Alam Maritim

Envisioning a New World

Annual Report **2007**

ALAM MARITIM RESOURCES BERHAD

Full Speed Ahead

Robust growth expected with expanded fleet

Message to Our Shareholders

Beyond the Surface

New Solution to Existing Problems

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Cover Rationale

As a company that is firmly anchored to strong guiding principles, Alam Maritim Resources Berhad is fast making waves in the oil and gas industry; offering new solutions and innovations to improve and elevate the industry's standard higher.

The cover of this year's Annual Report represents the idea and at the same time expresses the company's aspiration to set its sail forward towards provision of excellent services and products for all its clients.

ALAM MARITIM RESOURCES BERHAD (Co. No. 700849-K)
38F Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur
Tel : + 603 - 9058 2244 • www.alam-maritim.com.my • info@alam-maritim.com.my

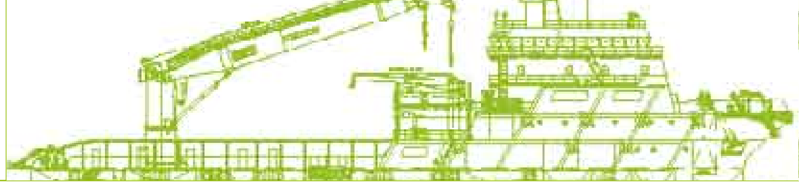
Our **Vision**

We aim to be a reputable integrated offshore service provider in global oil and gas industry.

Mission Statement

We provide quality offshore support services to the global oil and gas industry with emphasis on:

- Promoting health, safety, environment and security at the workplace
- Developing human capital capabilities
- Inculcating result-oriented work culture
- Establishing good corporate governance practice
- Maximising shareholders' wealth



Health, Safety and Environment Policy

ALAM MARITIM GROUP believes that sincere and continual commitment towards excellence on Health, Safety and Environment is vital in sustaining and preventing injury to human or loss of life, damages to our assets as well as the preservation of the marine environment.

ALAM MARITIM GROUP is in compliance with the International Safety Management (ISM) Code in our maritime operations as well as internationally recognised Health, Safety and Environment Management System (HSE-MS) in our business operations.

ALAM MARITIM GROUP Health, Safety and Environment Management System (HSE-MS) objectives are:

- Ensuring the existence of safe practices for marine operations and compliance to health, safety and environment protection within the oil and gas industry.
- Ability to conduct risk assessment for all the activities.
- Continual improvement on personnel skills on health, safety and environment (HSE) by providing adequate resources on training implementation.
- Maintaining emergency preparedness by ensuring the emergency response system is regularly tested.

The HSE-MS Objectives can be achieved through the following means:

- Recognizing employees as valuable assets to the company, ALAM MARITIM GROUP is committed to provide a healthy and safe working environment.
- Ensuring employees at every level are safeguarded from identified risks.
- Communicating to all employees, ensuring information are shared and issues are properly addressed through consultation.
- Comply with the statutory requirements in the countries where ALAM MARITIM GROUP operates and applying consistent HSE standards worldwide. As a minimum requirement, internationally accepted codes and standards shall be used in ALAM MARITIM GROUP operations.
- Contractors managed by ALAM MARITIM GROUP shall comply with ALAM MARITIM GROUP HSE standards as a minimum.
- Reviewing the HSE performance for frequent updating to ensure continual improvement in areas where there are weaknesses within the management system.
- Providing competent personnel and other resources as required in ensuring that work is being executed with consideration towards total accident prevention.

ALAM MARITIM GROUP is totally committed in attaining excellence towards the protection of Health, Safety and Environment, and would seek all Directors, Managers, Executives, every office base staff, and those mariners working offshore on board ALAM MARITIM GROUP marine spread for their fullest undivided support to execute and make ALAM MARITIM GROUP Policy on HSE a success and we can be proud of together.

Quality Policy

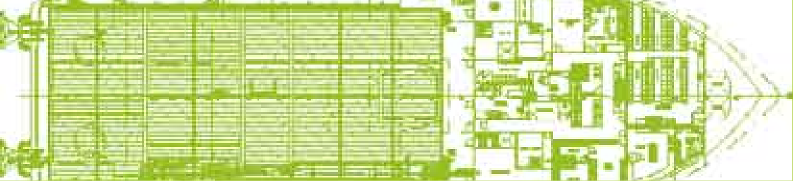
Alam Maritim Resources Berhad provides the following services to the oil and gas industry:

- Offshore support vessels.
- Offshore installation and underwater construction.
- Warehouse and logistics support.

We provide quality offshore support services to the global oil & gas industry with emphasis on:

- Promoting health, safety, environment at workplace.
- Developing human capital capabilities.
- Inculcating result oriented work culture.
- Establishing good corporate governance practice.
- Maximising shareholders' wealth.

We shall continually monitor and review our performance and undertake improvement measures to achieve the quality in line with our Quality Management System (QMS).



Corporate Information

Board of Directors
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
Non-Executive Chairman

Azmi bin Ahmad
Managing Director/ Chief Executive Officer

Shaharuddin bin Warno @ Rahmad
Executive Director/ Chief Operating Officer

Ahmad Hassanudin bin Ahmad Kamaluddin
Executive Director

Mohd Abd Rahman bin Mohd Hashim
Executive Director

Ab Razak bin Hashim
Executive Director

Haji Ab Wahab bin Haji Ibrahim
Non-Executive Director

Dato' Mohamad Idris bin Mansor
Non-Executive Director

Audit Committee
Haji Ab Wahab bin Haji Ibrahim (Chairman)
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
Dato' Mohamad Idris bin Mansor

Risk Management Committee
Dato' Mohamad Idris bin Mansor (Chairman)
Haji Ab Wahab bin Haji Ibrahim
Shaharuddin bin Warno @ Rahmad
Azmi bin Ahmad
(alternate member to Shaharuddin bin Warno @ Rahmad)

Nomination & Remuneration Committee
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman)
Dato' Mohamad Idris bin Mansor
Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad

Company Secretary
Haniza binti Sabaran ACIS (MAICSA No.7032233)

Registered Office and Correspondence Address
Alam Maritim Resources Berhad (HEAD OFFICE)
No. 38F, Level 2, Jalan Radin Anum
Bandar Baru Sri Petaling
57000 Kuala Lumpur
MALAYSIA
Tel : + 603 - 9058 2244
Fax : + 603 - 9059 6845
Website : www.alam-maritim.com.my
Email : info@alam-maritim.com.my

Share Registrar
PFA Registration Services Sdn Bhd (19234-W)
Level 13, Uptown 1
No 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor, MALAYSIA
Tel: + 603 - 7718 8600

Auditors
Ernst & Young (AF0039)
Level 23A Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.
Tel : + 603 - 7495 8000

Principal Bankers
Malayan Banking Berhad (3813-K)
Concourse Level
Petronas Twin Tower
Kuala Lumpur City Center
50088 Kuala Lumpur
MALAYSIA
Tel : + 603 - 2026 7952

Maybank International (L) Ltd (900003-A)
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
MALAYSIA
Tel : + 608 - 741 4406

CIMB Bank Berhad (13491-P)
10th Floor, Bangunan CIMB
Jalan Semantan
50490 Kuala Lumpur
MALAYSIA
Tel : + 603 - 2084 8388

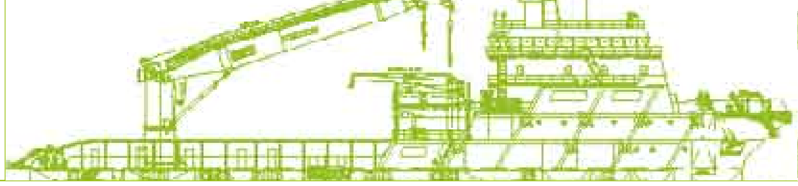
Standard Chartered Bank Malaysia Berhad (115793-P)
Level 16, Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur
MALAYSIA
Tel : +603 - 2117 7777

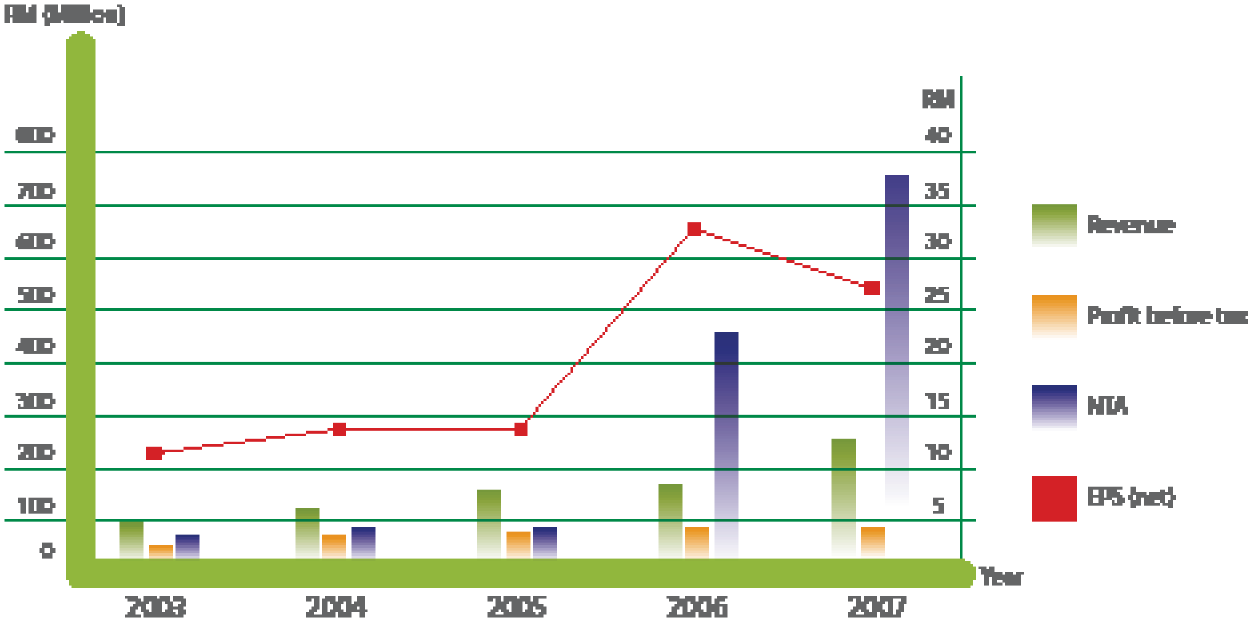
Bank Pembangunan Malaysia Berhad (47572-H)
Bandar Wawasan
No. 1016, Jalan Sultan Ismail
50724 Kuala Lumpur
MALAYSIA
Tel : + 603 - 2692 9088

Bank Muamalat Malaysia Berhad (6175-W)
Level 1, Podium Block
Menara Bumiputra
No. 21, Jalan Melaka
50100 Kuala Lumpur
MALAYSIA

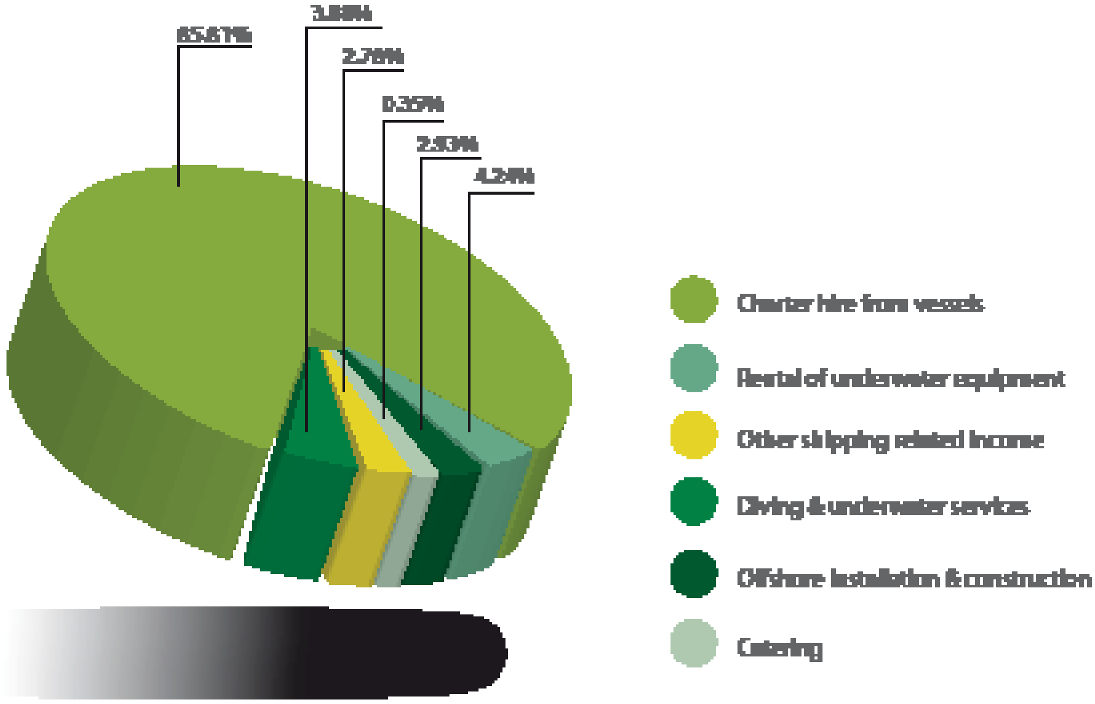
Stock Exchange Listing
Listed on Main Board of
Bursa Malaysia Securities Berhad (635998 - W)
Sector : Trading/Services
Stock Name : ALAM
Stock Code : 5115

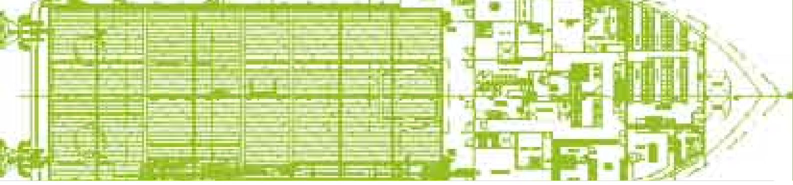
Legal Advisor
Zul Rafique & Partners
Suite 17-01
17th Floor, Menara Pan Global
No. 8, Lorong P. Ramlee
50250 Kuala Lumpur
Tel : + 603 - 2078 8228





Revenue Breakdown for the Financial Year 2007





Financial Calendar

23 April 2007 (Monday)
Announcement for the declaration of dividend in respect of the financial year ended 31 December 2006

16 May 2007 (Wednesday)
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2007

27 June 2007 (Wednesday)
2nd Annual General Meeting and Extraordinary General Meeting

6 July 2007 (Friday)
1st Issuance of RM300 million in nominal value Sukuk Ijarah MTN

31 July 2007 (Tuesday)
Notice of entitlement and payment of first and final dividend of 3% or 1.5 sen per share less 27% income tax

13 August 2007 (Monday)
Entitlement of first and final dividend of 3% or 1.5 sen per share less 27% income tax

21 August 2007 (Tuesday)
Payment of first and final dividend of 3% or 1.5 sen per share less 27% income tax

28 August 2007 (Tuesday)
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2007

1 October 2007 (Monday)
Notice of entitlement for bonus issue and share split of Alam shares of RM0.25 each

19 October 2007 (Friday)
Entitlement for bonus issue and share split of Alam shares of RM0.25 each

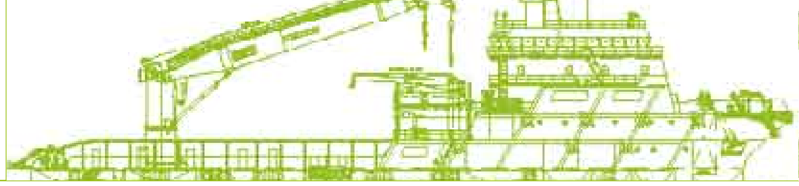
27 November 2007 (Tuesday)
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2007

28 February 2008 (Thursday)
Announcement of the unaudited consolidated results for the 4th quarter and year ended 31 December 2007

28 February 2008 (Thursday)
Announcement for the declaration of dividend in respect of the financial year ended 31 December 2007

28 May 2008 (Wednesday)
Notice of Annual General Meeting and Date of Issuance of 2007 Annual Report

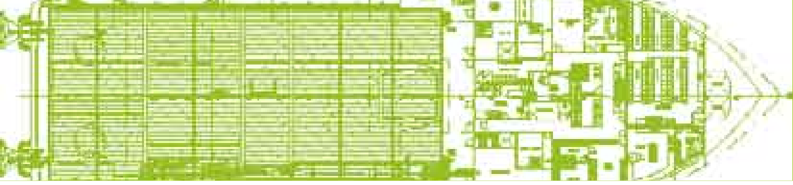
20 June 2008 (Friday)
3rd Annual General Meeting



Group's Fleet

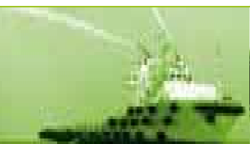
(as of 30 April 2008)

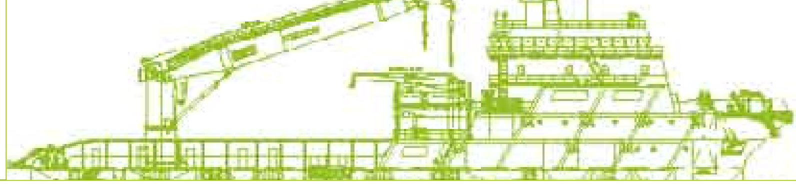
	Vessel Name	Type	Year Built	Class	BHP	Bollard Pull (in metric tonnes)	Clear Deck Space (in square metres)	Accommodation Capacity
ANCHOR HANDLING TUG SUPPLY VESSEL								
1	Setia Emas	Anchor Handling Tug	2004	BV	4,750	64	250	24 men
2	Setia Fajar	Anchor Handling Tug Supply Vessel	2005	BV	5,150	69	370	42 men
3	Setia Jaguh	Anchor Handling Tug Supply Vessel	1999	BV	8,920	100	400	32 men
4	Setia Lestari	Anchor Handling Tug Supply Vessel	2005	BV	4,750	63	370	42 men
5	Setia Nurani	Anchor Handling Tug Supply Vessel	2004	ABS	5,150	69	375	42 men
6	Setia Padu	Anchor Handling Tug Supply Vessel	2006	BV	5,150	68	370	42 men
7	Setia Rentas	Anchor Handling Tug Supply Vessel	2007	BV	5,150	65	370	42 men
8	Setia Tangkas	Anchor Handling Tug Supply Vessel	2007	BV	5,150	68	370	42 men
9	Setia Wangsa	Anchor Handling Tug Supply Vessel	2007	ABS	5,150	63	340	42 men
10	Setia Unggul	Anchor Handling Tug Supply Vessel	2007	BV	5,150	68	370	42 men
11	Setia Teguh	Anchor Handling Tug Supply Vessel (DP1)	2008	BV	5,150	64	350	42 men
SUPPLY VESSEL								
12	Setia Indah	Straight Supply Vessel	2005	BV	4,750	-	350	42 men
TUG/TERMINAL SUPPLY VESSEL								
13	Setia Gagah	Tug/Straight Supply Vessel	2003	ABS	4,750	44	280	23 men
14	Setia Handal	Tug/Straight Supply Vessel	2003	ABS	3,150	31	257	24 men
15	Setia Kasturi	Tug/Supply Vessel	2005	ABS	4,750	62	350	24 men
16	Setia Wira	Tug/Utility Vessel	2007	BV	3,500	45	150	28 men
17	Setia Zaman	Utility Vessel	2008	NKK	2,400	-	150	20 men
18	Setia Cekap	Tug/Utility Vessel	2005	BV	3,500	42	180	20 men
19	Setia Azam	Tug/Utility Vessel	2007	ABS	3,880	46	250	20 men
UTILITY MAINTENANCE VESSEL								
20	Setia Abadi	General Purpose/Survey/Utility Vessel	1980	BV	1,040	-	63	21 men
21	Setia Cekal	Diving Support Vessel	1974	SCM	4,400	-	400	63 men
22	Setia Damai	General Purpose/Utility Vessel	1985	SCM	804	-	180	16 men



New Deliveries (2008-2010)

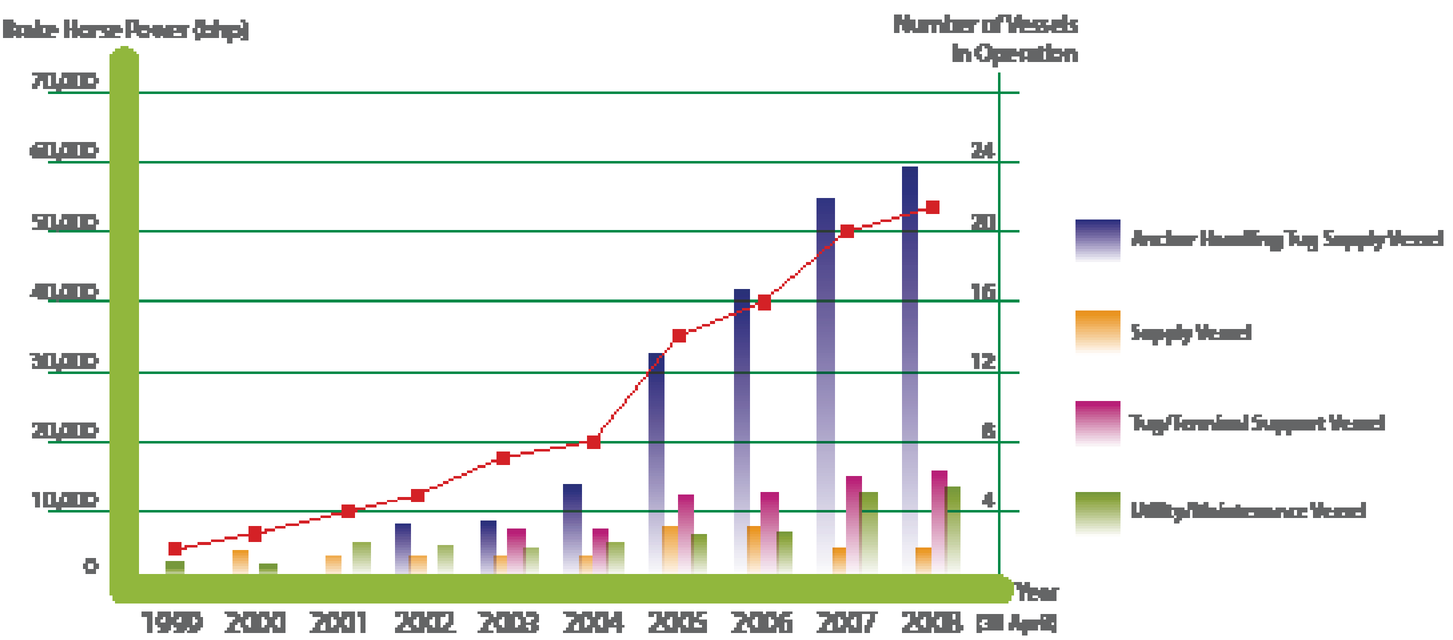
	Vessel Name	Type	Year Built	Class	BHP	Bollard Pull (in metric tonnes)	Clear Deck Space (in square metres)	Accommodation Capacity	Expected Delivery
1	Brompton Sun	Fast Multi-Purpose Supply Vessel	2005	ABS	9,500	-	190	200 seats	2Q2008
2	Setia Yakin	Utility Vessel	2008	NKK	3,200	-	150	28 men	2Q2008
3	Setia Budi	Utility Vessel	2008	NKK	2,400	-	150	26 men	2Q2008
4	Setia Sakti	Diving Support & Maintenance Vessel (DP2)	2008	ABS	5,150	-	700	138 men	2Q2008
5	Setia Tegap	Anchor Handling Tug Supply Vessel	2008	BV	5,000	63	370	42 men	2Q2008
6	Setia Kental	60m FSO Supply & Support Vessel	2008	ABS	5,150	60	350	24 men	3Q2008
7	Setia Ulung	188men Offshore Support Maintenance Vessel	2008	ABS	5,220	-	427	188 men	3Q2008
8	Setia Hebat	Anchor Handling Tug Supply Vessel (DP1)	2008	BV	5,000	65	370	50 men	3Q2008
9	Setia Gigih	60m FSO Supply & Support Vessel	2008	ABS	5,150	60	350	24 men	4Q2008
10	Setia Aman	188men Offshore Support Maintenance Vessel	2008	ABS	5,150	-	700	188 men	4Q2008
11	Setia Perkasa	Anchor Handling Tug Supply Vessel (DP2)	2010	ABS	12,180	120	495	42 men	2Q2010
12	Setia Jati	Anchor Handling Tug Supply Vessel (DP2)	2010	ABS	12,180	120	495	42 men	3Q2010

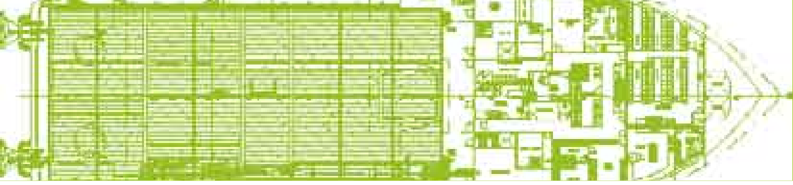




Fleet Graph

(as of 30 April 2008)





Group's Underwater Assets

(as of 30 April 2008)

SETIA SELAM 1 :
200m 9-MEN SATURATION DIVING SYSTEM 3-MEN BELL c/w

1. SURFACE DECOMPRESSION CHAMBER

2. DIVE BELL

SETIA SELAM 2 :
50m AIR/MIXED GAS DIVING SYSTEM c/w

1. LAUNCHING AND RECOVERY SYSTEM

2. CONTROL AND MACHINERY VAN

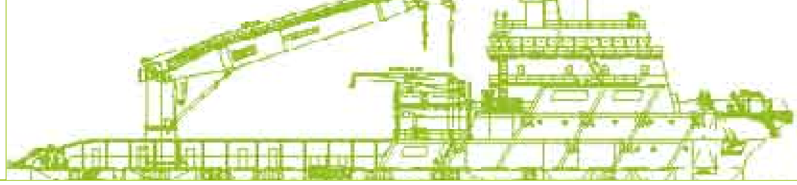
REMOTELY OPERATED VEHICLE (ROV)

PARI 1
WORK-CLASS ROV

KINGFISHER
INSPECTION AND LIGHT WORK-CLASS ROV

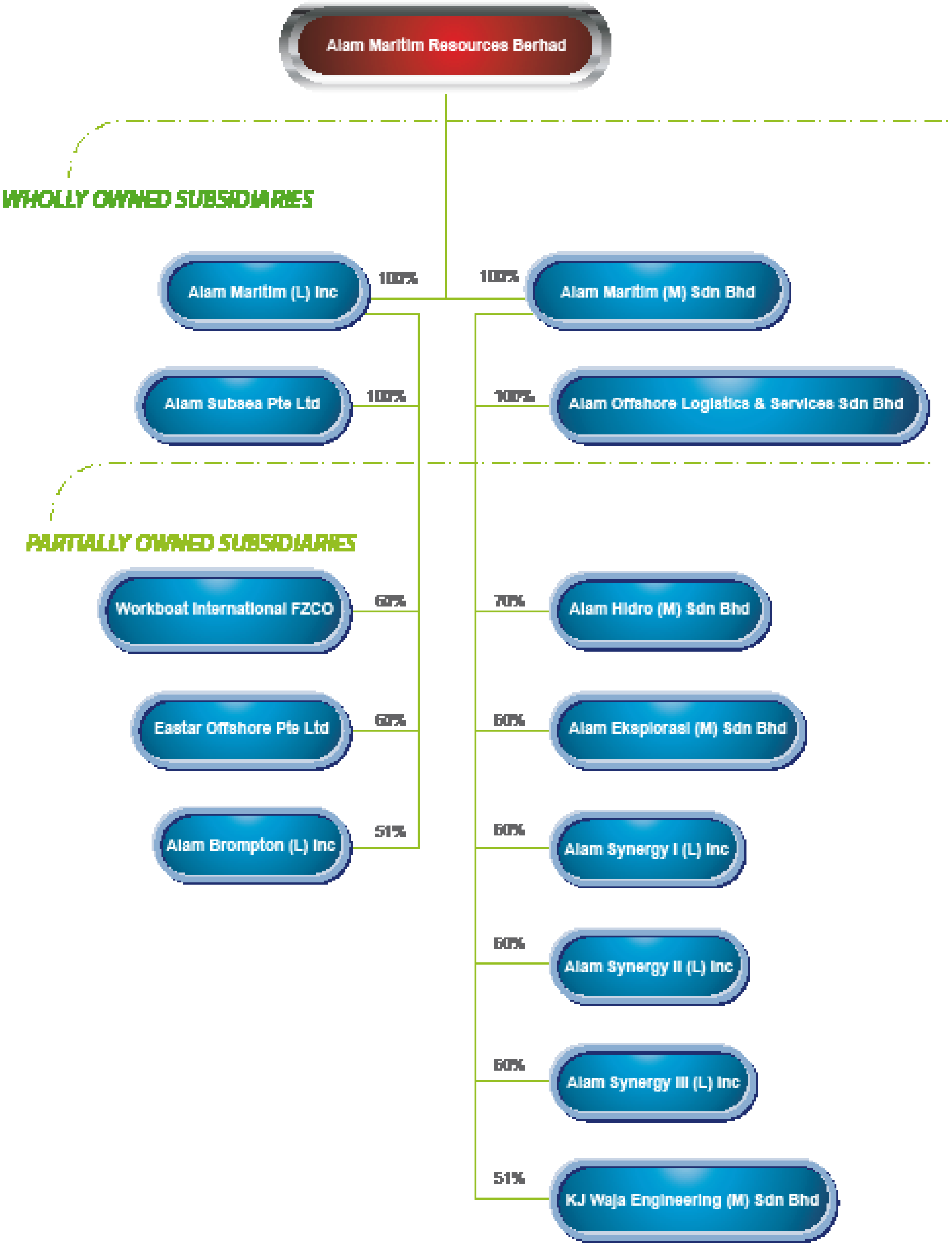
SWIFT 3000 MSW
WORK-CLASS ROV

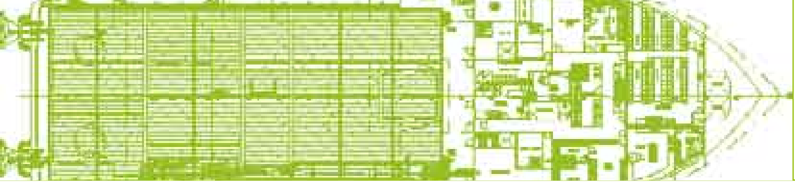
TETHER MANAGEMENT SYSTEM (TMS)



Group Corporate Structure

(as of 30 April 2008)





