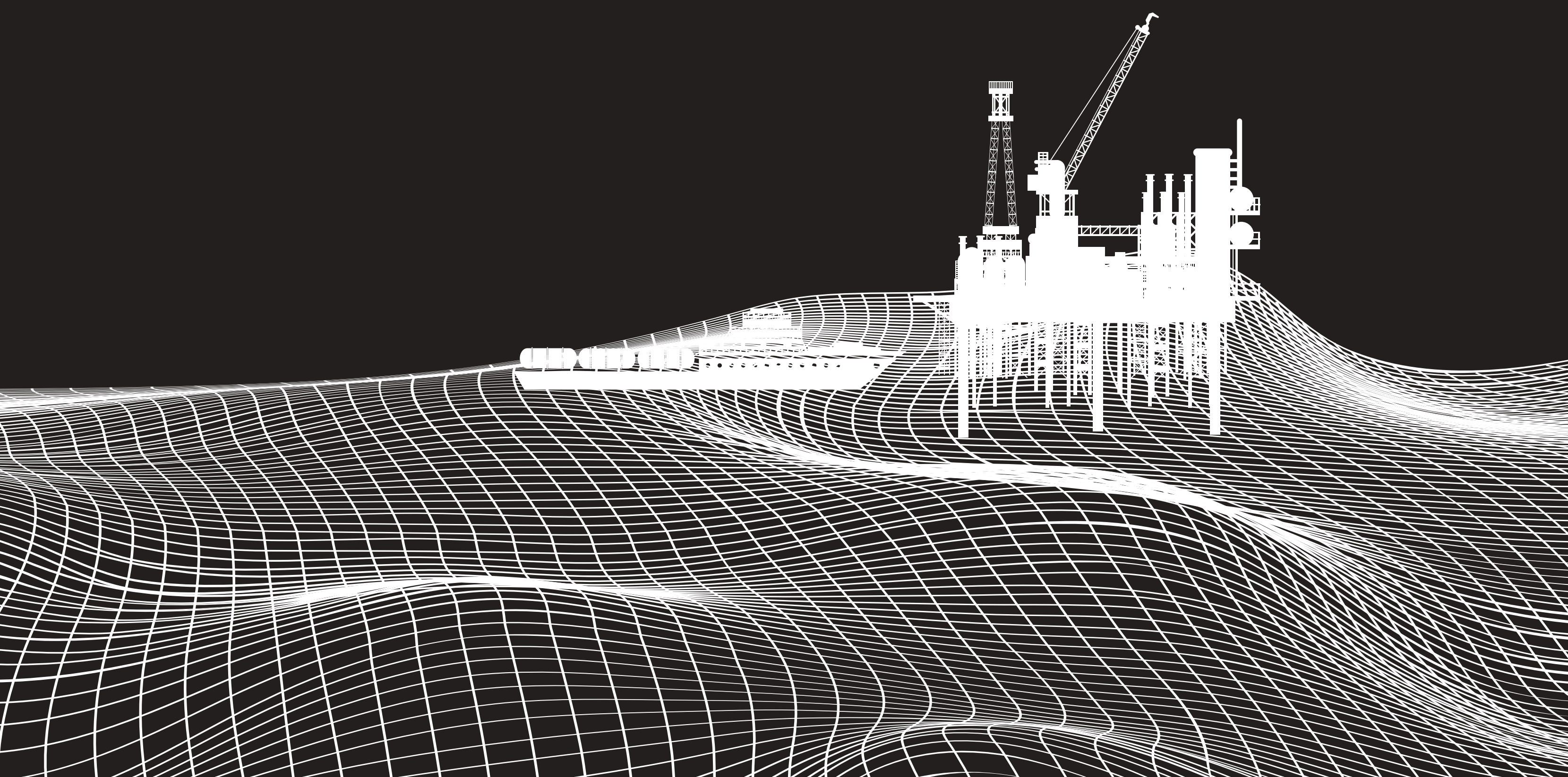
FINANCIAL STATEMENTS



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 2018.

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 16, 17 and 18 to the financial statement respectively.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	**(167,614,063)**	**(1,243,593)**
Attributable to:		
Owners of the parent	**(170,940,589)**	**(1,243,593)**
Non-controlling interests	**3,326,526**	**-**
	(167,614,063)	**(1,243,593)**

DIVIDENDS

No dividend is paid or declared by the Company since the date of the last reports. The directors do not recommend the payment of any dividend in respect of the current financial year.

SHARES CAPITAL

The Company did not issue any shares or debentures during the financial year ended 31 December 2018.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME

The Company has an Employees' Share Option Scheme ("ESOS"), which was approved at the Extraordinary General Meeting on 3 June 2016 by its members, for all the eligible employees of the Company.

The details of the ESOS are contained in the By-Laws and the salient features of ESOS are disclosed in Note 33 to the financial statements.

The number and class of shares in respect of which the option has granted during the financial year are as follows:

	Weighted average exercise price RM	Exercised 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	20.07.2016 to 20.07.2017

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

DIRECTORS

The directors of the Company in office at any time during the financial year and same the end of the financial year up 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	(Resigned on 17 May 2018)
Mohammad Suhaimi Bin Mohd Yasin	(Appointed on 25 February 2019)

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

The directors of the Company's subsidiaries in office at any time during the financial year and same the end of the financial year up 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' REPORT

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholding under section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of Ordinary Shares			
	As at 1.1.2018	During the year Bought	Sold	As at 31.12.2018
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

	Number of options over ordinary shares				
	As at 1.1.2018	Expired	Granted	Exercised	As at 31.12.2018
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

By virtue of the abovementioned directors' interest in the Company, these directors also deemed to have interests in the subsidiaries of the Company to the extent of the Company's interest in the subsidiaries.

None of the other directors in office at the end of the financial year have interest in shares of the Company or its related corporations during the financial year ended 31 December 2018.

DIRECTORS' REPORT

DIRECTORS' REMUNERATIONS

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 33 to the financial statements.

The directors' benefits are as follows:

	Group 2018 RM	Company 2018 RM
Salaries, fees and other emoluments	3,124,952	277,883
Defined contribution plan	247,032	-
Estimated money value of benefits-in-kind	144,000	-
	3,515,984	277,883

No payment has been paid to or payable to any third party in respect of the service provided to the Company or any of its subsidiaries by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance effected for, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and the Company.

OTHER STATUTORY INFORMATIONS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:-

a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or

b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATIONS (CONT'D)

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

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

b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

The directors state that:

a) The results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

b) 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 operations of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 42 to the financial statements.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group 2018 RM	Company 2018 RM
Statutory audit (AFTAAS)	**196,400**	**45,000**
Other services	**59,956**	**-**
	256,356	**45,000**

AUDITORS

The Auditors, Messrs. AFRIZAN TARMILI KHAIRUL AZHAR, have indicated their willingness to be appointed.

Approved by the Board and signed on behalf of the Directors,

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM
Director

DATUK AZMI BIN AHMAD
Director

Kuala Lumpur, Malaysia
Dated: 19 April 2019

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

The directors of ALAM MARITIM RESOURCES BERHAD state that, in their opinion, the financial statements of the Company set out on pages 110 to 185 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 Company as at 31 December 2018 and financial performance of the Company for the financial year ended 31 December 2018.

Approved by the Board and signed on behalf of the Directors,

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM
Director

DATUK AZMI BIN AHMAD
Director

Kuala Lumpur, Malaysia
Dated: 19 April 2019

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, MD NASIR BIN NOH, the Officer primarily responsible for the financial management of ALAM MARITIM RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 110 to 185 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	}	
the above-named MD NASIR BIN NOH	}	
at Kuala Lumpur in the Federal Territory	}	
this day of 19 April 2019	}	**MD NASIR BIN NOH**

Before me:

Commissioner for Oaths
Kuala Lumpur, Malaysia

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 statement of financial position as at 31 December 2018 of the Group and the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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.

Independence and Other Ethical Responsibilities

We are independent of the Group and 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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of Group's property, vessels and equipment

As at 31 December 2018, the Group has RM334,404,744 of property, vessels and equipment of which 97% relates to vessels and equipment with a total carrying value of RM323,155,712, being the most significant assets of the Group. This is further detailed in Note 13 to the financial statements.

We had focused our audit on the carrying value of vessels and diving equipment because they are the main income-producing assets of the Group and had seen a downturn in oil and gas industry, thereby indicating that the carrying amount of the vessels and equipment may be impaired. The Group had recognised an impairment amount of RM13,573,736 in the current financial year.

In performing the impairment test, management had 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.

Key Audit Matters (Cont'd)

1. Impairment of Group's vessels and equipment (Cont'd)

We had reviewed management's impairment test on the vessel and performed audit procedures to satisfy ourselves that the carrying value of the vessels as at 31 December 2018 were not in excess of their recoverable amount. Audit procedures we had undertaken include:

- Evaluating the external valuer's competency, capabilities and objectivity;
- Assessing the valuation methodologies and assumption of the external valuer to estimate the fair value of the vessel;
- Checking, on a sample basis, the accuracy and relevance of the input date provided by management to the external valuer;
- Assessing the key assumptions used in value in use calculations, including vessels projected future charter rates, utilisation rate and gross margin by comparing to historical and market condition.

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(b) (iii) and 13 in the notes to the financial statements.

2. Impairment of investments in associates and joint ventures

As at 31 December 2018, the carrying value of investments in associates and joint ventures are RM nil and RM70,064,964 respectively. This is further detailed in notes 17 and 18 to the financial statements.

Management performed assessment at the end of reporting period whether these is any indication that the investment in joint ventures and associates may be impaired. Should indication of impairment exists, an impairment assessment will be performed accordingly.

As at 31 December 2018, the group had recognised an impairment loss on investment in associates and joint ventures amount of RM60,463,501 and RM17,864,178 respectively.

The recoverable amounts of the investment in joint ventures and associates are assessment by value-in use method which is based on estimating the future cash flows and outflows on a cash generating unit.

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:

- 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; and
- assessing the valuation methodologies and assumption of the external valuers to estimate the fair value of the vessels, which is the most significant assets of the entities;

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 (b) (iv) in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Group and the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and 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 the Directors' Report, 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 Group and the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and 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 and the Company or to cease operations, or have 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 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 on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements 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 or 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 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 16 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.

