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

ANNUAL REPORT 2011

SAILING WITH CONFIDENCE

Contents

OUR VISION

To Be The Preferred Offshore Services Partner In Oil & Gas Industry

MISSION STATEMENT

- Promoting Health, Safety, Environment and Security Practices
- Developing Human Capital Capabilities
- Delivering Operational Excellence
- Practicing Good Corporate Governance
- Maximising Stakeholders' Value

OUR SHARED VALUES

TRUST

Always deliver the promise and commitment no matter to whom it is made.

TACT

Ability to use skills and wisdom in dealing with different people and situations successfully without causing offence.

TEAMWORK

Work closely and effectively together for common purposes. Collections of strong individuals with different backgrounds but have a healthy sense of collegiality, mutual trust and respect for each other's performance.

TENACITY

Keeps a firm hold of organizational goals and persistently exerts all efforts to bring about the desired results.

TRANSPARENCY

Clear, open and frank in all undertakings.

Corporate Philosophy

HEALTH, SAFETY & 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("HSEMS") in our business operations. ALAM MARITIM GROUP 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 construction services.
- Warehouse and logistics support.

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

- Promoting health, safety, environment and security practises.
- Developing human capital capabilities.
- Practising good corporate governance.
- Maximising stakeholders' value.

Corporate Information

BOARD OF DIRECTORS

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

Azmi bin Ahmad
Managing Director/Chief Executive Officer/
Non-Independent Executive Director

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

Ahmad Hassanudin bin Ahmad Kamaluddin
Non-Independent Executive Director

Mohd Abd Rahman bin Mohd Hashim
Non-Independent Non-Executive Director

Dato' Haji Ab Wahab bin Haji Ibrahim
Independent Non-Executive Director

Fina Norhizah binti Haji Baharu Zaman
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Haji Ab Wahab bin Haji Ibrahim
(Chairman)

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid

Fina Norhizah binti Haji Baharu Zaman

RISK MANAGEMENT COMMITTEE

Fina Norhizah binti Haji Baharu Zaman
(Chairman)

Dato' Haji Ab Wahab bin Haji Ibrahim

Shaharuddin bin Warno @ Rahmad

Ahmad Hassanudin bin Ahmad Kamaluddin

Azmi bin Ahmad
(alternate member to Shaharuddin bin Warno @ Rahmad)

NOMINATION & REMUNERATION COMMITTEE

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
(Chairman)

Dato' Haji Ab Wahab bin Haji Ibrahim

Azmi bin Ahmad

Shaharuddin bin Warno @ Rahmad

COMPANY SECRETARY

Haniza binti Sabaran, FCIS
(MAICSA No.7032233)

REGISTERED OFFICE AND CORRESPONDENCE ADDRESS

Alam Maritim Resources Berhad
(HEAD OFFICE)
No. 38F Level 3
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

Tricor Investor Services Sdn Bhd
(118401-V)
Level 17 The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur MALAYSIA
Tel : + 603 - 2264 3883

AUDITORS

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

LEGAL ADVISOR

Zul Rafique & Partners
D3-3-8
Solaris Dutamas
No.1 Jalan Dutamans
50480 Kuala Lumpur
Malaysia
Tel : + 603 - 6209 8228

PRINCIPAL BANKERS

- Malayan Banking Berhad
- Maybank International (L) Ltd
- CIMB Bank Berhad
- AmBank (M) Berhad
- Bank Muamalat Malaysia Berhad
- HSBC Amanah

STOCK EXCHANGE LISTING

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

Financial Calendar

27/04/2012
- Annual Audited Accounts for the year ended 31/12/2011.

28/02/2012
- Quarterly report on consolidated results for the financial period ended 31/12/2011.

21/11/2011
- Quarterly report on consolidated results for the financial period ended 30/9/2011.

22/08/2011
- Quarterly report on consolidated results for the financial period ended 30/6/2011.

18/07/2011
- Others

  Extended duration of existing employees share option scheme ("ESOS").

15/06/2011
- Sixth Annual General Meeting.