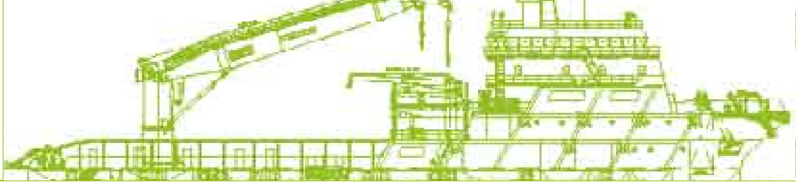
Group Corporate Structure

(as of 30 April 2008)

Details of subsidiaries of Alam Maritim Resources Berhad ("AMRB") as of 30 April 2008 are tabulated as per below:

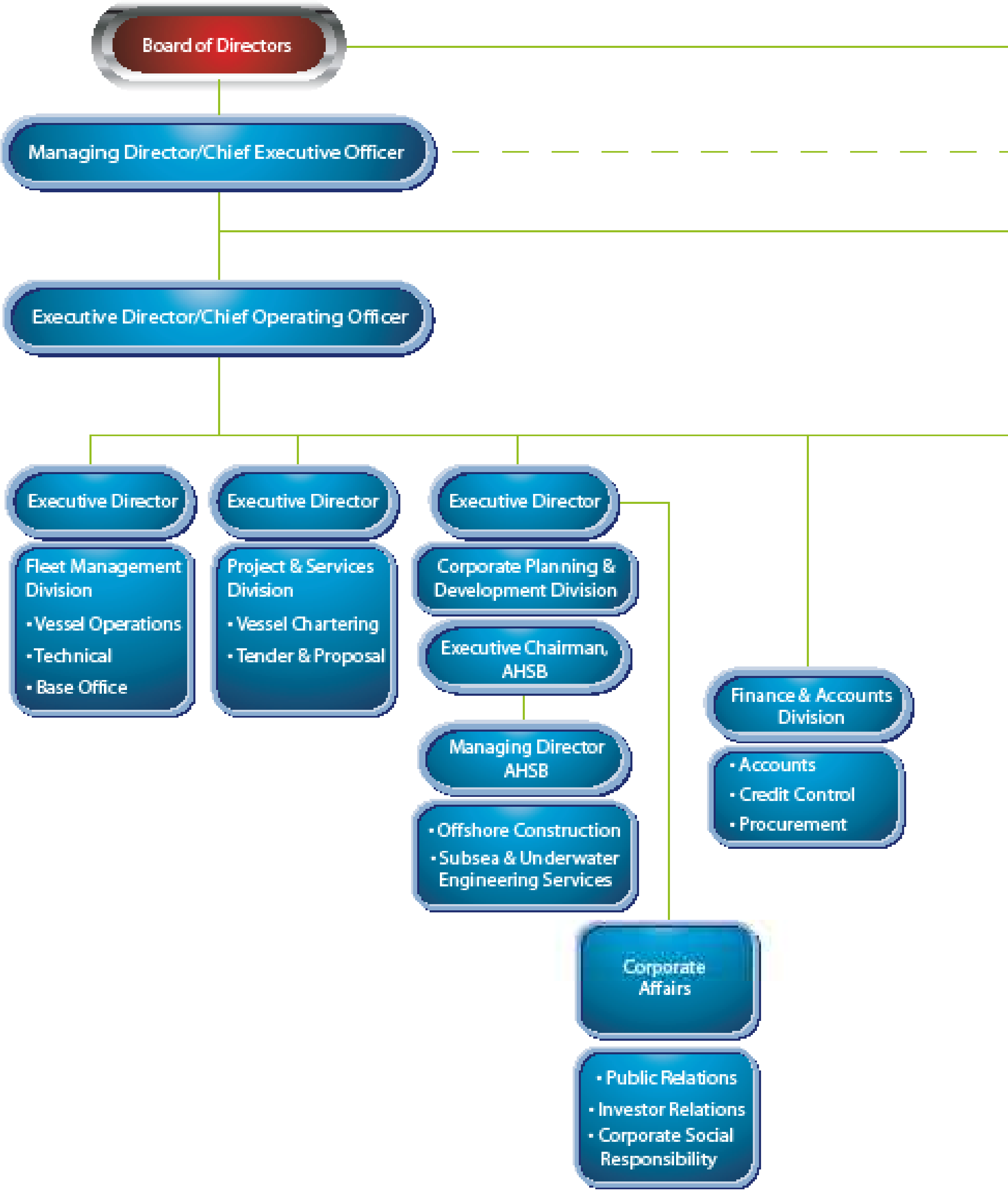
Company	Date and Place of Incorporation	Issued and Fully Paid Up Share Capital	Effective Equity Interest (%)	Principal Activity
Alam Maritim (M) Sdn Bhd (AMSB)	15.07.96 Malaysia	RM20,000,000	100.0	Ship owning, ship managing, catering, chartering and other related services.
Alam Maritim (L) Inc (AMLI)	14.06.04 Federal Territory of Labuan, Malaysia	USD8,940,100	100.0	Investment holding and ship owning.
Alam Offshore Logistics & Services Sdn Bhd (AOLS)	20.09.00 Malaysia	RM100,000	100.0	Transportation, ship forwarding and agent, ship chandeling and other related services.
Alam Subsea Pte Ltd (ASPL)	01.01.08 Singapore	SGD2.00	100.0	Provision of integrated marine services to oil and gas companies.
Alam Hidro (M) Sdn Bhd (AHSB)	05.02.99 Malaysia	RM500,000	70.0	Offshore facilities construction, installation and underwater services.
Alam Eksplorasi (M) Sdn Bhd (AESB)	21.11.00 Malaysia	RM300,000	60.0	Ship owning, ship operating and chartering.
Alam Synergy I (L) Inc (ASI)	18.09.06 Federal Territory of Labuan, Malaysia	USD1,050,000	60.0	Ship owning, ship operating and chartering.
Alam Synergy II (L) Inc (ASII)	18.09.06 Federal Territory of Labuan, Malaysia	USD1,050,000	60.0	Ship owning, ship operating and chartering.
Alam Synergy III (L) Inc (ASIII)	18.09.06 Federal Territory of Labuan, Malaysia	USD2,280,000	60.0	Ship owning, ship operating and chartering.
Eastar Offshore Pte Ltd (EASTAR)	01.03.06 Singapore	SGD432,502	60.0	Designing, manufacturing and operating of remotely operated vehicles (ROVs).
Workboat International FZCO (WBI)	03.05.05 United Arab Emirates	AED1,000,000	60.0	Ship managing, ship operating and marine consultancy.
Alam Brompton (L) Inc (ABLI)	15.06.07 Federal Territory of Labuan, Malaysia	USD675,000	51.0	Ship management and operation, ship owning, ship maintenance and marine consultancy.
KJ Waja Engineering (M) Sdn Bhd (KWESB)	16.11.00 Malaysia	RM500,000	51.0	Ship repair and maintenance, supply of labour, marine spare parts and related services.

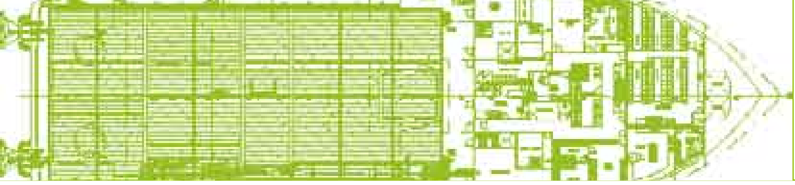
Notes: RM – Ringgit Malaysia
USD – United States Dollar
SGD – Singapore Dollar
AED – United Arab Emirates Dirham

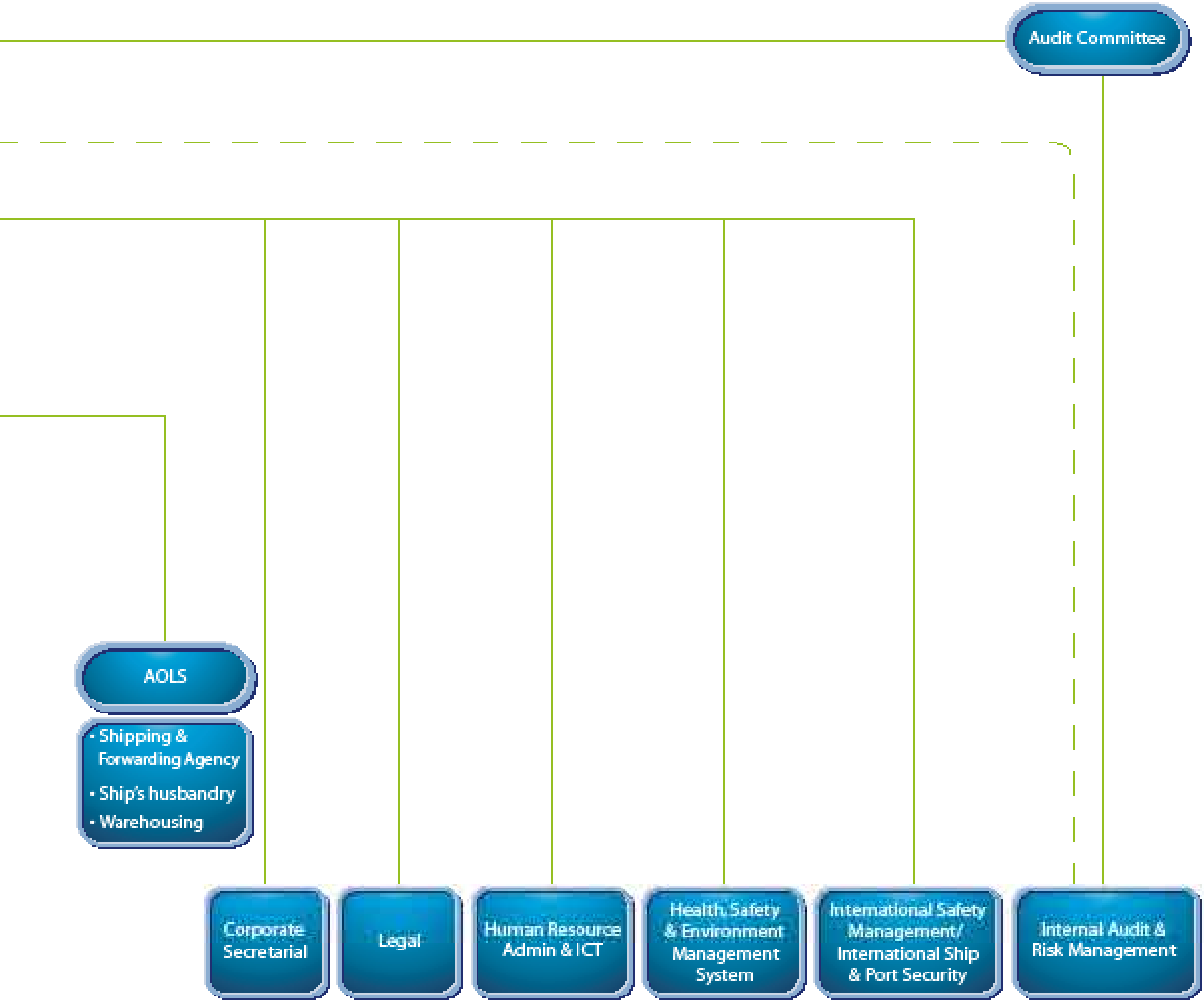


Group Organisational Structure

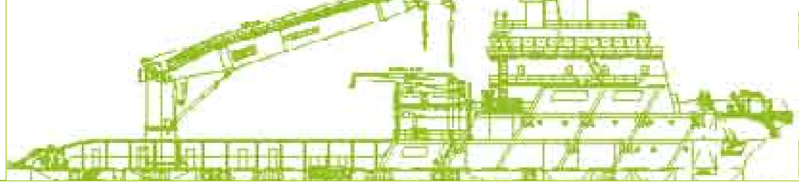
(as of 30 April 2008)



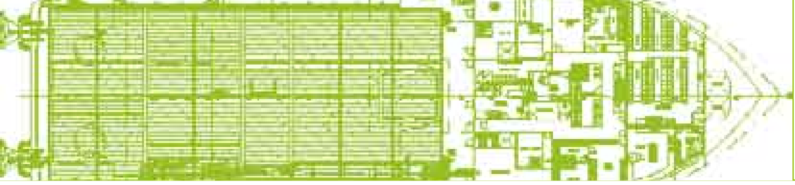



Audit Committee
AOLS
• Shipping & Forwarding Agency
• Ship's husbandry
• Warehousing
Corporate Secretarial
Legal
Human Resource Admin & ICT
Health, Safety & Environment Management System
International Safety Management/ International Ship & Port Security
Internal Audit & Risk Management

Corporate Calendar

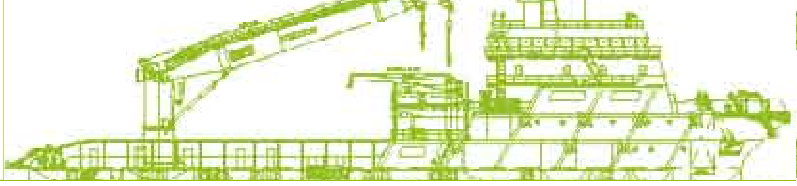


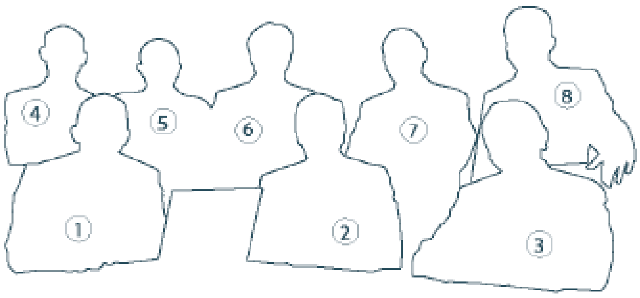
Date	Event
April 11, 2008	MV Setia Zaman, a newly built 2,400 bhp utility vessel was delivered to Alam Maritim Group.
March 14, 2008	ISO 9001:2000 Certification by Bureau Veritas to Alam Maritim Resources Berhad, Alam Maritim (M) Sdn Bhd, Alam Hidro (M) Sdn Bhd and Alam Offshore Logistics & Services Sdn Bhd.
February 21, 2008	Launching Ceremony of Work Class Remotely Operated Vehicle; PARI 1 at Kuala Lumpur Convention Centre.
February 19, 2008	MV Setia Teguh, a newly built anchor handling tug supply vessel (DP1) was delivered to Alam Maritim Group.
January 30, 2008	Achievement of 2.7 million safe work-hours without Loss Time Injury (LTI).
January 16, 2008	KJ Waja Engineering (M) Sdn Bhd became 51% subsidiary of Alam Maritim (M) Sdn Bhd.
January 4, 2008	Alam Maritim (M) Sdn Bhd was appointed as agent for FEM Maritime AS, a Norwegian-based company to promote jack up drilling rigs in Malaysia.
December 17, 2007	MV Setia Unggul, a newly built 5,150 bhp anchor handling tug supply vessel was delivered to Alam Maritim Group.
November 29, 2007	MV Setia Mega, a 3,200 bhp anchor handling tug supply vessel sunk during an adverse weather condition at offshore Terengganu. There was no casualty reported and all fourteen (14) crew were rescued.
October 23, 2007	Alam Brompton (L) Inc, a subsidiary of Alam Maritim (L) Inc acquired one unit of Fast Multipurpose Supply Vessel, Brompton Sun.
October 23, 2007	Alam Maritim Resources Berhad ("AMRB") undertook Corporate Exercise: (i) Bonus issue of up to 62,131,109 new ordinary shares of RM0.50 each in AMRB to be credited as fully paid-up on the basis of three (3) bonus shares for every eight (8) existing AMRB shares held by the entitled shareholders on 23 October 2007; and (ii) Subdivision of every one (1) AMRB share into two (2) new ordinary shares of RM0.25 each in AMRB after the bonus issue.
October 6, 2007	Majlis Silaturahim Ramadhan was held at Dewan Perdana Felda, Kuala Lumpur.
September 10, 2007	MV Setia Azam, a newly built 3,880 bhp utility vessel was delivered to Alam Maritim Group.
September 18, 2007	MV Setia Wira, a newly built 3,500 bhp tug/utility vessel made its maiden call to Kemaman Supply Base.
September 7, 2007	Health, Safety & Environment ("HSE") Campaign of Alam Maritim Group was launched by Encik Azmi bin Ahmad, the Managing Director/Chief Executive Officer.
August 14, 2007	Workboat International FZCO ("WBI") became a 60% subsidiary of Alam Maritim (L) Inc, a wholly-owned subsidiary of Alam Maritim Resources Berhad.
August 8, 2007	MV Setia Cekap, a 3,500 bhp tug/utility vessel was delivered to Alam Maritim Group.
August 3, 2007	Alam Maritim Group Family Day was successfully held at Langkasuka Beach Resort, Langkawi, Kedah.
July 14, 2007	MV Setia Wangsa, a newly built 5,150 bhp anchor handling tug supply vessel made its maiden call to Kemaman Supply Base, Terengganu.
July 6, 2007	Alam Maritim Resources Berhad issued the first issuance of RM300 million in nominal value Sukuk Ijarah MTN under the Sukuk Ijarah MTN Facility.
July 6, 2007	MV Setia Tangkas, a newly built 5,150 anchor handling tug supply vessels made its maiden call to Kemaman Supply Base, Terengganu.
May 30, 2007	Alam Maritim Resources Berhad announced to issue up to RM600 million in Nominal Value Islamic Securities.
May 30, 2007	Alam Maritim (L) Inc, a wholly-owned subsidiary of the Alam Maritim Resources Berhad, entered into a joint-venture agreement with Brompton Investments Pte Ltd to own and operate Fast Multipurpose Supply Vessels.
April 26, 2007	MV Setia Bakti, a 25-year old 3,000 bhp straight supply vessel was sold to a Mexican company.
January 8, 2007	Alam Maritim (L) Inc, a wholly owned subsidiary of Alam Maritim Resources Berhad acquired 60% stake in Eastar Offshore Pte Ltd, a Singapore-based company with principal activities of design, manufacture, sell and operate remotely operated vehicles (ROVs).



Awards and Recognitions

Year	Achievement
2008	ISO 9001:2000 Certification by Bureau Veritas to Alam Maritim Resources Berhad, Alam Maritim (M) Sdn Bhd, Alam Hidro (M) Sdn Bhd and Alam Offshore Logistics & Services Sdn Bhd.
2008	Achievement of 2.7 million safe work-hours without Loss Time Injury (LTI).
2007	HSE Performance Award by Petronas Carigali Sdn Bhd-Recognition of an Excellent HSE Achievement.
2006	Contractor Safety Recognition "Gold Award" by Exxon Mobil-Recognition of Safety Excellence 2006.
2006	Contractors HSE Award by Petronas Carigali Sdn Bhd - Recognition of an Excellent HSE Achievement.
2005	"Gold Award" by Petronas Carigali Sdn Bhd-Recognition of Excellent HSE Performance for 2004/2005.
2004	Contractor Safety Recognition "Gold Award" by ExxonMobil-Recognition of Safety Excellence .
2003	Contractor Safety Recognition "Gold Award" by ExxonMobil-Recognition of Safety Excellence in 2003/2004.
2003	Certificate of Achievement 2.4 Million Man-hours without Loss Time Injury-HSE Performance from TL Offshore Sdn Bhd.
2002	Contractor Safety Award Program by ExxonMobil-Recognition of Safety Excellence.
2001	Contractor Safety Award Program by ExxonMobil-Excellent Safety Performance.





1. **Azmi bin Ahmad**
   Managing Director/Chief Executive Officer

2. **Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid**
   Chairman/Independent Non-Executive Director

3. **Haji Ab Wahab bin Haji Ibrahim**
   Independent Non-Executive Director

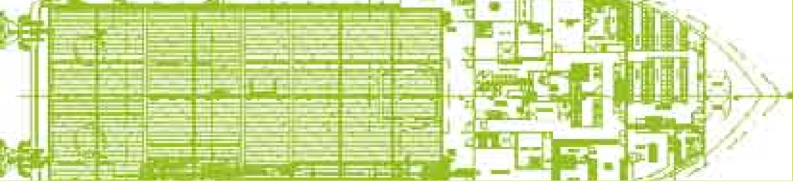
4. **Ab Razak bin Hashim**
   Non-Independent Executive Director

5. **Ahmad Hassanudin bin Ahmad Kamaluddin**
   Non-Independent Executive Director

6. **Mohd Abd Rahman bin Mohd Hashim**
   Non-Independent Executive Director

7. **Dato' Mohamad Idris bin Mansor**
   Independent Non-Executive Director

8. **Shaharuddin bin Warno @ Rahmad**
   Non-Independent Executive Director/
   Chief Operating Officer



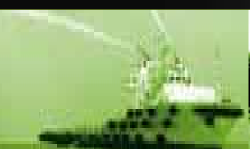
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman
Independent Non-Executive Director

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid, a Malaysian, aged 59, is the Chairman of Alam Maritim Resources Berhad. He is also the Chairman of the Nomination and Remuneration Committee and a member of Audit Committee. He qualified as a Master Mariner with a Masters in Foreign-Going Certificate of Competency from the UK in 1974 and a Diploma in Applied International Management from the Swedish Institute of Management in 1984. He also attended the Advanced Management Program (AMP) at Harvard University in 1993. He is a Fellow of the Nautical Institute, United Kingdom ("UK"), a Fellow of the Chartered Institute of Logistics & Transport and a Fellow of the Institut Kelautan Malaysia.

He has over thirty six (36) years of professional experience in the international maritime industry. His working experiences include five (5) years with a British shipping company and twelve (12) years in Malaysia International Shipping Corporation ("MISC"), during which he held various senior managerial appointments. He was also responsible for the creation and development of Perbadanan Nasional Shipping Line Berhad ("PNSL") for which he served as the General Manager and Director from 1982 to 1989. He was also involved in Kuantan Port privatization project in the mid 1990s and served as its first Executive Director/CEO for two (2) years.

He has achieved many milestones in his shipping career. He was the youngest Malaysian to qualify as a Master Mariner at the age of 25, and as a qualified navigating officer, he was the only Malaysian in the team which brought back the first MISC vessel, MV Bunga Raya, into Port Klang in December 1970. He was also in the pioneering team to start LNG shipping in Malaysia and the first Malaysian to be awarded a Fellow of the Nautical Institute of the UK. He was the Founding Director of Akademi Laut Malaysia ("ALAM") in 1978 and Maritime Institute of Malaysia in 1993. In May 1996, he was appointed by the Ministry of Finance ("MOF") as the Chairman of Global Maritime Ventures Berhad ("GMV"), a marine venture capital company set up by the MOF under Bank Industri & Teknologi Malaysia Berhad. Prior to this appointment, he was a Director of GMV from 1993. He stepped down as the Chairman of GMV on 4 August 2003.

He is currently the Chairman of WCT Engineering Berhad, a construction company listed on the Main Board of Bursa Securities, Chairman of GD Express Carrier Berhad, a company listed on the MESDAQ market of Bursa Securities and Director of Malaysian Bulk Carriers Berhad, another company listed on the Main Board of Bursa Securities.



Azmi bin Ahmad
Non-Independent Executive Director

Azmi bin Ahmad, a Malaysian, aged 49, is the Managing Director/ Chief Executive Officer of Alam Maritim Resources Berhad. He is a member of the Nomination and Remuneration Committee and the Risk Management Committee. He is also the Chairman of the ESOS Committee. In 1990, he obtained his Diploma in Accountancy from MARA Institute of Technology, Malaysia and subsequently in 1992, a Bachelor of Arts (Hons) in Accounting and Finance from the University of South Bank, UK. In 1998, he obtained his Masters of Business Administration from University of Wales, Cardiff, UK.

He began his career in 1978 as a Leftenan Udara in the Royal Malaysian Airforce. In 1985, he joined Merlin Hotel Group as an Administration and Security Officer and in 1988, he joined Techart Sdn Bhd as the Head of Administration. In 1992, he accepted a position with Bank Bumiputra Malaysia Bhd ("BBMB") as the Manager of the Corporate Banking Division. He left BBMB in 1994 and joined Nepline Berhad, a shipping company providing tanker services, as the General Manager of the Finance, Administration and Human Resources Division where he served for six (6) years until 1999. In 1999, he left Nepline Berhad and joined AMSB in 2000. He is the co-founder of AMSB.

Shaharuddin bin Warno @ Rahmad
Non-Independent Executive Director

Shaharuddin bin Warno @ Rahmad, a Malaysian, aged 40, is the Executive Director/Chief Operating Officer of Alam Maritim Resources Berhad. He is a member of the Risk Management Committee and the Nomination and Remuneration Committee. He also sits in the ESOS Committee. He is a member of the Association of International Accountants, UK and an Accredited Fellow of the Society of International Accounting Technicians, UK.

He began his career in 1988 as a Trainee with Mayban Finance Berhad. In 1990, he joined Faber Group Berhad as an Internal Auditor and in 1991, he joined Petronas as an Accounts and Costing Supervisor, International Marketing Division. In 1995, he was the Finance Manager in Maritime (M) Sdn Bhd, where he gained the know-how and experience to develop the operational and commercial aspects of a company in the offshore vessel industry. He is the co-founder of AMSB.

He was nominated as one of the top three finalists under Master Entrepreneur Category, for the Earnst & Young Entrepreneur Of The Year-Malaysia 2007 Award.

Ahmad Hassanudin bin Ahmad Kamaluddin
Non-Independent Executive Director

Ahmad Hassanudin bin Ahmad Kamaluddin, a Malaysian, aged 62, is the Executive Director of Alam Maritim Resources Berhad and the Executive Chairman of Alam Hidro (M) Sdn Bhd. He graduated with a Bachelor of Economics (Analytical) from University of Malaya. He also attended Business and Management courses and programmes with Harvard Business School, Oxford School of Petroleum Studies and Fletcher School of Law and Diplomacy, Tufts University, USA.

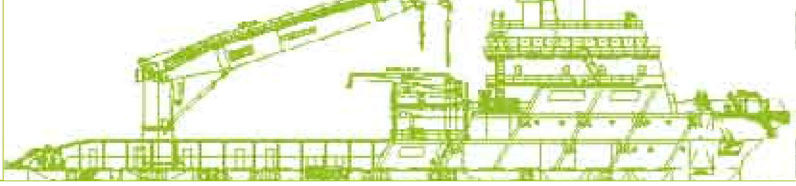
He has vast experience in the oil and gas industry having served Petronas for almost 29 years in various capacities in both Downstream and Upstream business sectors. During his tenure he has held various senior management positions including Executive Secretary to the Fairley Baram Unitisation Scheme project, a member of the working committee which reviewed the Work Programme and Budget of Production Sharing Contract ("PSC") contractors, a member of the committee working on the Petronas Master Plan Study which looked into the development of the oil and gas industry in Malaysia and Head of Business Development under Corporate Planning. Other positions held included Head of Property in LNG Sdn Bhd, Deputy General Manager of International Marketing Division in Petronas, Managing Director of Petronas Trading Corporation Sdn Bhd ("PETCO"), a wholly owned subsidiary of Petronas, Senior General Manager of Malaysian Crude Oil Division in Petronas and CEO of Vinyl Chloride (Malaysia) Sdn Bhd. Before his retirement, he was the CEO of ASEAN Bintulu Fertiliser Sdn Bhd, a joint venture company between Petronas (representing Malaysia) and Indonesia, Thailand, Philippines and Singapore.

During his tenure, he was also appointed to the Board of various subsidiaries of Petronas and held an honorary position as Vice President of International Fertilizer Association of the East Asia in 2003. He joined Alam Maritim (M) Sdn Bhd in June 2004.

Mohd Abd Rahman bin Mohd Hashim
Non-Independent Executive Director

Mohd Abd Rahman Bin Mohd Hashim, a Malaysian, aged 56, is a Non-Independent Executive Director of Alam Maritim Resources Berhad. In 1970, he completed his HSC while attending King Edward VII Secondary School. He began his career in 1975 as a Management Trainee with Century Hotel and left in 1978. His last held position prior to leaving was as an Assistant Manager (Rooms Division). After leaving Century Hotel, he joined Holiday Inn, Kuala Lumpur as a Front Office Manager.

In 1984, he left Holiday Inn and joined Hilton Hotel, Petaling Jaya as the Sales Marketing Manager and served the company for six (6) years until 1990. In 1990, he joined Maritime Pte Ltd, Singapore as the Manager of Sales and Marketing, Offshore Division where he acquired the knowledge and skills of the offshore industry. In 1993, he was seconded to Maritime (M) Sdn Bhd as the Manager of Operations and Marketing Department. In 1998, he left Maritime (M) Sdn Bhd to establish AMSB. He is also the co-founder of AMSB.



Ab Razak bin Hashim
Non-Independent Executive Director

Haji Ab Wahab bin Haji Ibrahim
Independent Non-Executive Director

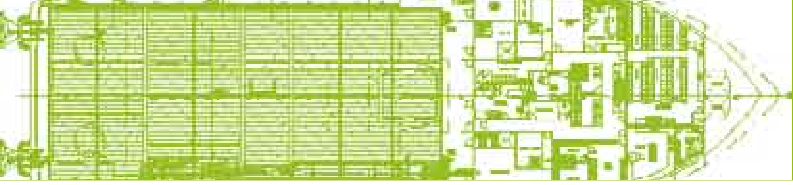
Ab Razak bin Hashim, a Malaysian, aged 46, is the Executive Director of Alam Maritim Resources Berhad. He graduated from MARA Institute of Technology, Malaysia with a Diploma in Civil Engineering. He began his career in 1984 as a Technical Assistant at Kobena Sambu Joint Venture and left in 1985 to pursue a Bachelor of Science in Civil Engineering with Glasgow University, UK. Upon graduating from Glasgow University in 1987, he joined Nik Jai Associates as a Civil Engineer. In 1989, he joined Petronas Carigali Sdn Bhd, Miri as a Planning/Project Engineer.

In 1990, he was the planning engineer for Shapadu Holdings Sdn Bhd and subsequently he joined Comprimo Pte Ltd as a Planning/Project Engineer in 1991. He joined TL Offshore Sdn Bhd in 1992 as a Senior Cost/Planning Engineer. He served the company for eight (8) years and his last held position prior to leaving was as the Head of Marine & Logistic. In 2000, he left TL Offshore Sdn Bhd and joined Alam Maritim (M) Sdn Bhd.

He has over sixteen (16) years of experience in the oil and gas offshore construction industry, inclusive of pipe laying, offshore structures installation, directional drilling, offshore trenching as well as hook-up and commissioning, amongst others. He is also a member of the Board of Engineers Malaysia.

Haji Ab Wahab bin Haji Ibrahim, a Malaysian, aged 57, is the Chairman of the Audit Committee of Alam Maritim Resources Berhad. He is also a member of the Risk Management Committee. He is a Chartered Accountant and a member of the Malaysia Institute of Accountants. He obtained his Diploma in Accountancy and Degree in Accounting from MARA Institute of Technology, Malaysia in 1974 and 1987 respectively. He started his career with Petronas in 1978 as a Management Executive and became an Accountant in the Corporate Finance Division four (4) years later. He was later promoted to Senior Accountant before being transferred to Petronas Gas Berhad, a subsidiary of Petronas which is listed on the Main Board of Bursa Securities, where he was a Senior Manager and Joint Company Secretary.