AFRIZAN TARMILI KHAIRUL AZHAR
AF : 1300
Chartered Accountants

KHAIRUL AZAHAR BIN ARIFFIN
01665/04/2021 J
Partner

Kuala Lumpur, Malaysia
Dated:

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	4	**95,367,199**	161,074,596	**-**	-
Cost of sales	5	**(90,313,012)**	(159,229,140)	**-**	-
Gross profit		**5,054,187**	1,845,456	**-**	-
Other income	6	**5,908,031**	44,590,904	**6,402,829**	4,485,703
Employee benefits expenses	7	**(20,147,404)**	(21,549,497)	**(195,387)**	(315,012)
Other expenses		**(107,288,755)**	(101,223,891)	**(846,245)**	(2,816,832)
Operating loss		**(116,473,941)**	(76,337,028)	**5,361,197**	1,353,859
Finance costs	8	**(11,435,530)**	(6,654,090)	**(6,296,182)**	(3,328,520)
Share of results of associates		**21,450,497**	(8,728,564)	**-**	-
Share of results of joint ventures		**(61,664,930)**	(47,177,759)	**-**	-
Loss before tax	9	**(168,123,904)**	(138,897,441)	**(934,985)**	(1,974,661)
Taxation	11	**509,841**	(6,483,110)	**(308,608)**	-
Net loss for the financial year		**(167,614,063)**	(145,380,551)	**(1,243,593)**	(1,974,661)
Other comprehensive income:					
Other comprehensive income to be classified to profit or loss in subsequent period (net of tax):					
Foreign currency translation, representing other comprehensive income for the year, net of tax		**(1,754,756)**	1,417,142	**-**	-
Total comprehensive loss for the year		**(169,368,819)**	(143,963,409)	**(1,243,593)**	(1,974,661)
Loss attributable to:					
Owners of the parent		**(170,940,589)**	(145,971,075)	**(1,243,593)**	(1,974,661)
Non-controlling interests		**3,326,526**	590,524	**-**	-
		(167,614,063)	(145,380,551)	**(1,243,593)**	(1,974,661)
Total comprehensive loss attributable to:					
Owners of the parent		**(171,970,326)**	(144,990,731)	**(1,243,593)**	(1,974,661)
Non-controlling interests		**2,601,507**	1,027,322	**-**	-
		(169,368,819)	(143,963,409)	**(1,243,593)**	(1,974,661)
Loss per share attributable to owners of the parent:					
Basic (sen)	12(a)	**(18.50)**	(15.80)		
Diluted (sen)	12(b)	**(18.50)**	(15.80)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Assets					
Non-current asset					
Property, vessels and equipment	13	**334,404,744**	391,083,183	**-**	-
Investment properties	14	**-**	1,649,573	**-**	-
Intangible assets	15	**-**	-	**-**	-
Investments in subsidiaries	16	**-**	-	**100,303,120**	100,303,120
Investments in associates	17	**-**	39,013,005	**-**	-
Interest in joint ventures	18	**70,064,964**	149,094,485	**-**	-
Deferred tax assets	19	**5,537,612**	530,650	**-**	-
		410,007,320	581,370,896	**100,303,120**	100,303,120
Current assets					
Inventories	20	**1,109,355**	1,513,253	**-**	-
Amount due from subsidiaries	30	**-**	-	**358,427,080**	345,147,526
Trade receivables	21	**35,163,393**	97,416,453	**-**	-
Other receivables	22	**79,260,433**	118,087,359	**5,007,679**	4,823,376
Tax recoverable		**6,132,041**	5,731,432	**-**	162,852
Cash and bank balances	23	**81,775,922**	55,792,409	**28,738,327**	27,832,934
		203,441,144	278,540,906	**392,173,086**	377,966,688
Non-current asset held for sale	24	**10,978,265**	10,978,265	**-**	-
		214,419,409	289,519,171	**392,173,086**	377,966,688
Total assets		**624,426,729**	870,890,067	**492,476,206**	478,269,808
Equity and Liabilities					
Equity					
Share capital	25	**396,314,966**	396,314,966	**396,314,966**	396,314,966
Other reserves	26	**654,855**	1,684,592	**2,108,236**	2,108,236
Retained earnings	27	**4,939,958**	199,127,654	**2,496,003**	3,739,596
		401,909,779	597,127,212	**400,919,205**	402,162,798
Non-controlling interests		**(3,485,216)**	(3,483,877)	**-**	-
Total equity		**398,424,563**	593,643,335	**400,919,205**	402,162,798

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Non-current liabilities					
Borrowings	28	**87,100,822**	20,438,528	**9,000,000**	-
Other payables	32	**-**	-	**6,400,000**	-
Deferred tax liabilities	19	**11,068,345**	4,426,819	**-**	-
		98,169,167	24,865,347	**15,400,000**	-
Current liabilities					
Borrowings	28	**35,325,028**	130,859,240	**66,000,000**	75,000,000
Trade payables	31	**41,658,147**	47,661,415	**12,018**	-
Other payables	32	**50,704,068**	73,766,137	**9,999,227**	1,107,010
Tax payable		**145,756**	94,593	**145,756**	-
		127,832,999	252,381,385	**76,157,001**	76,107,010
Total liabilities		**226,002,166**	277,246,732	**91,557,001**	76,107,010
Total equity and liabilities		**624,426,729**	870,890,067	**492,476,206**	478,269,808

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	< Attributable to owners of the parent				>		
	< Non-distributable		>	Distributable			
	Share capital (Note 25) RM	Share premium RM	Other reserves (Note 26) RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
As 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 financial 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)	-	-	-	-	-
As at 31 December 2017	396,314,966	-	1,684,592	199,127,654	597,127,122	(3,483,877)	593,643,335
As at 1 January 2018	**396,314,966**	**-**	**1,684,592**	**199,127,654**	**597,127,122**	**(3,483,877)**	**593,643,335**
Adoption of MFRS 9 (Note 39)	**-**	**-**	**-**	**(23,247,107)**	**(23,247,107)**	**-**	**(23,247,107)**
As at 1 January 2018 (Restated)	**396,314,966**	**-**	**1,684,592**	**175,880,547**	**573,880,105**	**(3,483,877)**	**570,396,228**
Loss for the financial year	**-**	**-**	**-**	**(170,940,589)**	**(170,940,589)**	**3,326,526**	**(167,614,063)**
Other comprehensive Income	**-**	**-**	**(1,029,737)**	**-**	**(1,029,737)**	**(725,019)**	**(1,754,756)**
Dividend	**-**	**-**	**-**	**-**	**-**	**(2,602,846)**	**(2,602,846)**
As at 31 December 2018	**396,314,966**	**-**	**654,855**	**4,939,958**	**401,909,779**	**(3,485,216)**	**398,424,563**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	< Non-distributable		>	Distributable	
	Share capital (Note 25) RM	Share premium RM	Other reserves (Note 26) RM	Retained earnings (Note 27) RM	Total equity RM
As at 1 January 2017	231,115,231	165,199,735	2,108,236	5,714,257	404,137,459
Total comprehensive loss for the financial year	-	-	-	(1,974,661)	(1,974,661)
Transfer to share capital	165,199,735	(165,199,735)	-	-	-
As at 31 December 2017	396,314,966	-	2,108,236	3,739,596	402,162,798
As at 1 January 2018	**396,314,966**	**-**	**2,108,236**	**3,739,596**	**402,162,798**
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(1,243,593)**	**(1,243,593)**
As at 31 December 2018	**396,314,966**	**-**	**2,108,236**	**2,496,003**	**400,919,205**

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 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows generated from/ (used in) operating activities				
Loss before taxation	**(168,123,904)**	(138,897,441)	**(934,985)**	(1,974,661)
Adjustments for:				
Interest income	**(1,322,095)**	(752,343)	**(106,263)**	(205,582)
Interest recharged to subsidiaries	**-**	-	**(6,296,175)**	(3,328,520)
Property, vessels and equipment:				
- Depreciation	**38,410,382**	39,263,113	**-**	-
- Gain on disposal	**(2,169,528)**	(16,682,669)	**-**	-
- Written off	**-**	221	**-**	-
- Impairment	**13,573,736**	18,611,686	**-**	-
Investment properties				
- Depreciation	**-**	208,103	**-**	-
- Gain on disposal	**-**	(1,664,747)	**-**	-
Finance costs	**11,435,530**	6,654,090	**6,296,182**	3,328,520
Trade receivables				
- Impairment loss	**251,062**	8,554,045	**-**	-
- Reversal of impairment loss	**-**	(4,235,000)	**-**	-
Amounts due from joint ventures				
- Impairment loss	**-**	43,311,829	**-**	-
Net unrealised foreign exchange (gain)/ loss	**(1,121,644)**	21,156,356	**166,660**	1,420,082
Share of results of associates	**(21,450,497)**	8,728,564	**-**	-
Share of results of joint ventures	**61,664,930**	47,177,759	**-**	-
Impairment loss on investment in associates	**60,463,501**	-	**-**	-
Impairment loss on interest in joint ventures	**17,864,178**	14,561,300	**-**	-
Operating profit/(loss)before working capital exchange	**9,475,651**	45,994,866	**(874,581)**	(760,161)
Changes in working capital:				
Inventories	**403,898**	553,012	**-**	-
Trade and other receivables	**88,898,100**	(80,217,097)	**(184,303)**	(4,630,600)
Trade and other payables	**(29,065,335)**	44,796,200	**5,137,575**	493,257
Cash flows generated from operations	**69,712,314**	11,126,981	**4,078,691**	(4,897,504)
Interest paid	**(11,435,530)**	(6,654,090)	**(6,296,182)**	(3,328,520)
Taxation refund	**-**	-	**-**	189,725
Taxation paid	**(631,656)**	(1,159,090)	**-**	-
Net cash flows generated from/ (used in) operating activities	**57,645,128**	3,313,801	**(2,217,491)**	(8,036,299)