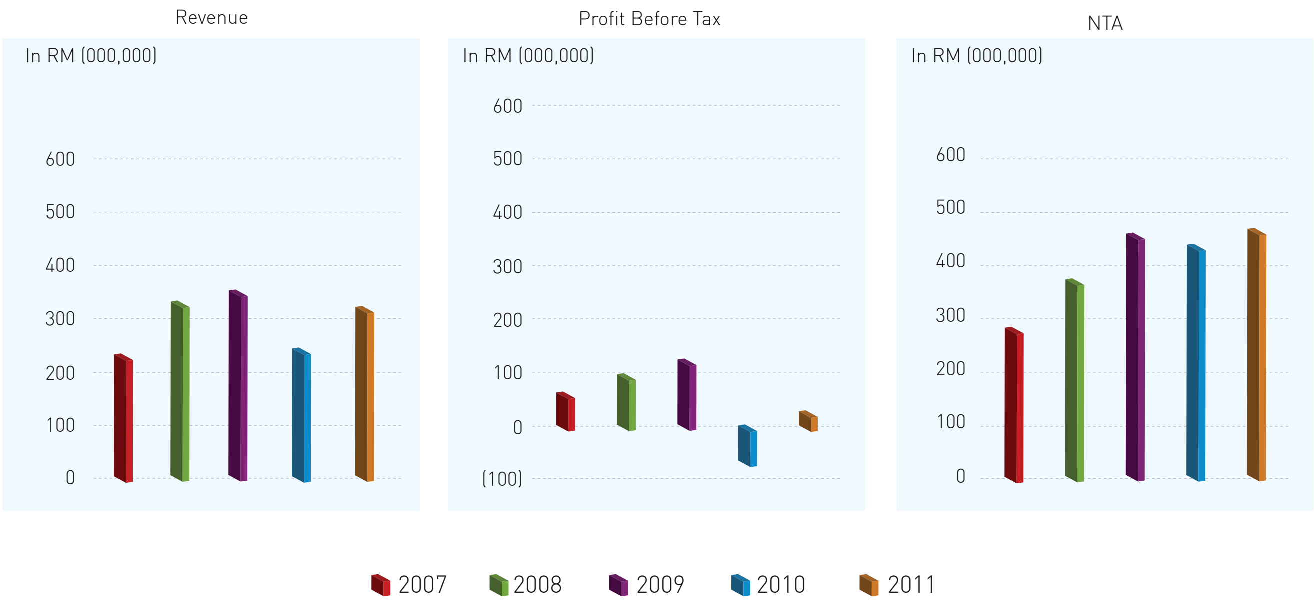
27/05/2011
- Quarterly report on consolidated results for the financial period ended 31/3/2011.

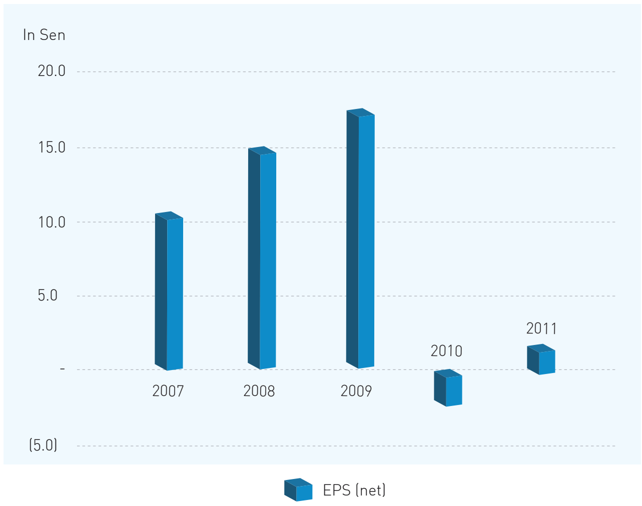
20/05/2011
- Notice of Sixth Annual General Meeting.

16/05/2011
- Proposed renewal of authority for the company to purchase its own shares of up to ten percent of its issued and paid-up capital.

5-year Group Financial Highlights

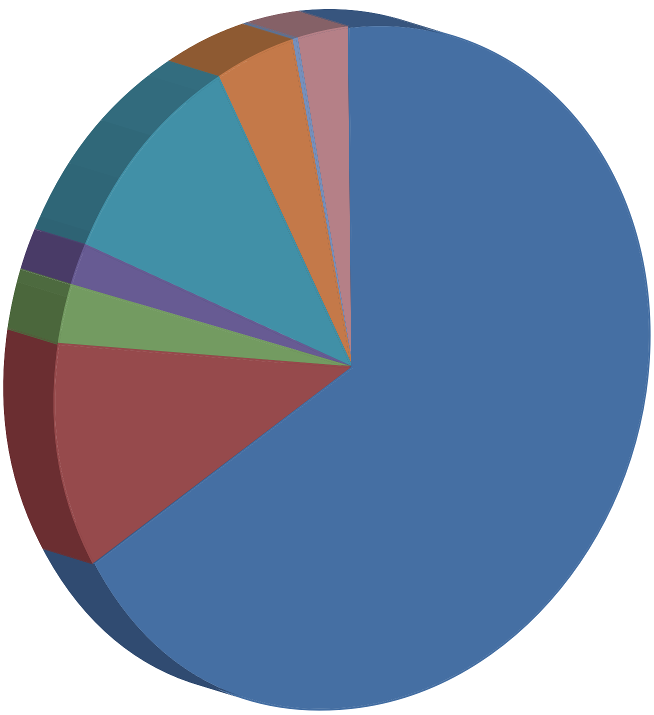
RM	2007	2008	2009	2010	2011
Revenue	242,446,044	322,854,213	348,917,132	242,191,823	308,123,866
Profit before tax	63,940,262	100,711,492	112,524,398	(18,115,606)	14,077,977
NTA	289,116,035	374,865,835	476,472,759	465,024,491	481,936,251
EPS (net)	10.6	15.1	17.6	(2.1)	1.6