In 1996, he became the Head of Finance Division, OGP Technical Services Sdn Bhd, another subsidiary of Petronas, where he served until March 2004. He is currently an Independent Non-Executive Director on the Board of Tanjung Offshore Berhad and also serves as the Chairman of its Audit Committee. He is also currently the Executive Chairman of Foresight Approach Sdn Bhd and Geramas Sdn Bhd and the Chairman of 3OPP Sdn Bhd. Haji Ab Wahab was conferred both the Ahli Mangku Negara (AMN) and Pingat Jasa Kebaktian (PJK) in 2001.



Dato' Mohamad Idris bin Mansor
Independent Non-Executive Director

Dato' Mohamad Idris bin Mansor, a Malaysian, aged 64, is the Chairman of the Risk Management Committee, a member of the Audit Committee as well as the Nomination and Remuneration Committee. He holds the Associateship of Camborne School of Mines from Camborne School of Mines, UK, Master of Science in Mining Geology and Exploration from the University of Leicester, UK and Master of Science in Petroleum Engineering from the University of Tulsa, Oklahama, United States of America. He started his career in 1971 as a Research Engineer with the Department of Mines, Government of Malaysia. In February 1976, he joined Petronas as a Petroleum Engineer with the Production Department. In 1977, he served as the Production Manager of Petronas and was seconded to Petronas Carigali Sdn Bhd ("PCSB"), a wholly-owned subsidiary of Petronas in 1980 as the Deputy General Manager, Technical until 1984 and then as the General Manager until 1989. He was then appointed as the Chief Executive Officer of PCSB in 1989 and later as the Senior Vice President and Board Member of Petronas from 1 October 1993 until his retirement on 30 September 2002. He remained as an Advisor, Exploration & Production Business of Petronas for another year.

He also sat as a Board Member of the Premier Oil Plc from 1999 to 2003, a company listed in the London Stock Exchange, Chairman on the Board of Greater Nile Petroleum Operating Company Ltd, Sudan from 1997 to 2002, Chairman of Energy Africa Ltd, South Africa from 1999 to 2004 and on the Board of various Petronas subsidiaries and associate companies in Malaysia and overseas. In 1995, he became the Chairman of the Society of Petroleum and Engineers ("SPE"), Asia Pacific until 2004 and continues to serve as a Board Member of SPE. He also sits on the Energy Advisory Board of Stone Bond Technologies, a technology company based in Houston, Texas, USA. He is currently the Independent Non-Executive Chairman and member of the Audit Committee of KNM Group Berhad. He also sits on the Board of Transmile Berhad as an Independent Non-Executive Director and a member of its Audit Committee.

He was conferred the Darjah Kesatria Mangku Negara (KMN) in 1982, the Darjah Paduka Mahkota Terengganu (DPMT) and the Darjah Johan Setia Mahkota (JSM) in 1992 and an Honorary Doctorate of Science by the University of Exeter, UK in 1998.

Notes:

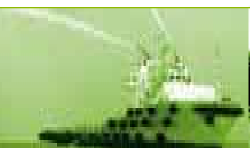
1. All Directors of the Company were appointed on 2 May 2006, except for Encik Ahmad Hassanudin bin Ahmad Kamaluddin who was appointed on 6 Dec 2006.

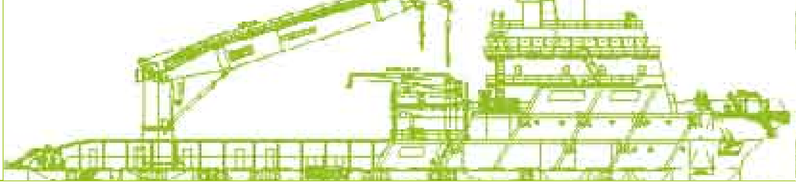
2. Save as disclosed in this Annual Report, none of the Directors has;

   i. any family relationship with any Directors and/or Major Shareholders of the Company;

   ii. any conflict of interest with the Company; and

   iii. any conviction for offences within the past 10 years other than traffic offences.





Dear Shareholders,

It gives me great pleasure to present to you this Annual Report for the year 2007.

I am pleased to inform you that your Company made a pre-tax profit of RM68.8 million on the back of RM249.9 million in revenue. This is an improvement of about 13.2% and 65.3% respectively from the previous year. For the year under review, Alam Maritim's earnings per share stood at an impressive 23.7 sen whilst our net asset per share was 60 sen. It is noteworthy that these numbers would have been much higher compared to the previous year if we were not impacted by the share split and bonus issue. No doubt you will agree with me that this is a good performance and a healthy growth for our Company.

For the year ended 2007, Alam Maritim paid approximately more than RM1.8 million in dividends, translating to a payment of about 1.5 sen per ordinary share. Considering your Company was only listed recently on Bursa Malaysia, I feel the dividend payments are commendable.

As at the end of last year, our Company had a cash and bank balance of about RM118.1 million whilst gearing stood at about 1.6 times as a result of short and long term debts of RM574.9 million. Our Board feels that your Company is in a good position with funds which can be utilized for future acquisitions.

As far as business expansion is concerned last year we acquired 60% of Singapore based Eastar Offshore Pte Ltd ("Eastar"). Eastar has its mainstay in the position of design, engineering, technical and project management services in relation to underwater equipment. This acquisition will also give your company a bit more diversification in terms of offshore service which we hope to enhance over the next few years.

The Year Ahead

With the country showing good prospects and growth likely to be spurred by the 9th Malaysia Plan initiatives, most economists forecast a GDP growth of about 6%. Sectors such as construction, automotive and oil & gas are forecasted to show growth numbers.

With the increase in world oil price, exploration works are likely to continue at a faster pace. According to reports, Petronas is targeting to explore and develop about 500 new wells over the next five years. This should augur well for your Company as more offshore support services will be required.

As of the date of this message we have a fleet of 22 vessels with another 12 vessels set for delivery from now until 2010. This fleet includes our recent purchase of a second hand Fast Multipurpose Supply Vessel ("FMSV") called M.V. Brompton Sun. This FMSV is the latest generation of supply and crew boats with high speed capabilities. It will provide our client another way of access onto offshore platforms from existing means of transporting by helicopters. With this acquisition your Company is set to actively promote this alternative transport mode to the oil & gas companies in this region.

I shall not touch on operational details in this message as it will be amply covered in the Operational Report by the Managing Director. Suffice for me to say that with the delivery of six vessels towards the end of 2007 and a better charter rate plus the extension of the Ministry of Defence contract for the Setia Cekal, your Board is confident that Alam Maritim will be able to produce another set of commendable result for this year.

Strategies In Place

As owner of a medium-sized fleet your Board is very focused in ensuring that our vessels are fully employed throughout the year. Aside from this we are also looking at keeping the vessels employed not only in Asia but also in the Middle East and possibly in other areas in the future. Management will constantly be evaluating which size and type to be deployed in which area as the requirements may be different. They will always be looking to balance the short term gains of spot charters against long term charters which offer steady earnings.

Your Board is also looking at diversifying our revenue in the oil and gas sector. Specifically, we are looking at the drilling rig business. To start with we have taken on the agency appointment from FEM Maritime AS, a Norwegian company, which own and operate drilling rigs. We hope that either through their rigs or some other opportunities we will be able to enter into this business before the end of 2008.

More recently Alam Maritim also acquired a 51% stake in KJ Waja Engineering (M) Sdn Bhd which gives us an inroad into ship repair business. With our expanding fleet, this move will enable your Company to have a direct hand in the maintenance and repair of our own vessels. This will also give us an opportunity to market this service to other owners within Malaysian waters.

As you are aware our aim is to become a reputable integrated offshore services provider in the global oil and gas industry. It may sound repetitive but I would like to stress again that your Company will aggressively pursue penetration into regional markets, and the West Asian market in particular, in the hope of achieving this aim.

Corporate Exercise

In early 2008, your Company embarked on a private placement exercise details of which have already been furnished to Bursa Malaysia. This could perhaps address the illiquidity of our share in the market. This placement will also address the need of Alam Maritim's shareholder spread to be widened according to the listing requirements of Bursa Malaysia.

We also embarked on a bonus issue of some 62.1 million shares at par value of 50 sen each, on a basis of three (3) bonus shares for every eight (8) existing shares held. This will reward shareholders as well as provide more liquidity in the market. During the year in review, your Company conducted a share split exercise to further increase the liquidity of Alam Maritim's share base. An employee share option scheme (ESOS) was also undertaken to assist our employees to partake in the growth of the company and thus foster loyalty among key employees.

Your company obtained approval from the Securities Commission in May 2007 to issue as much as RM600 million worth of nominal value Islamic bonds which will be utilized to settle outstanding loans with local financial institutions and to fund further acquisitions among others. The medium term notes are for a period of 15 years, and offers Alam Maritim funds at a good interest rates and staggered return payment schemes which are attractive. The notes, i.e. RM500 million worth of Sukuk Ijarah medium term notes and RM100 million worth of Murabahah medium term notes were rated AA by Malaysian Rating Corp Bhd.

Corporate Governance

Your Board which was formed prior to listing is very much intact. It is a well-balanced Board consisting of members with varying background and expertise. Some are stalwarts in the oil and gas sector, and some have experience in accounting and legal to address the issues and responsibilities of good corporate governance.

The Chairman of our Audit Committee is Tuan Hj Ab Wahab bin Haji Ibrahim whilst Y Bhg Dato' Mohamad Idris bin Mansor contributes considerably as an Independent Director and Member of the Audit Committee. I am confident that with the depth and experience of the Independent and Executive Directors we will be able to steer Alam Maritim towards a steady growth alongside a commitment of transparency and accountability.

With regards to Management, En Azmi bin Ahmad was redesignated from Managing Director to Managing Director/Chief Executive Officer. En Shaharuddin bin Warno @ Rahmad, the Finance Director was redesignated to Executive Director/Chief Operating Officer. Meanwhile En Ahmad Hassanuddin bin Ahmad Kamaluddin was redesignated from Non-Independent Non-Executive Director to Non-Independent Executive Director. All the three appointments were effective from the middle of 2007.

Appreciation

On behalf of the Board of Alam Maritim, I would like to convey my heartfelt appreciation to all our shareholders, customers, regulatory authorities, financiers, joint venture partners and suppliers for their loyal and continued support and hope for stronger ties and relationships as our business progresses in the coming years.

My special thanks to all sea-going personnel in our fleet. Their hard work, day and night and sometimes in very challenging sea conditions, to meet customer's deadlines and needs will always be appreciated. All of you are always in our thoughts and prayers.

Finally, my sincere appreciation and thanks to the Management and staff at all levels for their dedication, services and invaluable contributions towards the Company's mission and vision.

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

28 May 2008

ALAM MARITIM RESOURCES BERHAD ("the Company")

(Company No. 700849-K)

(Incorporated in Malaysia under the Companies Act, 1965)

ERRATA (No. 2)

ANNUAL REPORT 2007

To our shareholders

Dear Sir/Madam,

We refer to our Annual Report 2007 and wish to advise that, due to printing error, some figures in the Message to our Shareholders (page 22) and the Group's Operational Review (page 24) were wrongly printed.

We apologize for the unintentional errors and wish to make the following corrections:

i. to change the first three lines in the second paragraph of the Message to our Shareholders as follows:

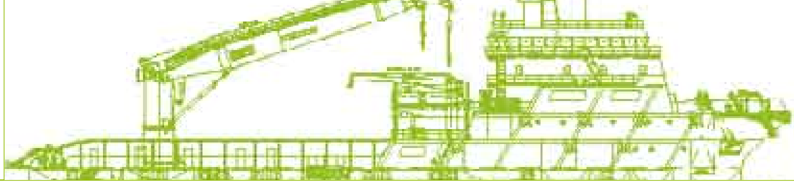
"I am pleased to inform you that your Company made a pre-tax profit of RM68.8 million on the back of RM249.9 million in revenue. This is an improvement of about 12.6% and 65.3% respective from the previous year. For the year under review, Alam Maritim's net earnings per share stood at 10.6 sen whilst our net asset per share stood at 60.0 sen.

ii. to change the third line in the fifth paragraph of the Group's Operational Review as follows:

"…., this business sector has contributed approximately RM229.4 million or 91.8% to the Group's turnover for the year ended 31 December 2007 compared to RM129.2 million of 85.5% in the previous year."

iii. to replace the graph on page 4 with the new graph as per Appendix I.

This errata is dated 29 July 2008.



"The year just ended was indeed memorable for several reasons. Alam Maritim finished the year on a high as among the best performers on the local bourse, largely because of the Company exploring new business segments in the oil and gas sector and securing several new jobs with good prospects."

Introduction

Alam Maritim Resources Bhd ("AMRB") is an integrated offshore service provider mainly involved in the provision of marine transportation support services, offshore facilities construction and installation, underwater and sub-sea engineering services to the upstream activities in the oil and gas industry. It currently owns various types of offshore support vessels, saturation and air diving systems, and inspection and work-class remotely operated vehicles ("ROVs").

The Company is presently operating in Malaysia, Indonesia, and the Middle East. In fact, as part of its globalisation efforts, the Company has increased its shareholding in the Dubai-based Workboat International FZCO to 60%. It has also made arrangement to set up a local company in Indonesia to support its venture and strengthen its position in the area.

Offshore Marine Support Services

This is the mainstay of AMRB and we have expanded this segment of the business, capitalising on the aggressive exploration works conducted by oil majors both in local waters and internationally.

With strong demand for this segment of the business, the management is confident that lucrative contracts can be secured, in the near term, and give our earnings a shot in the arm. This sentiment is of course supported by the results of 2007, which was a stellar year.

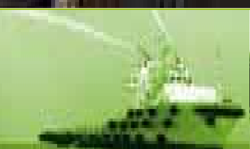
Backed by a fleet of 20 offshore support vessels ("OSVs") and coupled with strong demand and increasing charter hire rates worldwide, this business sector has contributed approximately RM214.4 million or 85.8% to the Group's turnover for the year ended 31 December 2007 compared to RM118.7 million or 78.6% in the previous corresponding year.

In no definite order, these were the salient contracts and jobs secured by this segment of our business:

During the period under review, our Company had placed orders for seven (7) newly built OSVs of various sizes and types comprising two (2) units DP2 Anchor Handling tug and supply vessel (AHTS), one (1) unit DP1 AHTS, two (2) units 5,150 bhp supply vessels and two (2) units accommodation vessels. These vessels are expected to be delivered from 2008 until 2010. With these deliveries, the fleet size is expected to increase to thirty-four (34) OSVs by end 2010 making AMRB among the most prominent and aggressive players as transportation provider in the local oil and gas upstream sector.

During the year, one of our vessels, MV Setia Mega, a 3,200 bhp utility vessel was involved in an incident and submerged off the East Coast of Peninsular Malaysia. However there were no casualties and AMRB has obtained insurance claims to help stymie any negative outcome on the Company's books.

Much of the cheer in 2007, may be seen in the current year as well, with the price of oil trading largely at above US$100 per barrel. With this positive development in the industry the management is confident that this segment of the Company's business will continue to do well.



Offshore Construction, Sub-sea Engineering and Underwater Services

Moving forward, the Company is currently planning to focus its expansion plan in the underwater support services. Its subsidiary, Alam Hidro (M) Sdn Bhd ("AHSB"), is tasked to spearhead our venture into this business segment of the industry. For the year ended 31 December 2007, this business sector contributed RM18.8 million or 7.52% of the Group's turnover compared to RM24.0 million or 15.9% achieved in the previous corresponding year. Hence, we see the need to take measures to strengthen the subsidiary and enable it to compete more effectively for business opportunities in this sector of the industry. This is especially so as we witness more major oil companies intensify their exploration and production activities, moving into deepwater areas, developing marginal fields and undertaking repair and maintenance works on aging facilities, hoping to make gains from the strong oil price, thus creating job opportunities for AHSB.

Remotely Operated Vehicles

However, to really benefit from this vibrant and growing industry, AMRB sees a need to move our activities up the value chain. We need to diversify into value-added integrated services to enable us to seize the opportunities and capitalise on the strong order flow for the various business activities in the upstream sector of the oil and gas industry from exploration, to development, production and maintenance phases of the industry. We see exciting prospects and we see rooms for our growth for vertical and horizontal integration.

In line with this, we are proud to make known that in early 2007 the Group acquired 60% stake in Eastar Offshore Pte Ltd ("EASTAR"), an on-going company based in Singapore, specialising in the designing, manufacturing and operating of ROVs as well as tooling systems. Both the inspection and work-class ROVs we currently have are the products of this subsidiary. We also have young Malaysian engineering graduates as part of the team working on various projects in the subsidiary. This is part of the process for transfer of technology.

The business has thus far contributed about 0.6% to the Group's revenue. In fact during the year under review, EASTAR managed to secure contracts to commission four (4) units of work-class ROVs totalling about RM35.6 million for the Group and three (3) units of work class ROVs for an Australian company valued at RM18.9 million. There have also been enquiries from companies in China. Hence, the acquisition will allow the Group to expand beyond its existing capabilities by capitalising on other opportunities provided by the rapidly growing offshore exploration and production activities. It will also provide new avenues of employment for our young Malaysian engineers.

Coupled with its leading position as a marine transportation support service provider, this significant move, as part of our expansion plan and growth in the offshore support service industry, will help the Company realise its goal of being a premier integrated offshore service provider.

AMRB is also undertaking new building of saturation and air dive systems to support its underwater services. These are expected to be delivered in 2008 and early 2009.

Integrated Logistic Services

As part of the Company's strategy to move for value-added business activities we have decided to establish and expand the activities of our integrated logistics support services through the subsidiary, Alam Offshore Logistics & Services Sdn Bhd ("AOLS"), which is located in Telaga Simpul, Kemaman, Terengganu. Amongst others, its scope of work will include ship agency and forwarding, ship husbandry and warehousing. The subsidiary was formerly operating under Najdah Gemilang Sdn. Bhd. The subsidiary recorded a net loss of RM0.2 million compared to net profit of RM0.1 million in the previous year, which was attributable to the sharing of the Holding Company's cost and ESOS cost allocation. Needless to say, we see growth potential for the subsidiary in view of the increase in exploration and production activities offshore at East Coast Peninsular Malaysia, coupled with the initiatives of the Government, under the stewardship of PETRONAS, for the development of the Eastern Corridor Economic Region.

Ship Repair and Maintenance

We have recently acquired 51% equity in KJ Waja Engineering (M) Sdn Bhd ("KWESB") as part of our deliberate decision to have a subsidiary to support the Company in its endeavour to provide efficient service to the clients. By having an in-house contractor to look after the well-being of our fleet, we envisage that the downtime will be kept at minimal levels with expected savings on repair and maintenance costs.

The principal activities of KJ Waja are ship repair and maintenance, supply of labour and marine spare parts, and related services. Hence, the Company believes that such an acquisition is justified and makes good economic sense considering that it will own and operate 34 OSVs by 2010.

Conclusion

We can see a continued up-cycle for Malaysia's oil and gas industry, as PETRONAS intensifies exploration and production efforts to enhance the country's reserves, underpinned by favourable oil prices and the need to sustain energy resources whilst maintaining the country's status as a net oil and gas exporting country.

Against this backdrop, AMRB expects oil and gas service providers to experience business stability and sustain growth as the demand for offshore equipment and services should strengthen in view of the up-cycle in the exploration and production activities. In particular, we see exciting prospects for us as we see appetite for the services we are providing will remain strong and increasing, as the domestic oil and gas sector is expected to experience a buoyant period due to new discoveries of shallow, marginal and deepwater fields, and escalating oil prices. With PETRONAS giving greater preference to local resources, there appear to be much demand for home grown and local service providers.

While the focus of our business will still be on the provision of marine transportation support services, we have every intention to strengthen ourselves in the areas of offshore installation and construction works including underwater engineering and diving activities and facilities maintenance works. Hence, the various exercises we have undertaken lately have been in line with the Company's strategies of enhancing capability through horizontal and vertical integration. We see a definite need for AMRB to position itself and to be fully prepared to meet the growing needs of the industry effectively and efficiently.

The management is cautiously optimistic on the prospect of Alam Maritim as a Group and foresees the near term prospects of the Company being positive.

Azmi bin Ahmad
Managing Director/Chief Executive Officer

28 May 2008

ALAM MARITIM RESOURCES BERHAD ("the Company")

(Company No. 700849-K)

(Incorporated in Malaysia under the Companies Act, 1965)

ERRATA (No. 2)

ANNUAL REPORT 2007

To our shareholders

Dear Sir/Madam,

We refer to our Annual Report 2007 and wish to advise that, due to printing error, some figures in the Message to our Shareholders (page 22) and the Group's Operational Review (page 24) were wrongly printed.

We apologize for the unintentional errors and wish to make the following corrections:

i. to change the first three lines in the second paragraph of the Message to our Shareholders as follows:

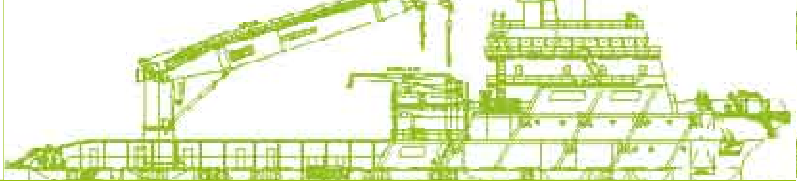
"I am pleased to inform you that your Company made a pre-tax profit of RM68.8 million on the back of RM249.9 million in revenue. This is an improvement of about 12.6% and 65.3% respective from the previous year. For the year under review, Alam Maritim's net earnings per share stood at 10.6 sen whilst our net asset per share stood at 60.0 sen.

ii. to change the third line in the fifth paragraph of the Group's Operational Review as follows:

"…., this business sector has contributed approximately RM229.4 million or 91.8% to the Group's turnover for the year ended 31 December 2007 compared to RM129.2 million of 85.5% in the previous year."

iii. to replace the graph on page 4 with the new graph as per Appendix I.

This errata is dated 29 July 2008.



Senior Management Team

Azmi bin Ahmad
Managing Director/CEO
AMRB and AMSB

Shaharuddin bin Warno @ Rahmad
Executive Director/COO
AMRB and AMSB

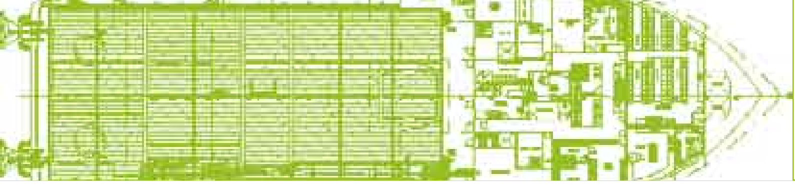
Ahmad Hassanudin bin Ahmad Kamaluddin
Executive Director Corporate Planning &
Development Division
AMRB and AMSB
Executive Chairman, AHSB

Mohd Abd Rahman bin Mohd Hashim
Executive Director
Fleet Management Division
AMRB and AMSB

Ab Razak bin Hashim
Executive Director
Project & Services Division
AMRB and AMSB

Azman bin Shabudin
Managing Director, AHSB

Mohd Fozi bin Ismail
Technical Director, AHSB



Haniza binti Sabaran
Senior Manager
Group Corporate Secretarial

Badrol R. Azmi bin Md. Yunan
Assistant General Manager
COO's Office

Md Nasir bin Noh
Assistant General Manager
Finance & Accounts
Group Finance Division

Md Noh Azizan bin Abdullah
Company's Representative
Alam Subsea Pte Ltd

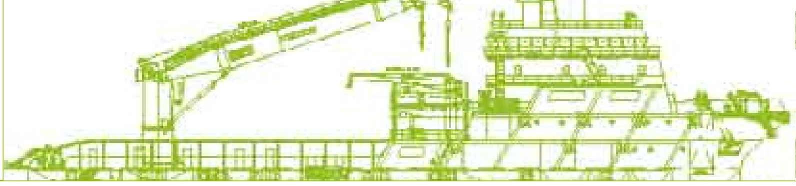
Nik Aznuddeen bin Husain
Senior Manager
Project and Services
Project and Services Division

Mohamad Izham bin Che Ariff
Assistant General Manager
Fleet Management
Fleet Management Division

Yahya bin Asri
Senior Manager
Group HSE - MS

Anas bin Sulaiman
Senior Manager
Group Internal Audit &
Risk Management

Captain Ramli bin Bujang
Senior Manager
Group ISM-ISPS



Zuraidah binti Yunos
Senior Manager
Group HRA & ICT

Nuranisma binti Ahmad
Manager
Finance & Accounts
Group Finance Division

Shariza binti Md Saad
Manager
Corporate Affairs
Group Corporate Planning & Development Division

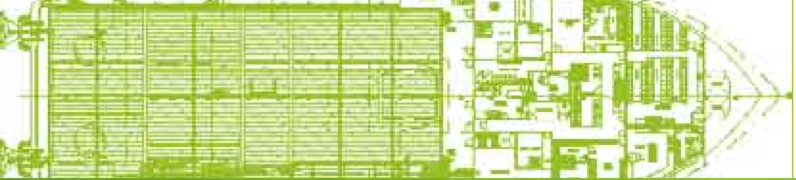
Captain Shamsul Bahri bin Mustafa
Manager
Operations
Project & Services Division

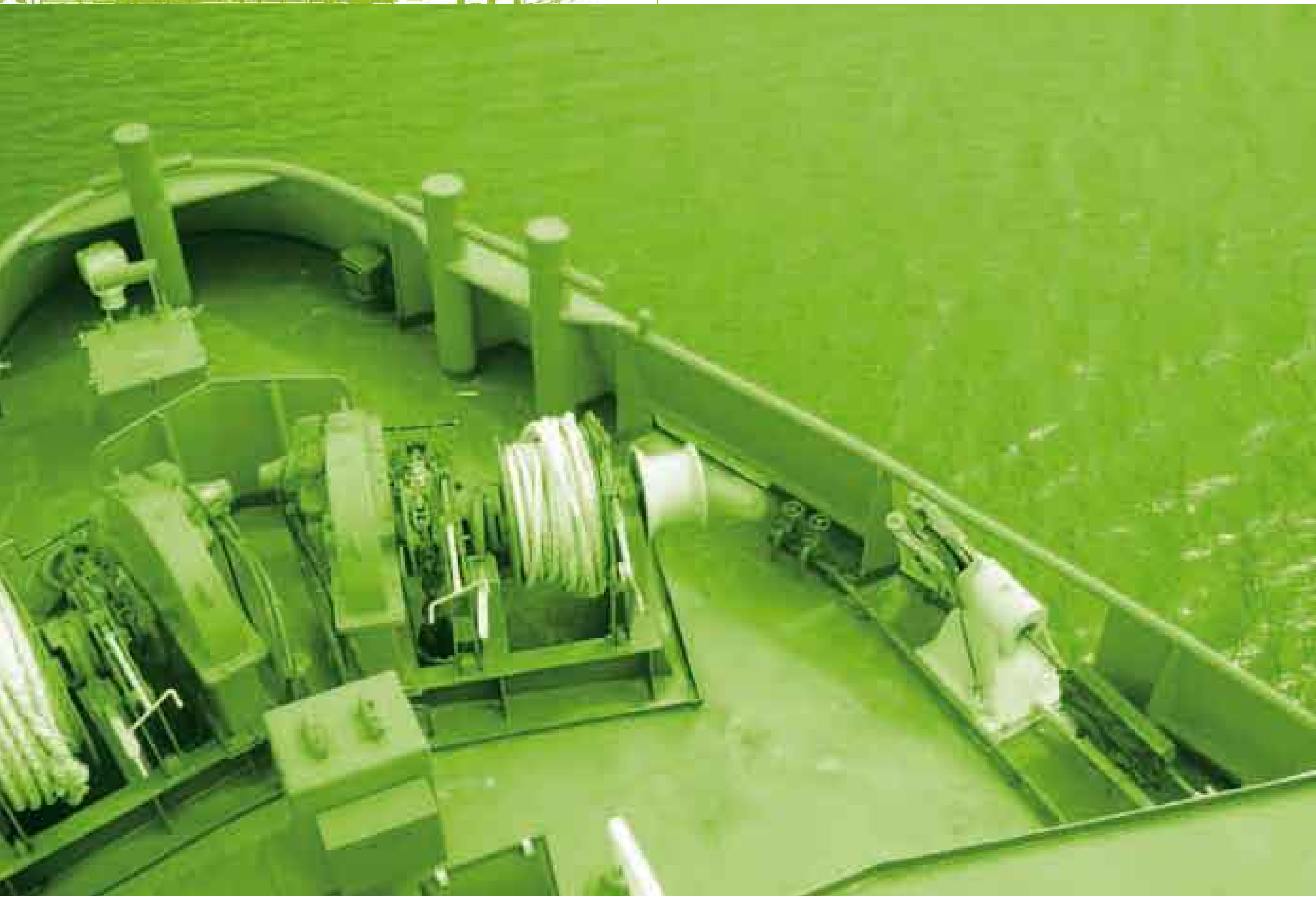
Wan Zurhairi bin Wan Mat
Manager
Operations
Fleet Management Division

Misli bin Ismail
Manager
Technical
Fleet Management Division

Nur Aznita binti Taip
Manager
Group Legal

Captain Mohd Naim bin Fadzil
Manager
Group Crew Management & Training





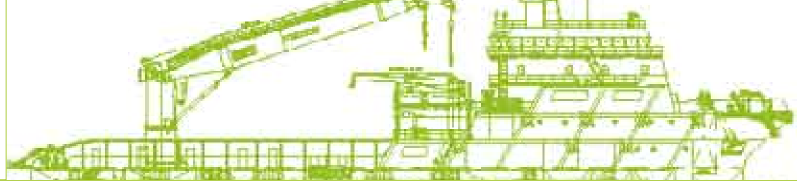
MEMBERSHIP AND ATTENDANCE

The Audit Committee members and details of attendance of each member at Audit Committee meetings during 2007 are set out below:

Members	Status of Directorship	Attendance of Meetings
Haji Ab Wahab bin Haji Ibrahim (Chairman of the Committee)	Independent Non-Executive Director and a Certified Accountant	Attended 5 out of 5 meetings
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Non-Executive Director	Attended 5 out of 5 meetings
Dato' Mohamad Idris bin Mansor	Independent Non-Executive Director	Attended 5 out of 5 meetings
Shaharuddin bin Warno @ Rahmad*	Non-independent Executive Director	Attended 5 out of 5 meetings
Azmi bin Ahmad* (alternate member to Shaharuddin bin Warno @ Rahmad)	Non-independent Executive Director	Attended 5 out of 5 meetings

* Resigned with effect from 28 September 2007 to be in line with good corporate governance practice.