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 2018

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash flows (used in)/ generated from investing activities				
Purchase of property, vessels and equipment	**(2,854,245)**	(34,249,488)	**-**	-
Proceed from disposal of property, vessel and equipment	**1,673,885**	31,193,593	**-**	-
Proceed from disposal of investment properties	**-**	8,341,726	**-**	-
Proceed investment in joint ventures	**(499,587)**	-	**-**	-
Decrease in amounts due from subsidiaries	**-**	-	**(3,279,554)**	20,367,055
Interest received	**1,322,095**	752,343	**6,402,438**	3,534,102
Net cash flows (used in)/ generated from investing activities	**(357,852)**	6,038,174	**3,122,884**	23,901,157
Cash flows used in financing activities				
Term loans				
- Drawdown	**-**	9,929,752	**-**	-
- Repayment	**(8,912,072)**	(7,451,487)	**-**	-
Revolving credits				
- Repayment	**(15,721,360)**	(2,920,182)	**-**	-
Hire purchase and finance lease liabilities				
- Repayment	**(505,876)**	(708,553)	**-**	-
Dividend paid to non-controlling interest	**(2,602,846)**	-	**-**	-
Cash set aside for marginal deposit	**(493,248)**	(4,563,045)	**-**	-
Movement in sinking fund	**(860,210)**	(9,982,534)	**(925,415)**	(16,077,257)
Net cash flows used in financing activities	**(29,095,612)**	(15,696,049)	**(925,415)**	(16,077,257)
Net increase/(decrease) in cash and cash equivalents	**28,191,664**	(6,344,074)	**(20,022)**	(212,399)
Net foreign exchange difference	**171,001**	4,779,207	**-**	-
Cash and cash equivalents at beginning of the financial year	**5,478,712**	7,043,579	**236,920**	449,319
Cash and cash equivalents at the end of the financial year (Note 23)	**33,841,377**	5,478,712	**216,898**	236,920

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The registered office and principal place of business is located at 38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (‘MFRS’), International Financial Reporting Standards and the provisions of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities. The principal accounting policies adopted are set out below.

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current year, the company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation of financial statements (Cont'd)

Standards issued but not yet effective

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayments Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendments Curtailment or Settlement
- Amendments to MFRS 123, Borrowing costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures-Long-term Interest in Associates and Joint Ventures

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments, that are effective for annual period.

- MFRS 16 Leases

  MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

  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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation of financial statements (Cont'd)

Standards issued but not yet effective (Cont'd)

- MFRS 16 Leases (Cont'd)

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 Company plans to assess the potential effect of MFRS 16 on its financial statements in year 2018.

b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). The cost of investments includes transaction costs.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisitions date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquire; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquire either at fair value or at the appropriate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRS Goodwill arising from acquisitions before 1 January 2011 has been carried forward from previous FRS framework as at the date of transition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (Cont'd)

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the statements of comprehensive income.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's shares of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associates at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associates decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (Cont'd)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interest in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and owners of the Company.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Revenue

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:

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Revenue (Cont'd)

(ii) 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(n).

(iii) Diving and sub-sea services

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

(iv) Rental of equipment

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

(v) Vessel's management fees

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

(vi) 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.

(vii) Interest income

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

(viii) Dividend income

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

d) Employee benefits

(i) Short term employee benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Employee benefits (Cont'd)

(ii) Defined contribution plan

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the financial year to which they relate.

(iii) 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 recognised 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.

e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset when the expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended during any extended periods in which active development is interrupted and ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in profit or loss in the financial year in which they are incurred.

f) Income tax

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Income tax (Cont'd)

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

g) 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 ad 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:

	Rate
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%

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, vessels and equipment.

An item of property, vessels and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Investment properties

Investment properties, that are held to earn rentals or for capital appreciation or both, are stated at fair value. Gains or losses arising from a change in the fair value of investment properties are recognised in profit or loss during the financial year in which they arise.

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(j).

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.

i) Intangible assets

(i) 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 goodwills 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Intangible assets (Cont'd)

(ii) Other intangible assets

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

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

j) Impairment of non-financial assets

At each reporting date, the Group and the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Group and the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

When it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset, other than goodwill, is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

k) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

On initial classification as held for sale, non-current assets or disposal groups are measured at the lower of the carrying amounts and fair value less costs to sell. Immediately before the initial classification as held for sale, the carrying amounts of non-current assets or disposal groups are measured in accordance with applicable MFRSs.

An impairment loss shall be recognised for any initial or subsequent write-down of the assets or disposal groups to fair value less costs to sell. Subsequent increase in fair value less costs to sell shall be recognised as a gain in profit or loss, to the extent of the cumulative impairment loss that has been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

(ii) Net investment in a foreign operation

Exchange differences arising on the monetary items that, in substance, forms part of the Group and the Company's net investment in a foreign operation are recognised in the Group's and the Company's profit or loss. In the consolidated financial statements, such exchange differences are reclassified to equity only if the monetary items are denominated in either the functional currency of the Group and the Company or the foreign operation. Deferred exchange differences are recognised in profit or loss on disposal of the investment.

(iii) Presentation currency

The financial statements of the Group and the Company are presented in Ringgit Malaysia as the shareholders of the Group and the Company are primarily residing in Malaysia. Assets and liabilities are translated from the functional currency, Singapore Dollar, into Ringgit Malaysia using the exchange rate ruling at the reporting date. Income and expenses are translated using exchange rate approximates to those ruling at the date of the transactions. Equity items other than current year's results are translated using the historical rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of translation reserves.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

n) Construction contract

When the outcome of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the financial year in which they are incurred.

Contract revenue also includes variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they can be measured reliably.

An expected loss on the construction contract is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(ii) Amortised cost and effective interest method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Financial assets (Cont'd)

(iii) Debt instruments classified as at FVTOCI

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest revenue and foreign exchange gains and losses which are recognised in profit or loss. OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(iv) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit and loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(v) Financial assets at fair value through profit or loss ('FVTPL')

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Financial assets (Cont'd)

(vi) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI), lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) Derecognition of financial assets

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Company enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

q) Provisions

A provision is recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised based on a reliable estimate of the amount of the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Lease

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.

(i) 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.

(ii) A 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 set out in Notes 2 (c)(i) and 2 (c)(iv).

s) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised n profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) Financial liabilities at FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group and the Company do not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group and the Company do not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) Financial liabilities (Cont'd)

(ii) Other financial liabilities

Other financial liabilities include the following items:

- bank borrowings and the Group's and the Company's perpetual preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- liability components of convertible loan notes are measured as described further below.

- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Derecognition of financial liabilities

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

t) Fair value measurement

Fair value of an asset or a liability is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

a) 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.

(i) Financial guarantee contracts

Financial guarantee contracts relate to a corporate guarantee provided by the Company for the financing facilities granted to a subsidiary and joint ventures.

The Company assumes that there is a significant increase in credit risk when a subsidiary's and joint ventures' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary and joint ventures are unlikely to repay its credit obligation to the bank in full; or
- The subsidiary and joint ventures are continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loan individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

b) 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:

(i) 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. Charges in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of vessels and equipment on vessel is disclosed in Note 13.

(ii) Impairment of receivables

As at 31 December 31 December 2018, the Group's trade receivables are grouped based on shared credit risk characteristics and days past due, with expected loss rates assessed based on the Group's historical credit loss experience.

The Group further evaluates the expected credit loss ('ECL') on customers on case-by-case basis, which may be assessed based on indicators such as changes in financial capability of the debtor, and default or significant delay in payments.

The Group's credit risk exposure for trade receivables are set out in Note 38.

(iii) 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 13.

(iv) 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

b) Key sources of estimation uncertainty (Cont'd)

(iv) Impairment of investments in associates and joint ventures (Cont'd)

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in associates and joint venture 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.

<u>Sensitivity to changes in assumptions</u>

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

4. REVENUE

	Group	
	2018	**2017**
	RM	**RM**
Charter hire	**43,833,025**	69,228,391
Offshore installation and construction	**5,412,726**	35,152,031
Diving and sub-sea services	**25,867,115**	35,032,270
Rental of equipment	**5,719,923**	9,197,110
Other shipping related income	**3,369,626**	1,763,256
Vessel's management fees	**7,969,000**	8,753,130
Ship catering	**3,195,784**	1,948,408
	95,367,199	161,074,596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. COST OF SALES

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

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

	Group	
	2018 RM	**2017 RM**
Wages and allowances	**17,193,518**	17,740,725
Contributions to defined contribution plan - EPF	**800,258**	1,936,353
Social security contributions	**77,762**	114,014
	18,071,538	19,791,092

6. OTHER INCOME

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Interest income	**1,322,095**	752,343	**106,263**	205,582
Gain of foreign exchange:				
- Realised	**117,007**	18,914,528	**391**	951,601
- Unrealised	**248,606**	-	**-**	-
Rental of premises	**330,820**	777,091	**-**	-
Interest recharged to subsidiaries	**-**	-	**6,296,175**	3,328,520
Reversal of impairment loss on trade receivables (Note 21)	**-**	4,235,000	**-**	-
Gain on disposal of property, vessels and equipment	**2,169,528**	16,682,669	**-**	-
Gain on disposal of investment properties	**-**	1,664,747	**-**	-
Other income	**1,719,975**	1,564,526	**-**	-
	5,908,031	44,590,904	**6,402,829**	4,485,703

7. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, bonuses and allowances	**16,129,160**	17,740,725	**119,136**	315,012
Contribution to defined contribution plan	**1,611,086**	1,936,353	**-**	-
Social security contributions	**101,302**	114,014	**-**	-
Other staff related expenses	**2,305,856**	1,758,405	**76,251**	-
	20,147,404	21,549,497	**195,387**	315,012
Cost of sale (Note 5)	**18,071,538**	19,791,092	**-**	-
	38,218,942	41,340,589	**195,387**	315,012

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM 3,238,101 (2017: RM 3,703,175) as further disclosed in Note 10.

8. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
Term loans	**1,864,083**	1,328,564	**-**	-
Hire purchase and finance lease liabilities	**77,295**	124,432	**-**	-
Sukuk Ijarah MTN	**6,296,175**	3,328,520	**6,296,182**	3,328,520
Revolving credit	**2,913,380**	1,301,145	**-**	-
Other borrowings	**284,597**	571,429	**-**	-
	11,435,530	6,654,090	**6,296,182**	3,328,520

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9. LOSS BEFORE TAX

a) Disclosure items

Loss before tax is arrived after charging/(credited) the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-executive directors'				
Remuneration (Note 10)	**277,883**	349,000	**277,883**	349,000
Auditors' remuneration:				
- Statutory audits	**196,400**	219,000	**45,000**	70,000
- Other services	**-**	60,000	**-**	60,000
- Other auditors	**59,956**	95,624	**-**	-
Operating leases payment:				
- premises	**1,208,256**	1,280,790	**-**	-
- third party vessels	**-**	7,009,935	**-**	-
Property, vessel and equipment:				
- Depreciation (Note 13)	**38,410,382**	39,263,113	**-**	-
- Written off (Note 13)	**-**	221	**-**	-
- Impairment loss (Note 13)	**13,573,736**	18,611,686	**-**	-
Gain on disposal	**(2,169,528)**	-	**-**	-
Investment properties				
- Depreciation (Note 14)	**-**	208,103	**-**	-
Trade receivables:				
- Impairment loss (Note 21)	**251,062**	8,554,045	**-**	-
Amount due from joint ventures:				
- Impairment loss (Note 22)	**9,778,418**	43,311,829	**-**	-
Net unrealised foreign exchange				
(gain)/losses	**(1,121,644)**	21,156,356	**166,660**	1,420,082
Impairment loss on interest				
in associates (Note 17)	**60,463,501**	-	**-**	-
Impairment loss on interest				
in joint venture (Note 18)	**17,864,178**	14,561,300	**-**	-
Inventories:	**11,435,530**	6,654,090	**6,296,182**	3,328,520
- Impairment loss (Note 20)	**464,720**	-	**-**	-

10. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive:				
Salaries and other emoluments	**2,847,069**	3,274,740	**-**	-
Defined contribution plan	**247,032**	284,435	**-**	-
Estimated money value of benefits-in-kind	**144,000**	144,000	**-**	-
Total executive directors' remuneration	**3,238,101**	3,703,175	**-**	-
Non-executive:				
Fees and other emoluments	**277,883**	349,000	**277,883**	349,000
Total non-executive directors' remuneration	**277,883**	349,000	**277,883**	349,000
Total directors' remuneration	**3,515,984**	4,052,175	**277,883**	349,000

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

	Number of directors	
	2018	2017
Executive directors:		
RM800,001 - RM900,000	1	-
RM900,001 - RM1,000,000	-	1
RM1,000,001 - RM1,200,000	1	-
RM1,200,001 - RM1,300,000	-	1
RM1,300,001 - RM1,500,000	1	-
RM1,500,001 - RM1,600,000	-	1
Non-executive directors:		
RM40,001 – RM100,000	1	-
RM100,001 - RM110,000	-	1
RM110,001 - RM120,000	1	1
RM120,001 - RM130,000	1	1

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11. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense				
Current financial year				
- Malaysia	**158,948**	592,547	**-**	-
Under provision in prior financial years				
- Malaysia	**460,273**	922,070	**308,608**	-
	619,221	1,514,617	**308,608**	-
Deferred tax expense				
Temporary differences	**(5,715,830)**	3,674,607	**-**	-
Under provision in prior financial years	**4,586,768**	1,293,886	**-**	-
	(1,129,062)	4,968,493	**-**	-
Total income tax expense	**(509,841)**	6,483,110	**308,608**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

The income tax expense is reconciled to the accounting loss at the applicable tax rate as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before tax	**(168,123,904)**	(138,897,441)	**(934,985)**	(1,974,661)
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**(40,349,737)**	(33,335,386)	**(224,396)**	(473,919)
Different tax rates in other countries	**(82,917)**	(233,885)	**-**	-
Different tax rate in other tax jurisdiction	**19,861,344**	8,880,050	**-**	-
Effect of income not subject to tax	**-**	(919,694)	**-**	-
Effect of share of result of joint ventures and associates	**9,651,466**	13,417,518	**-**	-
Expenses non-deductible for tax purposes	**5,049,811**	6,348,084	**224,396**	473,919
Deferred tax assets not recognised	**313,151**	10,110,467	**-**	-
Under provision of income tax in prior years	**460,273**	922,070	**308,608**	-
Under provision of deferred tax in prior years	**4,586,768**	1,293,886	**-**	-
Income tax (credit)/expense for the year	**(509,841)**	6,483,110	**308,608**	-

11. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Unutilised tax losses	**21,960,445**	22,051,764	**-**	-
Unabsorbed capital allowances	**2,227,884**	1,125,856	**-**	-
Other deductible temporary differences	**35,036,136**	35,036,136	**-**	-
	59,224,465	58,213,756	**-**	-

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised by the Company as the future profit streams are unpredictable. However, the unused tax losses may be carried forward indefinitely.

12. EARNINGS PER SHARE

a) Basic earnings per share

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.

	2018 RM	**2017 RM**
Loss attributable to owners of the parent of the Company	**(170,940,589)**	(145,971,075)
Weighted average number of ordinary shares in issue	**924,460,921**	924,460,921
Basic loss per share (sen)	**(18.5)**	(15.8)

b) Diluted earnings per share

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.

	2018 RM	**2017 RM**
Loss attributable to owners of the parent of the Company	**(170,940,589)**	(145,971,075)
Weighted average number of ordinary shares in issue	**924,460,921**	924,460,921
Adjusted weighted average number of ordinary shares in issue and issuable	**924,460,921**	924,460,921
Diluted loss earnings per share (sen)	**(18.5)**	(15.8)

13. PROPERTY, VESSELS AND EQUIPMENT

Group	Long term leasehold 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	Asset 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 (Note 24)	(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**
Additions	**-**	**-**	**-**	**1,912,961**	**941,284**	**-**	**-**	**-**	**-**	**2,854,245**
Transfer from investment properties (Note 14)	**-**	**1,944,859**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,944,859**
Disposals	**-**	**(1,451,055)**	**(6,435,000)**	**(496,491)**	**(2,387,775)**	**-**	**(944,620)**	**-**	**(6,684,574)**	**(18,399,515)**
Exchange differences	**-**	**-**	**-**	**-**	**(636,614)**	**-**	**(11,556)**	**-**	**-**	**(648,170)**
At 31 December 2018	**-**	**12,133,167**	**603,759,549**	**50,522,322**	**126,814,877**	**5,023,917**	**7,557,279**	**5,050,232**	**-**	**810,861,343**

13. PROPERTY, VESSELS AND EQUIPMENT (CONT'D)

Group	Long term leasehold 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	Asset under construction RM	Total RM
Accumulated depreciation										
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
Change 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	-	-	18,015,649	66,254	529,783	-	-	-	-	18,611,686
Written off	-	-	-	-	-	(529,733)	-	-	-	(529,733)
Transfer to non-current asset held for sale (Note 24)	(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**
Change for the year	**-**	**331,180**	**23,798,332**	**4,301,237**	**8,281,221**	**492,434**	**626,839**	**579,139**	**-**	**38,410,382**
Transfer from investment properties (Note 14)	**-**	**295,286**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**295,286**
Disposals	**-**	**-**	**(5,634,612)**	**(579,240)**	**(2,350,958)**	**-**	**(941,011)**	**-**	**-**	**(9,505,821)**
Impairment	**-**	**-**	**13,573,736**	**-**	**-**	**-**	**-**	**-**	**-**	**13,573,736**
Exchange differences	**-**	**-**	**-**	**-**	**(332,434)**	**-**	**(11,291)**	**-**	**-**	**(343,725)**
At 31 December 2018	**-**	**3,175,811**	**320,272,169**	**42,797,793**	**94,871,074**	**4,406,216**	**6,860,588**	**4,072,948**	**-**	**476,456,599**
Net book value										
At 1 January 2017	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
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 2018	**-**	**8,957,356**	**283,487,380**	**7,724,529**	**31,943,803**	**617,701**	**696,691**	**977,284**	**-**	**334,404,744**

13. PROPERTY, VESSELS AND EQUIPMENT (CONT'D)

The carrying amounts of the property, plant and equipment under finance lease of the Group and the Company are as follows:

	Group	
	2018 RM	**2017 RM**
Motor vehicles	**617,701**	1,110,135
Computers, office equipment, and furniture and fittings	**-**	489,239

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 29.

The Group has pledged the following property, vessels and equipment to licensed banks to secure banking facilities granted to the Group as disclosed in Note 28 are as follows:

	Group	
	2018 RM	**2017 RM**
Leasehold buildings	**8,957,356**	9,090,018
Vessels	**283,487,380**	321,659,836

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 RM13,573,736 (2017: RM18,611,686). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM297,965,613 (2017: RM360,699,955). 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.

(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% (2017: 10%).

13. PROPERTY, VESSELS AND EQUIPMENT (CONT'D)

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 vessel in reference to the valuation reports, taking into consideration of significant factors (amongst others vessels' classification, age, year built and engine capacity).

The valuations 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%.

14. INVESTMENT PROPERTIES

	Group	
	2018	**2017**
	RM	**RM**
Cost		
At 1 January	**1,944,859**	8,765,112
Disposal	**-**	(6,820,253)
Transfer to prosperty, vessels and equipment	**(1,944,859)**	-
At 31 December	**-**	1,944,859
Accumulated depreciation		
At 1 January	**295,286**	230,457
Charge for the year	**-**	208,103
Disposal	**-**	(143,274)
Transfer to property, vessels and equipment	**(295,286)**	-
At 31 December	**-**	295,286
Net book value		
At 31 December	**-**	1,649,573

14. INVESTMENT PROPERTIES (CONT'D)

The Group's investment properties consist of one unit of office building (2017: one units of office buildings). The fair value of the investment properties were estimated at nil (2017: RM2,568,439) 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 28.

