TABUNG HAJI	91,965,700	9.948
3	SAR VENTURE HOLDINGS (M) SDN BHD	87,306,239	9.444
4	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL INTERNATIONAL LTD	37,900,000	4.099
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	33,700,000	3.645
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	12,155,873	1.314
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	8,214,400	0.888
8	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	8,153,000	0.881
9	MOHD AFRIZAN BIN HUSSAIN	5,010,000	0.541
10	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	5,000,000	0.540
11	MUHAMMAD SABQI BIN MASNAN	4,033,000	0.436
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN LAI KIEW	3,453,300	0.373
13	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILIP SECURITIES PTE LTD (CLIENTS)	2,911,100	0.314
14	ESPLANADE LAND SDN BHD	2,619,800	0.283

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2018

No	Name	Holdings	%
15	HILB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	2,500,000	0.270
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHAI GO	2,500,000	0.270
17	TING CHEE MING	2,500,000	0.270
18	LIM SHEN MAW	2,497,900	0.270
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG JUN	2,350,000	0.254
20	AZMI BIN AHMAD	2,278,487	0.246
21	TAN BOON TIEM	2,100,000	0.227
22	TEE MEE YOKE	2,100,000	0.227
23	ASSETS NOMINEES (ASING) SDN BHD KWEK LENG SENG	2,000,000	0.216
24	FIELDS EQUITY MANAGEMENT LTD	1,800,000	0.194
25	WONG CHEE KIEN	1,766,000	0.191
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KENANGA ISLAMIC INVESTORS BHD FOR LEMBAGA TABUNG HAJI	1,687,300	0.182
27	ANG CHIN WOI	1,500,000	0.162
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM CHONG SOO (MY2591)	1,500,000	0.162
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL HOLDINGS LTD	1,500,000	0.162
30	NG CHAI GO	1,500,000	0.162

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting (“AGM”) of Alam Maritim Resources Berhad (“Company”) will be held on Wednesday, 27 June 2018 at 10.00 a.m., at Technology Park Malaysia Corporation Sdn Bhd, Auditorium Enterprise 4, Lebuhraya Puchong-Sungai Besi, 57000 Bukit Jalil, Kuala Lumpur for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note (i)) |
| 2. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Constitution and being eligible, have offered themselves for re-election: | (Please refer to Explanatory Note (ii)) |
| (i) Encik Ahmad Hassanudin bin Ahmad Kamaluddin | (Ordinary Resolution 1) |
| (ii) Encik Shaharuddin Bin Warno @ Rahmad | (Ordinary Resolution 2) |
| 3. To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM349,000.00 for the Financial Year ended 31 December 2017. | (Ordinary Resolution 3) |
| 4. To approve the payment of Directors' fee and remuneration based on the remuneration structure as disclosed in Explanatory Note (iii) for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019. | (Please refer to Explanatory Note (iii))
(Ordinary Resolution 4) |
| 5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. | (Ordinary Resolution 5) |

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following resolutions which will be proposed as Ordinary Resolutions:

- | | |
|---|--------------------------------|
| 6. Proposed Continuation in Office as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2017. | (Ordinary Resolution 6) |
| “THAT Dato' Haji Ab Wahab bin Haji Ibrahim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company.” | |
| 7. Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016. | (Ordinary Resolution 7) |
| “THAT pursuant to Section 75 and Section 76 of the Companies Act, 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) and the approvals of the relevant governmental and/or regulatory authority (if any), the Directors be and are hereby empowered to issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares so issued does not exceed 10% of the issued capital of the Company for the time being and the Directors be and are also empowered to obtain the approval of the Bursa Malaysia Securities for listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next AGM of the Company.” | |

NOTICE OF 13TH ANNUAL GENERAL MEETING

8. **Proposed renewal of authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company.** (Ordinary Resolution 8)

“**THAT** subject to the Companies Act, 2016, the Company’s Constitution, the Bursa Malaysia Securities and the approvals of the relevant governmental and/or regulatory authority (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities subject to the following:

- i. the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company (Shares) for the time being;
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate retained profits and share premium account of the Company;
- iii. the authority conferred by this resolution will commence immediately upon passing of this resolution and shall be in force until:
 - (a) the conclusion of the next AGM of the Company; or
 - (b) upon the expiration of the period within which the next AGM is required by the law to be held; or
 - (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,whichever is earlier; and
- iv. upon the completion of the purchase(s), the Directors are authorised to deal with the Shares so purchased in the manner they may deem fit in the best interest of the Company;

AND THAT the Directors of the Company be and are hereby authorised to take necessary steps to fully implement the purchase(s) of the Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit in the best interest of the Company.”

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company’s Constitution.