The Audit Committee convened five (5) meetings during the year, which were attended by all of the members. The Executive Directors, Head of Finance & Accounts, Head of Internal Audit, other Senior Management members and the External Auditors attended the meetings upon invitation to brief the Committee on specific issues. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The secretary of the Committee shall be the Group Secretary.



COMPOSITION AND TERMS OF REFERENCE

(a) Composition

The Audit Committee shall comprise at least three (3) Directors, the majority of whom are independent. The members of the Audit Committee shall be appointed by the Board of Directors and all members of the Audit Committee including the Chairman are Non-Executive Directors.

At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountant or if not a member of the Malaysian Institute of Accountants, must have at least three (3) years' working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or a member of one of the associations specified in Part II of the said schedule or has a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance or at least seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation. No alternate director shall be appointed as a member of the Audit Committee. The Board shall review the terms of office and performance of the members of the Audit Committee at least once every 3 years to determine whether the members have carried out their duties in accordance with their terms of reference.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.10 (1) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within 3 months from the date of the vacancy.

b) Chairman

An Independent Non-Executive Director shall be the Chairman of the Audit Committee.

(c) Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually. However, at least once a year, the Audit Committee shall meet with the External Auditors without the Executive Directors being present. This year, the Audit Committee met once with the External Auditors without the Executive Directors and management being present.

The Head of Finance & Accounts and Head of Internal Audit will normally be in attendance at the meetings. Representatives of the External Auditors are to be in attendance at meetings where matters relating to the audit of the statutory accounts and/or External Auditors are to be discussed.

Other directors, officers and employees of the Company and/or Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Audit Committee.

The Company Secretary shall be the Secretary of the Audit Committee and will record, prepare and circulate the minutes of the meetings of the Audit Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Audit Committee shall report to the Board and its minutes tabled and noted by the Board.

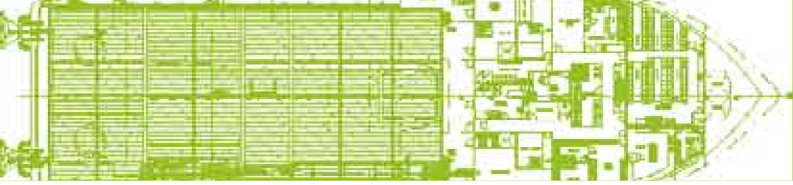
(d) Quorum

A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

(e) Authority

The Audit Committee is authorised by the Board to review any activity within the Audit Committee's terms of reference.

The Audit Committee is authorised to seek any information the Audit Committee requires from any Director or member of management and has full and unrestricted access to any information pertaining to



the Group and the management, and all employees of the Group are required to comply with the requests made by the Audit Committee. The Audit Committee is authorised by the Board to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

In the event that any member of the Audit Committee shall need to seek external professional advice in furtherance of his duties, he shall first consult with and obtain approval from the Chairman of the Audit Committee.

The Audit Committee shall have direct communication channels and be able to convene meetings with the External Auditors without the presence of the non-independent members of the Audit Committee, whenever deemed necessary.

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Audit Committee are:

To review the quarterly, and annual financial statements of the Company focusing particularly on:

(a) Financial Reporting

- Any significant changes to accounting policies and practices; Significant adjustments arising from the audits;
- Compliance with accounting standards and other legal requirements; and the going concern assumption.

(b) Related Party Transactions

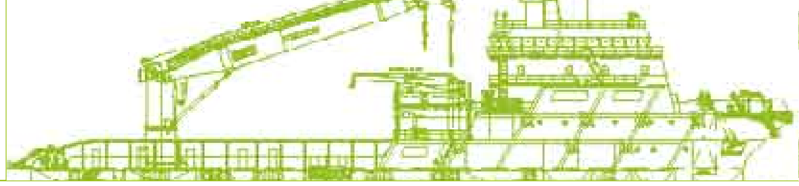
- To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(c) Audit Reports

- To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an Internal Audit unit and summary of the activities of that unit for inclusion in the Annual Report; and
- To review the Board's statements on compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report.

(d) Internal Control

- To consider annually the Risk Management Framework adopted within the Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Group Policies & Authorities;
- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the Audit Committee itself.



(e) Internal Audit

To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Group. Specifically:

- To review the Internal Audit plans and to be satisfied as to their consistency with the Risk Management Framework used, adequacy of coverage and audit methodologies employed;
- To be satisfied that the Internal Audit unit within the Group has the proper resources and standing to enable them to complete their mandates and approved audit plans;
- To review status reports from Internal Audit and ensure that appropriate action is taken on the recommendations of Internal Audit. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
- To review any appraisal or assessment of the performance of the members of the Internal Audit, approve any appointment or termination of senior staff members of Internal Audit and inform itself of any resignations of staff of Internal Audit and reasons thereof;
- To ensure Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
- To request and review any special audit which it deems necessary.

(f) External Audit

- To review the External Auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the External Auditors. The Audit Committee will consider a consolidated opinion on the quality of External Auditing at one of its meetings;
- To review with the External Auditors the Statement on Internal Control of the Group for inclusion in the Annual Report;
- To review any matters concerning the appointment reappointment, audit fee and any questions of resignation or dismissal of the External Auditors;
- To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence;
- To be advised of significant use of the External Auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised; and
- To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

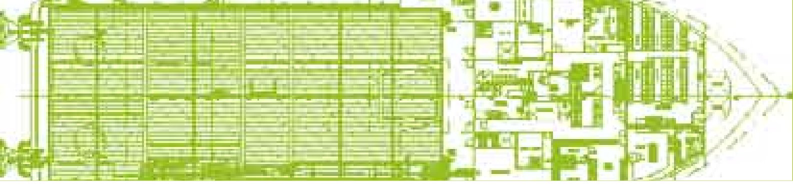
(g) Other Matters

- To act on any other matters as may be directed by the Board.

SUMMARY OF ACTIVITIES

During the year, the Audit Committee carried out its duties in accordance with its terms of reference. Other main issues reviewed by the Audit Committee were as follows:

- The allocation of options during the year under the Alam Maritim Employee Share Option Scheme (ESOS) to ensure this was in compliance with the allocation criteria determined by the ESOS Committee and in accordance with the Bye-Laws of the ESOS.
- The Group's Risk Management Programme, including the insurance programme and security; and
- Impact of FRS 139 on the pro-forma Financial Statements submitted to the Securities Commission.



GROUP INTERNAL AUDIT

The Group has established an Internal Audit & Risk Management Unit (IAD) with the appointment of the Head of Internal Audit on 1st June 2007. The purpose, authority and responsibility of IAD as well as the nature of assurance and consulting activities provided to the Group is clearly articulated in the Internal Audit Charter that has been approved by the Audit Committee.

The Head of Internal Audit reports directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by management regarding the appointment transfer and removal of the Head of Internal Audit of the Group shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

The principal responsibility of the IAD is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The Audit Committee approves the Internal Audit plan during the forth Audit Committee meeting. Any subsequent changes to the Internal Audit plan are approved by the Audit Committee. The scope of Internal Audit covers the audits of all units and operations, including subsidiaries.
The Internal Audit unit has adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its control systems.

The system of internal controls was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

RISK MANAGEMENT

The effective management of risks associated with all aspects of the Group's business is critical to maximising the Group's shareholder value.

The business risks for the Group are affected by a number of factors, not all of which are within the Group's control. These externally driven challenges, together with general business risk exposures such as corporate reputation and operational issues are constantly reviewed as part of the Risk Management programme of the Group.

The Group adopts a proactive Risk Management programme with the following objectives:

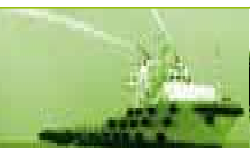
- Protecting its assets and reputation.
- Preserving the safety and health of its employees.
- Ensuring that the Group's operations do not impact negatively on the environment.
- Protecting the interests of all other stakeholders.
- Ensuring compliance with the Malaysian Code of Corporate Governance, Head Office guidelines and all applicable Malaysian laws.
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

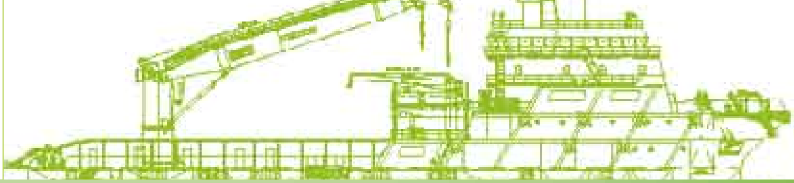
The Risk Management Team, headed by the Executive Director, Corporate Planning & Development and comprising senior managers from all functions of the Group is entrusted to drive the Risk Management of the Group. The team's responsibilities are to:

- Steer the Group's Risk Management programme.
- Promote a proactive risk awareness culture in the Group.
- Conduct an annual review of the business risks.
- Coordinate the development of risk mitigation action plans.
- Organise training and education for employees on risk management.
- Ensure good corporate governance.

Risk management is firmly embedded in the Group's management system and is every employee's responsibility.

This report is made in accordance with a resolution of the Board of Directors dated 20 May 2008.





Statement of Corporate Governance

The Board of Directors (the Board) recognises the importance of good corporate governance and is committed to the establishment and implementation of a proper framework and controls that are in line with the principles and best practices as recommended by the Malaysian Code of Corporate Governance [Revised 2007] (the "Code").

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board has generally applied the Principles and Best Practices of the Code.

The Board is pleased to report herein the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

Principles of Corporate Governance

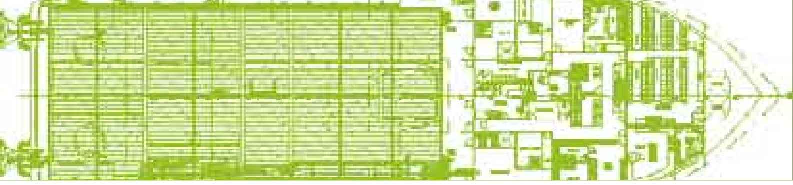
A. DIRECTORS

i The Board

AMRB Board strives to effectively lead and control the Company by having its Chairman, CEO and COO functions exclusively with a strong support from the other functional Executive Directors.

In AMRB, the clear division of responsibilities at the head of the Company ensures the balance of power and authority, such that no one individual has unfettered powers of decision.

AMRB Board has eight (8) members. Five (5) of them are Non-Independent Executive Directors and the other three (3) are Independent Non-Executive Directors. The presence of more than 1/3 Independent Non-Executive Directors is to ensure that a holistic and unbiased view is exercised in arriving at any decisions affecting the Company and its stakeholders.



ii Board Responsibilities

AMRB Board's terms of reference encompasses the following principal responsibilities to facilitate discharging of its stewardship responsibilities:

a. Reviewing and approving the annual corporate plan of the Group of Companies;
b. Overseeing the conduct of the Company's business, and evaluating whether the businesses are being properly managed;
c. Identifying principal risks and ensuring the implementation of appropriate system to manage these risks;
d. Succession planning including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
e. Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
f. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
g. To review and approve the Company's financial statements;
h. To review and approve Audit Committee Report at the end of each of financial year; and
i. To review and approve the Statement of Corporate Governance and Statement of Internal Control Statement for the Annual Report.

iii Board Meetings

The Board meets at least quarterly with additional meetings held as

and when important issues need to be discussed and decisions to be made.

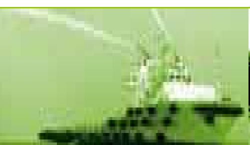
Prior to the meetings, CEO will have the assistance of the Company Secretary to organise necessary information for the Board to deal with. The approved agenda as well as the appropriate information pertaining to the matters to be discussed are provided on a timely basis.

The Company Secretary shall record the proceedings in a proper minutes and in timely manner for the purpose of providing historical record and insight into those decisions. The Chairman is entitled to a strong support of the Company Secretary to ensure the effective functioning of the Board.

The Board has unlimited access to the Company's information and is entitled to the advice and services of the Company Secretary and/or the Management. The Board also has the privilege to appropriately engage the services of professionals on specialised issues and in furtherance of their duties.

During the financial year under review, six (6) Board Meetings were held and the Directors' attendances at the Board Meetings were as follows:

Name	Position	No of Meetings Attended
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Non-Executive Chairman	6/6
Azmi bin Ahmad	Managing Director/CEO	6/6
Shaharuddin bin Warno @ Rahmad	Executive Director/COO	6/6
Dato' Mohamad Idris bin Mansor	Independent Non-Executive Director	6/6
Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	6/6
Ab Razak bin Hashim	Executive Director	6/6
Mohd Abd Rahman bin Mohd Hashim	Executive Director	5/6
Ahmad Hassanudin bin Ahmad Kamaluddin	Executive Director	5/6



iv Board Committees

The Board has established board committees to assist the Board in discharging their duties. These committees are as follows:

a. Audit Committee ("AC")

The Board has set up an AC, the composition of which is in compliance with the relevant regulatory requirements. The function, composition, membership, duties & responsibilities and activities of the AC during the year is set out on pages 32 to 34 of this Annual Report.

b. Nomination & Remuneration Committee ("NRC")

The NRC is responsible for identifying and recommending new nominees to the Board and Committees of the Board and recommending the compensation packages for these appointments.

The NRC meets as and when required. The decision on new appointment shall be the responsibility of the Board after considering the recommendation of the NRC. The Executive Directors are present during deliberations regarding the executive directors' remuneration package and are dismissed when the decisions are about to be made by the non-executive members.

The members of the NRC are as follows :

Name	Position	No of Meetings Attended
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	Chairman	2/2
Dato' Mohamad Idris bin Mansor	Member	2/2
Azmi bin Ahmad	Member	2/2
Shaharuddin bin Warno @ Rahmad	Member	2/2

The Board considers that the current mix of skills and experience of its members is sufficient for the discharge of its duties and responsibilities effectively.

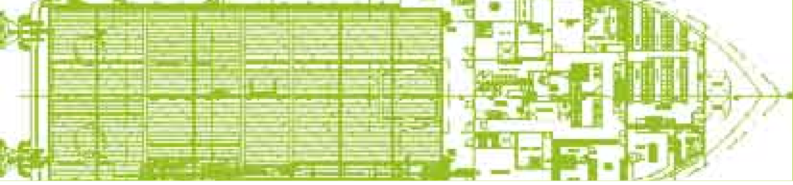
c. Risk Management Committee ("RMC")

The RMC is responsible for the following:

a. to ensure regular assessment, identification, measurement, and monitoring of all principal risks of the Group;
b. to coordinate and prioritise the risk management activities of the Group to ensure all principal risks are adequately managed;
c. to ensure comprehensiveness enterprise-wide risk management policies and that a framework is in place to provide a strong control environment;
d. to ensure the Group's risk management strategies are continuously aligned with its business strategies and risk tolerance, whereby risks are considered in the Group's long term plans and investment or capital allocations;
e. to ensure adequate resources, expertise, and information to manage risks are available throughout the Group; and
f. to propagate a "risk aware culture" among the Group's stakeholders, in particular all levels of staff within the Group, by way of continuous risk training and education.

The members of the RMC are as follows :

Name	Position
Dato' Mohamad Idris bin Mansor	Chairman
Haji Ab Wahab bin Haji Ibrahim	Member
Shaharuddin bin Warno @ Rahmad	Member
Azmi bin Ahmad (alternate member to Shaharuddin bin Warno @ Rahmad)	Member



d. ESOS Committee ("EC")

The ESOS Committee was established on 6 June 2006. The ESOS Committee comprises Executive Directors and the key management.

The members of EC are as follows :

Name	Position
Azmi bin Ahmad	Chairman
Shaharuddin bin Warno @ Rahmad	Member
Md Nasir bin Noh	Member
Haniza binti Sabaran	Secretary

The ESOS Committee shall be vested with such powers and duties as conferred upon it by the Board including the powers:

- To administer the ESOS and to grant Options in accordance with the Bye-laws;
- To recommend to the Board to establish, amend, and revoke Bye-laws, rules and regulations to facilitate the implementation of the ESOS;
- To construe and interpret the provisions hereof in the best interest of the Company; and
- Generally, to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.

Subject to the foregoing, the ESOS Committee shall exercise its discretion in such manner as it deems fit.

v Appointments to the Board

AMRB's Nomination Committee is part of the Nomination & Remuneration Committee responsible to propose new nominees to the Board. It recommends to the Board based on the candidates' skills, knowledge, expertise, experience, professionalism and integrity.

The Nomination Committee looks forward to establishing an annual process to assesS the effectiveness of the Board as a whole, the committees of the Board, and for assessing the contribution of each individual director, including independent non-executive directors, as well as the Chief Executive Officer and the Chief Operating Officer. The assessment and evaluation if carried out shall be documented properly. Currently, the Board's performance is directly linked to the performance of the Group of Companies.

vi Supply of Information

Prior to the Board meetings, all Board members are provided with the agenda and board papers containing information relevant to the business of the meeting to enable them to obtain further explanations, where necessary, in order to be adequately informed before the meetings.

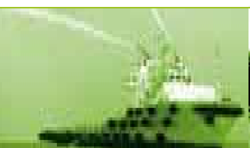
At least quarterly, the Board is being supplied with an overview on the Group's financial, operational performance and corporate affairs. The Board is entitled to a full and unrestricted access to the advice and services of the Company Secretary, Management and independent professional advisers including the External Auditors.

vii Re-election

Article 95 of AMRB's Articles of Association provide that I/3 of its directors shall retire from office at the Annual General Meeting and be deemed eligible for re-election. The Article provides that each of them has to retire at least once in every three (3) years rotation.

viii Directors' Training

AMRB Group has an orientation programme for its entire new staff inclusive of its newly appointed Directors who will be given an overview presentation of the Group's structure, its business and spheres of operations. The Directors are mindful that they should receive appropriate continuous training and they have attended presentations and briefings in order to keep abreast with developments in the market place and with new statutory and regulatory requirements for the financial year ended 31 December 2007. AMRB plans to conduct a series of in-house training for the benefit of its Board members.



B. DIRECTORS' REMUNERATION

i The Level and Make-up of Remuneration

The determination of remuneration packages of the Directors are matters for the Board as a whole. The remuneration of the Directors is structured to attract, retain and motivate them in order to manage the Group successfully. At AMRB, the rewards for Executive Directors, including CEO and COO are linked to corporate performance. On the other hand the level of remuneration for the Non-Executive Directors reflects the level of accountabilities and undertaken professional contribution to the group of companies.

ii Procedures

AMRB has a remuneration package for each Director deliberated and approved by its Nomination & Remuneration Committee prior to recommendation to the Board. The remuneration packages are decided based on general appropriate guidelines applied by the Company in determining the remuneration packages for both Executive and Non-Executive Directors'.

iii Disclosure

The Board reviews the remuneration package of the Executive Directors annually whereby the concerned Executive Directors will abstain from discussions and decisions.

Remuneration Band	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Basic Salary	931,000	-	931,000
Bonus	133,000	-	133,000
Fees	-	115,500	115,500
Total	1,064,000	115,500	1,179,500

Remuneration Band	Executive	Non-Executive
Less than RM50,000	-	2
Between RM50,001 and RM150,000	-	1
Between RM200,001 and RM350,000	1	-
Between RM400,001 and RM600,000	4	-

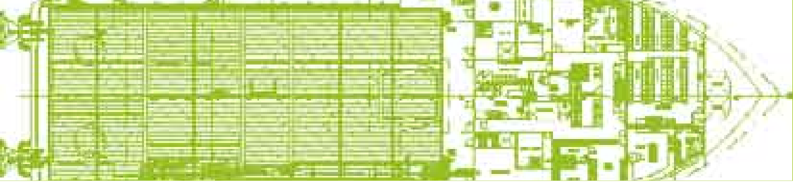
C. SHAREHOLDERS

i Dialogue Between Companies and Investors

AMRB recognises the importance of effective communication with its shareholders and investors to keep them informed of the major development of the AMRB. Such information is disseminated through the following channels:-

- Annual Report;
- Circulars to shareholders;
- Various disclosures and announcements to Bursa Malaysia Securities Berhad; and
- www.alam-maritim.com.my

Companies and Institutional shareholders often, represented by their respective fund managers and analysts have dialogues with regards to the mutual understanding of development and progress, objectives and strategies.



ii The AGM

The Company uses the AGM to communicate with private investors and encourages them to raise questions pertaining to the operations and financial performance of the Group.

D ACCOUNTABILITY AND AUDIT

i Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospect through the quarterly and annual financial statements to shareholders. The Board and the Audit Committee have to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgments and estimates.

ii Relationship with Auditors

The Board, via the Audit Committee, has established a formal and transparent arrangement for maintaining an appropriate relationship with its auditors, both external and internal.

The functions of Audit Committee and its relations with the Auditors are set out on pages 32 to 34 of this Annual Report.

iii Corporate Social Responsibility

AMRB views Corporate Social Responsibility as acting with responsibility for the long term on how the Company conducts its business, to help meet its vision and mission of being a reputable and integrated marine offshore service provider in South East Asia.

During the year under review, three (3) main areas had been determined for CSR PRACTICE - the Workplace, the Marketplace and the Community.

a. The Workplace

We have embarked on several initiatives in the workplace which includes the following:

i Employees voluntarism

ii Health, Safety & Environment ("HSE")

- The year 2007 saw AMRB and its group of companies (the "Group") putting tremendous emphasis on sustaining good HSE performance in its operations.

- The HSE Program for 2007/2008 was launched by the Managing Director/CEO on September 7, 2007 which aimed at increasing the level of awareness and participation of all employees in HSE activities organized by the Group.

- The year also saw the introduction of a structured Management HSE Visits to bases and vessels, an indication of Management commitment and visibility towards continuous improvement in HSE.

- The HSE Program launched, amongst others, encouraged participation by all employees through weekly HSE Awareness Talks, monthly competition as well as HSE Reward Schemes.

- Alam Maritim Group has accumulated safe work-hours of over 2.7 million without any Lost Time Injury (LTI) since the last one in May 2006.

- However, the Group experienced a relatively unexpected property loss incident in November 2007, when MV Setia Mega sank at Offshore Terengganu. The valuable lessons learnt from the incident have enhanced the Group commitment to continue upholding our undivided attention on HSE towards an Injury Free work environment in all our operations.

iii Employee Training

b. The Marketplace

Tabulated below are the list of our important stakeholders and engagement activities by interest groups:

i Our Shareholders

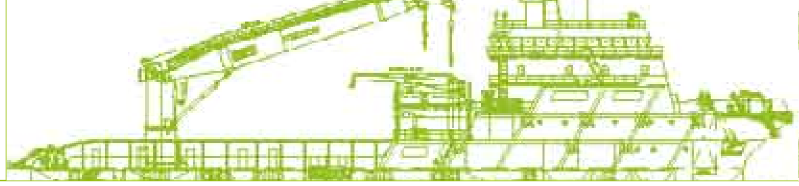
- Analysts and fund managers meeting.s
- Quarterly earnings communications.
- Various disclosures and announcement to Bursa Malaysia. Securities Berhad.
- Annual Report.
- Annual shareholders' meeting.
- www.alam-maritim.com.my

ii. Our Clients

- Customers Surveys.
- Internet communications.
- Business-to-business communications.
- www.alam-maritim.com.my

iii Our Suppliers

- Mentoring of suppliers in negotiation and business plan development.
- Ongoing day-to-day contact and negotiation.
- www.alam-maritim.com.my



c. The Community

Alam Maritim Group contributed donations and sponsorship to the community. Most of the donations went to orphanage centers located in Selangor and Wilayah Persekutuan to support education for underprivileged children.

vi Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders investment and the Group's assets.

The Statement of Internal Control is set out on page 45 to 46 of this Annual Report which provides an overview of the state of internal control within the Group.

vii Statement of Directors' Responsibility

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In preparing the financial statements for the year ended 31 December 2007, the Directors have:

- Adopted the appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensure applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
- Ensure the financial statement have been prepared on a going concern basis

The Directors are responsible for keeping proper accounting records of the Group and Company, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

viii Compliance Statement

Throughout the financial year ended 31 December 2007, the Group has adopted most of the Best Practices of the Code save for those not stated in the above compliance statement.

Other Disclosure Requirements

(a) Share Buybacks

During the financial year, there were no share buybacks by the Company.

(b) Options, Warrants or Convertible Securities

A total of 387,700 ESOS Options were exercised for the financial year ended 31 December 2007.

(c) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR Programme.

(d) Imposition of Sanctions/Penalties

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

(e) Non-Audit Fees

There was no non-audit fees paid to the external auditors during the financial year.

(f) Variation in Results

The audited results of the financial year ended 2007 did not defer by ten percent (10%) or more against the profit forecast and unaudited result previously announced.

(g) Material Contracts

There was no material contract in the financial year under review.

(h) Contracts Relating to Loans

1 Redeemable Cumulative Convertible Secured Loan Stock (RCCSLS) Agreement dated 24 November 2006 between GMV-Alam Sdn Bhd (formerly known as Synergy Sparkle Sdn Bhd) ("GMV-ALAM") and Alam Synergy I (L) Inc ("ASI") pursuant to which GMV-ALAM has agreed to extend financial assistance to ASI by subscribing to the RCCSLS at the maximum aggregate price of RM7,030,000 to part finance purchase of 58.7m Anchor Handling Supply Tug bearing Hull No. HT052007 ("the Vessel").

(a) the issuance of RCCSLS of RM7,030,000 to GMV-ALAM, which has the following salient terms:

- the tenure of the RCCSLS shall be ten (10) years from the date of delivery and acceptance such other date as GMV-ALAM in its absolute discretion decides;

- RCCSLS is chargeable at an interest of seven percentum (7%) per annum calculated on a quarterly reducing basis;
- An interim interest in respect of any part of the disbursed.
- RCCSLS shall be calculated on monthly basis after the disbursement of such part of RCCSLS.

(b) the Vessel will be mortgaged to GMV-ALAM as security for the RCCSLS.

AMSB is our wholly-owned subsidiary and holds 60% equity of ASI two (2) of our Directors, namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are also the Directors of both AMSB and ASI.

2. Redeemable Cumulative Convertible Secured Loan Stock (RCCSLS) Agreement dated 24 November 2006 between GMV-ALAM and Alam Synergy II (L) Inc ("ASII") pursuant to which GMV-ALAM has agreed to extend financial assistance to ASII by subscribing the RCCSLS at the maximum aggregate price of RM7,030,000 to part finance purchase of 58.7m Anchor Handling Supply Tug bearing Hull No. HT062002 ("the Vessel").

(a) the issuance of RCCSLS of RM7,030,000 to GMV-ALAM, which has the following salient terms:
- the tenure of the RCCSLS shall be ten (10) years from the date of delivery and acceptance such other date as GMV-ALAM in its absolute discretion decides;
- An interim interest in respect of any part of the disbursed
- RCCSLS shall be calculated on monthly basis after the disbursement of such part of RCCSLS.

(b) The Vessel will be mortgaged to GMV-ALAM as security for the RCCSLS.

AMSB is our wholly-owned subsidiary and holds 60% equity of ASII. Two (2) of our Directors, namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are also the Directors of both AMSB and ASII.

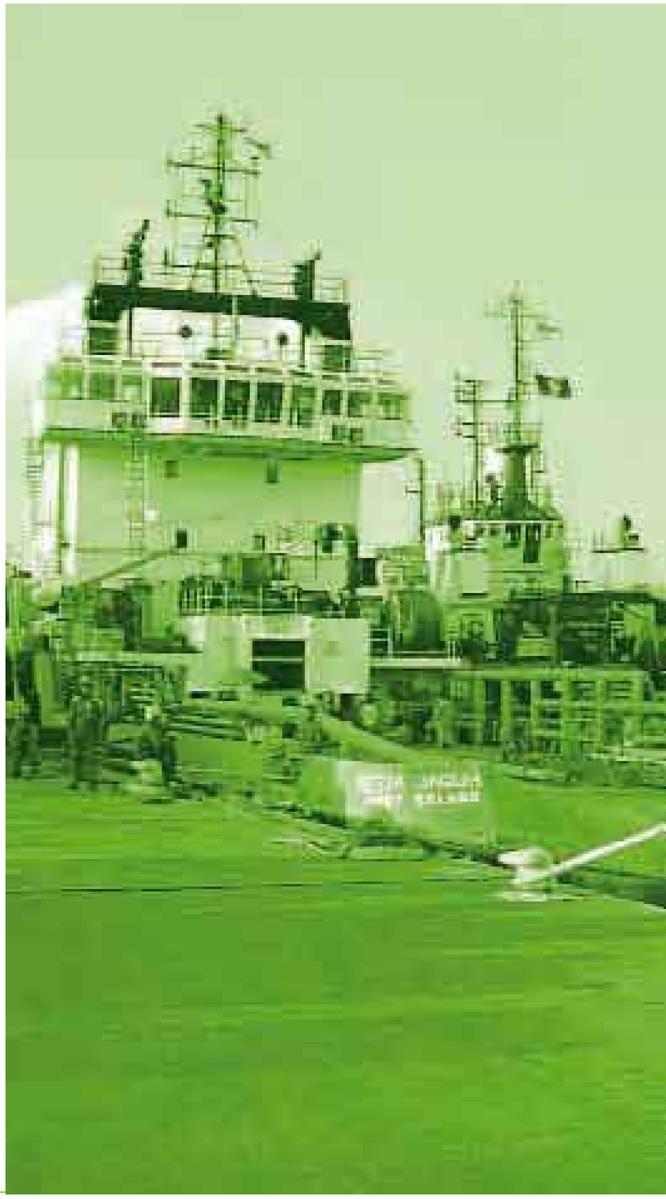
3 Redeemable Cumulative Convertible Secured Loan Stock (RCCSLS) Agreement dated 24 November 2006 between GMV-ALAM and Alam Synergy III (L) Inc ("ASIII") pursuant to which GMV-ALAM has agreed to extend financial assistance to ASIII by subscribing the RCCSLS at the maximum aggregate price of RM16,132,000 to part finance purchase of Diving Support & Maintenance Vessel (DP2) bearing Hull No. YX3079 ("the Vessel").

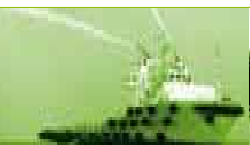
- the tenure of the RCCSLS shall be ten (10) years from the date of delivery and acceptance such other date as GMV-ALAM in its absolute discretion decides;
- RCCSLS is chargeable at an interest of seven percentum (7%) per annum calculated on a quarterly reducing basis;
- An interim interest in respect of any part of the disbursed RCCSLS shall be calculated on monthly basis after the disbursement of such part of RCCSLS.

(b) the Vessel will be mortgaged to GMV-ALAM as security for the RCCSLS.

AMSB is our wholly-owned subsidiary and holds 60% equity of ASIII.