15. 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 2018	**1,738,224**	**912,275**	**2,650,499**
Exchange differences	**7,592**	**3,985**	**11,577**
At 31 December 2018	**1,745,816**	**916,260**	**2,662,076**
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 2018	1,738,224	912,275	2,650,499
Exchange differences	7,592	3,985	11,577
At 31 December 2018	1,745,816	916,260	2,662,076
Net book value			
At 31 December 2017	-	-	-
At 31 December 2018	-	-	-

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

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.

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16. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM	Company 2017 RM
Unquoted shares, at cost	**100,303,120**	100,303,120

The subsidiaries, which were incorporated in Malaysia, are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2018	Group's effective interest 2017
(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 Holding (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

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16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2018 %	Group's effective interest 2017 %
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") **	Singapore	Designing manufacturing and operating of remotely operated vehicles ("ROVs")	75	75
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") **	Singapore	Rental of ROV and providing ROV services	75	75
(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 Afrizan Tarmili Khairul Azhar.

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.

17. INVESTMENTS IN ASSOCIATES

	Group 2018 RM	Group 2017 RM
Unquoted shares, at cost	**61,699,516**	61,699,516
Share of post-acquisition reserves	**-**	(21,450,496)
	61,699,516	40,249,020
Less: Impairment loss	**(61,699,516)**	(1,236,015)
	-	39,013,005

17. INVESTMENTS IN ASSOCIATES (CONT'D)

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

(i) Summarised consolidated statements of financial position

	TH-Alam Holdings (L) Inc. 2018 RM	TH-Alam Holdings (L) Inc. 2017 RM
Assets and liabilities		
Non-current assets	**228,063,044**	279,091,914
Current assets	**14,858,677**	5,626,566
Total assets	**242,921,721**	284,718,480
Non-current liabilities	**149,366,812**	-
Current liabilities	**78,937,682**	187,248,110
Total liabilities	**228,304,494**	187,248,110
Net assets	**14,617,227**	97,470,370

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc. 2018 RM	TH-Alam Holdings (L) Inc. 2017 RM
Revenue for the year	**33,887,064**	37,605,519
Depreciation of property, vessel and equipment	**(19,540,389)**	(18,616,696)
Impairment on property, vessel anequipment	**(50,722,867)**	(2,361,319)
Interest income	**6,897**	6,627
Interest expense	**(10,034,316)**	(9,510,784)
Income tax expense	**(40,000)**	(40,000)
Loss for the year, representing total comprehensive income	**(64,786,857)**	(17,813,396)

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17. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	TH-Alam Holdings (L) Inc. 2018 RM	2017 RM
Net assets as at 31 December	**14,617,227**	97,470,370
Loss for the year, representing total comprehensive income	**(64,786,857)**	(17,813,396)
Investment in associates	**49%**	49%
Carrying value of Group's investment in associates	**7,162,441**	47,760,481
Group's share of results of associates	**(31,745,560)**	(8,728,564)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2018 %	2017 %
(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

** Audited by firms other than Afrizan Tarmili Khairul Azhar.

18. INTEREST 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	
	2018 RM	**2017 RM**
Unquoted shares, at cost	**93,134,378**	93,134,378
Share of post-acquisition reserves	**10,949,091**	72,114,434
	104,083,469	165,248,812
Redeemable preference shares	**6,000,000**	6,000,000
Less: Impairment loss	**(40,018,505)**	(22,154,327)
	70,064,964	149,094,485

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

(i) Summarised statements of financial position

	ALAM-PE (H) GROUP RM	AS III RM	MDSV RM	ARLI RM
2018				
Assets and liabilities				
Non-current assets	**148,015,218**	-	-	-
Cash and cash equivalent	**4,021,254**	-	-	112,147
Other current assets	**30,501,500**	-	-	119,716,593
Total assets	**182,537,972**	-	-	119,828,740
Trade and other payables	**4,608,661**	-	-	26,116,406
Other current liabilities	**5,118,640**	-	-	76,575,026
Total liabilities	**9,727,301**	-	-	102,691,432
Net assets	**172,810,671**	-	-	17,137,308

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18. INTEREST IN JOINT VENTURES (CONT'D)

(i) Summarised statements of financial position (Cont'd)

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 liabilites	-	20,080,826	151,781,250	49,108,028
Trade ad 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

(ii) Summarised statements of comprehensive income

	ALAM-PE (H) GROUP RM	**AS III RM**	**MDSV RM**	**ARLI RM**
2018				
Revenue	**18,328,888**	**-**	**-**	**5,550,080**
Depreciation of property, vessels and equipment	**(11,485,745)**	**-**	**-**	**(8,680,432)**
Impairment on property, vessels and equipment	**(24,445,563)**	**-**	**-**	**(20,638,992)**
Interest income	**-**	**-**	**-**	**-**
Interest epense	**-**	**-**	**-**	**(9,602,129)**
Loss before tax	**(33,922,138)**	**-**	**-**	**(41,268,468)**
Income tax expense	**(101,948)**	**-**	**-**	**(20,000)**
Loss for the year, representing total comprehensive income	**(34,024,086)**	**-**	**-**	**(41,288,468)**
2017				
Revenue	41,308,756	-	20,543,867	16,593,616
Depreciation of property, vessels and equipment	(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 epense	-	(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)

18. INTEREST 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
2018				
Net assets as at 31 December	**172,810,671**	**-**	**-**	**17,137,308**
Loss for the year, representing total comprehensive income	**(34,024,086)**	**-**	**-**	**(41,288,468)**
Interest in joint ventures	**51%**	**-**	**-**	**51%**
Carrying value of Group's interest in joint ventures	**88,133,442**	**-**	**-**	**8,740,027**
Group's share of joint ventures	**(17,352,284)**	**-**	**-**	**(21,057,119)**
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)
Interest in joint ventures	51%	60%	51%	51%
Carrying value of Group's interest in joint ventures	105,485,726	4,059,137	-	32,780,116
Group's share of joint ventures	3,516,590	(4,876,615)	(25,254,447)	(9,593,632)

(iv) Aggregate information of joint ventures that are not individually material and not included in Note 18(iii) above:

	2018 RM	2017 RM
Loss for the year, representing total comprehensive loss of joint ventures	-	(40,724,893)
The Group's share of result, representing total comprehensive income	-	(10,969,655)
Carrying value of Group's interest in joint ventures	-	6,769,506

18. INTEREST IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2018 %	2017 %
(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
(ii) Held through AMLI:				
Workboat International DMCCO ("WBI") **	United Arab	Ship owning, ship management, Emirates ship operation, maintenance and consultancy	60	60
Alam Brompton (L) Inc. ("ABLI") **	Federal Territory of Labuan, Malaysia	Ship owning, ship management, ship operation, maintenance and consultancy	51	51
Alam Fast Boats (L) Inc.	Federal Territory of	Ship owning, operating and	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)	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

18. INTEREST IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows: (Cont'd)

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2018 %	2017 %
(ii) Held through AMLI: (Cont'd)				
Globe Alam Marine Offshore	Saudi Arabia	Offshore facilities construction and Services Co. ("Globe Alam") ** installation services	40	40
(iii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc. ("ALAM-PE I") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE II (L) Inc. ("ALAM-PE II") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE III (L) Inc. ("ALAM-PE III") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE IV (L) Inc. ("ALAM-PE IV") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE V (L) Inc. ("ALAM-PE V") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE Holdings Sdn. Bhd. ("ALAM-PE(H)SB") **	Malaysia	Ship management	51	51
(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, 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	Investment holding and ship owning Labuan, Malaysia	50	50

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18. INTEREST IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows: (Cont'd)

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2018 %	Group's effective interest 2017 %
(vii) Held through AHSB:				
Subsea Worldwide Solutions Sdn. Bhd. ("SWS")	Malaysia	Providing offshore under water and subsea services	50	-

** Audited by firms other than Afrizan Tarmili Khairul Azhar.

These joint ventures have the same reporting period as the Group and accounted for by using equity method.
The Group completed the following in the current financial year:

a) On 4 September 2018, Alam Hidro (M) Sdn. Bhd. ("AHSB") is a wholly owned subsidiary of the Company and AME Subsea Sdn. Bhd. ("AME") had entered into shareholder agreement to incorporate a joint venture company known as Subsea Worldwide Solutions Sdn. Bhd. ("SWS").

19. DEFERRED TAXATION

	Group 2018 RM	Group 2017 RM
At 1 January	**3,896,169**	(988,190)
Recognised in profit or loss (Note 11)	**(1,129,062)**	4,968,493
Exchange differences	**2,763,626**	(84,134)
At 31 December	**5,530,733**	3,896,169

Presented after appropriate offsetting as follows:

	Group 2018 RM	Group 2017 RM
Deferred tax assets	**(5,537,612)**	(530,650)
Deferred tax liabilities	**11,068,345**	4,426,819
	5,530,733	3,896,169

19. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities of the Group:

	Accelerated allowances RM
At 1 January 2018	**4,853,365**
Recognised in profit or loss	**3,451,354**
Exchange differences	**2,763,626**
At 31 December 2018	**11,068,345**
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

Deferred tax assets of the Group:

	Allowance for doubtful debts RM	**Unutilised tax losses and unabsorbed capital allowances RM**	**Total RM**
At 1 January 2018	**-**	**(957,196)**	**(957,196)**
Recognised in profit or loss	**-**	**(4,580,416)**	**(4,580,416)**
At 31 December 2018	**-**	**(5,537,612)**	**(5,537,612)**
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)

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20. INVENTORIES

	Group 2018 RM	Group 2017 RM
At cost:		
Raw materials	**1,246,221**	932,279
Spare parts	**327,854**	580,974
Less: Impairment loss	**(464,720)**	-
	1,109,355	1,513,253

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was nil (2017: RM625,715).

21. TRADE RECEIVABLES

	Group 2018 RM	Group 2017 RM
Current		
Third parties	**60,124,521**	71,667,964
Accrued charter hire income	**9,252,425**	36,463,873
Less: Allowance for impairment	**(34,213,553)**	(10,715,384)
	35,163,393	97,416,453
Non-current		
Third parties	**54,263,341**	54,263,341
Less: Allowance for impairment	**(54,263,341)**	(54,263,341)
	-	-
Trade receivables, net	**35,163,393**	97,416,453

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 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 38.

21. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

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

	Group	
	2018 RM	**2017 RM**
Neither past due nor impaired	**14,424,613**	37,959,181
1 to 30 days past due not impaired	**10,655,198**	25,697,487
31 to 60 days past due not impaired	**2,803,328**	11,007,195
61 to 90 days past due not impaired	**504,806**	1,837,299
91 to 120 days past due not impaired	**3,452,715**	17,805,317
More than 121 days past due not impaired	**3,322,733**	3,109,974
	20,738,780	59,457,272
Impaired	**88,476,894**	64,978,725
	123,640,287	162,395,178

Trade receivables that are neither past due nor impaired

As at 31 December 2018, the Group has trade receivables amounting to RM14,424,613 (2017: RM37,959,181) 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 2018, the Group has trade receivables amounting to RM20,738,780 (2017: RM59,457,272) that are past due at the reporting date but not impaired.

At the reporting date, 28 % (2017: 60%) 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.

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21. TRADE RECEIVABLES (CONT'D)

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

	Group	
	2018	**2017**
	RM	**RM**
At 1 January under MFRS 139	**64,978,725**	60,659,680
Restated through opening retained earning	**23,247,107**	-
Opening impairment loss of trade receivables in accordance with MFRS 9	**88,225,832**	60,659,680
Charge for the year (Note 9)	**251,062**	8,554,045
Reversal of impairment (Note 6)	**-**	(4,235,000)
At 31 December	**88,476,894**	64,978,725

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.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Amount due from related parties:				
- Joint ventures	**113,418,022**	119,614,683	**4,923,722**	4,822,752
- Associates	**37,179**	3,992,884	**37,179**	624
	113,455,201	123,607,567	**4,960,901**	4,823,376
Less: Impairment loss	**(61,043,414)**	(51,264,996)	**-**	-
	52,411,787	72,342,571	**4,960,901**	4,823,376
Deposits	**1,234,503**	908,614	**-**	-
Prepayments	**12,983,300**	11,178,125	**-**	-
Sundry receivables	**12,630,843**	33,658,049	**46,778**	-
Total other receivables	**79,260,433**	118,087,359	**5,007,679**	4,823,376
Add: Trade receivables (Note 21)	**35,163,393**	97,416,453	**-**	-
Cash and bank balances (Note 23)	**81,775,922**	55,792,409	**28,738,327**	27,832,934
Amount due from subsidiaries	**-**	-	**358,427,080**	345,147,526
Less: Prepayment	**(12,983,300)**	(11,178,125)	**-**	-
Total loans and receivables	**183,216,448**	260,118,096	**392,173,086**	377,803,836

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

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

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

	Group	
	2018	**2017**
	RM	**RM**
At 1 January	**51,264,996**	7,953,167
Charge for the year (Note 9)	**9,778,418**	43,311,829
At 31 December	**61,043,414**	51,264,996

Other information of financial risks of other receivables are disclosed in Note 38.

23. CASH AND BANK BALANCES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash on hand and at bank	**34,260,415**	7,988,787	**216,898**	171,715
Deposits with licensed bank (a)	**47,515,507**	47,803,622	**28,521,429**	27,661,219
Cash and bank balances	**81,775,922**	55,792,409	**28,738,327**	27,832,934
Less: Bank overdrafts (Note 28)	**(646,073)**	(4,378,683)	**-**	-
Amount set aside as sinking fund (b)	**(39,273,809)**	(38,413,599)	**(28,521,429)**	(27,596,014)
Amount set aside as margin deposits for bank guarantee facilities (c)	**(8,014,663)**	(7,521,415)	**-**	-
Total cash and cash equivalents	**33,841,377**	5,478,712	**216,898**	236,920

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2018 are 2.4% (2017:2.4%) and 36 days (2017:38 days) respectively.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 28.

(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 38.

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23. CASH AND BANK BALANCES (CONT'D)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	**79,766,862**	51,667,023	**28,738,327**	27,832,934
United State Dollar	**453,257**	3,390,696	**-**	-
Singapore Dollar	**1,555,803**	734,690	**-**	-
	81,775,922	55,792,409	**28,738,327**	27,832,934

24. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2018 RM	2017 RM
At 1 January	10,978,265	-
Transfer from property, vessels and equipment:		
Cost (Note 13)	**-**	12,039,510
Accumulated depreciation (Note 13)	**-**	(1,061,245)
At 31 December	**10,978,265**	10,978,265

As disclosed in Notes 28 and 42, under the PRS terms, the leasehold land is required to be disposed of by 31 December 2019.

25. SHARE CAPITAL

	Number of ordinary shares	< Amount		>
	Share capital (issued and fully paid)	Share capital (issued and fully paid) RM	Share premium RM	Total RM
At 1 January 2018/ 31 December 2018	**924,460,921**	**396,314,966**	**-**	**396,314,966**
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

26. OTHER RESERVES

	Premium paid on acquisition of non-controlling interest RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2018	**(4,639,834)**	**4,216,190**	**2,108,236**	**1,684,592**
Foreign currency translation	**-**	**(1,029,737)**	**-**	**(1,029,737)**
At 31 December 2018	**(4,639,834)**	**3,186,453**	**2,108,236**	**654,855**
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

	Employee share option reserve/ Total RM
Company	
At January 2018/ 31 December 2018	**2,108,236**
At January 2017/ 31 December 2017	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 33. 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.

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27. RETAINED EARNINGS

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

28. BORROWINGS

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Short term borrowings				
Secured:				
Bank overdrafts (Note 23)	**646,073**	4,378,683	**-**	-
Term loans	**2,459,823**	3,067,151	**-**	-
Sukuk Ijarah MTN	**9,000,000**	75,000,000	**9,000,000**	75,000,000
Hire purchase and finance lease liabilities (Note 29)	**369,205**	367,588	**-**	-
	12,475,101	82,813,422	**9,000,000**	75,000,000
Unsecured:				
Revolving credits	**22,849,927**	48,045,818	**-**	-
	35,325,028	130,859,240	**9,000,000**	75,000,000
Long term borrowings				
Secured:				
Term loans	**10,838,120**	19,142,864	**-**	-
Sukuk Ijarah MTN	**66,000,000**	-	**66,000,000**	-
Hire purchase and finance lease liabilities (Note 29)	**788,171**	1,295,664	**-**	-
	77,626,291	20,438,528	**66,000,000**	-
Unsecured:				
Revolving credits	**9,474,531**	-	**-**	-
	87,100,822	20,438,528	**66,000,000**	-
Total borrowings				
Bank overdrafts (Note 23)	**646,073**	4,378,683	**-**	-
Revolving credits	**32,324,458**	48,045,818	**-**	-
Term loans	**13,297,943**	22,210,015	**-**	-
Sukuk Ijarah MTN	**75,000,000**	75,000,000	**75,000,000**	75,000,000
Hire purchase and finance lease liabilities (Note 29)	**1,157,376**	1,663,252	**-**	-
	122,425,850	151,297,768	**75,000,000**	75,000,000

28. BORROWINGS (CONT'D)

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Not later than 1 year	**34,955,824**	130,491,652	**9,000,000**	75,000,000
Later than 1 year not later than 2 years	**26,117,756**	3,515,018	**14,400,000**	-
Later than 2 years not later than 5 years	**57,850,279**	7,745,099	**51,600,00**	-
Later than 5 years	**2,344,615**	7,882,747	**-**	-
	121,268,474	149,634,516	**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	
	2018 %	**2017 %**	**2018 %**	**2017 %**
Bank overdrafts	**6.60**	6.60	**-**	-
Term loans	**5.00**	5.50	**-**	-
Sukuk Ijarah MTN	**5.00**	5.63	**5.00**	5.63
Revolving credits	**3.80**	3.80	**-**	-

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 under the Proposed Restructuring Scheme ("PRS") as disclosed in Note 42.

29. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2018 RM	**2017 RM**
Future minimum lease payments:		
Not later than 1 year	**409,869**	427,963
Later than 1 year and not later than 2 years	**621,602**	440,926
Later than 2 year and not later than 5 years	**195,040**	960,817
Later than 5 years	**29,788**	31,021
Total future minimum lease payments	**1,256,299**	1,860,727
Less: Future finance charges	**(98,923)**	(197,475)
Present value of finance lease liabilities (Note 28)	**1,157,376**	1,663,252

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29. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (CONT'D)

	Group	
	2018 RM	2017 RM
Analysis of present value:		
Not later than 1 year	**369,205**	367,588
Later than 1 year and not later than 2 years	**582,642**	393,502
Later than 2 year and not later than 5 years	**178,500**	873,240
Later than 5 years	**27,029**	28,922
	1,157,376	1,663,252
Less: Amount due within 12 months (Note 28)	**(369,205)**	(367,588)
Amount due after 12 months (Note 28)	**788,171**	1,295,664

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2017:2.77%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 38.

30. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM75,000,000 (2017: RM75,000,000) which bears interest rate between 5.2% per annum and 5.6% per annum (2017: between 5.2% per annum and 5.6% per annum).

Included in amount due from subsidiaries are an amount related to financial guarantee given by the Company to its subsidiaries for banking facilities amounting to RM10 million.

Further details on related party transactions are disclosed in Note 36.

31. TRADE PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Third parties	**41,658,147**	47,661,415	**12,018**	-

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 (2017: 30 to 60 days).

Other information on financial risks of trade payables is disclosed in Note 38.

32. OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current:				
Amounts due to related parties:				
- Joint ventures	**14,872,902**	38,613,640	**-**	-
- Associates	**4,031,355**	3,533,956	**-**	-
	18,904,257	42,147,596	**-**	-
Financial guarantee contract	**-**	-	**3,600,000**	-
Accrued expenses	**27,302,762**	23,682,516	**6,277,296**	688,410
Deposits from customers	**-**	572,449	**-**	-
Sundry payables	**4,497,049**	7,363,576	**121,931**	418,600
	50,704,068	73,766,137	**9,999,227**	1,107,010
Non-current:				
Financial guarantee contract	**-**	-	**6,400,000**	-
Add: Trade payables (Note 31)	**41,658,147**	47,661,415	**12,018**	-
Borrowings (Note 28)	**122,425,850**	151,297,768	**75,000,000**	75,000,000
Total financial liabilities carried at amortised costs	**214,788,065**	272,725,320	**91,411,245**	76,107,010

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

Financial guarantee is a guarantee given by the Company to its subsidiaries for banking facilities.