Revenue Breakdown For Financial Year 2011

	%	RM
Charter Hire	67.22%	207,108,197
Offshore Installation & Construction	10.78%	33,217,360
Ship Catering	2.57%	7,910,675
Rental of Equipment	2.14%	6,597,324
Diving and Underwater services	10.34%	31,854,542
Other Shipping Related Income	4.13%	12,714,607
Sales of Diving Equipment	0.27%	820,966
Vessel Management Fees	2.56%	7,900,195
	100%	308,123,866



Our Fleet
(as at 15 May 2012)

	Length Overall	Type	Year Built	Class	BHP	Length X Breath X Depth (in meter)	Accommodations Capacity
1	MV Setia Kasturi	Supply Towing Tug	2005	NKK	4,750	60 X 13.3 X 6.0	24 berths
2	MV Setia Emas	Anchor Handling Tug	2003	BV	4,750	48 X 13.2 X 5.2	24 berths
3	MV Setia Jaguh	Anchor Handling Tug Supply Vessel	1999	BV	8,920	64 X 15 X 6.8	31 berths
4	MV Setia Lestari	Anchor Handling Tug Supply Vessel	2005	BV	4,750	54.12 X 14.6 X 5.5	42 berths
5	MV Setia Fajar	Anchor Handling Tug Supply Vessel	2005	BV	5,150	58.7 X 14.6 X 5.5	42 berths
6	MV Setia Nurani	Anchor Handling Tug Supply Vessel	2005	BV	5,150	59 X 14.6 X 5.5	42 berths
7	MV Setia Rentas	Anchor Handling Tug Supply Vessel	2006	BV	5,150	58.7 X 14.6 X 5.5	42 berths
8	MV Setia Padu	Anchor Handling Tug Supply Vessel	2006	BV	5,150	58.7 X 14.6 X 5.5	42 berths
9	MV Setia Luhur	Anchor Handling Tug Supply Vessel (DP 1)	2010	BV	5,150	59.25 X14.95 X 6.10	42 berths
10	MV Setia Tangkas	Anchor Handling Tug Supply Vessel	2007	BV	5,150	58.7 X 14.6 X 5.5	42 berths
11	MV Setia Tegap	Anchor Handling Tug Supply Vessel	2007	BV	5,000	58.7 X 14.6 X 5.5	42 berths
12	MV Setia Unggul	Anchor Handling Tug Supply Vessel	2007	BV	5,150	58.7 X 14.6 X 5.5	42 berths
13	MV Setia Wangsa	Anchor Handling Tug Supply Vessel	2007	BV	5,150	59.25 X 14.95 X 4.95	42 berths
14	MV Setia Teguh	Anchor Handling Tug Supply Vessel (DP 1)	2008	BV	5,150	59.25 X 14.95 X 6.1	42 berths
15	MV Setia Qaseh	Anchor Handling Tug Supply Vessel (DP 1)	2010	BV	5,150	58.70 X 14.6 X 5.5	42 berths
16	MV Setia Erat	Anchor Handling Tug Supply Vessel (DP 1)	2010	BV	5,150	58.7 X 14.6 X 5.5	42 berths
17	MV Setia Iman	Anchor Handling Tug Supply Vessel (DP 1)	2010	BV	5,150	59.25 X 14.95 X 6.10	42 berths
18	MV Setia Hebat	Anchor Handling Tug Supply Vessel (DP 1)	2008	BV	5,000	58.7 X 14.6 X 5.5	50 berths
19	MV Setia Hijrah	Anchor Handling Tug Supply Vessel (DP 2)	2012	BV	12,000	75 X 17 X 8.0	50 berths
20	MV Setia Jihad	Anchor Handling Tug Supply Vessel (DP 2)	2013	BV	12,000	72.45 X 17 X 7.5	50 berths
21	MV Setia Kilas	Crew Utility Vessel	2009	BV	4,200	40.33 X 7.80 X 3.40	80 pax seating
22	MV Setia Deras	Crew / Utility Vessel	2009	BV	4,200	40.33 X 7.80 X 3.40	80 pax seating
23	MV Brompton Sun	Multipurpose Supply Vessel	2000	ABS	9,500	50.25x9.1x3.86	200 pax seating
24	MV Setia Cekal	Workboat / Diving Support Vessel	1974 - built, 1996 - converted	SCM	4,400	57.38 X 12.8 X 4.88	63 berths
25	MV Setia Sakti	DP2 Multipurpose Support Vessel	2008	BV	5,150	76 X 20 X 6.1	134 berths
26	MV Setia Ulung	Accomodation Vessel / Workboat	2009	BV	5,220	71.04 X 20 X 6.5	174 berths
27	MV Setia Aman	Accomodation Vessel / Workboat	2009	BV	5,220	73.98 X 20 X 6.5	174 berths
28	MV Setia Handal	Supply / Towing Tug	2003	BV	3,000	50 X 12 X 4.2	22 berths
29	MV Setia Gagah	Supply Vessel / Towing Tug	2003	NKK	4,750	60X 13.3 X 6.0	23 berths
30	MV Setia Gigih	Supply / Towing Tug	2009	BV	5,510	60 X 13.3 X 6.0	46 berths
31	MV Setia Kental	Supply / Towing Tug	2009	BV	5,510	60 X 13.3 X 6.0	46 berths
32	MV Setia Indah	Supply Vessel	2005	BV	4,750	57.5 X 13.8 X 5.5	42 berths
33	MV Setia Cekap	Tug / Utility Vessel	2005	BV	3,500	45 X 11 X 4.0	20 berths
34	MV Setia Azam	Tug / Utility Vessel	2007	NKK	3,880	45 X 11.8 X 3.8	20 berths
35	MV Setia Budi	Tug / Utility Vessel	2007,	NKK	2,400	40 X 11.8 X 4.6	20 berths
36	MV Setia Wira	Tug / Utility Vessel	2007	BV	3,500	48 X 11.8 X 3.8	24 berths
37	MV Setia Zaman	Tug / Utility Vessel	2008	NKK	2,400	40 X 11.8 X 4.6	26 berths
38	MV Setia Yakin	Tug / Utility Vessel	2008	NKK	3,200	45 X 11 X 4.0	28 berths
39	1MAS-300	Pipe-lay Accommodation Work Barge	2008,	ABS	N.A.	111.56 X 31.7 X 7.31	300 berths
40	Setia Station 1	300 men Workbarge	2009	BV	N.A.	105.58x31.7x7.31	300 berths
41	Setia Station 2	402 men Workbarge	2008	ABS	W.A.	100.58x31.7x7.31	402 berths
42	Alam 281	280ft Deck Cargo Barge	2006	BV	N.A.	85.3x 24.38x4.88	N.A.
43	Alam 251	250 ft Deck Cargo Barge	2010	ABS	N/A	73.18X24.38X4.88	N/A
44	Alam 252	250 ft Deck Cargo Barge	2010	ABS	N/A	73.18X24.38X4.88	N/A