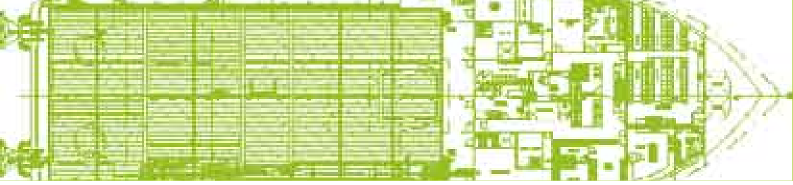
Two (2) Directors, namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are also the Directors of both AMSB and ASIII.





i) Recurrent Related Party Transactions ("RRPT")

Transacting Parties	Relationship	Nature of transactions	Transaction value for the financial year ending 31 December 2007
AMLI and ASI	AMLI is our wholly owned subsidiary ASI is 60% subsidiary of AMSB		
	Two (2) of our directors namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are also the directors of AMLI and ASI	Charter of Vessel by AMLI from ASI	**RM5,976,958**
AMLI and ASII	AMLI is our wholly owned subsidiary ASII is 60% subsidiary of AMSB		
	Two (2) of our directors namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are also the directors of AMLI and ASII	Charter of Vessel by AMLI from ASII	**RM77,743**
AMSB and AMLI	Both AMSB and AMLI are our 100% wholly owned subsidiary		
	Four (4) of our directors namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim are the directors of AMSB while Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are the directors of AMLI	Charter of vessel by AMSB from AMLI	**RM17,705,241**
AMSB and AHSB	AMSB is our wholly owned subsidiary AHSB is a 70% subsidiary of AMSB		
	Four (4) of our directors namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Abd Razak bin Hashim are the directors of both AMSB and AHSB while Ahmad Hassanudin bin Ahmad Kamaluddin is also the Director of AHSB.	Diving and Underwater Inspection	**RM295,037**
AOLS and AMSB	AOLS is owned subsidiary of AMSB AMSB is our 100% wholly owned subsidiary		
	Two (2) of our directors namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are also the director of AOLS and AMSB while Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim are the directors of AMSB	Agency Fee	**RM793,643**
AOLS and AHSB	AOLS is wholly owned subsidiary of AMSB AHSB is 70% subsidiary of AMSB		
	Two (2) of our directors namely Azmi bin Ahmad and Shaharuddin bin Warno @ Rahmad are the directors of AOLS while Mohd Abd Rahman bin Mohd Hashim, Ab Razak bin Hashim and Ahmad Hassanudin bin Ahmad Kamaluddin are the directors of AHSB	Agency Fee	**RM121,295**



Statement Of Internal Control

RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks faced by the Group and this process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory and business environment. This process is regularly reviewed by the Board via the Audit Committee and accords with the Statement on Internal Control : Guidance for Directors of Public Listed Companies.

The Board ensures that management undertakes such action as may be necessary in the implementation of the policies and procedures on risk and control approved by the Board whereby management identifies and assesses the risk faced and then designs, implements and monitors appropriate internal controls to mitigate and control those risks.

For the financial year under review, the Board is satisfied that the system of internal control was generally satisfactory. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

RISK MANAGEMENT

Risk management is regarded by the Board of Directors to be an intergral part of the business operations. Management is responsible for creating a risk-aware culture and for building the necessary knowledge for risk management. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.
The main underlying principles of the Group's policy are :

- Informed risk management is an essential element of the Group's business strategy.
- Effective risk management provides greater assurance that the Group's vision and strategy will be achieved without surprises.
- All material risks are to be identified, analysed, treated, monitored and reported.

The implementation of the policy and risk management is the responsibility of the Managing Director/CEO and members of the Group Management Committee.

OTHER KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control system which have been reviewed and approved by the Board are described below:

(a) Operating structure with clearly defined lines of responsibility and delegated authority

- The operating structure includes defined delegation of responsibilities to the committees of the Board and the management team.

(b) Independence of the Audit Committee

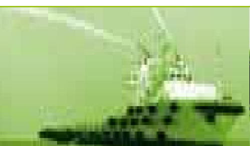
- The Audit Committee comprises non-executive members of the Board, where all members being independent directors (w.e.f. 28 September 2007). The Committee has full access to both Internal and External Auditors and it meets with the External Auditors without any Executives present, except for the Group Secretary, at least once a year.

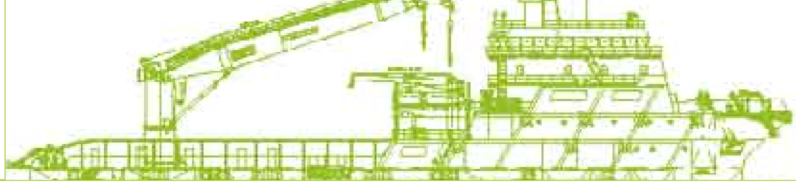
(c) Policies, Procedures and Limits of Authority

- Clearly defined delegation of responsibilities to committees of the Board and to management including organisation structures and appropriate authority levels; and
- Clearly documented internal policies, standards and procedures are in place and regularly updated to reflect changing risks or resolve operational deficiencies. All policies and standards are approved by the Board and cases of non-compliance are reported to the Board by exception.

(d) Strategic Business Planning, Budgeting and Reporting

- Regular and comprehensive information provided by management for monitoring of performance against strategic plan, covering all key financial and operational indicators. On a quarterly basis, the Managing Director/ CEO reviews with the Board on all issues covering, but not restricted to strategy, performance, resources and standards of business conduct;





- Detailed budgeting process established requiring all business units to prepare budgets annually which are discussed and approved by the Board; and
- Effective reporting systems which expose significant variances against budgets and plans are in place to monitor performance. Key variances are followed up by management and reported to the Board.

(e) Insurance and Physical Safeguard

- Adequate insurance and physical safeguard on major assets in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

(f) Senior Management Team (Performance Review Committee) Meetings

- Senior Management Team meetings are held on a regular basis to review, identify, discuss and resolve strategic, operational, financial and key management issues.

(g) Other Matters

- Regular meetings are held between the Managing Director/ CEO and analysts with a formal presentation conducted on the day the financial results are released after Board's approval to ensure a transparent relationship
and open dialogue with investors and shareholders; and

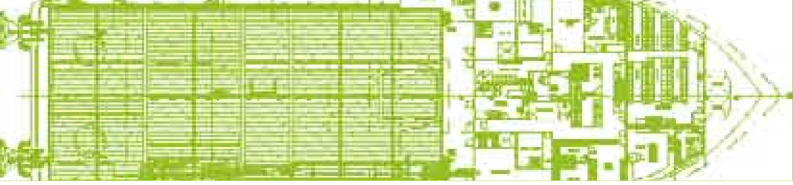
- Written declaration from all management personnel confirming their compliance with the Group's Policies and Authorities and where conflicts of interest situations are disclosed.

Monitoring and review of the effectiveness of the system of internal control

Periodic examination of business process and the state of internal control by the Internal Audit & Risk Management unit to monitor and review the effectiveness of the system of internal control. Reports on the reviews carried out by the Internal Audit & Risk Management unit are submitted on a regular basis to the management and the Audit Committee.

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's business. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees and others.

This statement is made in accordance with a resolution of the Board of Directors dated 20 May 2008.



Alam Maritim to gain from extensions

ALAM Maritim Resources Bhd's current charter contract extensions, worth RM100.57mil, for two of its anchor handling tug supply (AHTS) vessels will improve its net profit by 7.7% to RM76.6mil for the year ending Dec 31 (FY08), according to OSK Investment Research.

Prior to the contract extensions, the research house had forecast a net profit of RM71mil for the oil and gas support services company for FY08.

"The extensions have reflected better charter rates of about US$2.88 per brake horse power (bhp) for 5,920bhp mv Setia Jaguh and 5,150bhp mv Setia Padu," OSK Investment said in its notes to clients.

"This is based on the three-year extension period for each vessel, the number of bhp, utilisation rate of 90% and the amount of the contract.

NEWS ANALYSIS

earnings, timely capturing the good rates and demand in the market.

"The company is also expecting ...

Fleet flow of news

COMPANIES & STRATEGIES

Alam Maritim gets more vessels and jobs

Riding the crest

ON INVESTMENTS

Uptrend for Alam Maritim from high demand for marine vessels

Alam Maritim unit to sell vessel for US$2m

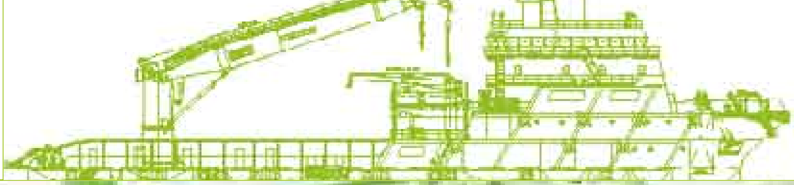
KUALA LUMPUR: Alam Maritim Resources Bhd said its 60%-owned unit Alam Eksplorasi Sdn Bhd plans to sell a vessel to Naviera Armamex SA De CV for US$2.05mil.

Alam Eksplorasi recently signed a memorandum of agreement in regards to the proposed disposal, it said in a stock exchange filing.

The sale was expected to be completed between May 7 and May 10, Alam Maritim said.

This "is in line with the fleet renewal plan of the group in providing the marine support services to the offshore oil and gas facilities," it added.

In a separate filing, the company said trading in its shares had been suspended to facilitate the announcement. The stock last traded at RM3.78. — AFX-Asia



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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

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

RESULTS

	Group	Company
	RM	RM
Profit for the year	56,006,518	3,382,316
Attributable to:		
Equity holders of the Company	50,925,775	3,382,316
Minority interests	5,080,743	-
	56,006,518	3,382,316

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2006 were as follows:

	RM
In respect of the financial year ended 31 December 2006, as reported in the directors' report of that year:	
First and final dividend of 1.50 sen per share less 27% taxation on 165,387,432 shares, paid on 21 August 2007	**1,810,992**

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 0.50 sen per ordinary share less 27% taxation on 485,289,012 ordinary shares, amounting to a dividend payable of RM1,771,305 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2008.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad
Ahmad Hassanudin bin Ahmad Kamaluddin
Mohd Abd Rahman bin Mohd Hashim
Ab Razak bin Hashim
Haji Ab Wahab bin Haji Ibrahim
Dato' Mohamad Idris bin Mansor

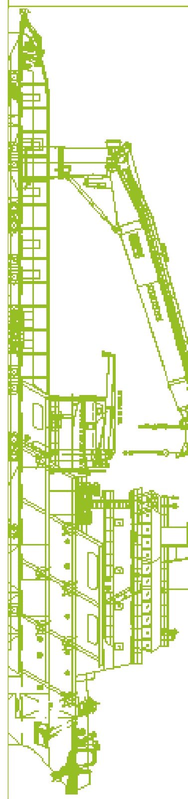
DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Company's Employee Share Options Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company, as shown in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

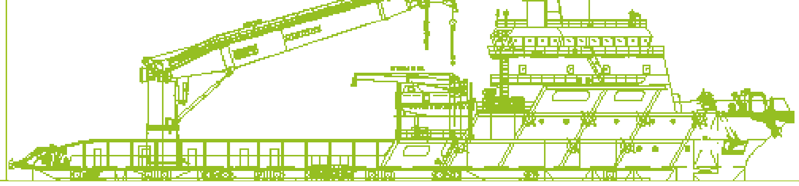
	Number of Ordinary Shares of RM0.50 Each				Number of Ordinary Shares of RM0.25 Each			
	1.1.2007	Acquired	Sold	Bonus Issue	Share Split	Acquired	Sold	31.12.2007
The Company								
Direct Interest:								
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	175,000	50,000	-	84,375	309,375	-	-	618,750
Azmi bin Ahmad	488,700	343,800	(40,000)	297,187	1,089,687	100	-	2,179,474
Shaharuddin bin Warno @ Rahmad	1,016,200	343,800	(78,300)	480,637	1,762,337	-	-	3,524,674
Ahmad Hassanudin bin Ahmad Kamaluddin	295,000	180,000	(165,000)	116,250	426,250	-	(40,000)	812,500
Mohd Abd Rahman bin Mohd Hashim	130,800	229,200	(343,800)	6,075	22,275	-	-	44,550
Ab Razak bin Hashim	-	343,800	(63,800)	105,000	385,000	-	-	770,000
Haji Ab Wahab bin Haji Ibrahim	84,000	60,000	-	54,000	198,000	-	-	396,000
Dato' Mohamad Idris bin Mansor	125,000	60,000	(85,000)	37,500	137,500	-	-	275,000



DIRECTORS' INTERESTS (CONTINUED)

	Number of Ordinary Shares of RM0.50 Each				Number of Ordinary Shares of RM0.25 Each			
	1.1.2007	Acquired	Sold	Bonus Issue	Share Split	Acquired	Sold	31.12.2007
The Company								
Indirect Interest:								
Azmi bin Ahmad	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090
Shaharuddin bin Warno @ Rahmad	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090
Mohd Abd Rahman bin Mohd Hashim	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090
Ab Razak bin Hashim	90,353,896	4,110,864	-	35,424,285	129,889,045	-	-	259,778,090

	1.1.2007	Granted	Exercised	Bonus Issue	Share Split	Granted	Exercised	31.12.2007
Direct Interest:								
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	475,000	-	(50,000)	159,375	584,375	-	-	1,168,750
Azmi bin Ahmad	2,292,500	-	(343,800)	730,762	2,679,462	-	-	5,358,924
Shaharuddin bin Warno @ Rahmad	2,292,500	-	(343,800)	730,762	2,679,462	-	-	5,358,924
Ahmad Hassanudin bin Ahmad Kamaluddin	1,200,000	-	(180,000)	382,500	1,402,500	-	-	2,805,000
Mohd Abd Rahman bin Mohd Hashim	2,177,900	-	(229,200)	730,762	2,679,462	-	-	5,358,924
Ab Razak bin Hashim	2,292,500	-	(343,800)	730,762	2,679,462	-	-	5,358,924
Haji Ab Wahab bin Haji Ibrahim	400,000	-	(60,000)	127,500	467,500	-	-	935,000
Dato' Mohamad Idris bin Mansor	400,000	-	(60,000)	127,500	467,500	-	-	935,000



ISSUE OF SHARES

During the financial year, the Company increased its:

(a) Authorised ordinary share capital from 500,000,000 ordinary shares of RM0.50 each to 1,000,000,000 ordinary shares of RM0.25 each by way of share split; and

(b) Issued and paid-up ordinary share capital from RM81,269,241.00 to RM121,322,253.00 by way of:

   (i) The issuance of 62,045,224 ordinary shares of RM0.50 each pursuant to bonus issue, by way of capitalisation of the share premium on the basis of 3 new ordinary shares of RM0.50 each for every 8 existing ordinary shares of RM0.50 each;

   (ii) The issuance of 2,906,700 ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM1.65 per ordinary share;

   (iii) The issuance of 8,750 ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM3.87 per ordinary share;

   (iv) The share split of 227,499,156 issued and paid-up ordinary shares of RM0.50 each into 454,998,312 ordinary shares of RM0.25 each;

   (v) Issuance of 29,975,000 ordinary shares of RM0.25 each through a private placement at an issue price of RM2.19 per ordinary share for cash, for repayment of borrowings and additional working capital purposes;

   (vi) The issuance of 59,075 new ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM0.60 per ordinary share; and

   (vii) The issuance of 256,625 new ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM1.25 to RM1.85 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Alam Maritim Employee Share Options Scheme ("ESOS") is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2006. The ESOS was implemented on 20 July 2006 and is to be in force for a period of 5 years from date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 21 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the option holders, who have been granted options to subscribe for less than 5,000,000 ordinary shares of RM0.25 each. Other than the interests of the directors as disclosed above, there are no other holder of 5,000,000 or more options as at 31 December 2007.

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (CONINUED)

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 13 and Note 14 to the financial statements.

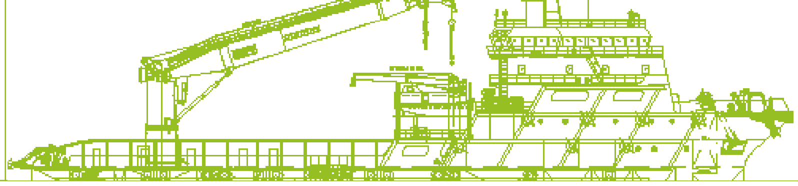
SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 March 2008.



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid and Azmi bin Ahmad, being two of the Directors of Alam Maritim Resources Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 56 to 117 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 March 2008.

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid

Azmi bin Ahmad

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Md Nasir bin Noh, being the Officer primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 56 to 117 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Md Nasir bin Noh
at Kuala Lumpur in the Federal Territory
on 18 March 20

Md Nasir bin Noh

Before me,

PESURUHJAYA SUMPAH
No. W 315
Nama: SOH AH KAU
MALAYSIA

SOH AH KAU, AMN
PESURUHJAYA SUMPAH
26, Jalan Berami
50200 Kuala Lumpur W.P.
Tel: 03-2141 2878

REPORT OF THE AUDITORS
TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD

We have audited the accompanying financial statements set out on pages 56 to 117. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) The financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

  (i) The financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) The matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

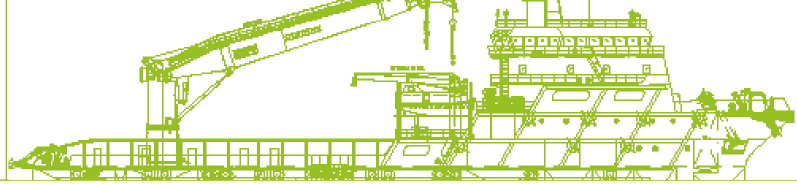
We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim
No. 2607/12/08(J)
Partner

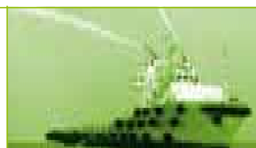
Kuala Lumpur, Malaysia
18 March 2008



INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Revenue	3	249,900,157	151,161,092	8,850,937	5,000,000
Cost of sales		(148,740,331)	(95,295,426)	-	-
Gross profit		101,159,826	55,865,666	8,850,937	5,000,000
Other income		31,312,611	32,844,304	491,557	292,228
Employee benefits expense	4	(14,614,865)	(8,425,336)	(4,627,194)	(374,406)
Other expenses		(29,154,778)	(7,541,277)	(122,178)	(24,084)
Operating profit		88,702,794	72,743,357	4,593,122	4,893,738
Finance costs	6	(20,302,058)	(12,188,307)	(21,192)	(4,511)
Share of profit of an associate		-	298,224	-	-
Share of profit of a jointly controlled entity		122,105	-	-	-
Profit before tax	7	68,522,841	60,853,274	4,571,930	4,889,227
Income tax expense	8	(12,516,323)	(10,832,428)	(1,189,614)	(1,456,751)
Profit for the year		56,006,518	50,020,846	3,382,316	3,432,476
Attributable to:					
Equity holders of the Company		50,925,775	49,487,202	3,382,316	3,432,476
Minority interests		5,080,743	533,644	-	-
		56,006,518	50,020,846	3,382,316	3,432,476
Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	9	11.4	11.8		
Diluted (Sen)	9	10.6	11.1		

The accompanying notes form an integral part of the financial statements.



BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2007

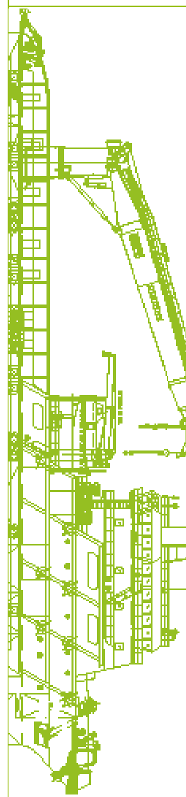
	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
ASSETS					
Non-current assets					
Property, vessels and equipment	11	732,944,770	452,371,767	203,813	259,398
Intangible assets	12	1 ,166,620	-	-	-
Investments in subsidiaries	13	-	-	100,302,070	100,302,070
Investment in an associate	14	-	648,503	-	-
Investment in a jointly controlled entity	15	1,313,547	-	-	-
		735,424,937	453,020,270	100,505,883	100,561,468
Current assets					
Amount due from subsidiaries	16	-	-	421,660,041	15,104,296
Inventories		8 32,049	-	-	-
Trade receivables	17	108,891,333	89,119,621	-	-
Other receivables	19	2 2,548,204	3,427,643	12,852	-
Tax recoverable		83,187	14,779	4,697	-
Cash and bank balances	20	118,120,305	19,120,533	81,119,618	3,641,911
		251,175,078	111,682,576	502,797,208	18,746,207
TOTAL ASSETS		986,600,015	564,702,846	603,303,091	119,307,675
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	121,322,253	81,269,241	121,322,253	81,269,241
Share premium	22	63,032,747	30,748,238	63,032,747	30,748,238
Other reserves	23	6,179,640	3,504,883	6,181,144	3,504,883
Retained profits	24	98,581,395	49,466,612	4,983,210	3,411,886
		289,116,035	164,988,974	195,519,354	118,934,248
Minority interests		13,640,819	9,183,720	-	-
Total equity		302,756,854	174,172,694	195,519,354	118,934,248
Non-current liabilities					
Borrowings	25	395,927,589	242,972,197	300,197,042	220,755
Deferred tax liabilities	28	48,158,084	33,536,045	4,333	1,251
		444,085,673	276,508,242	300,201,375	222,006
Current liabilities					
Borrowings	25	178,619,608	53,603,091	99,678,416	22,188
Trade payables	29	43,885,536	41,354,241	-	-
Other payables	30	15,200,163	12,622,524	7,737,216	73,733
Tax payable		2 ,052,181	6,442,054	166,730	55,500
		239,757,488	114,021,910	107,582,362	151,421
Total liabilities		683,843,161	390,530,152	407,783,737	373,427
TOTAL EQUITY AND LIABILITIES		986,600,015	564,702,846	603,303,091	119,307,675

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
	Non-Distributable			Distributable			
	Share Capital (Note 22) RM	Share Premium (Note 22) RM	Other Reserves (Note 23) RM	(Accumulated Loss)/ Retained Profits RM	Total RM	RM	RM
GROUP							
At 1 January 2006	1	-	-	(20,590)	(20,589)	-	(20,589)
Profit for the year	-	-	-	49,487,202	49,487,202	533,644	50,020,846
Issue of ordinary shares:							
Acquisition of subsidiaries (Note 13(b))	66,558,440	-	-	-	66,558,440	2,167,676	68,726,116
Issued for cash	14,609,600	33,602,080	-	-	48,211,680	-	48,211,680
Pursuant to ESOS	101,200	232,760	-	-	333,960	-	333,960
Share issue costs	-	(3,086,602)	-	-	(3,086,602)	-	(3,086,602)
Disposal of equity interest in subsidiaries	-	-	-	-	-	6,482,400	6,482,400
Share options granted under ESOS (Note 4)	-	-	3,504,883	-	3,504,883	-	3,504,883
At 31 December 2006	81,269,241	30,748,238	3,504,883	49,466,612	164,988,974	9,183,720	174,172,694

	Share Capital (Note 22) RM	Share Premium (Note 22) RM	Other Reserves (Note 23) RM	(Accumulated Loss)/ Retained Profits RM	Total RM	Minority Interests RM	Total Equity RM
GROUP							
At 1 January 2007	8 1,269,241	3 0,748,238	3,504,883	49,466,612	164,988,974	9,183,720	174,172,694
Profit for the year	-	-	-	50,925,775	50,925,775	5,080,743	56,006,518
Issue of ordinary shares:							
Issued for cash	7,493,750	58,151,500	-	-	65,645,250	-	65,645,250
Pursuant to ESOS	1 ,536,650	3,692,818	-	-	5,229,468	-	5,229,468
Pursuant to bonus issue	31,022,612	(31,022,612)	-	-	-	-	-
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	-	399,359	399,359
Share issue costs	-	(984,679)	-	-	(984,679)	-	(984,679)
Share options granted under ESOS:							
- recognised in income statement (Note 4)	-	-	5,123,743	-	5,123,743	-	5,123,743
- exercised during the year	-	2 ,447,482	(2,447,482)	-	-	-	-
Foreign currency translation	-	-	(1,504)	-	(1,504)	(1,003)	(2,507)
Dividends (Note 10)	-	-	-	(1,810,992)	(1,810,992)	(1,022,000)	(2,832,992)
At 31 December 2007	121,322,253	63,032,747	6,179,640	98,581,395	289,116,035	13,640,819	3 02,756,854

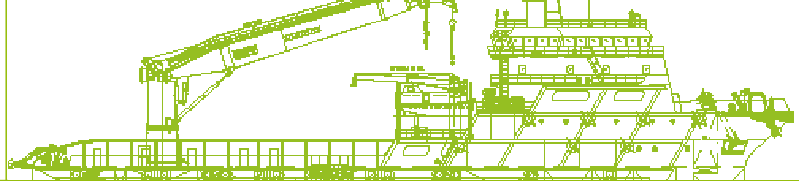


STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

	Non-Distributable				
COMPANY	**Share Capital (Note 22) RM**	**Share Premium (Note 22) RM**	**Other Reserves (Note 23) RM**	**Distributable (Accumulated Losses)/ Retained Profits RM**	**Total Equity RM**
At 1 January 2006	1	-	-	(20,590)	(20,589)
Profit for the year	-	-	-	3,432,476	3,432,476
Issue of ordinary shares:					
Acquisition of subsidiaries (Note 13(b))	66,558,440	-	-	-	66,558,440
Issued for cash	14,609,600	33,602,080	-	-	48,211,680
Pursuant to ESOS	101,200	232,760	-	-	333,960
Share issue costs	-	(3,086,602)	-	-	(3,086,602)
Share options granted under ESOS (Note 4)	-	-	3,504,883	-	3,504,883
At 31 December 2006	81,269,241	30,748,238	3 ,504,883	3,411,886	118,934,248

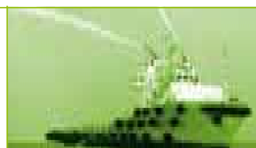
COMPANY	**Share Capital (Note 22) RM**	**Share Premium (Note 22) RM**	**Other Reserves (Note 23) RM**	**Distributable (Accumulated Losses)/ Retained Profits RM**	**Total Equity RM**
At 1 January 2007	81,269,241	30,748,238	3,504,883	3,411,886	118,934,248
Profit for the year	-	-	-	3,382,316	3,382,316
Issue of ordinary shares:					
Issued for cash	7,493,750	58,151,500	-	-	65,645,250
Pursuant to ESOS	1,536,650	3,692,818	-	-	5,229,468
Pursuant to bonus issue	31,022,612	(31,022,612)	-	-	-
Share options granted under ESOS:					
- recognised in income statement (Note 4)	-	-	5,123,743	-	5,123,743
- exercised during the year	-	2,447,482	(2,447,482)	-	-
Share issue costs	-	(984,679)	-	-	(984,679)
Dividends (Note 10)	-	-	-	(1,810,992)	(1,810,992)
At 31 December 2007	121,322,253	63,032,747	6,181,144	4,983,210	195,519,354

The accompanying notes form an integral part of the financial statements.



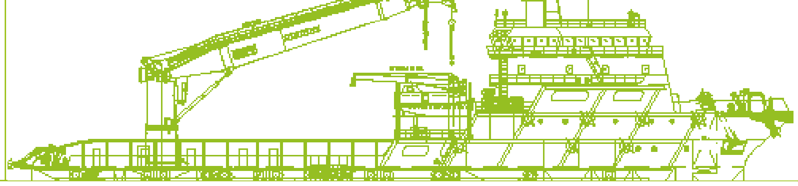
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	68,522,841	60,853,274	4,571,930	4,889,227
Adjustments for:				
Interest income	(932,935)	(178,207)	(491,557)	(91,303)
Dividend income	-	-	(4,000,000)	(5,000,000)
Depreciation of property, vessels and equipment (Note 11)	22,937,829	14,332,030	55,585	18,528
Interest expense	20,223,881	12,188,307	21,192	4,511
Share options granted under ESOS (Note 4)	5 ,123,743	3,504,883	3 ,368,100	292,565
Provision for doubtful debts	8 ,286,387	358,804	-	-
Unrealised gain on foreign exchange	(4,330,869)	(6,910,819)	-	-
Vessel and equipment written off	13,278,110	-	-	-
Gain on disposal of property, plant and equipment	(4,933,260)	-	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 13(b))	-	(23,935,855)	-	-
Share of profits of an associate	-	(298,224)	-	-
Share of profits of a joint controlled entity	(122,105)	-	-	-
Operating profit before working capital changes	128,053,622	59,914,193	3 ,525,250	113,528
Changes in working capital:				
Increase in inventories	(791,806)	-	-	-
(Increase)/decrease in receivables	(46,702,393)	(14,598,174)	(12,852)	711,521



CASH FLOW STATEMENTS
FOR THE YEAR 31 DECEMBER 2007 (CONTINUED)

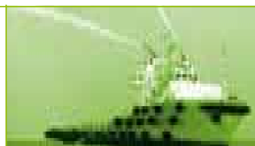
	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase in balances with a related company	-	-	(22,095)	-
Increase/(decrease) in payables	5 ,849,535	6,291,614	219,983	(950,943)
Cash generated from/(used in) operations	86,408,958	51,607,633	3,710,286	125,894
Taxes paid	(3,539,070)	(1,690,541)	(1,080,000)	(1,400,000)
Interest paid	(18,954,545)	(12,188,307)	(1,891,028)	(4,511)
Net cash generated from/(used in) operating activities	63,915,343	37,728,785	739,258	(1,530,405)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, vessels and equipment (Note 11)	(318,326,218)	(129,623,457)	-	-
Proceeds from disposal of property, vessels and equipment	7,058,238	-	-	-
Acquisition of subsidiaries (Note 13(a) and Note 13(b))	(878,412)	6,081,115	-	-
Additional investment in a jointly controlled entity (Note 14)	(542,939)	-	-	-
Transfer of equity interest in a subsidiary (Note 13(b))	-	-	-	(27,018,380)
Additional equity investment in a subsidiary	-	-	-	(6,725,250)
Proceeds from disposal of equity interest in subsidiaries	-	6,482,400	-	-
Increase in amount due from subsidiaries	-	-	(393,940,131)	(11,599,413)
Interest received	932,935	178,207	491,557	91,303
Dividends received	-	-	4 ,000,000	5,000,000
Net cash used in investing activities	(311,756,396)	(116,881,735)	(389,448,574)	(40,251,740)



CASH FLOW STATEMENTS
FOR THE YEAR 31 DECEMBER 2007 (CONTINUED)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares (Note 22)	69,890,039	45,459,038	69,890,039	45,459,038
Proceeds from issuance of Redeemable Convertible Secured Loan Stocks	1,224,425	28,381,275	-	-
Proceeds from MCP/MTNN	98,130,164	-	98,130,164	-
Proceeds from Sukuk Ijarah MTN	3 00,000,000	-	3 00,000,000	-
Proceeds from drawdown of term loans	68,521,270	28,967,852	-	-
Proceeds from drawdown of revolving credits	5 8,379,100	33,644,737	-	-
Repayment of term loans	(182,768,928)	(11,175,101)	-	-
Repayment of revolving credits	(65,235,650)	(31,500,000)	-	-
Repayment of hire purchase and lease financing (Note 27)	(349,627)	(184,472)	(22,188)	(34,983)
Repayment of Redeemable Convertible Secured Loan Stocks (Note 26)	(172,282)	-	-	-
Net cash released from/(set aside) for collateral and sinking fund	3 ,488,719	(11,069,733)	-	-
Dividends paid	(2,832,992)	-	(1,810,992)	-
Net cash generated from financing activities	348,274,238	82,523,596	4 66,187,023	45,424,055
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,433,185	3,370,646	77,477,707	3,641,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3 ,370,647	1	3 ,641,911	1
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)	1 03,803,832	3,370,647	81,119,618	3,641,911

The accompanying notes form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office is located at 38E and 38F, Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The immediate and ultimate holding company of the Company is SAR Venture Holdings (M) Sdn Bhd, a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia ("FRSs"). At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

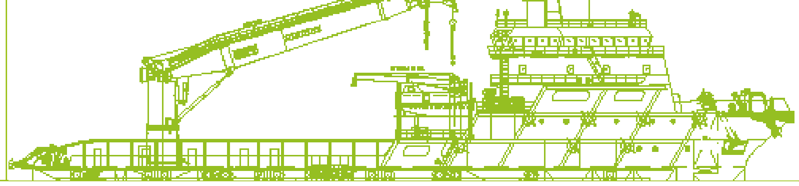
(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.



