ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)
Registration No. 200501018734 (700849-K)

DIRECTORS' REPORT &
AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2020

Registration No. 200501018734 (700849 - K)

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(Incorporated in Malaysia)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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ALAM MARITIM RESOURCES BERHAD
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CORPORATE INFORMATION

Board of Directors	:	Fina Norhizah Binti Haji Baharu Zaman Dato' Haji Ab Wahab Bin Haji Ibrahim Datuk Azmi Bin Ahmad Ahmad Hassanudin Bin Ahmad Kamaluddin Ahmad Ruhaizad Bin Hashim Shamsul Bin Saad
Company Secretaries	:	Nuranisma Binti Ahmad (MAICSA 7067610) Nur Aznita Binti Taip (MAICSA 7067607)
Registered Office/ Principal Place of Business	:	38F, Level 3, Jalan Radin Anum Bandar Baru Sri Petaling 57000 Kuala Lumpur
Auditors	:	Al Jafree Salihin Kuzaimi PLT (LLP0006652-LCA) (AF1522) NO. 555, Jalan Samudra Utara 1 Taman Samudra 68100 Batu Caves
Principal Bankers	:	Malayan Banking Berhad OCBC Al-Amin Bank Berhad Standard Chartered Bank Berhad Bank Muamalat Malaysia CIMB Bank Berhad HSBC Bank Malaysia

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2020.

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 17, 18 and 19 to the financial statements 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	(119,826,754)	(2,241,796)
Attributable to:		
Equity holders of the Company	(119,464,986)	(2,241,796)
Non-controlling interest	(361,768)	-
	(119,826,754)	(2,241,796)

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

DIVIDENDS

No dividend has been paid or declared by the Company since the date of the last report. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the total number of issued ordinary shares of the Company was increased from 1,035,019,974 to 1,368,882,406 by way of conversion of Redeemable Convertible Notes and Private Placements comprising 333,862,432 new ordinary shares issued at the average price of RM0.09 per shares.

The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. There were no other issuance of shares during the financial year.

There were no debentures issued during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company has an Employees' Share Option Scheme ("ESOS"), which was approved at the Extraordinary General Meeting on 10 January 2019 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 the ESOS are disclosed in Note 36 to the financial statements.

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

Expiry date	Exercise price (RM)	Number of shares
21 April 2021	RM 0.075	33,123,223

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 from the beginning of the financial year to the date of this report are:

Fina Norhizah Binti Haji Baharu Zaman	
Dato' Haji Ab Wahab Bin Haji Ibrahim	
Datuk Azmi Bin Ahmad**	
Ahmad Hassanudin Bin Ahmad Kamaluddin**	
Ahmad Ruhaizad Bin Hashim	(Appointed w.e.f 16.11.2020)
Shamsul Bin Saad	(Appointed w.e.f 02.03.2021)
Mohammad Suhaimi Bin Mohd Yasin	(Resigned w.e.f 13.10.2020)
Shaharuddin Bin Warno @ Rahmad**	(Resigned w.e.f 05.02.2021)

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

DIRECTORS' REPORT

DIRECTORS OF SUBSIDIARIES

The Directors of the Company's subsidiaries in office during the financial year and during the year from the end of the financial year up to the date of this report (not including those Directors listed above) are:

Samuel Bernard Sassoon
Ho Swee Peng

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Group and 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 of the Group and Company 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 Group and Company) by reason of a contract made by the Group and 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' REMUNERATION

Details of Directors' remuneration are disclosed in Note 10 to the financial statements.

DIRECTORS' INTEREST

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	**During the year**		**As at**
	1.1.2020	**Bought**	**Sold**	**31.12.2020**
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

DIRECTORS' INTEREST

	Number of Ordinary Shares			
	As at	During the year		As at
	1.1.2020	Bought	Sold	31.12.2020
Direct interest				
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 1.1.2020	Expired	Granted	Exercised	As at 31.12.2020
Datuk Azmi Bin Ahmad	2,773,383	-	4,160,074	-	6,933,457
Shaharuddin Bin Warno @ Rahmad	2,773,383	-	4,160,074	-	6,933,457
Ahmad Hassanudin Bin Ahmad Kamaluddin	2,773,383	-	4,160,074	-	6,933,457

By virtue of the abovementioned Directors' interest in the Company, these Directors are 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 2020.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were indemnities coverage and insurance premiums paid for the Directors and officers of the Group and the Company during the financial year.

HOLDING COMPANY

DIRECTORS' REPORT

The Directors regard SAR Venture Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the Company's immediate holding company.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 43 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and 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 expected credit losses, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for expected credit losses; 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 of expected credit losses 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.

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

OTHER STATUTORY INFORMATION (CONT'D.)

At the date of this report, there does not exist (cont'd.):

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 Group and the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, 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 Group and the Company for the financial year in which this report is made except as disclosed in the Note 43 to the financial statements.

AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have indicated their willingness to continue in office.

Auditors' remuneration are as follows:

	Group RM	Company RM
Al Jafree Salihin Kuzaimi PLT	196,300	50,500

There were no indemnity given to or insurance effected for auditors of the Group and the Company during financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 May 2021.

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM
Director

DATUK AZMI BIN AHMAD
Director

Kuala Lumpur

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

We, DATO' HAJI AB WAHAB BIN HAJI IBRAHIM and DATUK AZMI BIN AHMAD, being two of the Directors of ALAM MARITIM RESOURCES BERHAD state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and financial performance of the Group and of the Company for the financial year ended 31 December 2020.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors dated on 27 May 2021.

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM	**DATUK AZMI BIN AHMAD**
Director	Director

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 accompanying financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above-named MD NASIR BIN NOH)
at Kuala Lumpur in the Federal Territory)
on 27 May 2021)

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 ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 December 2020 of the Group and the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 accompanying pages.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements which indicates that the Group incurred loss for the year ended 31 December 2020 of RM119,826,754 and its current liabilities exceeded its current assets by RM20,250,138 as at 31 December 2020. These conditions indicate, along with other matters set forth in Note 2.1 to the financial statements, the existence of a material uncertainty which may cause significant doubt about the ability of the Group to continue as a going concern. However, the Group is currently undergoing restructuring scheme that is targeted to be completed in 2022. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

Key Audit Matters	How our audit addressed the key audit matters
1. Impairment of Group's property, vessels and equipment As at 31 December 2020, the carrying value of vessels is RM169,890,971, representing 77% of the Group's property, vessels and equipment and 36% of the Group's total assets. The prolonged periods of certain vessels being idle were impairment indicators assessed by the management. An assessment was performed in accordance with the requirements of MFRS 136: Impairment of assets. The recoverable amounts for vessels that are laid up are determined based on fair value less costs to sell ("FVLCTS"), and for assets identified for continuing use, these are determined based on value-in-use ("VIU"). An impairment loss of RM35,269,159 for the vessels was recognised during the financial year.	**Our procedures included, amongst others:** ● Evaluated and validated management's assessments for impairment indicators for the vessels based on the financial results during the year; ● For vessels with impairment indicators, we have performed the following procedures: In relation to the FVLCTS for vessels that are laid up: ● We have discussed with management on the basis of the expected selling price and checked the estimated selling price with valuation performed by independent valuers and offers received from potential buyers, where available; ● We have compared the selling price of recent disposals of vessels against the preliminary offer prices to assess the average loss/gain rates on disposal; ● For laid up vessels, we have compared the conditions of these vessels by corroborating to operational and lay up reports from third parties;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Key Audit Matters	How our audit addressed the key audit matters
1. Impairment of Group's property, vessels and equipment We focused on this area as significant estimates and judgements were applied in arriving at the fair value and VIU calculations. Refer to Note 3(b)(iii) on critical accounting judgements and key sources of estimation of uncertainty, Note 2(g) and Note 2(u) of significant accounting policies and Note 13 to the financial statements.	**Our procedures included, amongst others: (cont'd.)** In relation to the VIU for vessels identified for continuing use: ● We have evaluated the reasonableness of key assumptions used by management in arriving at the projected cash flows (i.e. likelihood of award of tender) by comparing to historical and market data: ● We held discussions with management on future prospects of the Group's business in its surrounding region; ● Understood the likelihood of awards of future prospects and checked the information with bidding document, correspondences with potential customers and scope of work of similar projects performed by the Group; ● Compared management's discount rates against the industry's weighted average cost of capital; and ● Tested the mathematical accuracy of the VIU calculations prepared by management.
2. Revenue and costs recognition - offshore construction contract The Group recognised revenue from offshore construction contract of RM107,361,419. The revenue recognised from the offshore construction contract represent 42% of total revenue of the Group for the financial year ended 31 December 2020.	**Our procedures included, amongst others:** ● We tested the operating effectiveness of the key controls in respect of the review and approval of the project budget to assess the reliability of the budget. ● We identified and assessed the significant estimates and judgements made by management in the recognition of the revenue and costs arising from contruction contract.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters	How our audit addressed the key audit matters
2. Revenue and costs recognition - offshore construction contract (cont'd.) Revenue recognition of a construction contract is inherently complex and we focused on this area because there are significant management estimates and judgements involved in determining the: ● Stage of completion; ● Extent of the construction costs incurred to date; ● Estimated total construction costs; and ● Need to estimate liquidated ascertained damages ("LAD") on the project where the estimated completion date is beyond the contractual completion date. Refer to Note 3 (b) (v) on critical accounting judgements and key sources of estimation uncertainty, Notes 2(r) and 2(n) on summary of significant accounting policies and Notes 4 and 22 to the financial statements.	**Our procedures included, amongst others: (cont'd.)** ● This was performed by corroborating the stage of completion and extent of costs incurred to date on the project by agreeing to internal or external quantity surveyors' latest valuations. ● We assessed the reasonableness of the estimated total construction costs of the project by agreeing to supporting documentation such as approved budgets, quotations, correspondences, contracts and variation orders with sub-contractors. ● We have also agreed, on a sample basis, costs incurred to the supporting documentation such as subcontractor claim certificates and invoices from vendors. ● With regards to potential delays, we assessed the potential cause of any delay by inspecting correspondences with project owner and corroborated key judgment applied by management in assessing any requirements for considerations of LAD to determine the transaction price of the project.