Other information on financial risks of other payables is disclosed in Note 38.

33. 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. As at 31 December 2018, 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.

33. EMPLOYEE SHARE OPTIONS SCHEME ("ESOS") (CONT'D)

(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**
2018				
2016 Options	**8,054,900**	**-**	**8,054,900**	**8,054,900**
2017 Options	**8,054,900**	**12,082,350**	**20,137,250**	**20,137,250**
2018 Options	**20,137,250**	**16,109,800**	**36,247,050**	**36,247,050**
2017				
2016 Options	8,054,900	-	8,054,900	8,054,900
2017 Options	8,054,900	12,082,350	20,137,250	20,137,250

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

	Weighted average exercise price RM	Exercise period
2018		
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**
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

34. 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:

	2018 RM	2017 RM
Future rental payments:		
Not later than 1 year	**18,228,000**	33,325,594

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:

	2018 RM	2017 RM
Not later than 1 year	**40,141,240**	54,827,220
Later than 1 year and not later than 5 years	**83,756,176**	41,026,019
	123,897,416	95,853,239

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

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35. FINANCIAL GUARANTEE CONTRACTS

At the reporting date, the Company has extended its corporate guarantees given to bank facilities granted to various subsidiaries to RM92.5 million (2017: RM92.5 million) and USD1.9 million (2017: nil).

The Group also has provided a corporate guarantee on proportionate basis for the credit facilities amounting to USD69.6 million (2017: USD69.6 million) to its joint ventures.

The directors are of the opinion that the financial guarantee need not be recognised as a liability as the probability of default by the relevant subsidiaries is remote except for an amount of RM10 million during the financial year.

36. 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	2018 RM	2017 RM
Group			
Joint ventures:			
Vessel's management fees	(i)	**6,469,000**	6,692,851
Charter hire vessel		**29,458,308**	96,282,007
Dividend income		**-**	5,100,000
Associates:			
Vessel's management fees	(i)	**1,260,000**	900,000
Charter hire vessel		**70,156,722**	-
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(ii)	**6,296,182**	3,328,520

(i) The vessel's management fees received from joint ventures and associates were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period of up to six months is normally granted.

(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 2018 and 31 December 2017 are disclosed in Notes 22, 30, 31 and 32.

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.

36. 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term employee benefits	**5,728,126**	6,706,041	**277,883**	349,000
Contributions to defined contribution plan	**508,888**	618,887	**-**	-

Included in the total key management personnel compensation are:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' remuneration (Note 10)	**3,515,984**	4,052,175	**277,883**	349,000

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	
	2018 RM	2017 RM
At 1 January/ 31 December	**42,109,000**	42,109,000

37. 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
2018		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	**10,838,120**	**9,534,160**
- Hire purchase and finance lease liabilities	**788,171**	**722,228**
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

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. FAIR VALUE MEASUREMENT (CONT'D)

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

	Note
Trade receivables (current)	21
Other receivables	22
Cash and cash equivalents	23
Borrowings (current)	28
Trade payables	31
Other payables	32

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

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

Determination of fair value

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2018 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.

37. FAIR VALUE MEASUREMENT (CONT'D)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2018 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
2018				
Property, vessels and equipment (Note 13)				
- Vessels	**31 Dec 2018**	**-**	**297,965,613**	**297,965,613**
Investment properties (Note 14)	**31 Dec 2018**	**-**	**-**	**-**
2017				
Property, vessels and equipment (Note 13)				
- Vessels	31 Dec 2017	-	360,699,955	360,699,955
Investment properties (Note 14)	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 14.

Level 3 fair value

Level 3 fair values of the vessels have been generally derived using the method as described in Note 3(b)(iii) and 13.

38. FINANCIAL INSTRUMENT AND 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.

38. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

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

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

Exposure to credit risk

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

At the reporting date, approximately:

- 48% (2017: 48%) of the Group's trade receivables were due from 10 (2017: 10) major customers who are located in Malaysia; and

- 46% (2017: 37%) 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 21. 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 21.

Financial guarantee contracts

The Company provides financial guarantees to licensed banks and financial institutions in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries and joint ventures to service their loans on an individual basis.

Exposure to credit risk

The maximum exposure to credit risk amounts to RM44.8 million and RM19.4 million representing the outstanding banking facilities of the subsidiaries and joint ventures respectively as at the end of the reporting period.

The financial guarantee contracts are provided as credit enhancements to the subsidiaries' and joint ventures' secured loans.

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38. FINANCIAL INSTRUMENT AND 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 29% (2017: 86%) of the Group's borrowings as disclosed in Note 28 will mature in less than one year based on the carrying amount reflected in the financial statements. About 12% (2017: 100%) of the Company's borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

	Carrying amount RM	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2018					
Financial liabilities:					
Group					
Trade and other payables	**92,362,215**	**92,362,215**	**-**	**-**	**92,362,215**
Borrowings	**122,425,850**	**35,325,029**	**84,729,177**	**2,371,644**	**122,425,850**
Total undiscounted financial liabilities	**214,788,065**	**127,687,244**	**84,729,177**	**2,371,644**	**214,788,065**
Company					
Trade and other payables	**16,411,245**	**10,011,245**	**6,400,000**	**-**	**16,411,245**
Borrowings	**75,000,000**	**9,000,000**	**14,400,000**	**51,600,000**	**75,000,000**
Total undiscounted financial liabilities	**91,411,245**	**19,011,245**	**20,800,000**	**51,600,000**	**91,411,245**

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38. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

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

	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 term

(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% (2017: 69.2%) 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 RM39,720 (2017: RM349,490) 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.

38. FINANCIAL INSTRUMENT AND 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 nil (2017: 7%) of the Group's sales are denominated in foreign currencies whilst almost 5% (2017: 5%) 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 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 before tax	
		2018 RM	**2017 RM**
Financial liabilities			
USD/RM	- strengthened 3% (2017: 3%)	**(491,000)**	(816,359)
USD/RM	- weakened 3% (2017: 3%)	**491,000**	816,359
SGD/RM	- strengthened 3% (2017: 3%)	**(419,000)**	(591,904)
SGD/RM	- weakened 3% (2017: 3%)	**419,000**	591,904

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR

MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR (CONT'D)

MFRS 9 *Financial Instruments (Cont'd)*

(i) Classification of financial assets and financial liabilities

The Company classify their financial assets into the following measurement categories depending on the business model of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial assets category measured at Amortised Cost (ACM) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial assets category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial assets category for non-traded equity investments measured at FVTOCI was introduced.
- MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.
- However, under MFRS 139 all fair value changes of liabilities designated ad FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

    • Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
    • The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Company by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the less being recognised within administrative expenses in Statement of Comprehensive Income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR (CONT'D)

MFRS 9 Financial Instruments (Cont'd)

(ii) Impairment of financial assets (Contd')

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with dross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The following tables are reconciliations of the carrying amount of the statement of the financial position of the Company from MFRS 139 to MFRS 9 as at 1 January 2018.

	Note	Existing under MFRS 139 Carrying amount as at 31 January 2017 RM	Effect of MFRS 9 RM	New under MFRS 9 Carrying amount as at 1 January 2018 RM
Non-current assets				
Property, vessel and equipment	13	**391,083,183**	**-**	**391,083,183**
Investment properties	14	**1,649,573**	**-**	**1,649,573**
Investments in associates	17	**39,013,005**	**-**	**39,013,005**
Interest in joint ventures	18	**149,094,485**	**-**	**149,094,485**
Deferred tax assets	19	**530,650**	**-**	**530,650**
		581,370,896	**-**	**581,370,896**
Current assets				
Inventories	20	**1,513,253**	**-**	**1,513,253**
Trade receivables	21	**97,416,453**	**(23,247,107)**	**74,169,346**
Other receivables	22	**118,087,359**	**-**	**118,087,359**
Tax recoverable		**5,731,432**	**-**	**5,731,432**
Cash and cash equivalents	23	**55,792,409**	**-**	**55,792,409**
		278,540,906	**(23,247,107)**	**255,293,799**
Non-current asset held for sale	24	**10,978,265**	**-**	**10,978,265**
		289,519,171	**(23,247,107)**	**266,272,064**
Total assets		**870,890,067**	**(23,247,107)**	**847,642,960**

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39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR (CONT'D)

MFRS 9 Financial Instruments (Cont'd)

	Note	Existing under MFRS 139 Carrying amount as at 31 January 2017 RM	Effect of MFRS 9 RM	New under MFRS 9 Carrying amount as at 1 January 2018 RM
Equity				
Share capital	25	**396,314,966**	**-**	**396,314,966**
Other reserves	26	**1,684,592**	**-**	**1,684,592**
Retained earnings	27	**199,127,654**	**(23,247,107)**	**175,880,547**
		597,127,212	**(23,247,107)**	**573,880,105**
Non-controlling interests		**(3,483,877)**	**-**	**(3,483,877)**
Total equity		**593,643,335**	**(23,247,107)**	**570,396,228**
Non-current liabilities				
Borrowings	28	**20,438,528**	**-**	**20,438,528**
Deferred tax liabilities	19	**4,426,819**	**-**	**4,426,819**
		24,865,347	**-**	**24,865,347**
Current liabilities				
Borrowings	28	**130,859,240**	**-**	**130,859,240**
Trade payables	31	**47,661,415**	**-**	**47,661,415**
Other payables	32	**73,766,137**	**-**	**73,766,137**
Tax payable		**94,593**	**-**	**94,593**
		252,381,385	**-**	**252,381,385**
Total liabilities		**277,246,732**	**-**	**277,246,732**
Total equity and liabilities		**870,890,067**	**(23,247,107)**	**847,642,960**

40. 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 2018 and 31 December 2017.