Our Underwater Assets
(as at 15 May 2012)

REMOTELY OPERATED VEHICLE (ROV)

Model	:	**KINGFISHER** Inspection and Light Work-Class ROV
Type	:	300 meters
Dimension	:	Length x Width x Height 1400mm x 900mm x 1,100mm
Weight in air	:	500kgs
Performance	:	Forward 110kgf 3.0 knots Reverse 77kgf 3.0 knots Lateral 73kgf 2.5 knots Vertical 55kgf 1.5 knots
Work Capabilities	:	• Light construction support • Survey support • Seabed mapping / site surveys
Power	:	440V, 100amps, 50/60Hz

Model	:	**PARI SERIES** 125HP Work-Class ROV
Type	:	1,500m (Free-swimming)
Dimensions	:	Length x Width x Height 2,500mm x 1,450mm x 1,800mm
Weight in air	:	2,400kg
Performance	:	Forward 700kgf 3.5 knots Lateral 550kgf 3.0 knots Vertical 500kgf 1.5 knots
Work Capabilities	:	• Marine and subsea construction/installation support • Drilling, production & work-over support • Facility inspection, maintenance and repair support

Model	:	**JERUNG SERIES (3000 MSW) C/W** 160HP Work-Class ROV
Type	:	3,000m (TMS)
Power	:	440V, 300amps, 50/60Hz
Tooling Options	:	a. Friction welding for anode installation b. Cable and jumper installation c. Cutting, cleaning and torque tools d. Wellhead intervention tools e. Cable and pipeline tracker system and trenching f. Other specialised tooling-marine salvage support & facility decommission

TETHER MANAGEMENT SYSTEM

Major Diameter	:	1,800 mm
Heights	:	2,000 mm
Weight in Air	:	2,200 kg
Weight in Water	:	2,000 kg
Excursion Tether Length	:	250 meters
Design	:	Lloyds DNV Rules Sea State 5/6

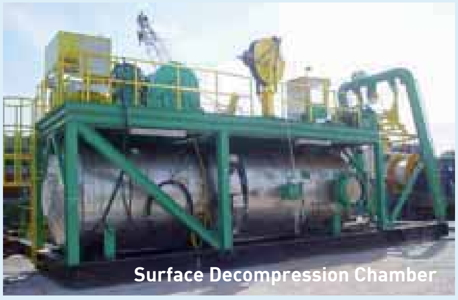
Our Underwater Assets (cont'd)
(as at 15 May 2012)

200M 9-MAN SATURATION DIVING SYSTEM 3-MAN BELL


Dive Bell

General Specification

The 200m, 9-man saturation diving system with 3-man bell, was designed and fabricated to IMCA (International Marine Contractor Association) D024 Standard in 2004 and certified by the American Bureau of Shipping (ABS). 9-man saturation diving system with 3-man bell comprises; Main Skid, Launching And Recovery Skid (LARS), Control Van, Machinery Van, Workshop/Store Container and Hyperbaric Rescue Chamber (HRC)


Surface Decompression Chamber

The system is designed to provide the Clients with deployment flexibility to suit their operating requirements vis-à-vis 3 diver utilization, uninterrupted diver-change-outs, split-saturation depths and its capabilities. The system could be configured to suit the deck space availability onboard pipe lay barge, heavy lift barge, Dynamically Positioning Diving Support Vessel (DPDSV) and also for inland dam work.