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 and the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2020, which expected to be made available to us after the date of this auditors' report.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

When we read the annual report, if we concluded that there is any material misstatement, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

The Directors of the Group and the Company are responsible for the preparation of the 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 or 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards 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.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or 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 or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not act as auditors are disclosed in Note 17 to the financial statements.

Other matters

This report is made solely to the members of the Group and 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.

AL JAFREE SALIHIN KUZAIMI PLT	**AIZUL IZUAN BIN ABDUL HAMID**
(AF 1522)	**No. 03509/07/2022 J**
CHARTERED ACCOUNTANTS	**CHARTERED ACCOUNTANTS**

Dated: 27 May 2021
Selangor, Malaysia

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	255,210,093	306,669,474	-	-
Cost of sales	5	(273,231,997)	(292,505,574)	-	-
Gross (loss)/profit		(18,021,904)	14,163,900	-	-
Other income	6	7,053,732	7,179,197	3,592,778	5,025,454
Employees benefits expenses	7	(17,053,076)	(18,151,637)	(406,977)	(301,806)
Other expenses		(71,202,792)	(68,099,179)	(1,780,048)	(37,132,216)
Operating (loss)/profit		(99,224,040)	(64,907,719)	1,405,753	(32,408,568)
Finance costs	8	(5,909,068)	(5,237,685)	(3,460,439)	(2,985,213)
Share of results of joint ventures		(14,440,346)	(10,607,967)	-	-
Loss before taxation	9	(119,573,454)	(80,753,371)	(2,054,686)	(35,393,781)
Taxation	11	(253,300)	472,538	(187,110)	-
Net loss for the financial year		(119,826,754)	(80,280,833)	(2,241,796)	(35,393,781)
Other comprehensive loss:					
Other comprehensive loss to be classified to profit or loss in subsequent period (net of tax):					
Foreign currency translation, representing other comprehensive loss for the year, net of tax		(200,810)	(893,550)	-	-
Total comprehensive loss for the year		(120,027,564)	(81,174,383)	(2,241,796)	(35,393,781)
Loss attributable to:					
Equity holders of the Company		(119,464,986)	(79,479,150)	(2,241,796)	(35,393,781)
Non-controlling interests		(361,768)	(801,683)	-	-
		(119,826,754)	(80,280,833)	(2,241,796)	(35,393,781)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

		Group		Company	
		2020	2019	**2020**	2019
	Note	**RM**	RM	**RM**	RM
Total comprehensive loss attributable to:					
Owners of the parent		(119,237,672)	(80,555,934)	(2,241,796)	(35,393,781)
Non-controlling interests		(789,892)	(618,449)	-	-
		(120,027,564)	(81,174,383)	(2,241,796)	(35,393,781)
Loss per share attributable to owners of the parent:					
Basic (sen)	12(a)	(9.66)	(8.40)		
Diluted (sen)	12(b)	(9.66)	(8.40)		

STATEMENTS FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Assets					
Non-current asset					
Property, vessels and equipment	13	220,539,606	281,165,438	-	-
Right of use assets	14	228,665	-	-	-
Investment property	15	771,600	-	-	-
Intangible assets	16	-	-	-	-
Investments in subsidiaries	17	-	-	66,558,440	66,558,440
Investments in associates	18	-	-	-	-
Interest in joint ventures	19	41,198,739	55,798,939	-	-
Deferred tax assets	20	-	9,785,947	-	-
		262,738,610	346,750,324	66,558,440	66,558,440
Current assets					
Inventories	21	-	770,697	-	-
Amount due from subsidiaries	32	-	-	382,038,061	414,005,155
Contract asset	22	6,385,531	28,945,359	-	-
Trade receivables	23	36,331,363	96,465,893	-	-
Other receivables	24	113,748,778	101,888,210	5,390,417	5,279,508
Tax recoverable		448,905	2,655,839	-	-
Cash and cash equivalents	25	54,242,363	71,554,013	13,836,746	29,795,917
		211,156,940	302,280,011	401,265,224	449,080,580
Non-current asset held for sale	26	-	-	-	-
Total assets		473,895,550	649,030,335	467,823,664	515,639,020

STATEMENTS FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONT'D.)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Equity and Liabilities					
Equity					
Share capital	27	432,981,346	406,265,386	432,981,346	406,265,386
Other reserves	28	(2,311,041)	(2,530,165)	165,616	-
Accumulated losses	29	(191,722,136)	(72,430,956)	(35,139,574)	(32,897,778)
		238,948,169	331,304,265	398,007,388	373,367,608
Non-controlling interests		(4,893,557)	(4,103,665)	-	-
Total equity		234,054,612	327,200,600	398,007,388	373,367,608
Non-current liabilities					
Borrowings	30	3,710,992	75,317,251	-	65,000,000
Deferred tax liabilities	20	4,522,435	14,996,678	-	-
Lease liabilities	35	200,433	-	-	-
		8,433,860	90,313,929	-	65,000,000
Current liabilities					
Borrowings	30	101,442,839	47,566,781	55,818,377	9,000,000
Trade payables	33	92,484,617	117,225,520	-	-
Other payables	34	36,927,445	65,056,767	13,997,899	67,983,992
Tax payable		521,918	1,666,738	-	287,420
Lease liabilities	35	30,259	-	-	-
		231,407,078	231,515,806	69,816,276	77,271,412
Total liabilities		239,840,938	321,829,735	69,816,276	142,271,412
Total liabilities and equity		473,895,550	649,030,335	467,823,664	515,639,020

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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	**Attributable to owners of the parent**					
	Non-Distributable		**Distributable**			
	Share capital (Note 27) RM	**Other reserves (Note 28) RM**	**Retained earnings/ (Accumulated losses) RM**	**Total RM**	**Non-controlling interest RM**	**Total equity RM**
As at 1 January 2019	396,314,966	654,855	4,939,958	401,909,779	(3,485,216)	398,424,563
Loss for the financial year	-	-	(79,479,150)	(79,479,150)	(801,683)	(80,280,833)
Other comprehensive loss	-	(1,076,784)	-	(1,076,784)	183,234	(893,550)
Expiry of employee share options	-	(2,108,236)	2,108,236	-	-	-
Ordinary shares issued pursuant to the Redeemable Convertible Note ("RCN")	9,950,420	-	-	9,950,420	-	9,950,420
As at 31 December 2019	406,265,386	(2,530,165)	(72,430,956)	331,304,265	(4,103,665)	327,200,600
As at 1 January 2020	**406,265,386**	**(2,530,165)**	**(72,430,956)**	**331,304,265**	**(4,103,665)**	**327,200,600**
Loss for the financial year	-	-	(119,464,986)	(119,464,986)	(361,768)	(119,826,754)
Other comprehensive loss	-	53,508	173,806	227,314	(428,124)	(200,810)
Ordinary shares issued pursuant to the Redeemable Convertible Note ("RCN")	9,000,000	-	-	9,000,000	-	9,000,000
Employee share options granted	-	165,616	-	165,616	-	165,616
Ordinary shares issued pursuant to the Private Placement	17,715,960	-	-	17,715,960	-	- 17,715,960
As at 31 December 2020	432,981,346	(2,311,041)	(191,722,136)	238,948,169	(4,893,557)	234,054,612

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 2020 (CONT'D.)

Company	**Non-Distributable**		**Distributable**	
	Share capital (Note 27) RM	**Other reserves (Note 28) RM**	**Retained earnings/ (Accumulated losses) (Note 29) RM**	**Total equity RM**
As at 1 January 2019	**396,314,966**	**2,108,236**	**2,496,003**	**400,919,205**
Ordinary shares issued pursuant to the RCN	9,950,420	-	-	9,950,420
Expiry of employee share options	-	(2,108,236)	-	(2,108,236)
Total comprehensive loss for the financial year	-	-	(35,393,781)	(35,393,781)
As at 31 December 2019	**406,265,386**	**-**	**(32,897,778)**	**373,367,608**
As at 1 January 2020	**406,265,386**	**-**	**(32,897,778)**	**373,367,608**
Ordinary shares issued pursuant to the RCN	9,000,000	-	-	9,000,000
Ordinary shares issued pursuant to the Private Placement	17,715,960	-	-	17,715,960
Employee share options granted		165,616	-	165,616
Total comprehensive loss for the financial year	-	-	(2,241,796)	(2,241,796)
As at 31 December 2020	**432,981,346**	**165,616**	**(35,139,574)**	**398,007,388**

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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Loss before taxation	(119,573,454)	(80,753,371)	(2,054,686)	(35,393,781)
Interest income	(990,831)	(1,783,787)	(3,479,094)	-
Property, vessels and equipment:				
- Loss on disposal	-	1,492,525	-	-
- Impairment	39,290,850	39,439,339	-	-
Depreciation				
- Property,vessels and equipment	29,141,163	31,516,018	-	-
- Investment property	148,400	-	-	-
- Right-of-use assets	112,516	-	-	-
Finance costs	5,909,068	5,237,685	3,460,439	-
Trade receivables				
- Impairment loss	5,125,200	-	-	-
ESOS expenses	165,616	-	165,616	-
Net unrealised foreign exchange (gain)/loss	(2,167,011)	209,947	(113,685)	(856,394)
Impairment loss on inventories	770,697	-	-	-
Share of results of joint ventures	14,440,346	10,607,967		-
Impairment loss on interest in joint ventures	14,600,200	4,935,914	-	-
Impairment loss on interest in subsidiaries	-	-	-	33,744,680
Operating (loss)/profit before working capital exchange	(13,027,240)	10,902,237	(2,021,410)	(2,505,495)
Changes in working capital:				
Inventories	-	338,658	-	-
Contract asset	22,449,339	(28,945,359)	-	-
Trade and other receivables	35,123,737	(78,266,701)	(14,392,856)	3,896,184
Trade and other payables	(52,870,225)	87,272,857	(7,910,787)	3,446,949
Cash flows used in operating activities	(8,324,389)	(8,698,308)	(24,325,053)	4,837,638
Interest paid	(5,896,442)	(5,237,685)	(3,460,439)	-
Taxation paid	(808,814)	(408,586)	(187,110)	-
Net cash flows (used in)/ generated from operating activities	(15,029,645)	(14,344,579)	(27,972,602)	4,837,638

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 2020 (CONT'D.)