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	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Borrowings	**122,425,850**	151,297,768	**75,000,000**	75,000,000
Trade and other payables	**92,362,215**	121,427,552	**16,411,245**	1,107,010
Less: Cash and bank balances	**(81,775,922)**	(55,792,409)	**(28,738,327)**	(27,832,934)
Net debt	**133,012,143**	216,932,911	**62,672,918**	48,274,076
Equity attributable to the owners of the parent, representing total capital	**401,909,779**	597,127,212	**400,919,205**	402,162,798
Capital and net debt	**534,921,922**	814,060,123	**463,592,123**	450,436,874
Gearing ratio	**24.9%**	26.6%	**13.5%**	10.7%

41. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. SEGMENTAL INFORMATION (CONT'D)

(a) Reporting format (Cont'd)

- ***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.

41. SEGMENTAL INFORMATION (CONT'D)

31 December 2018	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
Revenue					
Sales to external customers	66,394,129	28,973,070	-	-	95,367,199
Inter segment sales	46,043,122	5,937,438	887,579	(52,868,139)	-
Total revenue	112,437,251	34,910,508	887,579	(52,868,139)	95,367,199
Results					
Segment results	(102,873,474)	1,330,855	(396,475)	(14,534,847)	(116,473,941)
Finance costs	(10,855,905)	(274,671)	(304,954)	-	(11,435,530)
Share of results of associates	21,450,497	-	-	-	21,450,497
Share of results of joint ventures	(61,664,930)	-	-	-	(61,664,930)
Loss before tax	(153,943,812)	1,056,184	(701,429)	(14,534,847)	(168,123,904)
Income tax expenses					509,841
Loss for the year					(167,614,063)
Assets					
Segment assets	306,276,926	28,198,563	7,786,167	3,121,353	345,383,009
Investments in associates	-	-	-	-	-
Interests in joint ventures	58,858,273	499,587	-	10,707,104	70,064,964
Unallocated assets	229,052,032	20,230,724	421,709,146	(462,013,146)	208,978,756
Total assets	594,187,231	48,928,874	429,495,313	(448,184,689)	624,426,729
Total liabilities	467,077,522	48,205,321	146,837,036	(436,117,713)	226,002,166
Other segment information:					
Capital expenditure	2,853,203	-	-	-	2,853,203
Depreciation:					
- property, vessels and equipment	29,424,440	8,735,616	250,327	-	38,410,383
Other significant non-cash expenses:					
Impairment loss on:					
- trade receivables	251,062	-	-	-	251,062
- interests in joint ventures	17,864,178	-	-	-	17,864,178
- interests in associates	60,463,501	-	-	-	60,463,501
Impairment of property, vessels and equipment	13,295,850	277,885	-	-	13,573,735

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. 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	-	-	72,373,034	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

42. 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.

On 30 August 2018, the Affected Companies had entered into the supplemental letters of offer and/or supplemental agreements ("Bilateral Agreements") with their respective Lenders/Financers based on terms of PRS.

On 6 March 2019, the Group has completed its debt restructuring and was discharged from its admission to CDRC.

(b) On 23 January 2019, the Group announced that its wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd., was recently awarded with the respective work orders on three (3) vessels under the Provision of Platform Supply Vessel ("the contract") by an independent oil and gas exploration and production company. The total value of the primary duration and the extension duration of the contract is approximately RM24.6 million.

(c) On 11 March 2019, the Group announced that its wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd., was recently awarded a contract for the Provision of Underwater Inspection services for Carigali Hess Facilities ("the contract") by an independent oil and gas exploration and production company. The contract is for the primary period of four (4) years with an extension option of one (1) year. The contract is for a value of up to approximately RM40 million.

(d) On 12 October 2018 and 26 October 2018, the Company announced to undertake the following:

(i) A bonus issue of up to 462,230,460 free warrants in the Company on the basis of one free warrants for every two existing ordinary shares in the Company held on entitlement date to be determined and announced later.
(ii) An issuance of Redeemable Convertibles Notes ("RCN") with an aggregate principal amount of up to RM160 million convertible in to a maximum of 1,777,777,778 conversion shares at the minimum conversion price of RM0.09 per shares.
(iii) Termination of the existing employees' share option scheme of the Company ("ESOS"); and
(iv) An establishment of a new ESOS of up to 15% at the total numbers of issued ordinary shares in the Company

On 30 January 2019, the shareholders have approved all the above mentioned corporate proposals.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2019

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM396,314,966
Class of Shares	:	Ordinary Shares
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	136	1.470	5,383	0.000
100 - 1,000	546	5.902	382,268	0.041
1,001 - 10,000	4,250	45.945	25,309,511	2.737
10,001 - 100,000	3,647	39.427	140,118,001	15.156
100,001 - 46,223,045(*)	668	7.221	336,264,622	36.374
46,223,046 and above(**)	3	0.032	422,381,136	45.689
Total	**9,250**	**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	2,292,748	0.248	330,581,061 (1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	0.001 (*)	330,415,436 (2)	35.741
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	0.000 (*)	123,750 (3)	0.013
FINA NORHIZAH BINTI HJ BAHARU ZAMAN	-	0.000 (*)	-	-
DATO' HAJI AB WAHAB BIN IBRAHIM	1,500	0.000 (*)	-	-
MOHAMMAD SUHAIMI BIN MOHD YASIN	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name of Directors	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
SAR VENTURE HOLDINGS (M) SDN BHD	330,415,436	35.741	-	-
URUSHARTA JAMAAH SDN BHD	91,965,700	9.948	-	-
DATUK AZMI BIN AHMAD	2,292,748	0.248	330,581,061 (1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	0.001 (*)	330,415,436 (2)	35.741

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2019

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 Act 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.

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	URUSHARTA JAMAAH SDN BHD	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	26,700,000	2.888
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	14,420,000	1.559
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	13,155,873	1.423
7	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	13,053,000	1.411
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	10,656,700	1.152
9	POH SOON SIM	7,500,000	0.811
10	MUHAMMAD SABQI IN MASNAN	3,716,500	0.402
11	SAMSULBAHRIN BIN SAIM	3,300,000	0.356
12	TEO CHIN SIONG	3,006,600	0.325
13	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	2,911,100	0.314
14	LIM AI LING	2,677,600	0.289
15	ESPLANADE LAND SDN BHD	2,619,800	0.283

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2019

No	Name	Holdings	%
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	RAHIMI BIN YAMIN	2,300,000	0.248
21	AZMI BIN AHMAD	2,278,487	0.246
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TAK MING	2,200,000	0.237
23	ASSETS NOMINEES (ASING) SDN BHD KWEK LENG SENG	2,000,000	0.216
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG TAK MING (MY1491)	2,000,000	0.216
25	HIAP LIANG KEK	2,000,000	0.216
26	KHOO CHEE HOW	2,000,000	0.216
27	SING KONG KEW @ CHIN KONG KEW	1,938,200	0.209
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG CHIN WOI (E-5PT/MIN)	1,900,000	0.205
29	FIELDS EQUITY MANAGEMENT LTD	1,800,000	0.194
30	CHERIE SUMANA WEERASENA	1,700,000	0.183

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting ("AGM") of Alam Maritim Resources Berhad ("Company") will be held on Wednesday, 19 June 2019 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 2018 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) Puan Fina Norhizah binti Haji Baharu Zaman **(Ordinary Resolution 1)**
   (ii) Dato' Haji Ab Wahab bin Haji Ibrahim **(Ordinary Resolution 2)**

3. To re-elect Encik Mohammad Suhaimi bin Mohd Yasin who retire pursuant to Article 100 of the Company's Constitution and being eligible, have offered himself for re-election. **(Ordinary Resolution 3)**

4. To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM227,883.00 for the Financial Year ended 31 December 2018. **(Ordinary Resolution 4)**

5. To approve the payment of Directors' fees and remuneration based on the remuneration structure as disclosed in Explanatory Note (iii) for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020. *(Please refer to Explanatory Note (iii))* **(Ordinary Resolution 5)**

6. To re-appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 6)**

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:

7. **Proposed Continuation in Office as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2017** **(Ordinary Resolution 7)**

   "**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 ten (10) 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."

8. **Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016** **(Ordinary Resolution 8)**

   "**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 14TH ANNUAL GENERAL MEETING

9. 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 9)**

"**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 ordinary resolution and shall be in force until:

(a) at 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 an ordinary 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."

BY ORDER OF THE BOARD

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

Kuala Lumpur
30 April 2019

NOTICE OF 14TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

(i) **Agenda Item No. 1** - Audited Financial Statements for financial year ended 31 December 2018 - 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**
Puan Fina Norhizah binti Haji Baharu Zaman and Dato' Hj Ab Wahab bin Haji Ibrahim are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

(iii) **Ordinary Resolution 3 - Re-election of Director who appointed to fill a casual vacancy or as an addition to the existing Board pursuant to Article 100**
Encik Mohammad Suhaimi bin Mohd Yasin who was appointed as an Independent Director of the Company on 25 February 2019, shall hold office until the 15th AGM and shall then be eligible for re-election.

(iv) **Ordinary Resolutions 5 - Payment of Directors' Remuneration to the Non-Executive Directors for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020.**

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 7** – 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 thirteen (13) 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. 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) **Ordinary Resolution 8** 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 8**, 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 14TH ANNUAL GENERAL MEETING

(iii) The proposed **Ordinary Resolution 9**, 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 30 April 2019 dispatched together with the 2018 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 34, 38 and 39 of this Annual Report.

Notes:

1. Only members registered in the Record of Depositors (ROD) as at 12 June 2019 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 17 June 2019 at 10.00 am.

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 Fourteenth Annual General Meeting of the Company to be held at 10.00 a.m. on Wednesday, 19 June 2019 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 Puan Fina Norhizah binti Haji Baharu Zaman pursuant to Article 94.		
2	To re-elect Dato' Haji Ab Wahab bin Haji Ibrahim pursuant to Article 94.		
3	To re-elect Encik Mohammad Suhaimi bin Mohd Yasin pursuant to Article 100.		
4	To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM RM227,883 for the Financial Year ended 31 December 2018.		
5	To approve the payment of Directors' fee and remuneration for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020.		
6	To re-appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.		
7	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.		
8	To authorise the Directors to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016.		
9	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

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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

Then fold here

Fold this flap for sealing