BY ORDER OF THE BOARD

Nuranisma binti Ahmad, MIA, ACIS (MAICSA 7067610)
Nur Aznita binti Taip (MAICSA 7067607)
Company Secretaries

Kuala Lumpur
30 April 2018

NOTICE OF 13TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

- (i) **Agenda Item No. 1** - Audited Financial Statements for financial year ended 31 December 2017 - is meant for discussion only as the provision of Section 340(1) (a) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. As such, this item is not put forward for voting.
- (ii) **Ordinary Resolutions 1 and 2 - Re-election of Directors who retire by rotation pursuant to Article 94**
Encik Ahmad Hassanudin bin Ahmad Kamaluddin and Encik Shaharuddin Bin Warno @ Rahmad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.
- (iii) **Ordinary Resolutions 4 - Payment of Directors' Remuneration to the Non-Executive Directors for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.**

Board/Board Committee	Chairperson (RM/Year)	Member (RM/Year)
Board of Directors	RM90,000	RM75,000
Board Audit Committee	RM19,000	RM12,000
Board Risk Management Committee	RM6,000	RM5,000
Board Nomination & Remuneration Committee	RM6,000	RM5,000
Allowance : Meeting Attendance	RM1,000/day	RM1,000/day

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

- (i) **Ordinary Resolution 6** - Proposed Continuation in Office as Independent Non-Executive Director in accordance with Recommendation **the Malaysian Code on Corporate Governance 2017**

The proposed resolution is to seek shareholders' approval to retain Dato' Haji Ab Wahab bin Haji Ibrahim as an Independent Non-Executive Director of the Company. He has served the Company as an Independent Non-Executive Director since 2 May 2006 for a cumulative period of over nine (9) years. The BNRC has made the necessary assessment and recommended to the Board of Directors that he be retained as an Independent Director of the Company based on his ability to maintain his independence of judgment and to express and maintain unbiased views without any influence. Dato' Haji Wahab has a good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates. The Board values his contribution to the Company and he is also committed in performing his functions and duties as the Chairman of the Board Audit Committee, including but not limited to attendance at Board and Board Committees' meetings. This proposed resolution is in line with the recommendation under the Malaysian Code on Corporate Governance 2017 and this would allow him to continue to serve as Chairman of the Board Audit Committee, pursuant to the requirement of Paragraph 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

- (ii) Proposed **Ordinary Resolution 7** is to seek a renewal of the general authority pursuant to Section 75 and Section 76 of the Companies Act, 2016 and the MMLR for the issuance and allotment of new ordinary shares in the Company.

Proposed **Ordinary Resolution 7**, if passed, will enable Directors to issue and allot new ordinary shares up to an amount not exceeding ten per centum (10%) of the Company's issued share capital from time to time pursuant to exercise of any options under the Company's ESOS as well as provide them the flexibility to raise funds, including but not limited to further placement of shares for purposes of funding future investment project(s), working capital and/or acquisitions without convening a general meeting which will be both time and cost consuming. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

NOTICE OF 13TH ANNUAL GENERAL MEETING

- (iii) The proposed **Ordinary Resolution 8**, if passed, is to empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up capital of the Company by utilising the retained profits and the share premium reserve of the Company.

Information on the Proposed renewal of authority for the Company to purchase its own shares is set out in the Statement to Shareholders dated 20 June 2018 dispatched together with the 2017 Annual Report.

Statement Accompanying Notice of Annual General Meeting

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS

The details of Directors who are standing for re-election and the Directors' interest in the securities of the Company and/or its related companies are disclosed on page 38 and 39 of this Annual Report.

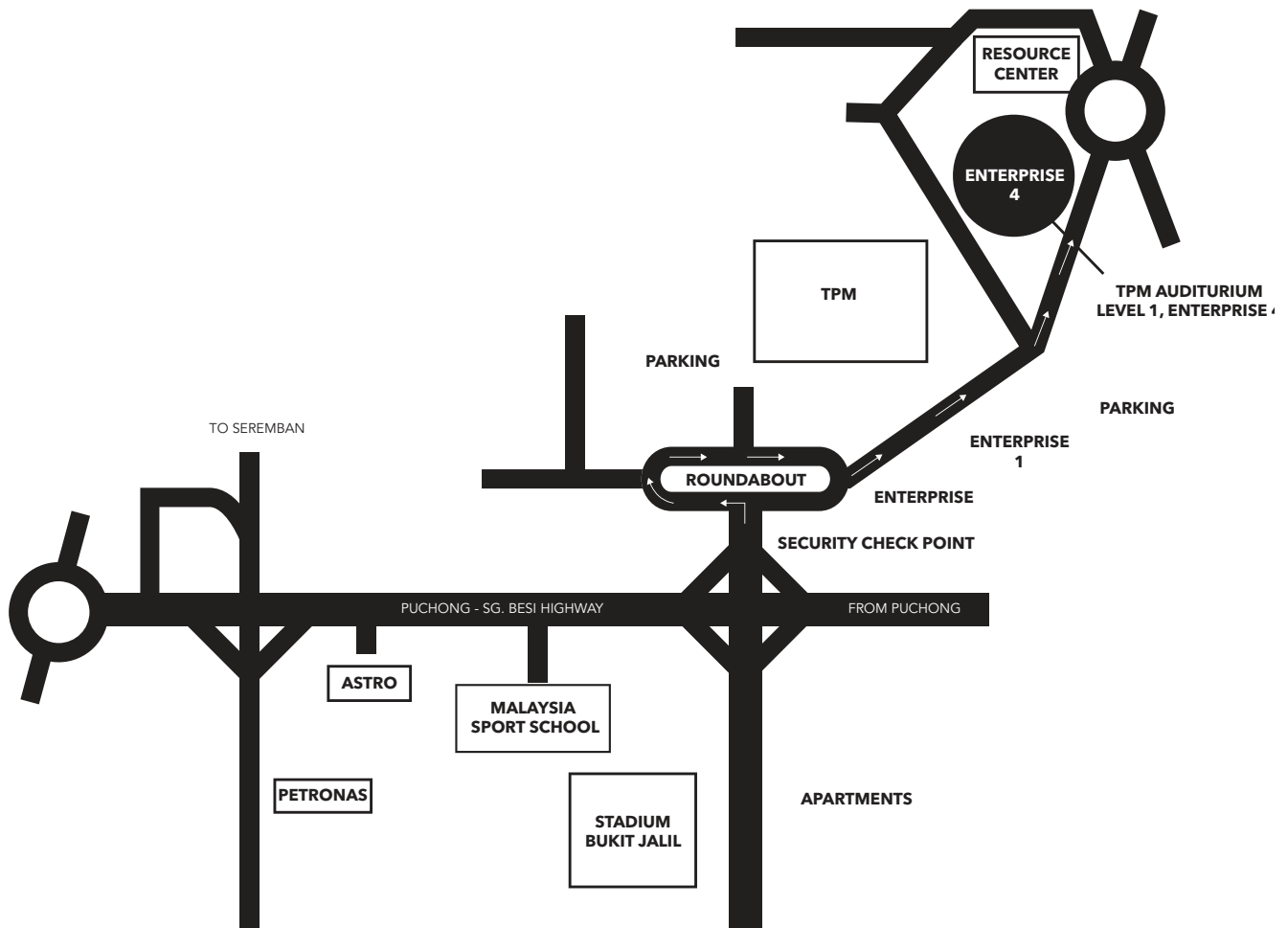
Notes:

1. Only members registered in the Record of Depositors (ROD) as at 20 June 2018 shall be eligible to attend the AGM or appoint proxy to attend and vote on their behalf.
2. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that, where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
5. The instrument appointing a proxy/Proxy Form shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. Where the instrument appointing a proxy is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly appointed under a power of attorney.
6. A corporation which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 91 of the Company's Constitution.
7. Duly completed Proxy Form must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Meeting or no later than 25 June 2018 at 10.00 am.

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTES TO VENUE :-

MAP TO TECHNOLOGY PARK MALAYSIA CORPORATION SDN BHD, AUDITORIUM ENTERPRISE 4



- **Parking**

Please park your vehicle at Multi-Storey Parking Building located in front of the Auditorium Enterprise 4 (follow signage) and kindly produce your parking ticket during registration for validation.



1) Search "Technology Park Malaysia" in Waze



2) GPS Coordinate: 3.0479, 101.689085

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FORM OF PROXY



ALAM MARITIM RESOURCES BERHAD
(Co. No. 700849-K)

No. of Shares	
CDS Account No.	
NRIC/Company No.	
Tel & Fax No.	

I/We _____
(Block Letters)

of _____

being a member of ALAM MARITIM RESOURCES BERHAD (AMRB) hereby appoint :-

	Name/CDS Account No	NRIC/Passport No	No of shares	%	
Proxy 1 or	_____	_____	_____	_____	failing him/her
Proxy 2 or	_____	_____	_____	_____	failing him/her
		Total	_____	100%	

THE CHAIRMAN OF THE MEETING as my/our* proxy(ies) to vote for me/us* and on my/our* behalf at the Thirteenth Annual General Meeting of the Company to be held at 10.00 a.m. on Wednesday, 27 June 2018 at the Technology Park Malaysia Corporation Sdn Bhd, Auditorium Enterprise 4, Lebuhraya Puchong-Sungai Besi, 57000 Bukit Jalil, Kuala Lumpur and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1	To re-elect Encik Ahmad Hassanudin Bin Ahmad Kamaluddin pursuant to Article 94.		
2	To re-elect Encik Shaharuddin Bin Warno @ Rahmad pursuant to Article 94.		
3	To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM349,000 for the Financial Year ended 31 December 2017.		
4	To approve the payment of Directors' fee and remuneration for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6	Continuation in Office of Dato' Haji Ab Wahab bin Haji Ibrahim as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2017.		
7	To authorise the Directors to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016.		
8	To approve the proposed renewal of authority for the Company to purchase its own shares.		

Please indicate with a check mark ("✓") in the appropriate box against the resolution how you wish your proxy to vote. In the absence of specific instructions, the proxy will vote or abstain at his/her discretion.

Date

Signature/Common Seal of Shareholder

Notes:

1. Only members registered in the Record of Depositors (ROD) as at 20 June 2018 shall be eligible to attend the AGM or appoint proxy to attend and vote on their behalf.
2. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that, where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
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Fold this flap for sealing

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AFFIX STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
(COMPANY NO. 11324-H)
UNIT 32-01, LEVEL 32, TOWER A,
VERTICAL BUSINESS SUITE, AVENUE 3,
BANGSAR SOUTH,
NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR

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