	Group		Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Cash flows from investing activities				
Purchase of property, vessels and equipment	(9,719,836)	(9,213,553)	-	-
Proceed from disposal of property, vessel and equipment	-	1,410,334	-	-
Decrease in amounts due from subsidiaries	-	-	26,702,863	(12,730,468)
Interest received	990,831	1,783,787	3,479,094	-
Net cash flows (used in)/generated from investing activities	(8,729,005)	(6,019,432)	30,181,957	(12,730,468)
Cash flows from financing activities				
Proceed from issuance of RCN	9,000,000	9,950,420	9,000,000	9,950,420
Proceed from issuance of Ordinary Shares	17,715,960	-	17,715,960	-
Repayment of:				
- Term loans	-	(1,100,774)	-	(1,000,000)
- MTN	(26,701,834)	(1,000,000)	(18,181,623)	-
- Hire purchase and finance lease liabilities	(572,281)	(294,385)	-	-
Movement in sinking fund	26,701,833	994,765	-	1,818,566
Net cash flows generated from financing activities	26,143,678	8,550,026	8,534,337	10,768,986
Net increase/(decrease) in cash and cash equivalents	2,385,028	(11,813,985)	10,743,692	2,876,156
Net foreign exchange difference	993,656	-	-	-
Cash and cash equivalents at beginning of the financial year	22,027,392	33,841,377	3,093,054	216,898
Cash and cash equivalents at the end of the financial year	25,406,076	22,027,392	13,836,746	3,093,054

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 and other information relating to the subsidiaries, associates and joint ventures are disclosed in Notes 17, 18 and 19 to the financial statement respectively.

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 of the Group and of the Company 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 are expressed in Ringgit Malaysia ("RM").

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 as follows.

The preparation of financial statements of the Group and the Company are in conformity with MFRS required the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report amounts of the revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgment in the process of applying the Group and the Company accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

a) Basis of preparation of financial statements (cont'd.)

2.1 Going concern assumptions

The Group incurred a net loss for the year of RM119,826,754 (2019: RM80,280,833) for the year ended 31 December 2020 and its current liabilities exceeded its current assets by RM20,250,138 as at 31 December 2020.

The Group is currently in the process of formulating the Proposed Restructuring Plan for debt settlement and the plan will mainly primarily comprise the following:

(i) Proposed disposal and realisation of value for non-core assets;

(ii) Proposed disposal of vessels;

(iii) Obtained indulgence for four (4) months from financial institutions until September in order to firm up deals with strategic partners and agree business plan; and

(iv) Application to Corporate Debt Restructuring Scheme ("CDRC") in managing the Proposed Restructuring Plan and corporate exercise.

The ability of the Group and the Company to continue as going concerns are dependent upon the Group's ability to secure significant contracts from oil and gas segment, their successful profitable operations in the foreseeable future and their ability to comply with the terms set by CDRC.

The Directors have concluded that the combination of the circumstances highlighted above indicate material uncertainties that may cast significant doubt over the ability of the Group to continue as going concern and therefore, may be unable to realise their assets and discharge their liabilities in the normal course of business.

Therefore, the going concern basis used in preparing the financial statements of the Group is significantly dependent on:

(i) Approval being obtained from all the relevant parties on the Proposed Restructuring Plan.

(ii) Timely and successful implementation of the key components of the Proposed Restructuring Plan.

(iv) The ability of the Group to achieve sustainable and viable operations so as to generate sufficient cash flows to enable them to meet their obligations as and when they fall due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

a) Basis of preparation of financial statements (cont'd.)

2.2 Changes in accounting policies

On 1 January 2020, the Group and the Company adopted the following new and amended MFRS and Interpretations Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 January 2020.

Descriptions	**Effective for annual periods beginning on or after**
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020

The adoption of the above standards and interpretation did not have any material effect on the financial statements of the Group and the Company.

2.3 Standards issued but not yet effective

Descriptions	**Effective for annual periods beginning on or after**
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS 2018 - 2020	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards, if applicable will have no material impact on the financial statements of the Group and the Company in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Basis of consolidation

(i) 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.

The accounting policy for goodwill is set out in Note 2(i)(i).

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.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Basis of consolidation (cont'd.)

(ii) Subsidiaries (cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Basis of consolidation (cont'd.)

(v) Associates (cont'd.)

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 summarized 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Basis of consolidation (cont'd.)

(vi) Joint arrangements (cont'd.)

Joint arrangements are classified and accounted for are 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 and the Company accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the the Group and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Basis of consolidation (cont'd.)

(viii) Transactions eliminated on consolidation (cont'd.)

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 from contracts with customers is recognised by reference to each distinct promise of goods and services (a performance obligation) in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. When the standalone selling prices are not directly observable, they are estimated based on expected cost-plus margin. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. 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

The Group provides vessels and associated services to customers at the request of the customer. Provision of vessels and associated services is single performance obligation. Revenue from chartering and hiring of vessels is recognised over the period based on time lapsed method, determined based on the actual time lapsed relative to the total services period. There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practices unless otherwise as applicable and disclosed in the financial statements. Accrued income is recognised within trade receivables when the services have been rendered but pending billings to be made.

For income from the hire of third party vessels, it is assessed whether the Group is acting as a principal or an agent. Where it has been assessed that the Group is acting as an agent, income is recognised net of charter costs.

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 recognise 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Employee benefits (cont'd.)

(i) Short term employee benefits (cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Employee benefits (cont'd.)

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

f) Income tax (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Investment properties (cont'd.)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

i) Intangible assets (Cont'd)

(i) Goodwill (cont'd.)

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.

(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 or 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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 MFRS.

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.

l) Foreign currency

(i) Foreign currency transactions

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

l) Foreign currency (cont'd.)

(i) Foreign currency transactions (cont'd.)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

o) Financial assets (cont'd.)

(i) Classification of financial assets (cont'd.)

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 or losses which are recognised in profit or loss. Interest revenue and foreign exchange gains or 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 or losses are presented in other gains or 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

o) Financial assets (cont'd.)

(iv) Equity instruments (cont'd.)

Dividends from such investments continue to be summarised in profit or loss as other income when the Group and the Company 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

o) Financial assets (cont'd.)

(vi) Impairment of financial assets (cont'd.)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

r) Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

s) Leases

On 1 January 2019, the Group have adopted MFRS 16 Leases ("MFRS 16") which replaces the previous leasing guidance under MFRS 117 Leases. The newly adopted MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet) and requires a lessee to recognise a "right-of-use" asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The Group's activities as lessor are not material to-date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

s) Leases (cont'd.)

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified assets for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution rights, then the asset is not identified;

- the lessee has the right to direct the use of the asset. The lessee has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where decision about how and for what purpose the asset is used is predetermined, the lessee has the right to direct the use of the asset if either the lessee has the right to operate the asset; or the lessee designed the asset in a way that predetermines how and for what purpose it will be used.

Contract may contain both lease and non-lease components. The Group allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group are lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) As lessee

Lease term

In determining the lease term, the Group consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

s) Lease (cont'd.)

(i) As lessee (cont'd.)

The Group re-assess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group are reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in re-measurements of the lease liabilities. See accounting policy on re-assessment of lease liabilities.

Right-of-use assets ("ROU")

ROU assets are initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

ROU assets that are not investment properties are subsequently measured at costs, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group are reasonably certain to exercise a purchase option, the ROU asset shall be depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurements of the lease liabilities. The ROU asset presented as a separate line item in the statement of financial position.

For existing leasehold properties with no corresponding lease liabilities due to full settlement upfront, at initial date of adoption of MFRS 16, these leasehold properties shall continue to be presented as part of property, plant and equipment.

ROU assets that meet the definition of investment property in accordance with MFRS 140 are presented in the statement of financial position as investment property. Subsequent measurement of the ROU asset is consistent with those investment properties owned by the Group (refer to accounting policy Note 2(h) on investment properties).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

s) Lease (cont'd.)

(i) As lessee (cont'd.)

Lease liabilities

Lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- penalties payments for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group present the lease liabilities within the borrowings line item in the statements of financial position. Interest expense on the lease liabilities is presented within the finance cost in the statements of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

s) Lease (cont'd.)

(i) As lessee (cont'd.)

Re-assessment of lease liabilities

Lease liability is re-measured when there is a change in the future variable lease payments arising from a change in an index or rate, or if there is a revision of in-substance fixed lease payments, or a revision in the lease term, or if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, which are not included in the lease liability until they take effect. When these adjustments to the lease payments take effect, the lease liability is re-measured and adjusted against the ROU assets.

Short term leases and leases of low value assets

The Group have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. Payments associated with short-term leases of tools and equipment for oilfield activities, tools and equipment and chartering of vessels for project based activities of short tenure and leases of low value assets are recognised on a straight-line basis over the lease term as expense in profit or loss.

t) 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 or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss statement.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

t) Financial liabilities (cont'd.)

(ii) Other financial liabilities

Other financial liabilities include the following items:

- bank borrowings and the Group and the Company 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.

u) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

u) Fair value measurement (cont'd.)

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.

v) 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.

w) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

w) Segment reporting (cont'd.)

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 and the Company 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 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 2020, 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 40.

(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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(iii) Impairment review of vessels' carrying value (cont'd.)

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.

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 7%.

(iv) Impairment of investments in associates and joint ventures

The Group and the Company assess whether there is any indication that an investment in associates and joint ventures may be impaired at each reporting date.

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

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

(i) The Group and the Company determine whether its investments are impaired following certain indications of impairment such as amongst others shortfall between Group's and Company'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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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.