2.2 Summary of Significant Accounting Policies (Continued)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognized in the consolidated profit or loss. Where there has been a change recognized directly in the equity of the associate, the group recognizes its share of such changes. In applying the equity method, unrealized gains and losses on transactions between the group and the associate are eliminated to the extent of the Group's interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-tirm interest that, in substance, form part of the Group's net investment in the associate,the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associate is used by the Group in applying the equity method. The financial statements of the associate is conterminous with those of the group. Uniform accounting policies are adopted for like transactions and events in similar cirumstances.

In the Company's separate financial statements, the investment in an associate is stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2.2 Summary of Significant Accounting Policies (Continued)

(c) Jointly Controlled Entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's financial statements, investments in jointly controlled entities are stated at cost less any impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in income statement.

(d) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Property, Vessels and Equipment and Depreciation

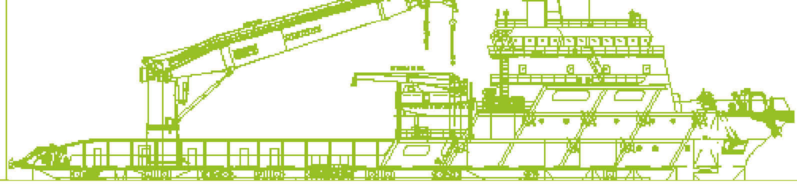
All items of property, vessels and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, vessels and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold building is depreciated over the period of the lease of 76 years.

Vessels are depreciated in equal annual instalments calculated to reduce to residual value the cost of vessels over their estimated useful lives of between 8 to 25 years.

Drydocking costs are capitalised and amortised over the period of the vessel's next drydocking cycle which is approximately over 2.5 years.



2.2 Summary of Significant Accounting Policies (Continued)

Depreciation of 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:

Diving equipment	10%
Equipment on vessel	10%
Computers	33.3%
Official equipments	10%
Furniture and fittings	10%
Motor vehicles	20%

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.

(f) Construction Contracts

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

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

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

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

(g) Impairment of Non-financial Assets

The carrying amounts of assets, other than construction contract assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its 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. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(h) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Interest Bearing Loans and Borrowings

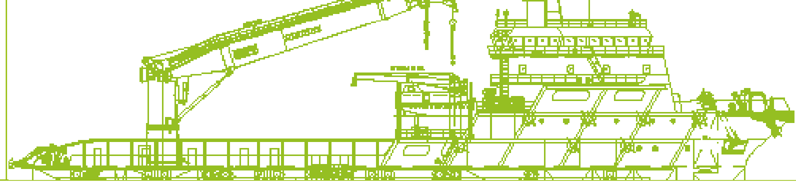
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Redeemable Cumulative Convertible Secured Loan Stocks ("RCCSLS")

The RCCSLS are recorded at the amount of proceeds received, net of transaction costs.

The RCCSLS are classified as liabilities in the balance sheet and borrowing costs of the RCCSLS are recognised in profit and loss in the period in which they are incurred.



2.2 Summary of Significant Accounting Policies (Continued)

(vi) **Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(i) Inventories

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

Cost is determined using the first in, first out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

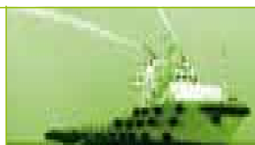
The depreciation policy for leased assets is consistent with that for depreciable property, vessel and equipment as described in Note 2.2(e).

(iii) Operating Leases - the Group as Lessee

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

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as describe in Note 2.2 (p)(i). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.



2.2 Summary of Significant Accounting Policies (Continued)

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

m) Provisions

Provisions are recognised when the Group has 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, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

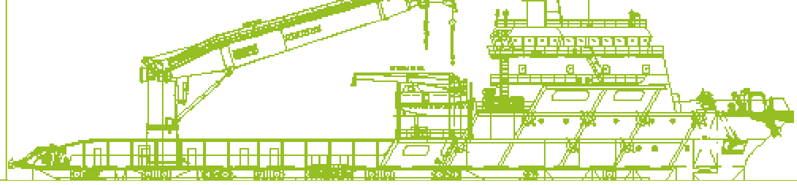
(n) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").



2.2 Summary of Significant Accounting Policies (Continued)

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 balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(o) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

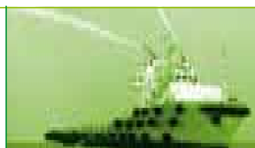
(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.



2.2 Summary of Significant Accounting Policies (Continued)

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Charter Hire of Vessels

Charter hire of vessels are recognised when the services are rendered and is computed at the contracted daily rate. In the event invoices are yet to be issued at year end, the revenue is accrued to the extent of the services rendered at the balance sheet date.

(ii) Revenue from Offshore Installation and Construction

Revenue relating to offshore installation and construction are recognised by reference to stage of completion at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where the outcome of a construction diving contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

(iii) Diving, Underwater Services and Other Shipping Related Income

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

(iv) Management Fees

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

(v) Interest Income

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

(vi) Dividend Income

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

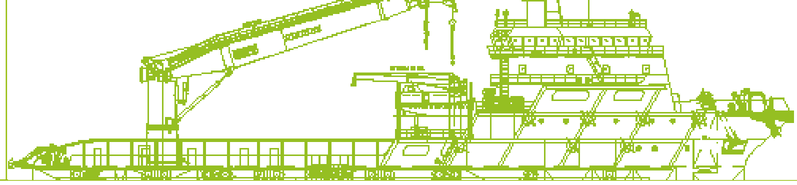
2.3 Changes in Accounting Policies Arising from Adoption of New and Revised Financial Reporting Standards ("FRSs")

On 1 January 2007, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2007.

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 119 $_{2004}$ (Revised)	Employee Benefits

The adoption of FRS 6, FRS 117, FRS 119$_{2004}$ (Revised) and FRS 124 does not have significant financial impact on the Group and the Company.

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company.



2.3 Changes in Accounting Policies Arising from Adoption of New and Revised Financial Reporting Standards ("FRSs") (Continued)

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabiliation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 1292004 - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other FRSs, amendments to FRSs and Interpretations are not expected to have a significant impact on the financial statements of the Group and the Company upon their initial application.

2.4 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following are the judgments made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Treatment of Contract Variation

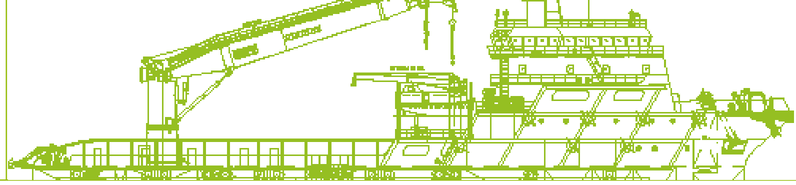
During the previous financial year, the Group had recognised in the financial statements uncertified variation orders arising from a construction diving contract. The directors had sought legal consultation on the probability of the customer approving these uncertified variation orders. The directors are of the opinion that the amount of uncertified variation orders recognised in the financial statements represents the best estimate based on legal consultation and the favourable progress of discussions with the customer. The directors are of the opinion that these uncertified variation orders recognised are recoverable. It is therefore appropriate to recognise these uncertified variation orders as part of amount due from customer as at the balance sheet date. The Group will suffer an estimated loss of approximately RM14,000,000 if all variation orders claimed from this particular customer is eventually disapproved.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 between 8 to 25 years and equipment on vessel to be 10 years. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.



3. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Charter hire	214,445,550	118,736,840	-	-
Offshore installation and construction	7,331,803	21,458,721	-	-
Ship catering	9,695,659	5,422,246	-	-
Rental of equipment	10,605,499	1,766,040	-	-
Diving and underwater services Other	867,439	732,925	-	-
shipping related income	6,954,207	3,044,320	-	-
Dividend income from a subsidiary	-	-	-	-
Management fees from subsidiaries	-	-	4,000,000	5,000,000
			4,850,937	-
	249,900,157	151,161,092	8,850,937	5,000,000

4. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Salaries, bonuses and allowances	6,245,348	3,466,986	1,165,933	81,841
Contributions to defined contribution plan - EPF	648,088	399,832	90,720	-
Social security contributions	28,630	16,860	1,085	-
Share options granted under ESOS (Note 23)	5,123,743	3,504,883	3,368,100	292,565
Other staff related expenses	2,569,056	1,036,775	1,356	-
	14,614,865	8,425,336	4,627,194	374,406

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,249,757 (2006: RM3,391,748) and RM3,405,544 (2006: RMNil) as further disclosed in Note 5.

5. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors' remuneration (Note 4):				
Fees	40,000	15,000	-	-
Other emoluments	5,217,511	3,376,748	3,404,459	-
	5,257,511	3,391,748	3,405,459	-
Non-executive directors remuneration (Note 7):				
Fees	102,000	65,773	72,000	55,773
Other emoluments	325,531	597,204	325,531	218,706
	427,531	662,977	397,531	274,479
Total directors remuneration	5,685,042	4,054,725	3,801,990	274,479
Estimated money value of benefits-in-kind	232,000	113,800	232,000	9,000
Total directors remuneration including benefits-in- kind	5,917,042	4,168,525	4,033,990	283,479

The details of remuneration recievable by directors of the Company during the year are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive:				
Salaries and other emoluments	1,531,000	982,284	931,000	-
Fees	40,000	15,000	-	-
Bonus:				
- current year's provisions	320,714	230,687	133,000	-
Defined contribution plan - EPF	185,088	146,604	90,720	-
Share option granted under ESOS	2,249,739	1,440,438	2,249,739	-
Estimated money value of benefits-in-kind	187,000	95,800	187,000	-
Total executive directors' remuneration	4,513,541	2,910,813	3,591,459	-
Non-executive:				
Fees and other emoluments	145,500	260,273	115,500	70,273
Share option granted under ESOS	282,031	392,704	282,031	204,206
Estimated money value of benefits-in-kind	45,000	18,000	45,000	9,000
Total non-executive directors' remuneration	472,531	670,977	442,531	283,479
Total directors' remuneration	4,986,072	3,581,790	4,033,990	283,479

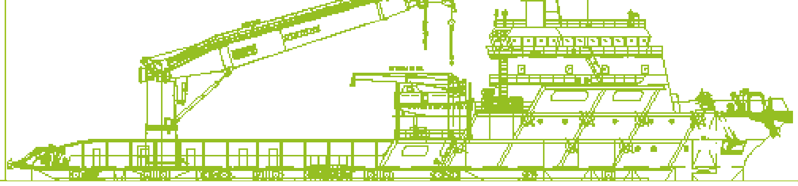
5. DIRECTORS REMUNERATION (CONTINUED)

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

	Number of Directors	
	2007	2006
Executive directors:		
RM300,000 - RM400,000	1	4
RM400,001 - RM500,000	3	-
RM500,001 - RM600,000	1	-
Non-executive directors:		
RM20,000 - RM30,000	1	2
RM30,001 - RM40,000	1	1
RM100,000 - RM200,000	1	1

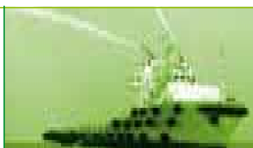
6. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:				
Term loans	15,848,108	11,088,846	-	-
Hire purchase and finance lease liabilities	86,696	192,663	21,192	4,511
RCCSLS	2,064,393	152,404	-	-
MCP/MMTN	1,524,539	-	-	-
Sukuk Ijarah MTN	7,443,500	-	-	-
Other borrowings	2,566,961	754,394	-	-
	29,534,197	12,188,307	21,192	4,511
Less: Interest expense capitalised in qualifying assets- vessels under construction (Note 11)	(9,232,139)	-	-	-
Net finance expense	20,302,058	12,188,307	21,192	4,511



7. PROFIT BEFORE TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax is stated after charging/(crediting):				
Non-executive directors' remuneration (Note 5)	427,531	662,977	397,531	274,479
Auditors' remuneration:				
- statutory audits	125,000	125,000	23,000	23,000
- other services	143,950	299,250	138,950	266,250
Operating leases:				
- ease payments for premises	155,429	80,492	-	-
- lease payments for survey equipment	522,538	10,922,000	-	-
- ease payments for tugs/ barges	87,582	82,977	-	-
Depreciation of property, vessels and equipment (Note 11)	22,937,829	14,332,030	55,585	18,528
Interest income	(864,263)	(178,207)	(491,557)	(91,303)
Provision for doubtful debts	8,286,387	358,804	-	-
Unrealised gain on foreign exchange	(4,328,362)	(6,910,819)	-	-
Realised gain on foreign exchange	(4,925,195)	(865,311)	-	-
Vessel and equipment written off	13,278,110	-	-	-
Insurance claim on loss of a vessel	(13,300,000)	-	-	-
Gain on disposal of property, plant and equipment	(4,933,260)	-	-	-
Negative goodwill arising on acquisition of subsidiaries (Note 13(b))	-	(23,935,855)	-	-



8. INCOME TAX EXPENSE

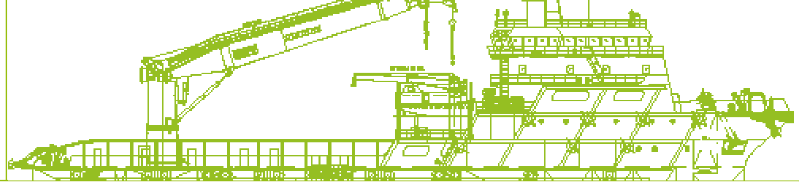
	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current income tax:				
Malaysian income tax	4,454,258	4,633,155	1,246,729	1,455,500
(Over)/underprovision in prior year	(6,559,974)	381,915	(60,197)	-
	(2,105,716)	5,015,070	1,186,532	1,455,500
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	11,490,493	6,896,246	-	1,251
Relating to change in tax rates	(1,233,494)	(1,078,888)	(168)	-
Underprovision in prior year	4,365,040	-	3,250	-
	14,622,039	5,817,358	3,082	1,251
	12,516,323	10,832,428	1,189,614	1,456,751

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	68,522,841	60,853,274	4,571,930	4,889,227
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	18,501,167	17,038,917	1,234,421	1,368,984
Effect of income subject to tax rate of 20%	(70,000)	(94,926)	-	-
Different tax rates in other countries	26,496	-	-	-
Effect of income not subject to tax	(3,864,905)	(8,550,955)	-	-
Effect of expenses not deductible for tax purposes	1,301,113	3,136,365	12,308	87,767
Effect of change in tax rates on opening balance of deferred tax	(1,233,494)	(1,078,888)	(168)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	50,880	-	-	-
(Over)/underprovision of income tax in prior year	(6,559,974)	381,915	(60,197)	-
Underprovision of deferred tax in prior year	4,365,040	-	3,250	-
Income tax expense for the year	12,516,323	10,832,428	1,189,614	1,456,751



9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amount are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2007 RM	2006 RM
Profit attributable to ordinary equity holders of the Company	50,925,775	49,487,202
Weighted average number of ordinary shares in issue	447,144,113	417,818,800
Basic earnings per share (Sen)	11.4	11.8

The weighted average number of ordinary shares have been adjusted to retrospectively apply the bonus issue and share split disclosed in Note 22(a) and (b) as required by FRS 133: Earnings Per Share.

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	2007 RM	2006 RM
Profit attributable to ordinary equity holders of the Company	50,925,775	49,487,202
Weighted average number of ordinary shares in issue	447,144,113	417,818,800
Effects of dilution from share options granted to employees	34,837,879	29,065,427
Adjusted weighted average number of ordinary shares in issue and issuable	481,981,992	446,884,227
Diluted earnings per share (Sen)	10.6	11.1

The diluted earnings per share is calculated by dividing the net profit for the year of RM50,925,775 (2006: RM49,487,202) by the weighted average number of ordinary shares in issue during the financial year, adjusted for the bonus issue and share split disclosed in Note 22(a) and (b) and effects of dilution from share options granted to employees of 34,837,879 (2006: 29,065,427).

10. DIVIDENDS

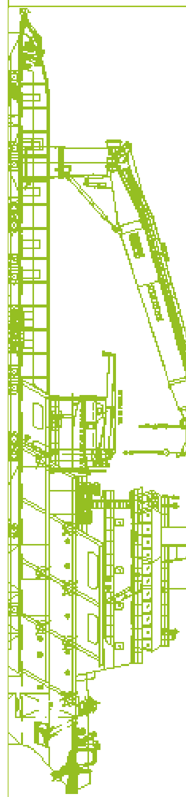
	Dividends in respect of Year		**Dividends Recognised in Year**	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Recognised during the year				
First and final dividend for 2006: 1.50 sen less 27% taxatation, on 165,387,432 ordinary shares	-	1,810,992	1,810.992	-

11. PROPERTY, VESSELS AND EQUIPMENT

Group	Leasehold Building RM	Vessels RM	Drydocking RM	Diving Equipment, Equipment on Vessel RM	Motor Vehicles RM	Computers, Office Equipment, Furniture and Fittings RM	Renovations RM	Assets under construction RM	Total RM
31 December 2007									
Cost									
At 1 January 2007	2,410,000	383,467,167	10,544,840	14,183,946	2,326,749	919,417	748,476	82,379,095	496,979,690
Acquisition of a subsidiary									
(Note 13(a))	-	-	-	-	-	125,106	7,878	-	132,984
Additions	-	40,300,695	3,662,599	5,058,295	491,570	499,668	1,582,132	267,212,500	318,807,459
Disposals	-	(7,030,000)	(1,206,361)	(477,424)	(190,800)	-	-	-	(8,904,585)
Write-off	-	(13,440,000)	(1,832,897)	(706,924)	-	(7,130)	-	-	(15,986,951)
Reclassification	-	128,733,222	-	-	-	-	-	(128,733,222)	-
At 31December 2007	2,410,000	532,031,084	11,168,181	18,057,893	2,627,519	1,537,061	2,338,486	220,858,373	791,028,597
31 December 2007									
Accumulated Depreciation									
At 1 January 2007	78,420	34,801,198	5,303,600	2,689,733	1,119,631	433,044	182,297	-	44,607,923
Acquisition of a subsidiary									
(Note 13(a)	-	-	-	-	-	23,568	2,955	-	26,523
Charge for the year	80,333	17,067,370	3,377,117	1,607,667	407,505	253,698	144,139	-	22,937,829
Disposals	-	(5,724,428)	(746,836)	(155,250)	(153,093)	-	-	-	(6,779,607)
Write-off	-	(746,686)	(1,794,217)	(144,642)	-	(5,296)	-	-	(2,708,827)
As at 31 December 2006	158,753	45,379,454	6,139,664	3,997,508	1,374,043	705,014	329,391	-	58,083,827
Net Carrying Amount									
As at 31 December 2007	2,251,247	486,651,630	5,028,517	14,060,385	1,253,476	832,047	2,009,095	220,858,373	732,944,770

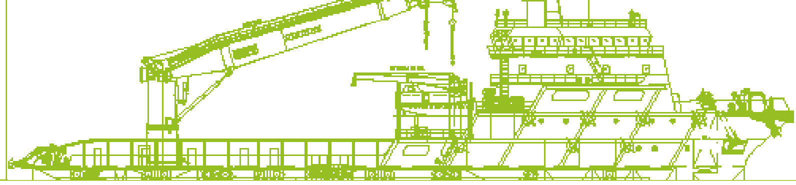
11.PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

Group	Leasehold Building RM	Vessels RM	Drydocking RM	Diving Equipment, Equipment on Vessel RM	Motor Vehicles RM	Computers, Office Equipment, Furniture and Fittings RM	Renovations RM	Assets under construction RM	Total RM
31 December 2006									
Cost									
At 1 January 2006	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 13(b)	1,490,000	384,891,167	2,733,648	10,666,861	2,048,823	777,476	748,476	-	367,356,233
Additions	920,000	31,964,625	1,845,776	3,517,085	277,926	142,159	-	90,955,886	129,623,457
Recclassification	-	2,611,375	5,965,416	-	-	-	-	(8,576,791)	-
As at 31 December 2006	2,410,000	383,467,167	10,544,416	14,183,946	2,326,749	919,417	748,476	82,379,095	496,979,690
Accumulated Depreciation									
At 1 January 2006	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 13(b)	65,350	25,223,026	1,933,506	1,802,435	839,006	280,169	132,401	-	30,275,893
Charge for the year	13,070	9,578,172	3,370,094	887,298	152,875	49,896	-	90,955,886	14,332,030
As at 31 December 2006	78,420	34,801,198	5,303,600	2,689,733	1,119,631	433,044	182,297	82,379,095	44,607,923
Net Carrying Amount									
As at 31 December 2006	2,331,580	348,665,969	5,241,240	11,689,733	1,207,118	486,373	566,179	82,379,095	452,371,767



11. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

	Motor Vehicles RM	Total RM
Company		
31 December 2007		
Cost		
At 1 January/31 December	277,926	277,926
Accumulated Depreciation		
At 1 January 2007	18,528	18,528
Charge for the year	55,585	55,585
At 31 December 2007	74,113	74,113
Net Carrying Amount	203,813	203,813
At 31 December 2007		
31 December 2006		
Cost		
At 1 January 2006		
Additions	277,926	277,926
At 31 December 2006	277,926	277,926
Accumulated Depreciation		
At 1 January 2006		
Charge for the year	18,528	18,528
At 31 December 2006	18,528	18,528
Net Carrying Amount		
At 1 January 2006	259,398	259,398



11. PROPERTY, VESSELS & EQUIPMENT (CONTINUED)

(a) During the financial year, the Group and the Company acquired property, vessels and equipment at aggregate cost of RM318,807,459 and RMNil (2006: RM129,623,457 and RM277,926) respectively of which RM481,241 and RMNil (2006:RMNil and RM277,926) respectively were acquired by means of hire purchase and finance lease arrangements. Net carrying amounts of property, vessels and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		**Company**	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Motor vehicles	1,253,476	1,207,118	203,813	259,398

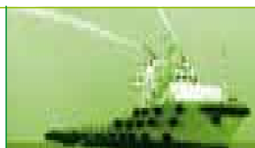
Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 27.

(b) The net carrying amounts of property, vessels and equipment of the Group which are pledged as securities for borrowings as disclosed in Note 25 and Note 26 are as follows:

	Group	
	2007 RM	**2006 RM**
Leasehold buildings	2,251,247	2,331,580
Vessels	486,651,630	339,165,141
	488,902,877	341,496,721

(c) The strata titles for the leasehold buildings with a net carrying amount of RM2,251,247 (2006: RM2,331,580) have not been issued by the relevant authorities.

(d) Interest expense capitalised in relation to vessels under construction during the financial year, for the Group amounted to RM9,232,139 (2006: RMNil), as disclosed in Note 6.



12. INTANGIBLE ASSETS

	Goodwill on Consolidation RM
Group	
Cost	
At 1 January 2007	-
Acquisition of a subsidiary (Note 13(a))	1,166,620
At 31 December 2007	1,166,620

(a) Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's Cash-Generating Unit ("CGU") comprising the Group's designing, manufacturing and operating of remotely operated vehicles ("ROVs") operation in Singapore.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

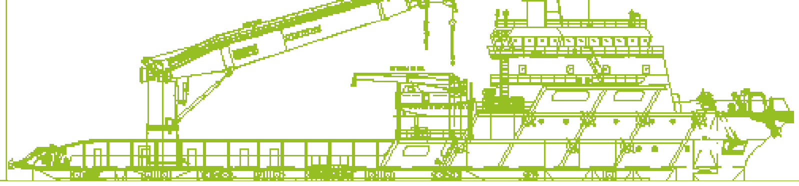
The basis used to determine the value assigned to the budgeted gross margin is the average margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rate

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

(iii) Bond rate

The bond rates used are the yield on 5-year Singaporean government bond rates at the beginning of the budgeted year.



13. INVESTMENTS IN SUBSIDIARIES

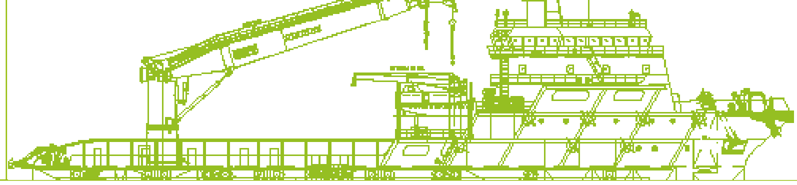
	Company 2007 RM	Company 2006 RM
Unquoted shares, at cost	100,302,070	100,302,070

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(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 shipping owning	100	100
(ii) Held through AMSB				
Alam Eksplorasi (M) Sdn Bhd ("AESB")	Malaysia	Ship owning, operating and chartering	60	60
Alam Hidro (M) Sdn Bhd ("AHSB")	Malaysia	Offshore facilities construction and installation and underwater services	70	70
Alam Offshore Services & Logistics Sdn Bhd ("AOLSB") (formerly known as Najdah Gemilang Sdn Bhd)	Malaysia	Transportation, ship forwarding and agent, ship chandelling and other related activities	100	100

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(ii) Held through AMSB (Continued)				
Alam Synergy I (L) Inc ("ASI")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy II (L) Inc ("ASII")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy III (L) Inc ("ASIII")	Federal of Labuan, Malaysia	Ship owning, operating and chartering	60	60
(iii) Held through AMLI				
Eastar Offshore Pte Ltd ("EASTAR")	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	60	-
Alam Brompton (L) Inc	Federal Territory of Labuan, Malaysia	Ship management and operating, ship owning, ship maintenance and marine consultancy	100	-



13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of a Subsidiary - 31 December 2007

On 8 January 2007, the Company through its 100% wholly-owned subsidiary, AMLI had acquired 60% equity interest in EASTAR, a company incorporated in Singapore.

The acquired subsidiary had contributed the following results to the Group:

	2007 RM
Revenue	1,557,440
Profit for the year	322,619

The assets and liabilities arising from the acquisition are as follow:

	Acquiree's Carrying Amount RM
Property and equipment (Note 11)	106,461
Inventories	40,242
Trade and other receivables	476,267
Cash and bank balances	887,246
	1,510,216
Trade and other payables	(511,819)
Fair value of net assets	998,397
Less: Minority interests	(399,359)
Group's share of net assets	599,038
Goodwill arising on acquisition	1,166,620
Purchase consideration satisfied by cash	1,765,658

There were no other cash flow implications on the acquisition except for the cash and cash equivalents of subsidiary acquired totalling to RM878,412.

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of Subsidiaries - 31 December 2006

On 21 April 2006, in conjunction with and as an integral part of the plan to list the operations of the Group on the Main Board of the Bursa Malaysia Securities Berhad, the Company had acquired the entire issued and paid-up share capital of AMSB comprising 20,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM66,558,440 satisfied by the issuance of 133,116,880 new ordinary shares in the Company at par value of RM0.50 per ordinary share, credited as fully paid-up.

The acquired subsidiary had contributed the following results to the Group:

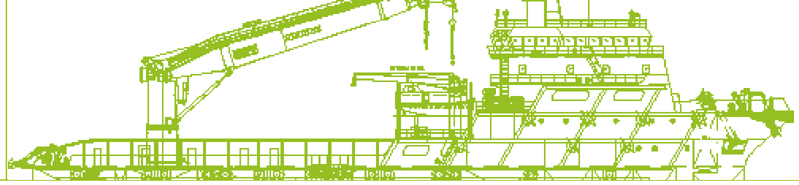
	2006 **RM**
Revenue	151,161,092
Profit for the Year	49,810,130

If the acquisition had occurred on 1 January 2006, the Group's revenue and profit for the year would have been RM214,151,333 and RM54,798,601 respectively.

The assets and liabilities arising from the acquisition are as follow:

	Fair Value Recognised on Acquisition **RM**	**Acquiree's Carrying Amount** **RM**
Property, vessel and equipment (Note 11)	337,080,340	320,663,265
Investment in an associate	350,279	350,279
Goodwill	-	875,490
Trade and other receivables	78,328,168	78,328,168
Cash and bank balances	6,081,115	6,081,115
	421,839,902	406,298,317
Trade and other payables	(50,787,582)	(50,787,582)
Borrowings	(250,671,662)	(250,671,662)
Deferred tax liabilities (Note 28)	(27,718,687)	(27,718,687)
	(329,177,931)	(329,177,931)
Fair value of net assets	92,661,971	
Less: Minority interests	(2,167,676)	
Group's share of net assets	90,494,295	
Negative goodwill arising on acquisition (Note 7)	(23,935,855)	
Purchase consideration satisfied by issuance of new ordinary shares of the Company	66,558,440	

There were no other cash flow implications on the acquisition except for the cash and cash equivalents of AMSB and its subsidiaries acquired totalling to RM6,081,115.



14. INVESTMENT IN AN ASSOCIATE

	Group 2007 RM	Group 2006 RM
Unquoted shares outside Malaysia, at cost	-	208,310
Share of post-acquisition reserves	-	440,193
	-	648,503

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(i) Held through AMLI				
Workboat International FZCO ("Workboat")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine consultancy	- *	33.33

* On 5 April 2007, the Group acquired additional 26.67% equity interest and secured joint control over Workboat for cash consideration of RM542,939.

15. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

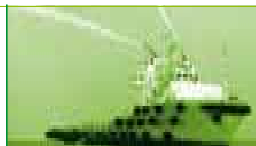
	Group 2007 RM	Group 2006 RM
Unquoted shares outside Malaysia, at cost	751,249	-
Share of post-acquisition reserves	562,298	-
	1,313,547	-

Details of the jointly controlled entity is as follows:

Name of Jointly Controlled Entity	Country of Incorporation	Principal Activities	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
(i) Held through AMLI				
Workboat International FZCO ("Workboat")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine consultancy	60*	-

* The Group's effective voting interest is 50%.