50M AIR/MIXED GAS DIVING SYSTEM


Control and Machinery Van


Launching and Recovery System

General Specification

The IMCA D023 DESIGN compliant air/mixed gas diving system comprises of three units:

A. Control Van - a 20 footer air-conditioned container with lighting and power points, complete with Dive Supervisor's desk,dive control panel, CCTV, video recorders, divers communication, umbilical and deck compression chamber.

B. Machinery Van - a 20 footer container complete with hydraulic power pack, air/gas cylinders, air bank, a low pressure compressor, a high pressure compressor and two exhaust fans.

C. Launching and Recovery System - a skid mounted complete with a 2 tonne A-Frame, a dive stage, clump weight, hydraulic winch and tool box.

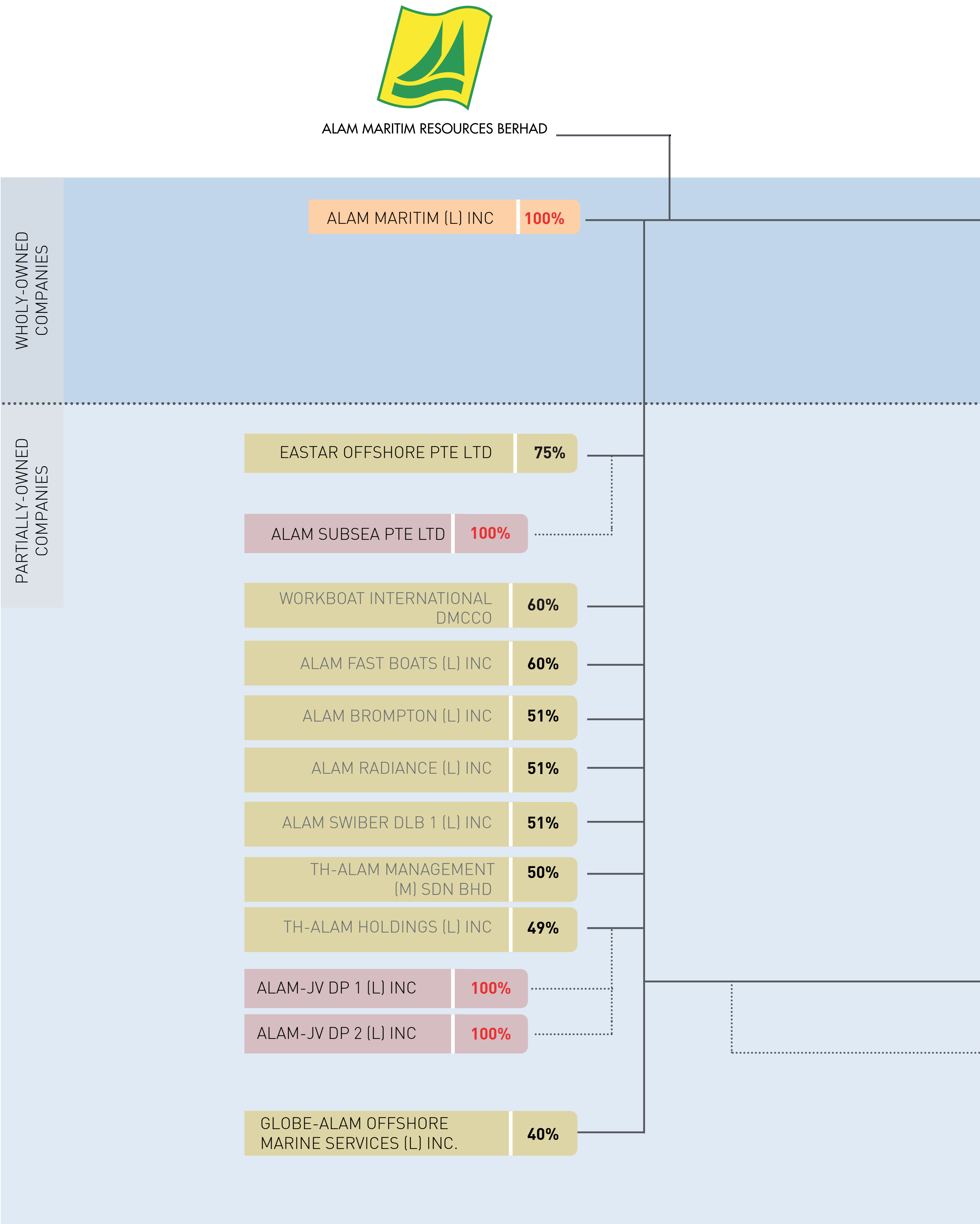
300m 12 – Man Saturation Diving System 3 Man Bell

General Specification

The 300m, 12-man split-level saturation diving system with 3-man bell was designed and fabricated to IMCA (International Marine Contractor Association) D024 Standard in 2009 and classed by Det Norske Veritas (DNV). This 300m 12-man split-level saturation diving system 3-man bell comprises; Living Accomodation Chambers, Dive Bell, Reclaim System, Hyperbaric Equation System, Umbilicals and Life Support Machinery.