(v) Construction contracts

The Group recognises contract revenue based on input method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated costs for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contract, including the foreseeable losses, potential claims (variation orders) to owner of the project and counter claims from subcontractors and liquidated ascertained damages ("LAD") based on expected completion dates of the contract. In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Group's project manager, external consultants, where appropriate, and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Group to recover from the subcontractors, the potential LAD imposed on the Group by the project owners for delays in projects caused directly by the subcontractors.

(vi) Write down and provision for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the reporting dates is disclosed in Note 21.

4. REVENUE

Disaggregation of revenue from contracts with customers:

	Group	
	2020	**2019**
	RM	**RM**
Charter hire	51,009,922	76,615,732
Offshore installation and construction	107,361,419	152,858,267
Diving and sub-sea services	77,698,287	59,879,646
Rental of equipment	114,498	2,636,634
Other shipping related income	9,947,893	4,609,206
Vessel's management fees	7,345,315	7,194,938
Ship catering	1,732,759	2,875,051
	255,210,093	306,669,474
Geographical Market		
- Malaysia	255,210,093	305,003,170
- Singapore	-	1,666,304
	255,210,093	306,669,474
Timing of revenue recognition		
- at a point in time	147,848,674	153,811,207
- over time	107,361,419	152,858,267
	255,210,093	306,669,474

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	
	2020	**2019**
	RM	**RM**
Wages and allowances	18,030,036	12,996,427
Contributions to defined contribution plan - EPF	1,304,382	962,530
Social security contributions	81,379	66,378
	19,415,797	14,025,335

6. OTHER INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Interest income	990,831	1,783,787	18,655	1,184,865
Interest income on MTN	-	-	3,460,439	2,985,213
Gain of foreign exchange:				
- Realised	85,074	1,161,894	-	-
- Unrealised	5,550,154	2,437,269	113,684	855,376
Rental of premises	161,204	198,223	-	-
Other income	266,469	1,598,024	-	-
	7,053,732	7,179,197	3,592,778	5,025,454

7. EMPLOYEES' BENEFITS EXPENSES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Salaries, bonuses and allowances	13,994,739	14,788,789	281,977	280,922
Contribution to defined contribution plan	1,454,843	1,512,100	-	-
Social security contributions	96,560	109,453	-	-
Other staff related expenses	1,506,934	1,741,295	125,000	20,884
	17,053,076	18,151,637	406,977	301,806
Cost of sale (Note 5)	19,415,797	14,025,335	-	-
	36,468,873	32,176,972	406,977	301,806

Included in employees' benefits expense of the Group is Executive Directors' remuneration amounting to RM2,516,797 (2019: RM3,091,121) as further disclosed in Note 10.

8. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Term loans	582,237	318,972	-	-
Hire purchase and finance lease liabilities	37,567	46,738	-	-
Sukuk Ijarah MTN	3,460,439	2,985,213	3,460,439	2,985,213
Revolving credit	1,624,548	1,629,548	-	-
Other borrowings	204,277	257,214	-	-
	5,909,068	5,237,685	3,460,439	2,985,213

9. LOSS BEFORE TAXATION

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Non-executive directors' remuneration (Note 10)	357,478	335,321	357,478	335,321
Auditors' remuneration:				
- Statutory audits	196,300	188,762	50,500	47,700
Property, vessel and equipment:				
- Depreciation (Note 13)	29,141,163	31,516,018	-	-
- Impairment loss (Note 13)	39,290,850	39,439,339	-	-
- Loss on disposal	-	1,492,525	-	-
Investment property				
- Depreciation (Note 15)	148,400	-	-	-
Right-of-use assets				
- Depreciation (Note 14)	112,516	-	-	-
Impairment loss on trade receivables (Note 23)	5,125,200	-	-	-
Net unrealised foreign exchange (gain)/loss	(2,167,011)	2,647,216	(113,685)	(1,018)
Impairment loss on interest in joint venture (Note 19)	14,600,200	4,935,914	-	-
Inventories:				
- Impairment loss (Note 21)	770,697	806,074	-	-
Impairment loss on interest in subsidiaries	-	-	-	33,744,680

10. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive:				
Salaries and other emoluments	2,331,195	2,844,089	-	-
Defined contribution plan	185,602	247,032	-	-
Total executive directors' remuneration	2,516,797	3,091,121	-	-
Non-executive:				
Fees and other emoluments	357,478	335,321	357,478	335,321
Total non-executive directors' remuneration	357,478	335,321	357,478	335,321
Total directors' remunerations	2,874,275	3,426,442	357,478	335,321

11. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense				
Current financial year				
- Malaysia	616,189	(4,783,161)	-	-
- Singapore	227,357	-	-	-
Under provision in prior years				
- Malaysia	825,575	-	187,110	-
	1,669,121	(4,783,161)	187,110	-
Deferred tax expense				
Relating to origination and reversal of temporary differences	(1,415,431)	4,326,304	-	-
Over provision in prior years	(390)	(15,681)	-	-
	(1,415,821)	4,310,623	-	-
Total income tax expense	253,300	(472,538)	187,110	-

11. TAXATION (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Loss before tax	(119,573,454)	(80,753,371)	(2,054,686)	(35,393,781)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(28,697,629)	(19,380,809)	(493,125)	(8,494,507)
Effect of tax rates in other tax jurisdiction	9,167,690	12,485,655	-	-
Effect of share of result of joint ventures and associates	601,210	132,882	-	-
Expenses non-deductible for tax purposes	17,126,470	930,822	493,125	8,494,507
Deferred tax assets not recognised	1,230,374	5,374,773	-	-
Under provision of income tax in prior years	825,575	-	187,110	-
Over provision of deferred tax in prior years	(390)	(15,861)	-	-
Income tax expense/(credit) for the year	253,300	(472,538)	187,110	-

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

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Other deductible temporary differences	119,719,654	114,593,096	-	-

11. TAXATION (CONT'D.)

The unabsorbed capital allowances of the Group are available indefinitely against future taxable profit of the respective entities within the Group subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profit of other entities in the Group and they have arisen in entities that have a recent history of losses.

Effective from year of assessment 2019 as announced in the Malaysia Annual Budget 2019, the unutilised tax losses of the Group as at 31 December 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded.

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.

	2020 RM	2019 RM
Loss attributable to owners of the parent of the Company	(119,464,986)	(79,479,150)
Weighted average number of ordinary shares in issue	1,237,055,567	944,404,757
Basic loss per share (sen)	(9.66)	(8.40)

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.

	2020 RM	2019 RM
Loss attributable to owners of the parent of the Company	(119,464,986)	(79,479,150)
Weighted average number of ordinary shares in issue	1,237,055,567	944,404,757
Adjusted weighted average number of ordinary shares in issue and issuable	1,237,055,567	944,404,757
	(9.66)	(8.40)

13. PROPERTY, VESSELS AND EQUIPMENT

Group	Long term leasehold RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessels RM	Motor vehicle RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Asset under construction RM	Total RM
Cost										
At 1 January 2019	-	12,133,167	603,759,549	50,522,322	126,814,877	5,023,917	7,557,279	5,050,232	-	810,861,343
Additions	-	-	3,324,590	5,880,848	-	-	8,115	-	-	9,213,553
Transfer from non-current assets held for sale (Note 26)	12,039,510	-	-	-	-	-	-	-	-	12,039,510
Disposals	-	-	(7,197,162)	-	(495,669)	-	-	-	-	(7,692,831)
At 31 December 2019	**12,039,510**	**12,133,167**	**599,886,977**	**56,403,170**	**126,319,208**	**5,023,917**	**7,565,394**	**5,050,232**	**-**	**824,421,575**
Additions	-	-	-	9,602,945	-	6,000	60,167	-	50,724	9,719,836
Transfer to investment property	-	(920,000)	-	-	-	-	-	-	-	(920,000)
Exchange differences	-	-	-	-	(993,656)	-	-	-	-	(993,656)
At 31 December 2020	**12,039,510**	**11,213,167**	**599,886,977**	**66,006,115**	**125,325,552**	**5,029,917**	**7,625,561**	**5,050,232**	**50,724**	**832,227,755**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

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

	Long term leasehold RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessels RM	Motor vehicle RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Asset under construction RM	Total RM
Group										
Accumulated depreciation										
At 1 January 2019	-	3,175,811	320,272,169	42,797,793	94,871,074	4,406,216	6,860,588	4,072,948	-	476,456,599
Charge for the year	20,269	102,304	19,559,910	2,372,299	8,168,441	428,512	636,054	228,229	-	31,516,018
Transfer from non-current assets held for sale (Note 26)	1,061,245	-	-	-	-	-	-	-	-	1,061,245
Disposals	-	-	(4,662,500)	-	(127,472)	-	-	-	-	(4,789,972)
Impairment	-	-	39,439,339	-	-	-	-	-	-	39,439,339
Exchange differences	-	-	(26,613)	(47,344)	(353,135)	-	-	-	-	(427,092)
At 31 December 2019	**1,081,514**	**3,278,115**	**374,582,305**	**45,122,748**	**102,558,908**	**4,834,728**	**7,496,642**	**4,301,177**	**-**	**543,256,137**
Charge for the year	121,612	644,924	20,144,542	3,485,788	4,342,585	56,085	231,292	212,010	50,724	29,289,562
Impairment	-	776,216	35,269,159	-	3,245,475	-	-	-	-	39,290,850
Transfer to investment property	-	(148,400)	-	-	-	-	-	-	-	(148,400)
Exchange differences	-	-	-	-	102,373	-	(102,373)	-	-	-
At 31 December 2020	**1,203,126**	**4,550,855**	**429,996,006**	**48,608,536**	**110,249,341**	**4,890,813**	**7,625,561**	**4,513,187**	**50,724**	**611,688,149**
Net book value										
At 1 January 2019	-	8,957,356	283,487,380	7,724,529	31,943,803	617,701	696,691	977,284	-	334,404,744
At 31 December 2019	10,957,996	8,855,052	225,304,672	11,280,422	23,760,300	189,189	68,752	749,055	-	281,165,438
At 31 December 2020	**10,836,384**	**6,662,312**	**169,890,971**	**17,397,579**	**15,076,211**	**139,104**	**-**	**537,045**	**-**	**220,539,606**

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	
	2020	**2019**
	RM	**RM**
Motor vehicles	139,104	189,189

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 30.