The Group's aggregate share of the income, expenses, assets and liabilities of the jointly controlled entity are as as follows:



15. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (Continued)

	2007 RM
Assets and Liabilities	
Current assets	4,823,260
Non-current assets	27,420
Total assets	4,850,680
Current liabilities	(3,511,808)
Non-current liabilities	(25,325)
Total liabilities	(3,537,133)
Results	
Revenue	12,289,179
Expenses, including finance costs and taxation	(12,167,074)

16. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM8,986,039 (2006: RMNil) which bears interest rate between 3.75% per annum and 5.3% per annum (2006: Nil).

Further details on related party transactions are disclosed in Note 34.

17. TRADE RECEIVABLES

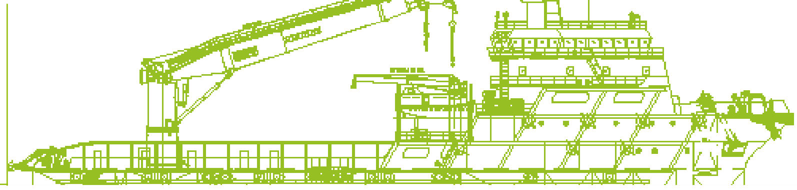
	Group	
	2007 RM	2006 RM
Third parties	82,980,901	52,722,975
Accrued charter hire income	19,010,626	20,095,704
Accrued catering and messing income	517,219	1,631,968
Construction contracts:		
Due from a customer on contract (Note 18)	14,808,198	14,808,198
	117,316,944	89,258,845
Less: Provision for doubtful debts	(8,425,611)	(139,224)
Trade receivables, net	108,891,333	89,119,621

The Group's normal trade credit term ranges from 30 to 90 days (2006: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has significant exposure to a few large customers and as such a concentration of credit risks, where the potential for default is however expected to be minimal as the customers are of high creditworthiness and of international reputation.

Included in trade receivables of the Group is RM3,274,705 (2006: RMNil) due from a jointly controlled entity and RMNil (2006: RM1,439,159) due from an associate.

Other information on financial risks of trade receivables are disclosed in Note 35.



18. DUE FROM A CUSTOMER ON CONTRACT

	Group	
	2007 RM	2006 RM
Construction contract costs incurred to date	26,685,028	26,685,028
Attributable profits	-	-
	26,685,028	26,685,028
Less: Progress billings	(11,876,830)	(11,876,830)
	14,808,198	14,808,198

19. OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits	1,802,547	214,353	11,352	-
Prepayments	3,525,804	1,951,399	-	-
Insurance claims	15,272,599	-	-	-
Other receivables	2,178,621	1,493,258	1,500	-
	22,779,571	3,659,010	12,852	-
Less: Provision for doubtful debts	(231,367)	(231,367)	-	-
Receivables, net	22,548,204	3,427,643	12,852	-

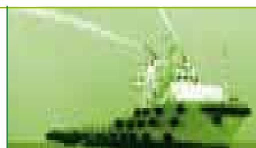
The insurance claim on loss of a vessel of RM13,300,000 was approved subsequent to year end. Other details on financial risks of other receivables are disclosed in Note 35.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	110,539,291	8,050,800	81,119,618	3,641,911
Deposits with licensed banks	7,581,014	11,069,733	-	-
Cash and bank balances	118,120,305	19,120,533	81,119,618	3,641,911
Bank overdrafts (Note 25)	(6,735,459)	(4,680,153)	-	-
Amounts set aside as sinking fund	(4,000,000)	(7,880,000)	-	-
Amounts set aside as margin deposits for bank guarantee facilities	(3,581,014)	(3,189,733)	-	-
Total cash and cash equivalents	103,803,832	3,370,647	81,119,618	3,641,911

The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2007 are 3.80% (2006: 3.80%) and 2,190 days (2006: 8,640 days) respectively.

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.



21. EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The AMRB Employee Share Options Scheme ("ESOS") is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2006. The ESOS was implemented on 20 July 2006 and is to be in force for a period of 5 years from the date of implementation.

(a) The number of shares comprised in the options to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time. Upon completion of the Initial Public Offering ("IPO") on 20 July 2006, the total number of new shares to be issued pursuant to the ESOS is 24,350,412.

(b) When options are granted before the Company is listed on Bursa Malaysia Securities ("Initial Grant"), the exercise price shall be on a step-up basis starting with a price equivalent to the IPO price of RM1.65 and shall increase on the third year and fifth year commencing from the date of acceptance of the options as follows:

	Exercise Period				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Exercise price	RM1.65	RM1.65	RM1.82	RM1.82	RM2.00

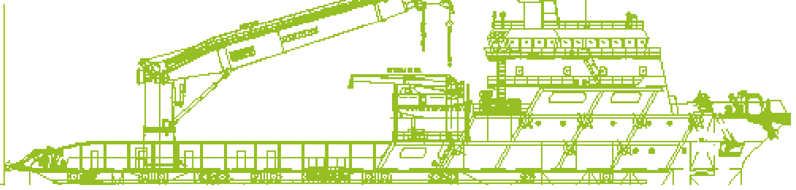
(c) Where the options are granted on or after the Company is listed on Bursa Malaysia Securities ("Subsequent Grant"), the exercise price shall be at the higher of the followings:

(i) The weighted average market price of the shares for the five market days immediately preceding the date at which options are granted subject to a discount of up to 10%; or

(ii) The par value of the shares

(d) All eligible directors and employees will only be allowed to exercise the options subject to the following limits:

	Exercise Period				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Maximum Percentage of options exercisable	5%	10%	20%	30%	35%



21. EMPLOYEE BENEFITS (CONTINUED)

(e) The new shares to be allotted upon any exercise of any option granted shall rank pari passu in all respects with the existing shares provided always that the new shares so allotted will not be entitled to any dividends, rights, allotments and/or any distributions declared, made or paid to shareholders which record date thereof precedes the date of allotment of the new shares and shall be subject to all provisions of the Articles of the Company.

At the 2nd Annual General Meeting, the shareholders had approved the proposed bonus issue of up to 62,131,109 new ordinary shares of RM0.50 each and proposed subdivision of shares in the Company.

During the financial year, the Company had completed its issuance of bonus issue of up to 62,131,209 new ordinary shares of RM0.50 each in the Company, credited as fully paid up on the basis of 3 bonus shares for every 8 existing shares of the Company and subdivision of shares wherein every 1 of RM0.50 each share has been subdivided into 2 ordinary shares of RM0.25 each in the capital of the Company.

Accordingly, the Exercise Price and the number of shares comprised in the unexercised options were adjusted in accordance with the requirement of the ESOS bye-laws. The Exercise Price for Initial Grant was adjusted as follows:

	Exercise Period				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Exercise price	RM0.60	RM0.60	RM0.66	RM0.66	RM0.73

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

	Number of Shares Options								
				Movement during the year					
	Outstanding at 31.1.2007	**Granted**	**Exercised**	**Bonus Issue**	**Share Split**	**Granted**	**Exercised**	**Outstanding at 31.12.2007**	**Exercisable at 31.12.2007**
2007									
2007 Options	-	1,295,000	(8,750)	482,344	1,768,594	1,820,000	(280,687)	5,076,501	530,625
2006 Options	22,120,100	-	(2,906,700)	7,205,025	26,418,425	-	(8,052,499)	44,784,351	594,807
2006									
2006 Options	-	22,322,500	(202,400)	-	-	-	-	22,120,100	923,225

21. EMPLOYEE BENEFITS (CONTINUED)

(i) Details of Share Options Outstanding at the End of the Year:

Tranche 2007	Exercise Price RM	Exercise Period
Year 1	0.60	20.07.2006 - 19.07.2011
Year 2	0.60	20.07.2007 - 19.07.2011
Year 3	0.66	20.07.2008 - 19.07.2011
Year 4	0.66	20.07.2009 - 19.07.2011
Year 5	0.73	20.07.2010 - 19.07.2011

Tranche 2006	Exercise Price RM	Exercise Period
Year 1	1.65	20.07.2006 - 19.07.2011
Year 2	1.65	20.07.2007 - 19.07.2011
Year 3	1.82	20.07.2008 - 19.07.2011
Year 4	1.82	20.07.2009 - 19.07.2011
Year 5	2.00	20.07.2010 - 19.07.2011

(ii) Share options exercised during the financial year

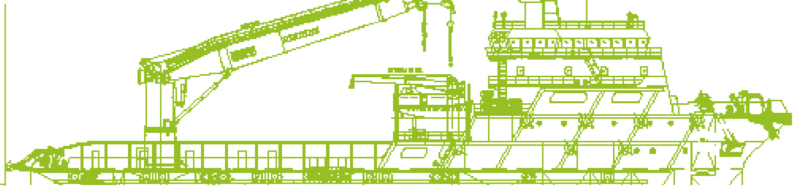
As disclosed in Note 22, options exercised during the financial year resulted in the issuance of 3,231,150 (2006: 202,400) ordinary shares at the exercise price between RM0.60 and RM3.87 (2006: RM1.65) each. The related weighted average share price at the date of exercise was RM4.74 (2006: RM2.43).

(iii) Fair value of share options granted during the financial year

The fair value of share options granted during the financial year was estimated internally using a Black Scholes Option Valuation model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions are as follows:

	Options granted on: 22 April 2007 to 16 October 2007	20 July 2006
Fair value of share options at the grant date	1.60	0.37
Weighted average share price (RM)	4.74	2.43
Exercise price (RM)	4.03	1.65
Expected volatility (%)	45.24	30.39
Expected life (years)	3.50	4.50
Risk free rate (%)	3.83	3.83
Expected dividend yield (%)	3.75	3.75

The expected life of the options is based on historical data and not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of the fair value.



22 SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares	← Amount		→
	Share Capital (Issued and Fully Paid)	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total RM
Ordinary shares of RM0.50 each:				
At 1 January 2006	2	1	-	1
Ordinary shares issued during the year:				
Issued for cash	29,219,200	14,609,600	33,602,080	48,211,680
Pursuant to ESOS (Note 21)	202,400	101,200	232,760	333,960
Acquisition of a subsidiary (Note 13 (b))	133,116,880	66,558,440	-	66,558,440
Transaction costs	-	-	(3,086,602)	(3,086,602)
At 31 December 2006	162,538,482	81,269,241	30,748,238	112,017,479
Ordinary shares of RM0.50 each:				
At 1 January 2007	162,538,482	81,269,241	30,748,238	112,017,479
Ordinary shares issued during the year:				
Pursuant to ESOS (Note 21)	2,915,450	1,457,725	3,372,192	4,829,917
Pursuant to bonus issue	62,045,224	31,022,612	(31,022,612)	-
Arising from share split	(227,499,156)	(113,749,578)	-	(113,749,578)
	-	-	3,097,818	3,097,818
Ordinary shares of RM0.25 each:				
At 1 January 2007	-	-	-	-
Arising from share split	454,998,312	113,749,578	-	113,749,578
Issued for cash	29,975,000	7,493,750	58,151,500	65,645,250
Pursuant to ESOS (Note 21)	315,700	78,925	320,626	399,551
Transaction costs	-	-	(984,679)	(984,679)
ESOS exercised during the year	-	-	2,447,482	2,447,482
At 31 December 2007	485,289,012	121,322,253	63,032,747	184,355,000

22. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

	Number of ordinary shares		Amount	
	2007	2006	2007 RM	2006 RM
Authorised Share Capital				
Ordinary Shares of RM0.50 each:				
At 1 January	500,000,000	2	250,000,000	1
Created during the year	-	499,999,998	-	249,999,999
Arising from share split	(500,000,000)	-	-	-
At end 31 December	-	500,000,000	250,000,000	250,000,000
Ordinary shares of RM0.25 each:				
At 1 January	-	-	-	-
Arising from share split	1,000,000,000	-	-	-
At end 31 December	1,000,000,000	500,000,000	250,000,000	250,000,000

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

31 December 2007

(a) Ordinary shares issued pursuant to bonus issue

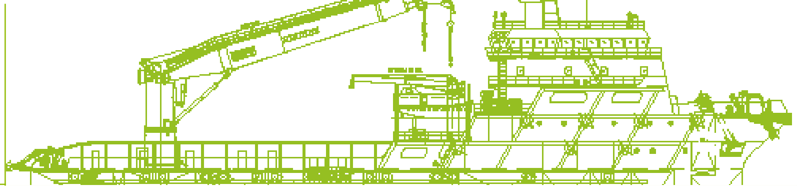
During the year, the Company issued 62,045,224 ordinary shares of RM0.50 each pursuant to bonus issue, by way of capitalisation of the share premium on the basis of 3 new ordinary shares of RM0.50 each for every 8 existing ordinary shares of RM0.50 each.

(b) Share split exercise

During the year, the Company undertook a share split exercise whereby 227,499,156 issued and paid-up ordinary shares of RM0.50 each were split into 454,998,312 ordinary shares of RM0.25 each.

(c) Ordinary shares issued for cash

During the year, the Company issued 29,975,000 new ordinary shares of RM0.25 each through a private placement at an issue price of RM2.19 per ordinary share for cash, for repayment of borrowings and additional working capital purposes. The share premium arising therefrom of RM58,151,500 net of share issue costs of RM984,679 have been included in the share premium account. The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.



22. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

31 December 2006

(a) Ordinary shares issued for cash

During the financial year, the Company issued 29,219,200 new ordinary shares of RM0.50 each through a public issue at an issue price of RM1.65 per ordinary share for cash, for part payment for acquisition of new vessels, repayment of bank borrowings and for additional working capital purposes. The share premium of RM33,602,080 arising from the issuance of ordinary shares and the share issue costs of RM3,086,602 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The public issue of 29,219,200 new ordinary shares of RM0.50 each is allocated in the following manner:

- Issuance of 8,116,500 ordinary shares, representing 5% of the enlarged issued and paid up share capital of AMRB, to the Malaysian Public allotted via ballot of which at least 30% has been set aside strictly for Bumiputra investors for cash;

- Issuance of 11,363,000 ordinary shares, representing 7% of the enlarged issued and paid-up share capital of AMRB, to selected Malaysian and/or foreign investors via Private Placement of which at least 30% has been set aside strictly for Bumiputra investors for cash; and

- Issuance of up to 9,739,700 ordinary shares, representing up to 6% of the enlarged issued and paid-up share capital of AMRB, to the eligible directors, employees of AMRB Group and persons who have contributed to the success of the AMRB Group for cash.

The gross proceeds received by the Company from the public issue has been utilised as follows:

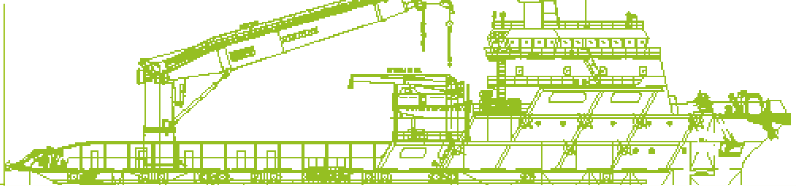
	RM
Part payment for acquisition of new vessels	28,181,650
Repayment of bank borrowings	14,500,000
General working capital	2,530,030
Listing expenses	3,000,000
	48,211,680

(b) Ordinary shares issued for acquisition of a subsidiary

During the financial year, the Company issued 133,116,880 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share amounting to RM66,558,440 as full discharge of purchase consideration for the acquisition of AMSB (Note 13(b)). The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

23. OTHER RESERVES

	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 January 2006	-	-	-
Share options granted under ESOS (Note 4):			
Recognised in income statement	3,504,883	-	3,504,883
At 31 December 2006	3,504,883	-	3,504,883
At 1 January 2007	3,504,883	-	3,504,883
Foreign currency translation	-	(1,504)	(1,504)
Share options granted under ESOS (Note 4):			
Recognised in income statement	5,123,743	-	5,123,743
Exercised during the year	(2,447,482)	-	(2,447,482)
At 31 December 2007	6,181,144	(1,504)	6,179,640
Company			
At 1 January 2006	-	-	-
Share options granted under ESOS (Note 4):			
Recognised in income statement	3,504,883	-	3,504,883
At 31 December 2006	3,504,883	-	3,504,883
At 1 January 2007			
Share options granted under	3,504,883	-	3,504,883
ESOS (Note 4):			
Recognised in income statement	5,123,743	-	5,123,743
Exercised during the year	(2,447,482)	-	(2,447,482)
At 31 December 2007	6,181,144	-	6,181,144



23. OTHER RESERVES (CONTINUED)

The nature and purpose of each category are as follows:

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

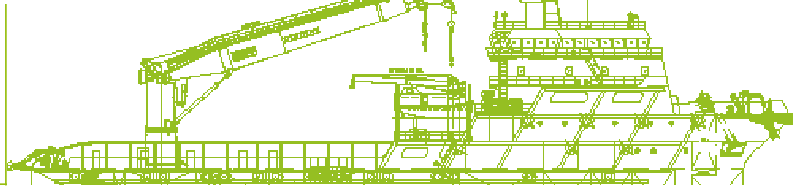
24. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopt full imputation system. In accordance with the Finance Act which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividend under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007. Hence, the Company will need to elect to distribute dividends out of its entire retained profit under the single tier system.

25. BORROWINGS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 20)	1,823,152	1,947,956	-	-
Term loans	1,817,629	26,926,907	-	-
RCCSLS (Note 26)	2,579,097	658,754	-	-
MCP/MMTN	99,654,703	-	99,654,703	-
Hire purchase and finance lease liabilities (Note 27)	299,620	262,387	23,713	22,188
	106,174,201	29,796,004	99,678,416	22,188
Unsecured:				
Revolving credits	67,533,100	21,074,890	-	-
Bank overdrafts (Note 20)	4,912,307	2,732,197	-	-
	72,445,407	23,807,087	-	-
	178,619,608	53,603,091	99,678,416	22,188
Long term borrowings				
Secured:				
Term loans	67,724,997	213,944,449	-	-
RCCSLS (Note 26)	26,854,321	27,722,521	-	-
Sukuk Ijarah MTN	300,000,000	-	300,000,000	-
Hire purchase and finance lease liabilities (Note 27)	1,348,271	1,305,227	197,042	220,755
Total borrowings:	395,927,589	242,972,197	300,197,042	220,755
Bank overdrafts (Note 20)	6,735,459	4,680,153	-	-
Revolving credits	67,533,100	21,074,890	-	-
Term loans	69,542,626	240,871,356	-	-
RCCSLS (Note 26)	29,433,418	28,381,275	-	-
MCP/MMTN	99,654,703	-	99,654,703	-
Sukuk Ijarah MTN	300,000,000	-	300,000,000	-
Hire purchase and finance lease liabilities (Note 27)	1,647,891	1,567,614	220,755	242,943
	574,547,197	296,575,288	399,875,458	242,943



25. BORROWINGS (CONTINUED)

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

	Group	
	2007 RM	2006 RM
Not later than 1 year	178,319,988	53,340,704
Later than 1 year not later than 2 years	29,942,358	22,193,250
Later than 2 years not later than 5 years	119,147,245	29,467,657
Later than 5 years	245,489,715	190,006,063
	572,899,306	295,007,674

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease liabilities of the Group, is as follows:

	Group	
	2007 %	2006 %
Bank overdrafts	5.00	4.50
Revolving credits	6.01	8.35
Term loans	6.49	6.98
RCCSLS	6.63	6.63
MCP/MMTN	3.80	-
Sukuk Ijarah MTN	5.05	-

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 20.

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

(a) First legal charge over the vessels and leasehold building of certain subsidiaries as disclosed in Note 11;

(b) 1st preferred statutory mortgage on vessels of certain subsidiaries;

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

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

(e) Corporate guarantees by the Company;

(f) Proportionate guarantee by GMV-ALAM Sdn Bhd.(formerly known as Synergy Sparkle Sdn Bhd), a corporate shareholder of 40% shareholding in certain subsidiaries at 40% of loan amount; and

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

25. BORROWINGS (CONTINUED)

	2007 RM
Group and Company	
MCP/MMTN	
Nominal value	100,000,000
Less : Discount	(1,869,836)
Net proceeds from issuance of MCP/MMTN	98,130,164
Amortisation of discount	1,524,539
Total amount included within borrowings	99,654,703

The features of the MCP/MMTN and Sukuk Ijarah MTN issued are as follows:

(i) The MCP/MMTN and Sukuk Ijarah MTN have a maximum principal limit of RM600,000,000.

The MCP/MMTN and Sukuk Ijarah MTN were constituted by a Trust Deed Program Agreement dated 6 July 2007 between the Company and the financial institutions concerned in relation to finance the purchase of beneficial interest in the Ijarah Assets (Syariah Compliant) from subsidiaries.

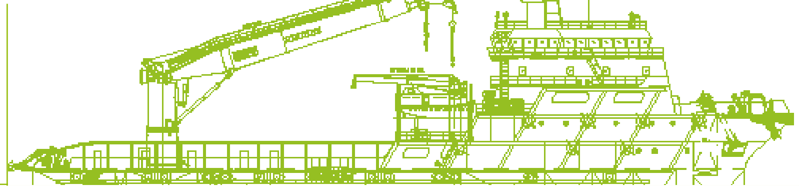
(ii) The MCP/MMTN are issued at a discount with yield to maturity ranging from 3.78% to 3.85% per annum. The Sukuk Ijarah MTN are issued with yield to maturity ranging from 4.46% to 5.30% per annum.

The MCP/MMTN and Sukuk Ijarah MTN are secured by:

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

(ii) Third party second fixed legal charge over each of the Ijarah Assets/MCP/MMTN and Sukuk Ijarah MTN assets and assignment of all insurance thereon and charter contracts.

Other information on financial risks of borrowings are disclosed in Note 35.



26. REDEEMABLE CUMULATIVE CONVERTIBLE SECURED LOAN STOCKS

On 24 November 2006, certain subsidiaries issued Redeemable Cumulative Convertible Secured Loan Stocks ("RCCSLS") to part finance the acquisition of vessels.

The terms of the RCCSLS are as follows:

(a) Conversion rights - the registered holders of the RCCSLS will have the option at any time during the conversion period to convert the RCCSLS at the conversion rate into new ordinary shares of USD1.00 each in the respective subsidiary companies.

(b) Conversion rate - on the basis of 1 RCCSLS for 1 new ordinary share of USD1.00 each in the respective subsidiaries.

(c) Conversion period - period commencing from and including the date of issue of the RCCSLS and ending 2 months prior to the tenth anniversary of the issue date.

(d) The RCCSLS shall be repayable by quarterly instalment for a period of 10 years from the date of delivery and acceptance of the respective subsidiary companies' vessels.

(e) All outstanding RCCSLS are subject to mandatory redemption in full by the respective subsidiary companies by 31 April 2018.

(f) The RCCSLS bear interest at 7% per annum payable quarterly in arrears.

(g) The new ordinary shares to be allotted and issued upon conversion of the RCCSLS will rank pari passu in all respects with the existing ordinary shares of the respective subsidiary companies other than that may be specified in a resolution approving the distribution of dividends prior to their conversion.

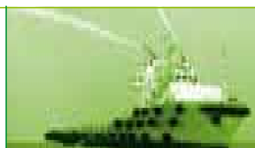
The RCCSLS are secured by:

(a) Corporate Guarantees by the Company; and

(b) Statutory mortgage over the respective subsidiary companies' vessels as disclosed in Note 11.

	2007 RM	2006 RM
Amount due within 12 months (Note 25)	2,579,097	658,754
Amount due after 12 months (Note 25)	26,854,321	27,722,521
	29,433,418	28,381,275

The sole subscriber of the RCCSLS is GMV-ALAM Sdn Bhd.(formerly known as Synergy Sparkle Sdn Bhd), a corporate shareholder of Alam Eksplorasi (M) Sdn Bhd , Alam Synergy I (L) Inc, Alam Synergy II (L) Inc and Alam Synergy III (L) Inc.

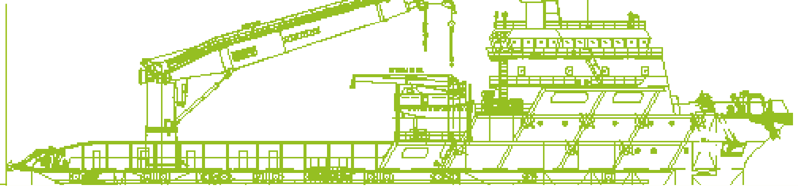


27. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Future minimum lease payments:				
Not later than 1 year	380,067	345,335	34,704	34,704
Later than 1 year and not later than 2 years	287,640	332,523	34,704	34,704
Later than 2 years and not later than 5 years	557,472	509,142	69,408	104,112
Later than 5 years	702,568	658,860	127,237	127,249
Total future minimum lease payments	1,927,747	1,845,860	266,053	300,769
Less: Future finance charges	(279,856)	(278,246)	(45,298)	(57,826)
Present value of finance lease liabilities (Note 25)	1,647,891	1,567,614	220,755	242,943
Analysis of present value of finance lease liabilities:				
Not later than 1 year	299,620	262,387	23,713	22,188
Later than 1 year and not later than 2 years	223,710	268,094	25,238	23,713
Later than 2 years and not later than 5 years	469,230	414,666	55,049	80,287
Later than 5 years	655,331	622,467	116,755	116,755
	1,647,891	1,567,614	220,755	242,943
Less: Amount due within 12 months (Note 25)	(299,620)	(262,387)	(23,713)	(22,188)
Amount due after 12 months (Note 25)	1,348,271	1,305,227	197,042	220,755

The Group's and the Company's hire purchase and finance lease liabilities bears weighted average effective interest rates of 7.41% (2006: 7.46%) per annum and 7.39% (2006: 7.42%) respectively .

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 35.



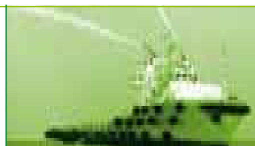
28. DEFERRED TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	33,536,045	-	1,251	-
Acquisition of a subsidiary (Note 13(b))	-	27,718,687	-	-
Recognised in income statement (Note 8)	14,622,039	5,817,358	3,082	1,251
At 31 December	48,158,084	33,536,045	4,333	1,251
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	48,158,084	33,536,045	4,333	1,251

The components and movements prior to off setting of deffered tax liabilities and assets of the Group and of the Company during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2007	33,997,814
Recognised in income statement	20,183,009
At 31 December 2007	54,180,823
At 1 January 2006	-
Acquisition of a subsidiary	27,721,987
Recognised in income statement	6,275,827
At 31 December 2006	33,997,814



28. DEFERRED TAXATION (CONTINUED)

Deferred tax assets of the Group:

	Provision for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2007	(461,769)	-	(461,769)
Recognised in income statement	(1,717,484)	(3,843,486)	(5,560,970)
At 31 December 2007	(2,179,253)	(3,843,486)	(6,022,739)
At 1 January 2006	-	-	-
Acquisition of a subsidiary	(3,300)	-	(3,300)
Recognised in income statement	(458,469)	-	(458,469)
At 31 December 2006	(461,769)	-	(461,769)

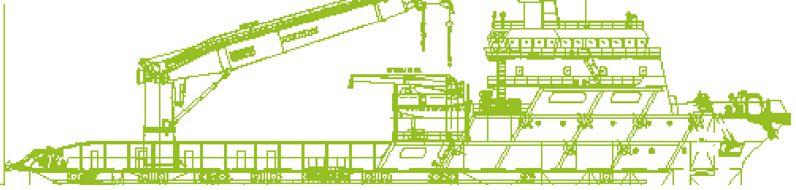
Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2007	1,251
Recognised in income statement	3,082
At 31 December 2007	4,333
At 1 January 2006	-
Recognised in income statement	1,251
At 31 December 2006	1,251

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

	Group	
	2007 RM	2006 RM
Unutilised tax losses	171,367	-
Unabsorbed capital allowances	32,759	-
	204,126	-

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM171,367 (2006: RMNil) and RM32,759 (2006: RMNil) respectively are available indefinately for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.



29. TRADE PAYABLES

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 60 days (2006: 30 to 60 days).

30. OTHER PAYABLES

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Due to vendors of vessels	-	9,536,850	-	-
Accrued expenses	12,240,482	2,386,869	7,667,524	-
Sundry payables	2,959,681	698,805	69,692	73,733
	15,200,163	12,622,524	7,737,216	73,733

Other information on financial risks of other payables are disclosed in Note 35.

31. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

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

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

	2007 RM	**2006 RM**
Future rental payments:		
Not later than 1 year	73,325	39,827
Later than 1 year and not later than 5 years	16,250	33,527
	89,575	73,354

The lease payments recognised in profit or loss during the financial year are disclosed in Note 7.

31. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its vessels. These leases have remaining non-cancellable lease terms of between 0.5 to 16 years. All leases include a clause to enable upward revision of the charter hire charge on an annual basis based on prevailing market conditions.

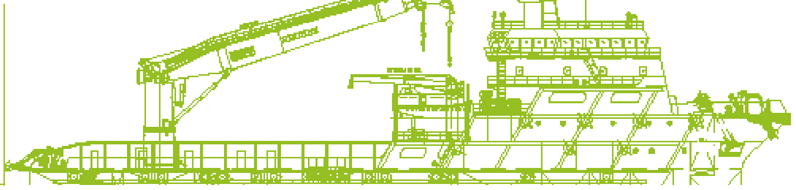
The future lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	2007 RM	2006 RM
Not later than 1 year	87,315,338	92,948,608
Later than 1 year and not later than 5 years	93,524,778	38,477,514
Later than 5 years	98,987,368	48,979,614
	279,827,484	180,405,736

Charter hire revenue earned from chartering the Group's vessels are recognised as revenue during the financial year is disclosed in Note 3.

32. CAPITAL COMMITMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchase of vessels:				
- Approved and contracted for	352,540,413	260,680,000	-	-



33. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unsecured:				
Corporate guarantees given to banks for credit facilities granted to subsidiaries-	-	-	253,782,864	286,329,913
Performance bond guarantee extended to third parties	4,134,940	6,208,034	-	-
Bank guarantees extended to third parties	560,800	560,800	-	-

34. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Note	2007 RM	2006 RM
GROUP			
Holding company:			
Acquisition of subsidiaries		-	66,558,440
An associate:			
Charter hire income of vessels	(i)	7,785,855	14,652,525
Ship agency fees incurred	(ii)	1,356,704	1,597,030

	2007 RM	2006 RM
COMPANY		
Subsidiaries:		
Management fees from subsidiaries	4,850,937	-
Dividend income from a subsidiary	2,920,000	3,600,000
ESOS cost charged to subsidiaries	1,755,643	3,212,318
Advances to subsidiaries for working capital purposes	-	14,716,614

34. RELATED PARTY DISCLOSURES (CONTINUED)

(i) The rendering of charter hire services to related companies and to the associated company were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to six months is normally granted.

(ii) The charter hire expense, ship agency fees and management fees paid to related companies and to the associated company 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.

Information regarding outstanding balances arising from related party transactioNs as at 31 December 2007 are disclosed in Note 16.