The system is designed to provide the Client with deployment flexibility to suit their operating, requirement vis-à-vis 3-diver utilization, uniterruoted diver-change-outs and capabilities. This system could be configured to suit the deck space availability onboard pipe lay barge, heavy lift barge, Dynamically Positioning Diving Support Vessel (DPDSV) and also for inland dam works.

Corporate Structure
(as at 15 May 2012)



Corporate Structure (cont'd)
(as at 15 May 2012)

- 100% ALAM MARITIM (M) SDN BHD
- 100% ALAM OFFSHORE LOGISTICS & SERVICES SDN BHD
- 100% ALAM FOOD INDUSTRIES (M) SDN BHD
- 84% KJ WAJA ENGINEERING (M) SDN BHD
  - 100% KJ WAJA SERVICES SDN BHD
- 70% ALAM HIDRO (M) SDN BHD
- 60% ALAM EKSPLORASI (M) SDN BHD
- 60% ALAM SYNERGY I (L) INC
- 60% ALAM SYNERGY II (L) INC
- 60% ALAM SYNERGY III (L) INC
- 50% ALAM SWIBER OFFSHORE (M) SDN BHD
- 50% ALAM RADIANCE (M) SDN BHD
- 40% YSS ALAM ENERGY (M) SDN BHD
- 49% ALAM-PE HOLDINGS (L) INC
  - 100% ALAM-PE I (L) INC
  - 100% ALAM-PE II (L) INC
  - 100% ALAM-PE III (L) INC
  - 100% ALAM-PE IV (L) INC
  - 100% ALAM-PE V (L) INC
  - 100% ALAM-PE HOLDINGS SDN BHD

Corporate Structure (cont'd)
(as at 15 May 2012)

No	Company	Date & Place of Incorporated	Issued And Fully Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activity
1.	Alam Maritim (M) Sdn Bhd ("AMSB")	15.07.1996 Malaysia	RM20,000,000.00	100%	Ship owning, ship managing, hiring, chartering and other related services
2.	Alam Maritim (L) Inc ("AMLI")	14.06.2004 F.T, Labuan Malaysia	USD8,940,100.00	100%	Investment holding and ship owning
3.	Alam Offshore Logistics & Services Sdn Bhd ("AOLS")	20.09.2000 Malaysia	RM100,000.00	100%	Transportation, ship forwarding, shipping agency, ship chandelling and other related services
4.	Alam Food Industries (M) Sdn Bhd ("AFI")	14.04.2008 Malaysia	RM100,000.00	100%	Catering and messing services
5.	KJ Waja Engineering (M) Sdn Bhd ("KJ Waja")	16.11.2000 Malaysia	RM1,500,000.00	84%	Ship repair & maintenance and other related services
6.	KJ Waja Services Sdn Bhd ("KJWS")	21.07.2005 Malaysia	RM100,000.00	84%	Supply of ship spares
7.	Alam Subsea Pte Ltd ("ASPL")	01.01.2008 Singapore	SGD500,000.00	75%	Provision of integrated marine service to oil and gas companies
8.	Eastar Offshore Pte Ltd ("Eastar Offshore")	01.03.2006 Singapore	SGD628,203.00	75%	Designing, manufacturing and operating of remotely operated vehicle (ROV's)
9.	Alam Hidro (M) Sdn Bhd ("AHSB")	05.02.1999 Malaysia	RM500,000.00	70%	Offshore facilities construction, installation, subsea engineering and underwater services
10.	Alam Eksplorasi (M) Sdn Bhd ("AESB")	21.11.2000 Malaysia	RM300,000.00	60%	Ship owning, ship operating and chartering
11.	Alam Synergy I (L) Inc ("AS I")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00	60%	Ship owning and chartering
12.	Alam Synergy II (L) Inc ("AS II")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00	60%	Ship owning and chartering
13.	Alam Synergy III (L) Inc ("AS III")	18.09.2006 F.T Labuan, Malaysia	USD2,795,000.00 & USD 8,000,000.00 (RPS)	60%	Ship owning and chartering
14.	Workboat International DMCCO ("WBI")	03.05.2005 United Arab Emirates	AED1,000,000.00	60%	Ship manager, ship operator and marine consultancy
15.	Alam Fast Boats (L) Inc. ("AFBLI")	26.08.2008 F.T Labuan, Malaysia	USD100.00	60%	Ship owning, ship managing catering, chartering and other related services
16.	Alam Brompton (L) Inc ("ABLI")	15.06.2007 F.T, Labuan Malaysia	USD1,350,000.00	51%	Ship management & operation, ship owning, ship maintenance and marine consultancy
17.	Alam Radiance (L) Inc. ("ARLI")	30.11.2004 F.T Labuan, Malaysia	USD3,500,000.00	51%	Ship owning, ship management, ship operation
18.	Alam Swiber DLB 1 (L) Inc ("ASDLB1")	14.09.2009 F.T Labuan, Malaysia	USD10,250,000.00	51%	Ship owning and ship chartering