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 30 and the carrying amounts of the said assets are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Leasehold buildings	6,662,312	8,855,052
Vessels	169,890,971	225,304,671

The Group has performed a review of the recoverable amount of the Group's vessels. Impairment assessment review for each vessels 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 amounting to RM39,290,850 (2019: RM39,439,339). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM189,664,962 (2019: RM255,519,058). The recoverable amount of the vessels 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 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:

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

(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 average used is 6% (2019: 10%).

Valuation judgement by an independent professional valuer

An external valuer was engaged to issue valuation reports on 4 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.

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

Sensitivity to changes in assumptions

The sensitivity tests indicated that with a decrease in the vessels' utilisation rate or daily charter rate by 10%, the recoverable amount will be varied by approximately 7%.

14. RIGHT-OF-USE ASSETS

The Group has lease contracts for office buildings with contract terms of 1 to 3 years and the lease contracts do not contain variable lease payments.

Set out below are the carrying amount of right-of-use assets recognised and the movements during the period:

	Group	
	2020	**2019**
As at 1 January	-	-
Addition during the year	341,181	-
Depreciation	(112,516)	
As at 31 December	228,665	-

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2020	**2019**
As at January		
Addition during the year	299,656	-
Accretion of interest	12,626	-
Payments	(81,590)	-
As at 31 December	230,692	-
Current	30,259	-
Non-current	200,433	-
	230,692	-

The maturity analysis of lease liabilities are disclosed in Note 35.

14. RIGHT-OF-USE ASSETS (CONT'D.)

The following are the amounts recognised in profit or loss:

	Group	
	2020	**2019**
Depreciation expense of right-of-use assets	112,516	-
Interest expense on lease liabilities	12,626	-
Total amount recognised in statement of comprehensive income	125,142	-

15. INVESTMENT PROPERTY

	Group	
	2020	**2019**
	RM	**RM**
Cost		
At 1 January	-	-
Transfer from property, vessels and equipments	920,000	-
At 31 December	920,000	-
Accumulated depreciation		
At 1 January	-	-
Transfer from property, vessels and equipments	135,067	-
Charge for the year	13,333	
At 31 December	148,400	-
Net book value		
At 31 December	771,600	-

16. INTANGIBLE ASSETS

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2019	1,738,224	912,275	2,650,499
Exchange differences	7,592	3,985	11,577
At 31 December 2019	1,745,816	916,260	2,662,076
At 1 January 2020/ 31 December 2020	**1,745,816**	**916,260**	**2,662,076**
Accumulated amortisation and impairment			
At 1 January 2019	1,738,224	912,275	2,650,499
Exchange differences	7,592	3,985	11,577
At 31 December 2019	1,745,816	916,260	2,662,076
At 1 January 2020/ 31 December 2020	**1,745,816**	**916,260**	**2,662,076**
Net book value			
At 31 December 2019/ At 31 December 2020	**-**	**-**	**-**

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.

17. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM	2019 RM
Unquoted shares, at cost	100,303,120	100,303,120
Less: Accumulated impairment losses	(33,744,680)	(33,744,680)
	66,558,440	66,558,440

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

Name of subsidiaries	Country of Incorporation	Principal activities	Group's effective 2020 %	Group's effective 2019 %
(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 service	100	100
Alam Maritim Properties (M) Sdn. Bhd. ("AMP")**	Malaysia	Property owner and management	100	100

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The subsidiaries, which were incorporated in Malaysia, are as follows: (cont'd.)

Name of subsidiaries	Country of Incorporation	Principal activities	Group's effective 2020 %	2019 %
(iii) Held through AHSB:				
Alam Hidro (L) Inc. ("AHLI")**	Federal Territory of Labuan, Malaysia	Offshore facilities construction and installation and sub-sea services	100	100
(iv) Held through AMLI :				
Eastar Offshore Pte. Ltd. ("EASTAR") **	Singapore	Designing manufacturing and operating of remotely operated Vehicles ("ROVs")	75	75
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") **	Singapore	Rental of ROV and providing ROV services	75	75

** Audited by firms other than Al Jafree Salihin Kuzaimi PLT

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.

18. INVESTMENTS IN ASSOCIATES

	Group	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost	61,699,516	61,699,516
Less: Impairment loss	(61,699,516)	(61,699,516)
	-	-

Summarised financial information in respect of each of the Group 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 share of those amounts.

(i) Summarised consolidated statements of financial position

	TH-Alam Holdings (L) Inc.	
	2020	**2019**
	RM	**RM**
Assets and liabilities		
Non-current assets	171,175,399	203,655,648
Current assets	16,725,881	29,621,016
Total assets	187,901,280	233,276,664
Non-current liabilities	124,066,812	189,280,210
Current liabilities	81,975,487	33,093,691
Total liabilities	206,042,299	222,373,901
Net (liabilities)/assets	(18,141,019)	10,902,763

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc. 2020 RM	2019 RM
Revenue for the year	37,148,217	32,611,867
Depreciation of property, vessel and equipment	(32,920,595)	(30,151,193)
Impairment on property, vessel and equipment	(20,976,338)	(10,336,312)
Interest income	67,781	79,929
Interest expense	(7,367,579)	(9,944,453)
Loss for the year, representing total comprehensive income	(29,043,782)	(18,734,340)

(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. 2020 RM	2019 RM
Net assets as at 31 December	(18,141,019)	10,902,763
Loss for the year, representing total comprehensive income	(29,043,782)	(18,734,340)
Investment in associates	49%	49%
Carrying value of Group's investment in associates	(8,889,099)	5,342,354
Group's share of results of associates	(14,231,453)	(9,179,827)

Details of the associates are as follows:

Name of associates	Country of Incorporation	Principal activities	Group's effective 2020 %	2019 %
(i) Held through AMLI:				
TH-Alam Holdings (L) Inc. ("THAH") ••	Federal Territory of Labuan, Malaysia	Investment holding	49	49

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of the associates are as follows: (cont'd.)

Name of associates	Country of Incorporation	Principal activities	Group's effective 2020 %	Group's effective 2019 %
(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 Al Jafree Salihin Kuzaimi PLT

19. 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 2020 RM	Group 2019 RM
Unquoted shares, at cost	93,134,378	93,134,378
Share of post-acquisition reserves	1,618,980	1,618,980
	94,753,358	94,753,358
Redeemable preference shares	6,000,000	6,000,000
Less: Impairment loss	(59,554,619)	(44,954,419)
	41,198,739	55,798,939

19. INTEREST IN JOINT VENTURES (CONT'D.)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information represents the amounts in the 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	ARLI RM
2020		
Assets and liabilities		
Non-current assets	90,980,065	74,838,121
Cash and cash equivalent	1,046,467	133,470
Other current assets	20,624,858	14,249,887
Total assets	112,651,390	89,221,478
Trade and other payables	15,638,814	25,945,797
Other current liabilities	48,844	112,636,063
Total liabilities	15,687,658	138,581,860
Net assets/(liabilities)	96,963,732	(49,360,382)
2019		
Assets and liabilities		
Non-current assets	103,934,848	85,884,525
Cash and cash equivalent	1,500,729	164,897
Other current assets	32,433,212	35,197,301
Total assets	137,868,789	121,246,723
Trade and other payables	7,889,809	20,540,385
Other current liabilities	100,000	118,737,103
Total liabilities	7,989,809	139,277,488
Net assets	129,878,980	(18,030,765)

19. INTEREST IN JOINT VENTURES (CONT'D.)

(ii) Summarised statements of comprehensive income

	ALAM-PE (H) Group RM	ARLI RM
2020		
Revenue	2,622,254	2,768,965
Depreciation of property, vessels and equipment	(10,997,268)	(8,828,512)
Impairment on property, vessels and equipment	(9,875,519)	2,217,893
Loss before tax	(32,962,860)	(13,831,378)
Income tax expense	(1,417)	-
Total comprehensive loss for the financial year	(32,964,277)	(13,831,378)
2019		
Revenue	14,698,237	10,678,244
Depreciation of property, vessels and equipment	(11,066,255)	(8,745,666)
Impairment on property, vessels and equipment	(44,115,273)	(24,385,756)
Interest expense	-	(3,923,485)
Loss before tax	(45,145,021)	(35,042,728)
Income tax expense	(46,719)	-
Total comprehensive loss for the financial year	(45,191,740)	(35,042,728)

(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	ARLI RM
2020		
Net assets as at 31 December	96,963,732	(49,360,382)
Total comprehensive loss for the financial year	(32,964,277)	(13,831,378)
Interest in joint venture	51%	51%
Carrying value of Group's interest in joint ventures	49,451,503	(25,173,795)
Group's share of joint ventures	(16,811,781)	(7,054,003)
2019		
Net assets as at 31 December	129,878,980	6,354,991
Total comprehensive loss for the financial year	(45,191,740)	(35,042,728)
Interest in joint venture	51%	51%
Carrying value of Group's interest in joint ventures	66,238,280	3,241,045
Group's share of joint ventures	(23,047,787)	(17,871,791)

19. 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 2020 %	Group's effective 2019 %
(i) Held by the 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 Emirates	Ship owning, ship management, ship operation, maintenance and consultancy	60	60
Alam Brampton (L) Inc. ("ABLI") **	Federal Territory of Labuan, Malaysia	Ship owning, ship management, ship operation, maintenance and consultancy	51	51
Alam Fast Boats (L) Inc. ("AFBLI") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60

19. 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 2020 %	Group's effective 2019 %
(ii) Held through AMLI: (cont'd.)				
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 and chartering	51	51
TH Alam Management (M) Sdn. Bhd. ("THAM") **	Malaysia	Ship management and consultancy	50	50
Alam-PE Holdings (L) Inc. ("ALAM-PE(H)") **	Federal Territory of Labuan, Malaysia	Ship owning, ship management, ship operation, maintenance and marine consultancy	51	51
Globe Alam Marine Offshore Services Co. ("Globe Alam") **	Saudi Arabia	Offshore facilities construction and installation services	40	40
(iii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc. ("ALAM-PE I") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE II (L) Inc. ("ALAM-PE II") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE III (L) Inc. ("ALAM-PE III") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE IV (L) Inc. ("ALAM-PE IV") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51