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

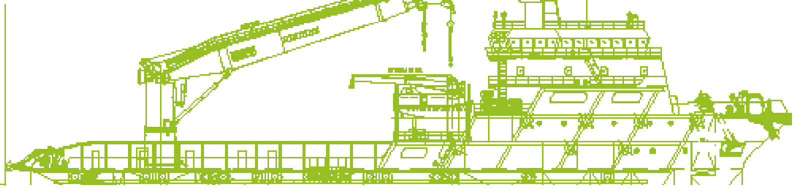
(b) Compensation of key management personnel

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Short term employee benefits	6,839,428	6,190,442	4,153,324	274,479
Contributions to defined contribution plan - EPF	398,964	455,314	143,766	-

Included in the total key management personnel compensation are:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Directors' remuneration (Note 5)	5,685,042	4,054,725	3,801,990	274,479



34. RELATED PARTY DISCLOSURES (CONTINUED)

Executive directors of the Group and the Company and other members of key management have been granted number of options under the ESOS:

	Group and Company	
	2007	2006
	RM	RM
At 1 January	13,565,400	-
Granted	175,000	13,720,000
Exercised	(1,978,100)	(154,600)
Bonus issue	4,410,862	-
Share split	16,173,162	-
Granted	950,000	-
Exercised	(30,000)	-
At 31 December	33,266,324	13,565,400

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 21).

35. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

The Group finances its operations through operating cash flows which are principally denominated in Malaysian Ringgit. The Group's exposure to market risk for changes in the interest rate environment principally relates to its debt obligations. The debt obligations pertaining to the Group's borrowings are disclosed in Note 25. The Group does not hedge interest rate risk but ensures that it had obtained borrowings at competitive interest rates under the most favourable terms and conditions.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to risk are primarily United States Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level.

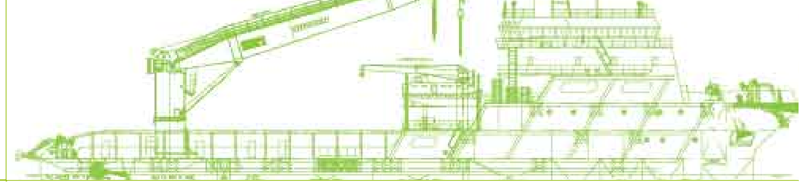
The Group maintains a natural hedge, whenever possible. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Group	
	2007 RM	**2006 RM**
Trade receivables		
- United States Dollars	43,588,979	21,634,039
- Singapore Dollars	104,907	405,670
Trade payables		
- United States Dollars	21,262,162	25,585,015
- Singapore Dollars	2,015,297	1,463,998
- Euro	8,797	-
Borrowings		
- United States Dollars	123,980,059	130,425,294

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.



35. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Credit Risk

The Group credit risk is primarily attributable to trade receivables. 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 procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise of cash and cash equivalents and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group has significant exposure to a few large customers and as such a concentration of credit risks, where the potential for default is however expected to be minimal as the customers are of high creditworthiness and of international reputation.

(f) Fair Value

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

Group	2007 Carrying amount RM	Fair value RM	2006 Carrying amount RM	Fair value RM
Financial Liabilities				
Term loans (Note 25)	67,724,997	66,526,289	98,432,259	95,658,838
RCCSLS (Note 26)	26,854,321	26,086,094	27,722,521	26,044,925
Hire purchase and finance lease liabilities (Note 27)	1,348,271	1,224,828	1,305,227	1,225,469

35. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair Value

Group	2007 Carrying amount RM	Fair value RM	2006 Carrying amount RM	Fair value RM
Company				
Financial liability				
Hire purchase and finance lease liabilities (Note 27)	197,042	182,269	220,755	202,433

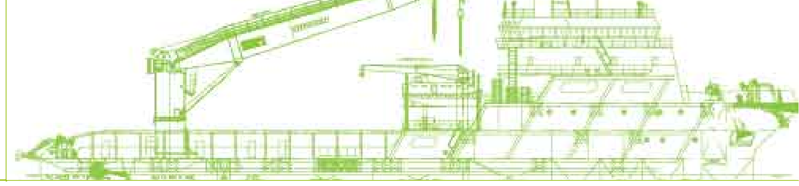
It is not practical to estimate the fair values of the investments in subsidiaries and an associated company due principally to the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs. It is also not practical to estimate the fair value of amounts due from subsidiaries due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group and the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The carrying amounts of receivables, cash and bank balances and payables for the Group and the Company approximate their fair values due to their short term maturity.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair value are as follows:

(i) Borrowings and finance lease payable

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



36. SEGMENTAL INFORMATION

(a) Reporting Format

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

(b) Business Segments

The Group comprises the following two main business segments:

- **Offshore supply 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 & gas industry.

- **Underwater 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.

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

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

(c) Geographical Segments

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

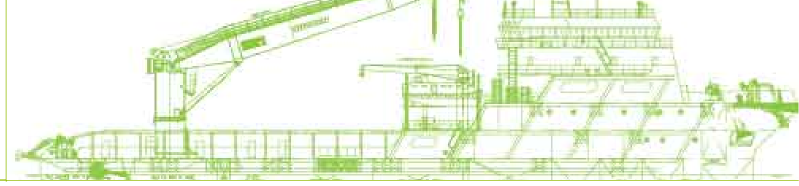
(d) Allocation Basis and Transfer Pricing

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

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

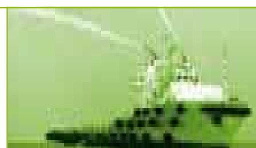
36. SEGMENTAL INFORMATION (CONTINUED)

	Offshore Support Vessel and Services RM	Underwater Services RM	Others RM	Eliminations RM	Total RM
31 December 2007					
Revenue					
Sales to external customers	229,445,703	18,423,641	2,030,813	-	249,900,157
Inter segment sales	616,537	301,537	10,207,641	(11,125,715)	-
Total revenue	230,062,240	18,725,178	12,238,454	(11,125,715)	249,900,157
Results					
Segment assets	83,412,185	7,325,264	4,756,810	(6,791,465)	88,702,794
Finance costs	(20,142,918)	(124,675)	((34,465)	-	(20,302,058)
Share of results of a jointly entity	-	-	-	122,105	122,105
Profit before tax	63,269,267	7,200,589	4,722,345	(6,669,360)	68,522,841
Income tax expense					(12,516,323)
Profit for the year					56,006,518
31 December 2007					
Assets					
Segment assets	708,925,467	8,537,693	818,088	14,663,522	732,944,770
Investment in a jointly controlled entity	751,249	-	-	562,298	1,313,547
Intangible assets	-	-	-	1,166,620	1,166,620
Unallocated assets	165,721,784	25,210,613	517,250,284	(457,007,603)	251,175,078
Total assets	875,398,500	33,748,306	518,068,372	(440,615,163)	986,600,015
Liabilities					
Segment liabilities	137,086,746	2,032,878	300,369,267	4,596,782,	444,085,673
Unallocated liabilities	552,502,219	23,327,637	120,935,252	(457,007,620)	239,757,488
Total liabilities	689,588,965	25,360,515	421,304,519	(452,410,838)	683,843,161
Other segment information:					
Capital expenditure	735,978,925	9,430,690	1,011,059	-	746,420,674
Depreciation	21,701,723	1,046,090	190,016	-	22,937,829
Other significant non-cash expenses:					
Provision for doubtful debts	8,276,569	2,676	7,142	-	8,286,387
Share options granted under ESOS	1,111,310	448,538	3,563,895	-	5,123,743



36. SEGMENTAL INFORMATION (CONTINUED)

	Offshore Support Vessel and Services RM	Underwater Services RM	Others RM	Eliminations RM	Total RM
31 December 2006					
Revenue					
Sales to external customers	129,182,590	21,823,745	154,757	-	151,161,092
Inter segment sales	4,251,867	1,883,626	1,436,902	(7,572,395)	-
Total revenue	133,434,457	23,707,371	1,591,659	(7,572,395)	151,161,092
Results					
Segment results	46,701,999	2,507,757	5,050,115	18,483,486	72,743,357
Finance costs	(12,081,362)	(106,571)	(374)	-	(12,188,307)
Share of results of an associate	-	-	-	298,224	298,224
Profit before tax	34,620,637	2,401,186	5,049,741	18,781,710	60,853,274
Income tax expense					(10,832,428)
Profit for the year					50,020,846
31 December 2006					
Assets					
Segment assets	428,363,106	7,778,663	308,011	15,921,987	452,371,767
Investment in an associate	208,310	-	-	440,193	648,503
Unallocated assets	121,646,903	18,340,793	19,263,399	(47,568,519)	111,682,576
Total assets	550,218,319	26,119,456	19,571,410	(31,206,339)	564,702,846
Liabilities					
Segment liabilities	268,985,604	2,670,489	255,368	4,596,781	276,508,242
Unallocated liabilities	140,762,872	20,570,240	257,001	(47,568,203)	114,021,910
Total liabilities	409,748,476	23,240,729	512,369	(42,971,422)	390,530,152
Other segment information:					
Capital expenditure	458,019,575	8,343,354	340,868	-	466,703,797
Depreciation	13,734,481	564,691	32,858	-	14,332,030
Other significant non-cash expenses:					
Provision for doubtful debts	231,367	102,500	24,937	-	358,804
Share options granted under ESOS	2,887,552	324,766	292,565	-	3,504,883



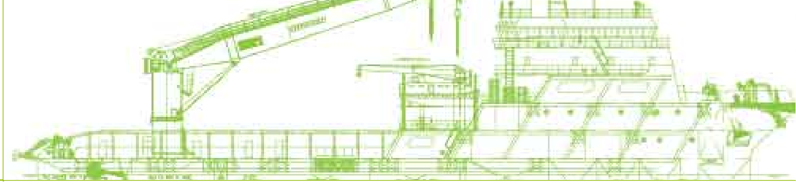
37. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial year except for the following:

(a) On 1 January 2008, AMLI incorporated a wholly-owned subsidiary namely Alam Subsea Pte Ltd ("Alam Subsea") in the Republic of Singapore with an issued and paid-up capital of SGD2.00 divided into two (2) ordinary shares of SGD1.00 each. The intended principal activity of Alam Subsea is to provide integrated marine services to the oil and gas companies.

(b) On 16 January 2008, AMSB, a wholly-owned subsidiary of the Company, acquired 153,000 ordinary shares of RM1.00 each, representing 51% of the issued and paid-up capital of KJ Waja Engineering (M) Sdn Bhd ("KJ Waja") for a total cash consideration of RM382,500. KJ Waja has an issued and paid-up share capital of RM300,000 divided into 300,000 ordinary chares of RM1.00 each.

The principal activities of KJ Waja are the provision of ship repair and maintenance, labour supply, marine spare parts and services.



A. Authorised Share Capital : RM 250,000,000.00

Issued and Fully Paid Up : RM 121,350,925.50 @ 485,403,702 units

Class of Shares : Ordinary Shares of RM 0.25 each

B. Distribution of Shareholdings as at 23 April 2008

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	38	2.239	1,821	0.000
100 - 1,000	295	17.384	266,186	0.054
1,001 - 10,000	934	55.038	3,950,156	0.813
10,001 - 100,000	316	18.621	8,946,665	1.843
100,001 - 8,149,215 (less than 5% of issued shares)	112	6.599	181,467,328	37.384
8,149,216 (5% of issued shares) and above	2	0.118	290,771,546	59.903
TOTAL	1,697	100.000	485,403,702	100.000

C. Substantial Shareholders as at 23 April 2008

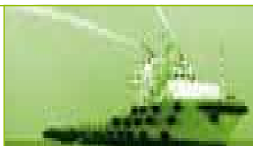
No.	Name	Holdings	%
1	SAR Venture Holdings (M) Sdn Bhd	259,778,090	53.518
2	Forum Vest Sdn Bhd	54,214,282	11.168

D. Directors' Shareholdings as at 23 April 2008

No.	Name	Direct		Indirect	
		No. of shares	%	No. of shares	%
1	Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	618,750	0.127	27,500 (1)	0.006
2	Azmi bin Ahmad	2,179,474	0.449	260,277,640 (2)	53.621
3	Shaharuddin bin Warno @ Rahmad	3,524,674	0.726	259,778,090 (3)	53.518
4	Mohd Abd Rahman bin Mohd Hashim	44,500	0.009	259,778,090 (3)	53.518
5	Ab Razak bin Hashim	770,000	0.158	259,778,090 (3)	53.518
6	Ahmad Hassanudin bin Ahmad Kamaluddin	41,250	0.008	82,500 (1)	0.017
7	Dato' Mohamad Idris bin Mansor	275,000	0.056	-	-
8	Haji Ab Wahab bin Haji Ibrahim	346,000	0.071	-	-

Notes :

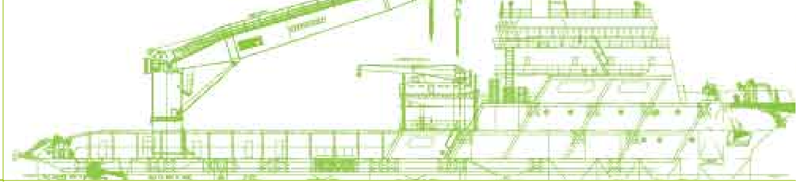
(1) Deemed interested pursuant to Section 134(12)(c) of the Companies Act, 1965.
(2) Deemed interested by virtue of his interest in SAR Venture Holdings (M) Sdn Bhd in pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965.
(3) Deemed interested by virtue of his interest in SAR Venture Holdings (M) Sdn Bhd in pursuant to Section 6A of the Companies Act, 1965.



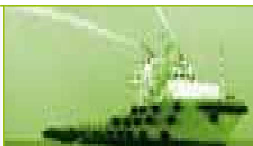
E. List of top 30 shareholders as at 23 April 2008

(Without aggregating securities from different securities account belonging to the same person)

NO.	NAME	HOLDINGS	%
1	SAR VENTURE HOLDINGS (M) SDN. BHD.	236,557,264	48.734
2	FORUM VEST SDN. BHD.	54,214,282	11.168
3	SAR VENTURE HOLDINGS (M) SDN. BHD.	23,220,826	4.783
4	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. USB AG SINGAPORE FOR PANG YOKE MIN	18,635,500	3.839
5	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED	15,457,676	3.184
6	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. AMANAH SAHAM WAWASAN 2020 PERMODALAN NASIONAL BERHAD	14,053,100	2.895
7	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. SEKIM AMANAH SAHAM NASIONAL PERMODALAN NASIONAL BERHAD	7,118,300	1.466
8	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. PUBLIC ISLAMIC OPPORTUNITIES FUND	6,878,600	1.417
9	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. SKIM AMANAH SAHAM BUMIPUTERA PERMODALAN NASIONAL BERHAD	5,805,100	1.195
10	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD PUBLIC ISLAMIC BALANCED FUND	5,702,250	1.174
11	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	5,016,524	1.033
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	4,585,624	0.944
13	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD AMANAH SAHAM MALAYSIA PERMODALAN NASIONAL BERHAD	4,000,000	0.824
14	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. PUBLIC INDEX FUND	3,970,174	0.817
15	HDM NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR HING YIH PEIR	3,000,000	0.618
16	LEMBAGA TABUNG HAJI BHG PEMEROSESAN PELABURAN	2,923,200	0.602
17	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,897,124	0.596



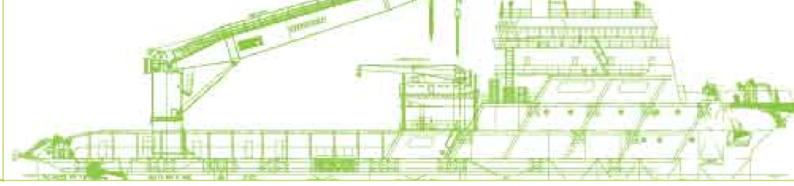
NO.	NAME	HOLDINGS	%
18	BHLB TRUSTEE BERHAD PB EURO PACIFIC EQUITY FUND	2,849,500	0.587
19	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. PUBLIC ENHANCE BOND FUND	2,726,800	0.561
20	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR SHAHARUDDIN BIN WARNO @ RAHMAD (MH0104)	2,579,224	0.531
21	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR AZMI BIN AHMAD (MY0354)	2,179,374	0.448
22	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. AMANAH SAHAM DIDIK PERMODALAN NASIONAL BERHAD	2,000,000	0.412
23	PERMODALAN NASIONAL BERHAD INVESTMENT PROCESSING DEPT	2,000,000	0.412
24	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD CIMB - PRINCIPAL SMALL CAP FUND 2	1,424,374	0.293
25	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. PB BALANCED FUND	1,407,700	0.290
26	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR TAHAN INSURANCE MALAYSIA BERHAD (4942 - 002 GENERAL)	1,386,750	0.285
27	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. AFFIN ISLAMIC EQUITY FUND	1,337,050	0.275
28	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. DANA ISLAMIAH AFFIN	1,323,950	0.272
29	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. MAYBAN TRUSTEES BERHAD FOR PUBLIC INDUSTRY FUND (N14011930270)	1,224,674	0.252
30	MD RADI BIN HAJI ARSHAD	1,200,000	0.247



Corporate Directory

Company	Telephone	Fax	Business Address
• Alam Maritim Resources Berhad • Alam Maritim (M) Sdn Bhd • Alam Eksplorasi (M) Sdn Bhd • Alam Hidro (M) Sdn Bhd • Alam Maritim (L) Inc • Alam Synergy I (L) Inc • Alam Synergy II (L) Inc • Alam Synergy III (L) Inc • Alam Brompton (L) Inc	+ 603 90582244	+ 603 90596845	No. 38F, Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, MALAYSIA
• Alam Maritim (M) Sdn Bhd (Labuan Branch)	+ 6087 582287	+ 6087 582890	Room No.10, Admin Building, Asian Supply Base, Ranca Ranca Industrial Estate, 87017 Federal Territory Labuan, MALAYSIA
• Alam Maritim (M) Sdn Bhd (Lumut Branch)	+ 605 6888295	+ 605 6881634	No. 68, Ground Floor, Persiaran Venice Sutera Satu, 32200 Lumut, Perak Darul Ridzuan, MALAYSIA
• Alam Maritim (M) Sdn Bhd (Kemaman Branch)	+ 609 8635260	+ 609 8635261	Door 10, 1st Floor Admin Building A, Kemaman Supply Base, 24007 Kemaman, Terengganu Darul Iman, MALAYSIA
• Alam Maritim (M) Sdn Bhd (Kemaman Warehouse)	+ 609 8634911	+ 609 8634811	Warehouse 12, Door 12, P.O. Box 17, Admin Building B, Kemaman Supply Base, 24007 Kemaman, Terengganu Darul Iman, MALAYSIA
• Workboat International FZCO	+ 971 43366121 + 971 43366124	+ 971 43366127	Office 203, Mata Al Tayer Building, Al Karama, P.O. Box 119181 Dubai, UNITED ARAB EMIRATES
• Eastar Offshore Pte Ltd	+ 65 66655322	+ 65 66650889	Block 2035, Bukit Batok ST 23, #01-308 SINGAPORE 659540
• Alam Offshore Logistics & Services Sdn Bhd (Main Office & Group Warehouse)	+ 609 8623500	+ 609 8623502	Lot 935, Telok Kalong, Telaga Simpul, 24007 Kemaman, Terengganu Darul Iman, MALAYSIA
• KJ Waja Engineering (M) Sdn Bhd (Main Office)	+ 606 3841895	+ 606 3843985	MT 1962, Taman Sri Aman, 78300 Masjid Tanah, Melaka, MALAYSIA

Notice of Annual General Meeting



NOTICE is hereby given that the Third Annual General Meeting of the Company will be held at Ballroom 3, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 20 June 2008 at 10.00 a.m to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To table and receive the Financial Statements of the Company for the financial year ended 31 December 2007 and the Directors' and Auditors' Reports thereon. (Resolution 1)

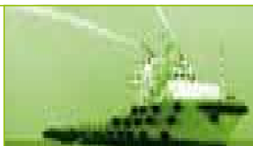
2. To declare a First and Final Dividend of 2% or 0.5 sen per share (less 27% income tax) in respect of the financial year ended 31 December 2007. (Resolution 2)

3. To approve payment of Directors' Fees amounting to RM72,000 for the financial year ended 31 December 2007. (Resolution 3)

4. To re-elect the following Directors who shall retire pursuant to Article 95 of the Company's Articles of Association:

    i. Dato' Mohamad Idris bin Mansor; (Resolution 4)
    ii. Mohd Abd Rahman bin Mohd Hashim; and (Resolution 5)
    iii. Ab Razak bin Hashim (Resolution 6)

5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)



AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

6. Authority for Allotment of Shares (Ordinary Resolution) (Resolution 8)

"THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person and persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be also empowered to obtain the approval for the listing and the quotation of the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. Proposed Amendments to the Articles of Association of the Company (Special Resolution) (Resolution 9)

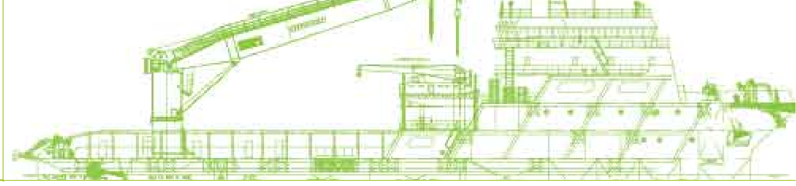
"THAT the alterations, modifications, additions and/or deletions to the Articles of Association of the Company as set out in the Circular A to the Shareholders dated 28 May 2008 be and are hereby approved."

8. To transact any other business of which due notice shall be given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

By Order of the Board,

Haniza binti Sabaran (MAICSA 7032233)
Company Secretary

Kuala Lumpur
28 May 2008



Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies at each meeting. Proxies must be members of the Company.

2. The instrument appointing proxies must specify the proportions of shares to be represented by each proxy and be executed under the hand of the appointer or his attorney duly authorised. If the appointer is a corporation, it must be executed under its Seal or under the hand of its attorney.

3. The instrument appointing proxies must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.

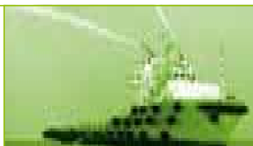
4. Explanatory Notes on Special Business:-

   (a) Authority to Allot Shares

   This Ordinary Resolution, if passed will give Directors of the Company, authority to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Shareholders of the Company in General Meeting will expire at the conclusion of the next Annual General Meeting.

   (b) Proposed Amendments to the Articles of Association of the Company

   This Special Resolution, if passed, is to amend the Articles of Association of the Company to be in compliance with the recent changes to the Bursa Malaysia Listing Requirements.



Proxy Form

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

I/We*,____of ____ being a member of the above-named Company, hereby appoint ____ of _________________________ __________________ or failing whom, ____ of _______________________________or failing whom, the Chairman of the meeting as my/our* proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company, to be held at Ballroom 3, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on **20 June, 2008** at **10.00 a.m.** and, at every adjournment thereof.

My/Our* proxy is to vote as indicated hereunder

	As Ordinary Business	For	Against
1	To table and receive the Financial Statements of the Company for the financial year ended 31 December 2007 and the Directors' and Auditors' Reports thereon.		
2	To declare a First and Final Dividend of 2% or 0.5 sen per share (less 27% income tax) in respect of the financial year ended 31 December 2007.		
3	To approve payment of Directors' Fees amounting to RM72,000 for the financial year ended 31 December 2007.		
4	To re-elect Dato' Mohamad Idris bin Mansor who shall retire pursuant to Article 95 of the Company's Articles of Association.		
5	To re-elect Mohd Abd Rahman bin Mohd Hashim who shall retire pursuant to Article 95 of the Company's Articles of Association.		
6	To re-elect Ab Razak bin Hashim who shall retire pursuant to Article 95 of the Company's Articles of Association.		
7	To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	As Special Business	**For**	**Against**
8	To approve the Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		
9	To propose Amendments to the Articles of Association of the Company.		

Signed this __________ day of ___________________, 2008.

Signature of Member(s)/Common Seal : __________________

* Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit.)

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies at each meeting. Proxies must be members of the Company.

2. The instrument appointing proxies must specify the proportions of shares to be represented by each proxy and be executed under the hand of the appointer or his attorney duly authorised. If the appointer is a corporation, it must be executed under its Seal or under the hand of its attorney.

3. The instrument appointing proxies must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.

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STAMP

The Company Secretary
Alam Maritim Resources Berhad (700849-K)
38F, Level 2, Jalan Radin Anum
Bandar Baru Sri Petaling
57000 Kuala Lumpur
MALAYSIA

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ALAM MARITIM RESOURCES BERHAD (Co. No. 700849-K)
38F Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur
Tel : + 603 - 9058 2244 • www.alam-maritim.com.my • info@alam-maritim.com.my

ALAM MARITIM RESOURCES BERHAD ("the Company")
(Company No. 700849-K)
(Incorporated in Malaysia under the Companies Act, 1965)

ERRATA

ANNUAL REPORT 2007

Compliance to Paragraph 9.25; Appendix 9C Part A (3) (c), (f), (g) and (h)

To our shareholders

Dear Sir/Madam,

We refer to our Annual Report 2007 and wish to advise that, due to an advertent omission, the following statements should be included at the end of the section in relation to the Directors' Profiles, on page 21 of the Annual Report 2007 as additional notes.

"Notes:

1. All Directors of the Company were appointed on 2 May 2006, except for Encik Ahmad Hassanudin bin Ahmad Kamaluddin who was appointed on 6 Dec 2006.

2. Save as disclosed in this Annual Report, none of the Directors has;

   i. any family relationship with any Directors and/or Major Shareholders of the Company;
   ii. any conflict of interest with the Company; and
   iii. any conviction for offences within the past 10 years other than traffic offences."

This errata is dated 28 May 2008.

ALAM MARITIM RESOURCES BERHAD **("the Company")**

(Company No. 700849-K)

(Incorporated in Malaysia under the Companies Act, 1965)

ERRATA (No. 2)

ANNUAL REPORT 2007

To our shareholders

Dear Sir/Madam,

We refer to our Annual Report 2007 and wish to advise that, due to printing error, some figures in the Message to our Shareholders (page 22) and the Group's Operational Review (page 24) were wrongly printed.

We apologize for the unintentional errors and wish to make the following corrections:

i. to change the first three lines in the second paragraph of the Message to our Shareholders as follows:

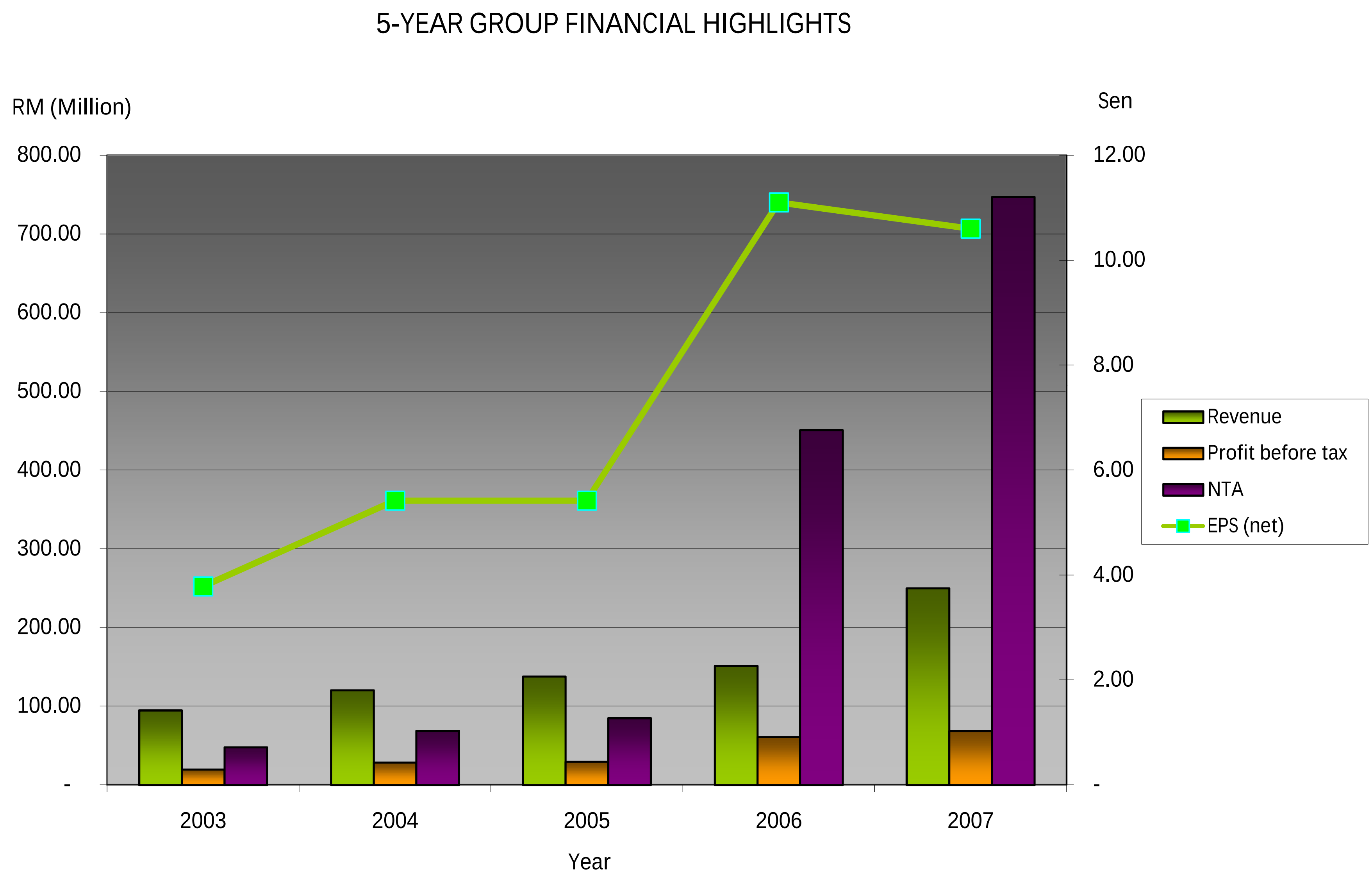
"I am pleased to inform you that your Company made a pre-tax profit of RM68.8 million on the back of RM249.9 million in revenue. This is an improvement of about 12.6% and 65.3% respective from the previous year. For the year under review, Alam Maritim's net earnings per share stood at 10.6 sen whilst our net asset per share stood at 60.0 sen.

ii. to change the third line in the fifth paragraph of the Group's Operational Review as follows:

"…., this business sector has contributed approximately RM229.4 million or 91.8% to the Group's turnover for the year ended 31 December 2007 compared to RM129.2 million of 85.5% in the previous year."

iii. to replace the graph on page 4 with the new graph as per Appendix I.

This errata is dated 29 July 2008.


5-YEAR GROUP FINANCIAL HIGHLIGHTS
RM (Million)
Sen
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
-
12.00
10.00
8.00
6.00
4.00
2.00
-
2003
2004
2005
2006
2007
Year
Revenue
Profit before tax
NTA
EPS (net)