Corporate Structure (cont'd)
(as at 15 May 2012)

No	Company	Date & Place of Incorporated	Issued And Fully Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activity
19.	YSS Alam Energy (M) Sdn Bhd ("YSS")	25.05.2011 Malaysia	RM500,000.00	50%	Ship management & operation, offshore facilities, installation, subsea engineering and underwater services and other related services
20.	Alam Radiance (M) Sdn Bhd ("ARSB")	30.11.2004 Malaysia	RM2.00	50%	Ship owning, ship management, ship operation, maintenance and consultancy
21.	Alam Swiber Offshore (M) Sdn Bhd ("ASOSB")	07.12.2009 Malaysia	RM100.00	50%	Ship operator
22.	TH-Alam Management (M) Sdn Bhd ("THAM")	04.05.2010 Malaysia	RM2.00	50%	Ship Management & consultancy
23.	Alam-PE Holdings (L) Inc. ("APEHL")	17.10.2008 F.T Labuan, Malaysia	USD14,000,000.00	49%	Investment holding
24.	Alam-PE I (L) Inc ("Alam-PE I")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
25.	Alam-PE II (L) Inc ("Alam-PE II")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
26.	Alam-PE III (L) Inc ("Alam-PE III")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
27.	Alam-PE IV (L) Inc ("Alam-PE IV")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
28.	Alam-PE V (L) Inc ("Alam-PE V")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
29.	Alam-PE Holdings Sdn Bhd ("APEHSB")	16.09.2008, Malaysia	RM2.00	49%	Management Company
30.	TH-Alam Holdings (L) Inc ("THAL")	30.12.2009 F.T Labuan, Malaysia	USD17,759,995.00	49%	Investment holding
31.	Alam-JV DP1 (L) Inc ("AJVDP1")	02.07.2009 F.T Labuan, Malaysia	USD1.00	49%	Ship owning
32.	Alam-JV DP2 (L) Inc ("AJVDP2")	02.07.2009 F.T Labuan, Malaysia	USD1.00	49%	Ship owning
33.	Globe Alam Offshore Marine Services ("Globe Alam")	06.12.2011 Kingdom of Saudi Arabia	SR500,000	40%	Ship management & operation, offshore facilities, installation, subsea engineering and underwater services and other related services

Notes:

**F.T Labuan = Federal Territory of Labuan*
**RPS = Redeemable Preference Shares*

Awards and Recognitions

YEAR	CERTIFICATE TITLE
2012	2011 Contractor's Safety Recognition By Exxonmobil – Hurt Free Operation < 100,000 Man Hours
2011	2010 Contractor's Safety Recognition By Exxonmobil – Hurt Free Operation < 100,000 Man Hours
2011	PCSB DD Contractors HSE Conference: Annual Award For PCSB DD Contractors HSE Performance 2010/2011 Certificate Of Appreciation For Hosting A PCSB DD Contractors HSE Conference And Making Excellent Efforts To Share And Promote The HSE Standards Among PCSB DD Contractors For The 2010/2011
2011	Contractor Safety Award Program: Vessel Of The Quarter Award 1Q 2011 In Recognition Of Outstanding Contribution In Safety Awarded To MV Setia Fajar Of Alam Maritim (M) Sdn Bhd
2011	Contractor Safety Award Program: Vessel Of The Quarter Award 4Q 2010 In Recognition Of Outstanding Contribution In Safety Awarded To MV Setia Teguh Of Alam Maritim (M) Sdn Bhd
2011	Contractor Safety Award Program: Marine Contractor Of The Quarter Award 1Q 2011 In Recognition Of Outstanding Contribution To Safety
2011	Petronas Carigali Sdn Bhd Peninsular Malaysia Operations Presented To MV Setia Budi Of Alam Maritim (M) Sdn Bhd In Appreciation For Assisting Tiong Platform During FWP Incident 26th October 2010
2010/2011	HSE Achievement Award (Environment Category) – Gold Award Recognition Of HSE Achievement Awarded To Alam Maritim Resources Berhad For The HSE Initiative Of "Green The Earth" Project

Awards and Recognitions (cont'd)