19. 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 2020 %	Group's effective 2019 %
(iii) Held through ALAM-PE(H): (Cont'd)				
Alam-PE V (L) Inc. ("ALAM-PE V") **	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
Alam-PE Holdings Sdn. Bhd. ("ALAM-PE(H)SB") **	Malaysia	Ship management	51	51
(iv) Held through AMIH:				
Deepsea Leader Venture (L) Inc. ("DLV") **	Federal Territory of Labuan, Malaysia	Ship owning, ship management, ship operation, 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 owning, ship management, ship operation, maintenance and marine consultancy	51	51
(vi) Held through Alam JV:				
Wide Global (L) Inc. ("WG") **	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	50	50
(vii) Held through AHSB:				
Subsea Worldwide Solutions Sdn. Bhd. ("SWS") **	Malaysia	Providing offshore under water and subsea services	50	50

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

20. DEFERRED TAXATION

	Group	
	2020	**2019**
	RM	**RM**
At 1 January	5,210,731	5,530,733
Recognised in profit or loss (Note 11)	(1,415,821)	4,310,623
Exchange differences	727,525	(4,630,625)
At 31 December	4,522,435	5,210,731

Presented after appropriate offsetting as follows:

Deferred tax assets	-	(9,785,947)
Deferred tax liabilities	4,522,435	14,996,678
	4,522,435	5,210,731

The components and movement prior to offsetting of deferred tax liabilities and assets of the Group during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated allowances RM
At 1 January 2020	14,996,678
Recognised in profit or loss	(11,201,768)
Exchange differences	727,525
At 31 December 2020	4,522,435
At 1 January 2019	11,068,345
Recognised in profit or loss	8,558,958
Exchange differences	(4,630,625)
At 31 December 2019	14,996,678

20. DEFERRED TAXATION (CONT'D.)

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM
At 1 January 2020	(9,785,947)
Recognised in profit or loss	9,785,947
At 31 December 2020	-
At 1 January 2019	(5,537,612)
Recognised in profit or loss	(4,248,335)
At 31 December 2019	(9,785,947)

21. INVENTORIES

	Group	
	2020 RM	2019 RM
At cost:		
Raw materials	1,248,356	1,248,356
Spare parts	328,415	328,415
Less: Impairment losses	(1,576,771)	(806,074)
	-	770,697

22. CONTRACT ASSET

	Group	
	2020 RM	2019 RM
Current		
Contract asset		
Construction contract	6,385,531	28,945,359

The contract asset primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction activities. The contract asset will be transferred to trade receivables when the rights become unconditional.

23. TRADE RECEIVABLES

	Group 2020 RM	Group 2019 RM
Third parties	116,691,501	146,780,105
Accrued charter hire income	13,241,956	38,162,682
	129,933,457	184,942,787
Less: Allowance for expected credit losses	(93,602,094)	(88,476,894)
Trade receivables, net	36,331,363	96,465,893

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 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 40.

Ageing analysis of trade receivables

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

	Group 2020 RM	Group 2019 RM
Neither past due nor impaired	1,613,740	14,505,993
1 to 30 days past due not impaired	11,343,847	10,356,153
31 to 60 days past due not impaired	572,767	11,542,114
61 to 90 days past due not impaired	2,404,123	10,564,798
91 to 120 days past due not impaired	-	11,395,649
More than 121 days past due not impaired	20,396,886	38,101,186
	34,717,623	81,959,900
Impaired	93,602,094	88,476,894
	129,933,457	184,942,787

23. TRADE RECEIVABLES (CONT'D.)

Trade receivables that are neither past due nor impaired

As at 31 December 2020, the Group has trade receivables amounting to RM1,613,740 (2019: RM14,505,993) 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 2020, the Group has trade receivables amounting to RM34,717,623 (2019: RM81,959,900) that are past due at the reporting date but not impaired.

At the reporting date, 36% (2019: 65%) of trade receivables that are past due but not impaired are amounts due from established creditworthy major oil companies with minimum collection risk. The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

Trade receivables that are impaired

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

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

	Group	
	2020	**2019**
	RM	**RM**
At 1 January	88,476,894	88,476,894
Charge for the year (Note 9)	5,125,200	-
At 31 December	93,602,094	88,476,894

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.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Amount due from related parties:				
- Joint ventures	164,619,797	130,776,253	4,931,823	4,936,168
- Associates	5,019,391	47,321	37,179	45,870
	169,639,188	130,823,574	4,969,002	4,982,038
Less: Impairment loss	(61,043,414)	(61,043,414)	-	-
	108,595,774	69,780,160	4,969,002	4,982,038
Deposits	190,747	231,049	-	-
Prepayments	3,078,395	13,901,654	-	-
Sundry receivables	1,883,862	17,975,347	421,415	297,470
Total other receivables	113,748,778	101,888,210	5,390,417	5,279,508

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

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

	Group	
	2020	**2019**
	RM	**RM**
At 1 January/At 31 December	61,043,414	61,043,414

Other information of financial risks of other receivables are disclosed in Note 40.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash on hand and at bank	27,807,628	24,399,417	13,836,746	3,093,054
Deposits with licensed bank (a)	26,434,735	47,154,596	-	26,702,863
Cash and bank balances	54,242,363	71,554,013	13,836,746	29,795,917
Less: Bank overdrafts (Note 30)	(2,401,552)	(3,232,912)	-	-
Amount set aside as sinking fund (b)	(11,577,212)	(38,279,046)	-	(26,702,863)
Amount set aside as margin deposits for bank guarantee facilities (c)	(14,857,523)	(8,014,663)	-	-
Total cash and cash equivalents	25,406,076	22,027,392	13,836,746	3,093,054

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2020 are 2.4% (2019: 2.4%) and 36 days (2019: 36 days) respectively.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 30.

(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 40.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	53,510,937	70,558,068	13,836,746	29,795,917
United State Dollar	126,000	1,722	-	-
Singapore Dollar	605,426	994,223	-	-
	54,242,363	71,554,013	13,836,746	29,795,917

26. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2020 RM	2019 RM
At 1 January	-	10,978,265
Transfer to property, vessels and equipment:		
Cost (Note 13)	-	(12,039,510)
Accumulated depreciation (Note 13)	-	1,061,245
At 31 December	-	-

27. SHARE CAPITAL

	Number of share of ordinary shares	Amount	
	Share capital (issued and fully paid) Units	Share capital (issued and fully paid) RM	Total RM
At 1 January 2020	1,035,019,974	406,265,386	406,265,386
Addition	333,862,432	26,715,960	26,715,960
At 31 December 2020	1,368,882,406	432,981,346	432,981,346
At 1 January 2019	924,460,921	396,314,966	396,314,966
Addition	110,559,053	9,950,420	9,950,420
At 31 December 2019	1,035,019,974	406,265,386	406,265,386

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary share carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

28. OTHER RESERVES

Group	Premium paid on acquisition of non-controlling interest RM	Foreign currency translation reserve RM	Employee share option option reserve RM	Total RM
At 1 January 2020	(4,639,834)	2,109,669	-	(2,530,165)
Foreign currency translation	-	53,508	-	53,508
Options granted during the year	-	-	165,616	165,616
At 31 December 2020	(4,639,834)	2,163,177	165,616	(2,311,041)

28. OTHER RESERVES (CONT'D.)

Group	Premium paid on acquisition of non-controlling interest RM	Foreign currency translation reserve RM	Employee share option option reserve RM	Total RM
At 1 January 2019	(4,639,834)	3,186,453	2,108,236	654,855
Foreign currency translation	-	(1,076,784)	-	(1,076,784)
Expiry of employees share options	-	-	(2,108,236)	(2,108,236)
At 31 December 2019	(4,639,834)	2,109,669	-	(2,530,165)

Company	Employee share option option reserve RM	Total RM
At 1 January 2020	-	-
Options granted during the year	165,616	165,616
At 31 December 2020	165,616	165,616
At 1 January 2019	2,108,236	2,108,236
Expiry of employees share options	(2,108,236)	(2,108,236)
At 31 December 2019	-	-

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 36. 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.

29. 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.

30. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 25)	2,401,552	3,232,912	-	-
Term loans	8,985,590	2,225,779	-	-
Sukuk Ijarah MTN	55,818,377	9,000,000	55,818,377	9,000,000
Hire purchase and finance lease liabilities (Note 31)	302,975	517,131	-	-
	67,508,494	14,975,822	55,818,377	9,000,000
Unsecured:				
Revolving credits	33,934,345	32,590,959	-	-
	101,442,839	47,566,781	55,818,377	9,000,000
Long term borrowings				
Secured:				
Term loans	3,555,838	9,971,390	-	-
Sukuk Ijarah MTN	-	65,000,000	-	65,000,000
Hire purchase and finance lease liabilities (Note 31)	155,154	345,861	-	-
	3,710,992	75,317,251	-	65,000,000
Total borrowings				
Bank overdrafts (Note 25)	2,401,552	3,232,912	-	-
Revolving credits	33,934,345	32,590,959	-	-
Term loans	12,541,428	12,197,169	-	-
Sukuk Ijarah MTN	55,818,377	74,000,000	55,818,377	74,000,000
Hire purchase and finance lease liabilities (Note 31)	458,129	862,992	-	-
	105,153,831	122,884,032	55,818,377	74,000,000

30. BORROWINGS (CONT'D.)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than 1 year	101,139,864	47,049,650	55,818,377	9,000,000
Later than 1 year not later than 2 years	801,065	17,044,845	-	14,400,000
Later than 2 years not later than 5 years	2,754,773	57,926,545	-	50,600,000
Later than 5 years	-	-	-	-
	104,695,702	122,021,040	55,818,377	74,000,000

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	
	2020 %	2019 %	2020 %	2019 %
Bank overdrafts	6.60	6.60	-	-
Term loans	4.92	5.00	-	-
Sukuk Ijarah MTN	5.63	5.00	5.00	5.00
Revolving credits	2.24	3.80	-	-

(a) Bank overdraft :

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 25.

(b) Term loan

(i) First legal charge over the leasehold building, vessels and investment properties of certain subsidiaries as disclosed in Note 13;

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

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

30. BORROWINGS (CONT'D.)

(b) Term loan (cont'd.)

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

(v) Corporate guarantees by the Company; and

(vi) Assignment of the insurance policy for vessels of certain subsidiaries.

(c) Sukuk Ijarah MTN Facility

The Sukuk Ijarah MTN are secured by:

(i) a first legal charge over the designated accounts as defined in the Trust Deed;

(ii) third party second fixed legal charge over each of the Sukuk Ijarah MTN assets and assignment of all insurance thereon and charter contracts; and

(ii) sinking fund as disclosed in Note 25.

(d) Revolving credits

The features of revolving credits issued are as follows:

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

(ii) Required money pledged by way of sinking fund and corporate guarantee as disclosed in Note 25.

31. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2020	**2019**
	RM	**RM**
Future minimum lease payments:		
Not later than 1 year	310,769	565,321
Later than 1 year and not later than 2 years	162,949	234,876
Later than 2 year and not later than 5 years	-	123,508
Total future minimum lease payments	473,718	923,705
Less: Future finance charge	(15,589)	(60,713)
Present value of finance lease liabilities (Note 30)	458,129	862,992

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

	Group	
	2020	**2019**
	RM	**RM**
Analysis of present value:		
Not later than 1 year	302,975	517,131
Later than 1 year and not later than 2 years	155,154	224,823
Later than 2 year and not later than 5 years	-	121,038
	458,129	862,992
Less: Amount due within 12 months (Note 30)	(302,975)	(517,131)
Amount due after 12 months (Note 30)	155,154	345,861

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2019: 2.77%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 41.

32. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM55,726,125 (2019: RM74,000,000) which bears interest rate between 5.2% per annum and 5.6% per annum (2019: 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 RM10,000,000.

Further details on related party transactions are disclosed in Note 38.

33. TRADE PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Third parties	92,484,617	117,225,520	**-**	-

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2019: 30 to 60 days).

Other information on financial risks of trade payables is disclosed in Note 40.

34. OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Current:				
Amounts due to related parties:				
- Joint ventures	16,469,779	38,973,223	-	58,127,834
- Associates	2,955,178	3,782,072	-	-
	19,424,957	42,755,295	-	58,127,834
Financial guarantee	-	-	-	3,600,000
Accrued expenses	16,840,713	21,149,629	3,401,597	5,949,098
Sundry payables	661,775	1,151,843	10,596,302	307,060
	36,927,445	65,056,767	13,997,899	67,983,992

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 40.

35. LEASE LIABILITIES

	Group	
	2020	**2019**
	RM	**RM**
Current:		
Obligation under right-of-use asset	30,259	-
Non-current		
Obligation under right-of-use asset	200,433	-

35. LEASE LIABILITIES (CONT'D.)

The remaining maturities of lease liabilities as at 31 December are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Maturity of lease liabilities :		
Within one year	30,259	-
More than 1 year and less than 2 years	122,118	-
More than 2 years and less than 5 years	78,315	-
	230,692	-

36. EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

Company has implemented the New ESOS with effect from 2 April 2019 ("Effective Date of New ESOS"), being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities.

Pursuant to the above, the Existing ESOS shall be terminated on 2 April 2019 ("Termination Date of Existing ESOS") and replaced by the New ESOS. As at the Termination Date of the Existing ESOS, the Company has a total of 80,549,000 Outstanding Options, including 36,247,050 Exercisable ESOS Options, all of which shall no longer be exercised into new AMRB Shares.

The maximum number of new AMRB Shares which may be issued and allotted pursuant to the exercise of the New ESOS Options shall not in aggregate exceed 15.0% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the New ESOS.

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

Subject to any adjustments which may be made under the New ESOS By-Laws, the aggregate number of new AMRB Shares that may be offered and allotted to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person and such other factors that the ESOS Committee may deem relevant subject to the following:

- that the executive directors, non-executive directors and senior management do not participate in the deliberation or discussion of their own allocation;

- not more than ten per cent (10.0%) of the new AMRB Shares available under the Proposed New ESOS shall be allocated to any Eligible Person who, either singly or collectively through Person Connected with the Eligible Person, holds 20.0% or more in the issued share capital of the Company; and

- the AMRB Shares available under the ESOS allocated for the executive directors, non-executive directors and senior management personnel of the Company collectively shall not exceed 50.0% of the total new AMRB Shares available under the Proposed New ESOS.

Subject to any adjustments made under these New ESOS Bylaws and pursuant to the Listing Requirements, the Subscription Price shall be determined by the ESOS Committee and shall be based on the five(5)-day VWAMP of AMRB Shares immediately preceding the date of offer, with a discount, if any, provided always that such discount is not more than ten per cent (10.0%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period. The Subscription Price as determined by the ESOS Committee shall be conclusive and binding on the grantee.

The Proposed New ESOS, when implemented, shall be in force for a period of five (5) years from the effective date of implementation of the Proposed New ESOS. The Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the New ESOS for a period of up to a maximum of five (5) years, commencing from the day after the date of expiration of the original five (5) years period .

The ESOS Committee may terminate the ESOS at any time before the Date of Expiry without obtaining the approvals from the Grantees who have yet to exercise their Options or the Company's shareholders provided that the Company releases an announcement to Bursa Securities on the following:

- the effective date of termination ("Termination Date")
- the number of Options exercised or shares vested; and
- the reasons and justification for termination.

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

	Group/Company Number of Shares	
	2020	**2019**
Options granted during the year	33,123,223	22,082,149
Outstanding as at 1 January	22,082,149	36,247,050
Expired	-	(36,247,050)
Options eligible to exercise during the year	33,123,223	22,082,149
Outstanding as at 31 December	55,205,372	22,082,149

37. FINANCIAL GUARANTEE CONTRACTS

At the reporting date, the Company has extended its corporate guarantees given to bank facilities granted to various subsidiaries amounting to RM92,500,000 (2019: RM92,500,000) and USD1,900,000 (2019: USD1,900,000).

The Group also has provided corporate guarantees on proportionate basis for the credit facilities amounting to USD69,600,000 (2019: USD 69,600,000) to its joint ventures.

38. 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	2020 RM	2019 RM
Group			
Joint ventures:			
Vessel's management fees	(i)	8,970,315	7,194,938
Charter hire vessel		2,176,586	34,625,804

38. RELATED PARTY DISCLOSURES (CONT'D.)

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

	Note	2020 RM	2019 RM
Group			
Associates:			
Vessel's management fees	(i)	-	1,260,000
Charter hire vessel		60,854,000	63,301,555
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(ii)	3,460,439	2,985,213

(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 2020 and 31 December 2019 are disclosed in Notes 24, 32 and 34.

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

(b) Compensation of key management personnel

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term employee benefits	5,065,658	5,441,720	357,478	335,321
Contributions to defined contribution plan	441,157	483,444	-	-

38. RELATED PARTY DISCLOSURES (CONT'D.)

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

Included in the total key management personnel compensation are:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 10)	2,874,275	3,426,442	357,478	335,321

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	
	2020	**2019**
	RM	**RM**
At 1 January/31 December	42,109,000	42,109,000

39. 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	**Fair value**
	RM	**RM**
2020		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	3,555,838	2,938,262
- Hire purchase and finance lease liabilities	155,154	130,362
2019		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	9,971,390	8,457,195
- Hire purchase and finance lease liabilities	578,202	684,362

39. FAIR VALUE MEASUREMENT (CONT'D.)

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

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

	Note
Contract asset	22
Trade receivables	23
Other receivables	24
Cash and cash equivalents	25
Trade payables	33
Other payables	34

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.

<u>Determination of fair value</u>

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2020 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.

39. FAIR VALUE MEASUREMENT (CONT'D.)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
2020				
Property, vessels and equipment (Note 13)	31 December 2020	-	221,441,817	221,441,817
2019				
Property, vessels and equipment (Note 13)	31 December 2019	-	255,519,058	255,519,058

Level 2 fair value

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

Level 3 fair value

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

40. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND

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 Board Risk Management Committee ("BRMC") 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.

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

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

(a) Credit risk

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

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

Exposure to credit risk

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

At the reporting date, approximately:

- 62% (2019: 48%) of the Group's trade receivables were due from 10 (2019: 10) major customers who are located in Malaysia; and

- 69% (2019: 46%) 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 23. 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 23.

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

(a) Credit risk (Cont'd.)

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 RM44,800,000 and RM19,400,000 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.

(b) Liquidity risk

Liquidity risk is the risk that the Group and 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 "1" year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the reporting date, approximately 97% (2019: 29%) of the Group's borrowings as disclosed in Note 30 will mature in less than one year based on the carrying amount reflected in the financial statements. About 100% (2019: 12%) of the Company's borrowings will mature in less than one year at the reporting date.

Subsequent event to the year end, the Group and the Company are in the midst of restructuring certain borrowings repayment as disclosed in Note 43.

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

(b) Liquidity risk (Cont'd.)

Analysis of financial instruments by remaining contractual maturities

	Carrying amount RM	On demand within one year RM	One to five years RM	Over five years RM	Total RM
2020					
Financial liabilities:					
Group					
Trade and other payables	129,412,062	129,412,062	-	-	129,412,062
Borrowings	105,153,831	101,139,864	801,065	2,754,773	104,695,702
Total undiscounted financial liabilities	234,565,893	230,551,926	801,065	2,754,773	234,107,764
Company					
Trade and other payables	13,997,899	13,997,899	-	-	13,997,899
Borrowings	55,818,377	55,818,377	-	-	55,818,377
Total undiscounted financial liabilities	69,816,276	69,816,276	-	-	69,816,276

40. 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 within one year RM	One to five years RM	Over five years RM	Total RM
2019					
Financial liabilities:					
Group					
Trade and other payables	182,282,287	182,282,287	-	-	182,282,287
Borrowings	122,884,032	47,614,971	17,279,721	57,989,340	122,884,032
Total undiscounted financial liabilities	305,166,319	229,897,258	17,279,721	57,989,340	305,166,319
Company					
Trade and other payables	67,983,992	67,983,992	-	-	67,983,992
Borrowings	74,000,000	9,000,000	14,400,000	50,600,000	74,000,000
Total undiscounted financial liabilities	141,983,992	76,983,992	14,400,000	50,600,000	141,983,992

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

(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 70% (2019: 70%) of the Group's borrowings are at fixed rates of interest.

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

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss before tax would have been RM29,112 (2019: RM35,510) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

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

(d) Foreign currency risk

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

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

Approximately Nil(2019: nil) of the Group's sales are denominated in foreign currencies whilst almost Nil (2019: 1%) 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.

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

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

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	
			2020	**2019**
			RM	**RM**
Financial liabilities				
USD/RM	-	strengthened 3% (2019: 3%)	(1,308,308)	(424,716)
	-	weakened 3% (2019: 3%)	1,308,308	424,716
SGD/RM	-	strengthened 3% (2019: 3%)	(296,411)	(367,471)
	-	weakened 3% (2019: 3%)	296,411	367,471

41. 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 2020 and 31 December 2019.

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.

41. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Borrowings	105,153,831	122,884,032	55,818,377	74,000,000
Trade and other payables	129,412,062	182,282,287	13,997,899	67,983,992
Less: Cash and bank balances	(54,242,363)	(71,554,013)	(13,836,746)	(29,795,917)
Net debt	180,323,530	233,612,306	55,979,530	112,188,075
Equity attributable to the owners of the parent, representing total capital	238,948,169	331,304,265	398,007,388	373,367,608
Capital and net debt	419,271,699	564,916,571	453,986,918	485,555,683
Gearing ratio	43.01%	41.35%	12.33%	23.11%

42. SEGMENTAL INFORMATION

(a) Reporting format

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

The Group comprises the following two main business segments:

- ***Offshore support vessels and services***

  Provision of vessels for charter hire, assisting seismic operators in seismic survey related activities, transportation of crew and supplies, towing and mooring of rigs offshore, anchor-handling services and other support, repair and maintenance services for the oil and gas industry.

- ***Sub-sea services***

  Provision of offshore facilities construction and installation services such as marine construction related services, sub-sea engineering services and offshore pipeline construction related services and designing, manufacturing and operating of remotely operated vehicles.

42. SEGMENTAL INFORMATION (CONT'D.)

(b) Business segments

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

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.

42. SEGMENTAL INFORMATION (CONT'D.)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2020					
Revenue					
Sales to external customers	69,923,620	185,286,473	-	-	255,210,093
Inter segment sales	8,597,086	-	-	(8,597,086)	-
Total revenue	78,520,706	185,286,473	-	(8,597,086)	255,210,093
Results					
Segment results	(95,561,340)	(11,963,853)	(74,533)	8,375,686	(99,224,040)
Finance costs	(9,398,427)	(51,662)	(18,607)	3,559,628	(5,909,068)
Share of results of joint ventures	(17,841,460)	3,401,114	-	-	(14,440,346)
Loss before tax	(122,801,227)	(8,614,401)	(93,140)	11,935,314	(119,573,454)
Income tax expenses	590,834	(616,777)	(227,357)	-	(253,300)
Loss for the year	(122,210,393)	(9,231,178)	(320,497)	11,935,314	(119,826,754)

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42. SEGMENTAL INFORMATION (CONT'D.)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2020 (Cont'd.)					
Assets					
Segment assets	198,604,972	14,731,117	6,845,322	2,104,951	222,286,362
Investments in associates	-	-	-	-	-
Interests in joint ventures	53,922,359	499,587	-	(13,223,207)	41,198,739
Unallocated assets	172,810,906	55,027,185	407,848,307	(425,275,949)	210,410,449
Total assets	425,338,237	70,257,889	414,693,629	(436,394,205)	473,895,550
Total liabilities	493,393,964	78,290,070	82,098,203	(413,941,299)	239,840,938
Other segment information:					
Capital expenditure	9,667,784	-	-	-	9,667,784
Depreciation:					
- property, vessels and equipment	25,857,896	3,043,564	205,439	-	29,106,900
Other significant non-cash expenses:					
Impairment loss on:					
- trade receivables	4,933,985	-	191,215	-	5,125,200
- interests in joint ventures	14,600,200	-	-	-	14,600,200
Impairment of property, vessels and equipment	35,269,159	3,245,475	776,216	-	39,290,850

42. SEGMENTAL INFORMATION (CONT'D.)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2019					
Revenue					
Sales to external customers	93,070,234	213,599,240	-	-	306,669,474
Inter segment sales	5,553,311	-	-	(5,553,311)	-
Total revenue	98,623,545	213,599,240	-	(5,553,311)	306,669,474
Results					
Segment results	(60,418,299)	(4,800,437)	(1,509,239)	1,820,256	(64,907,719)
Finance costs	(5,107,915)	(104,662)	(25,108)	-	(5,237,685)
Share of results of joint ventures	(10,607,967)	-	-	-	(10,607,967)
Loss before tax	(76,134,181)	(4,905,099)	(1,534,347)	1,820,256	(80,753,371)
Income tax expenses	786,670	(176,882)	(137,250)	-	472,538
Loss for the year	(75,347,511)	(5,081,981)	(1,671,597)	1,820,256	(80,280,833)

42. SEGMENTAL INFORMATION (CONT'D.)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2019 (Cont'd.)					
Assets					
Segment assets	248,221,612	22,073,654	7,748,819	3,121,353	281,165,438
Investments in associates	-	-	-	-	-
Interests in joint ventures	67,158,656	499,587	-	(11,859,304)	55,798,939
Unallocated assets	240,781,777	12,046,094	418,194,508	(358,956,421)	312,065,958
Total assets	556,162,045	34,619,335	425,943,327	(367,694,372)	649,030,335
Total liabilities	475,225,176	37,225,108	144,600,144	(335,220,693)	321,829,735
Other segment information:					
Capital expenditure	2,853,203	-	-	-	2,853,203
Depreciation:					
- property, vessels and equipment	25,004,986	6,483,008	28,024	-	31,516,018
Other significant non-cash expenses:					
Impairment loss on:					
- interests in joint ventures	4,935,914	-	-	-	4,935,914
Impairment of property, vessels and equipment	39,098,781	340,558	-	-	39,439,339

43. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Covid-19 outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus (“Covid-19“) outbreak as a global pandemic. On 18 March 2020, the Government imposed the Movement Control Order (“MCO”) to curb the spread of the Covid-19 outbreak in Malaysia.

The MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a second wave of infections into Malaysia, the Government re-imposed the MCO in various phases until the date of issuance of these financial statements.The emergence of the Covid-19 outbreak in early 2020 has brought about significant economic uncertainties in Malaysia within which the Group operates.

Like any other businesses, certain segments within the Group’s operations have been affected by the pandemic as a result of travel restrictions, lockdowns, quarantines, social distancing and closures of non-essential services throughout the financial year. The Group has considered the impact of Covid-19 in the application of significant judgements and estimates to determine amounts recognised in the financial statements. As the pandemic continues to evolve, there is uncertainty over its duration and the potential effects it may affect have on the Group’s operations and financial performance.

Given the fluidity of the situation, the Group will continue to monitor the impact of the pandemic and take appropriate and timely measures to minimise any impact on the Group’s business and focus on delivering long-term value to the shareholders.

(b) On the 16 February 2021 had announced to undertake the following:

The Board had on 16 February 2021 resolved to fix the issue price for the Private Placement II at RM0.0771 per Placement Share II. The issue price of RM0.0771 per Placement Share II represents a discount of approximately 9.93% to the 5-day VWAP of AMRB Shares up to and including 15 February 2021, being the last traded day of AMRB Shares immediately preceding the price-fixing date of RM0.0856 per AMRB Share.

(c) On the 24 February 2021 had announced to undertake the following:

A private placement of up to 20% of the issued shares of Alam Maritim Resources Berhad approximately 65,000,000 units number of shares issued at an issue price RM0.0771 per share. ("Proposed Private Placement II").

43. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(d) Declaration of a state emergency

A state of emergency has been declared in Malaysia by the King, Yang Maha Mulia Seri Paduka Baginda Yang Di-Pertuan Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, effective from 11 January 2021 to 01 August 2021, to tackle the Covid-19 pandemic.

(e) Material Litigations

The following the summary of litigation matters involving the Group and the Company:

Case No.	Plaintiff/ Petitioner	Defendant/ Respondent	Amount Claim (RM)
WA-22NCC-367-08 /2020	CIMB Bank Berhad	Alam Maritim (M) Sdn. Bhd. & Alam Maritim Resources Berhad	10,496,845
WA-22M-302-08 /2020	Bank Muamalat Malaysia	Alam Maritim (M) Sdn. Bhd. & Alam Maritim Resources Berhad	8,588,241
WA-27NCC-43-05 /2020	F.H Berthling Project Logistics Sdn, Bhd.	Alam Maritim (M) Sdn. Bhd.	4,752,770
BA-A52NCvC-507-09 /2020	Eastern Distinction Sdn. Bhd.	Alam Maritim (M) Sdn. Bhd.	611,800
WA-22NCvC-814-12 /2020	Armada Petroleum Sdn. Bhd.	Alam Maritim (M) Sdn. Bhd.	1,089,676

The Directors after taking consideration the facts of the above cases, in consultation with the Group's and the Company's solicitors, are of the opinion that the Group and the Company have a good chance of success in defending the above cases.

43. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(f) Formulating a restructuring and regularisation scheme

The Group is in the midst of formulating a restructuring and regularisation scheme on its borrowings. The Group had lodged an application 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 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 Group’s restructuring involves a bilateral settlement between each borrowing entity and its respective lenders or financiers by amending and extending the terms and conditions of the existing borrowing or facilities based on their respective cash flow forecasts and projections.

44. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 May 2021.