YEAR	CERTIFICATE TITLE
2010	HSE Special Award To Alam Maritim Resources Berhad In Recognition Of 250 Days Free Of Total Recordable Case (TRC)
2008/2009	PETRONAS Group HSE & Sustainability Awards 2008/2009 Major Contractor Safety Category Merit Award In Recognition To Project Of 'HSE Mentor Mentee Program In Alam Maritim'
2009	Recognition By Carigali Hess For MV Setia Wangsa–Completion Of 1-Year Contract Without Any Loss Time Injury (LTI)
2009	Contractor's Safety Recognition By Exxonmobil–Injury-Free For Contractor Recording Up To 100,000 Man Hours
2008	Safety Recognition Awarded To Alam Maritim, By Exxonmobil Exploration And Production Malaysia Inc.
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
2007	HSE Award 2007: Certificate Of Recognition Of Excellent Performance 'Zero TRCF' In Executing PCSB Project
2007	Certificate Of Appreciation For The Contribution And Commitment Demonstrated Towards Achieving Excellent HSE Performance For 2007
2006	Contractor Safety Recognition : "Gold Award" : In Recognition Of Safety Excellence In 2006
2006	PMO HSE Award 2006 - Contractor HSE Award: In Recognition Of Excellence Achievement By Alam Maritim (M) Sdn Bhd
2004/2005	"Gold Award" : In Recognition Of Excellence HSE Performance For 2004/2005
2004	Contractor Safety Recognition : "Gold Award":In Recognition Of Safety Excellence In 2004
2003/2004	Contractor Safety Recognition : "Gold Award":In Recognition Of Safety Excellence In 2003/2004
2003	Certificate Of Achievement 2.4 Million Man-Hours Without Loss Time Injury (LTI)
2002	Contractor Safety Award Program : Certificate Of Recognition In Recognition Of Safety Excellence In 2002
2001	Contractor Safety Award Program : Certificate Of Recognition In Recognition Of Excellent Safety Performance In 2001


SETIA GAGAH

Chairman's Statement

My fellow shareholders, on behalf of the Board of Directors of Alam Maritim Resources Bhd (AMRB), it gives me great pleasure to present to you the Annual Report for our company for the financial year ended 31 December, 2011. I am pleased to report that our company has prevailed over the challenges it faced last year. We achieved a profit of RM 13.20 million from an improved revenue of RM 308.12 million. This is a great improvement from the negative territory we were in 12 months ago.

While the outlook for 2012 remains challenging with the uncertainties in the Eurozone sovereign debt crisis and slower growth in the advanced economies, Management will continue to be prudent and actively monitor such challenges in order to implement appropriate measures to facilitate growth.

In the year under review the gross domestic product (GDP) of Malaysia grew by a 5.1%. The third and fourth quarters of 2011, saw significant year-on-year increase in government spending, 21.7% and 23.6% respectively, reflective of higher staff costs and spending on supplies and services. Amidst this difficult external environment Malaysia's economy is projected to grow between 4% to 5% in 2012 spurred by domestic demand as the private sector takes over as the driver of growth.

Much of the growth in our industry is dependent on the price of oil. High crude oil prices will spur exploration activities and spending by oil majors including Petroliam Nasional Bhd (PETRONAS). This should augur well for us.

Chairman's Statement (cont'd)

There have been many indications of the oil and gas industry being a priority to the Government. In September 2010 the Economic Transformation Programme (ETP) gave the oil and gas industry a shot in the arm, as our industry was identified as one of the 12 national key economic areas. With 52% of RM170 billion investments being directed to the oil and gas sector, it is the single largest beneficiary of the ETP.

PETRONAS has announced plans to develop a quarter of the 106 marginal fields located in our waters comprising deepwater oil fields such as Kikeh, Gumusut-Kakap, Malikai and Kebabangan projects with first oil production from Malikai by end this year.

Our company is aware of many challenges which lie ahead, especially the increased competition from new players who have sprouted up and seeking a slice of the oil and gas pie. This emergence of new companies could result in margins being eroded. However, rest assured your Board will do the necessary to ensure AMRB remains on its chartered course for steady growth.

Financial Highlights

For the year ended December 2011, your company posted a net profit of RM13.20 million on the back of RM308.12 million in revenue. Earnings per share for the 12 month period was 1.6 sen. Our company had a net asset per share of 61 sen as at end December 2011.

Our financial results reflect the continuation of management's focus over the past few years on growing our earnings capacity by replacing our mature vessel fleet with new , larger and more capable vessels to satisfy the increasing demands of our customers.

Developments in 2011

In the early part of the year, our company formalized a deal with Yayasan Sabah Shipping Sdn Bhd, to venture and participate in the economic and commercial activities in Sabah, especially pipeline installation, marine services and subsea works.

We ended the year on a high note with Samsung Engineering (M) Sdn Bhd awarding us a job for two pipelines, two single point moorings and two pipeline end manifolds valued at RM115.00 million.

All in all, 2011 proved to be an exciting year for our company with various projects secured thus enabling the Management to turn the corner from a loss in 2010 and hopefully to continue on this path beyond 2012.

Acknowledgements & Appreciation

On behalf of the Board of Directors, I would like to bid farewell to Encik Ab Razak bin Hashim, our Executive Director who resigned in end May 2011. We wish him all the best in his endeavours.

During the year, our long serving Executive Director, Encik Mohd Abd Rahman bin Mohd Hashim retired. He has been appointed to the Board in a non-executive capacity and we look forward to continue tapping into his technical experience in this sector.

I would like to thank our stakeholders for their continuous faith and trust, support and confidence in AMRB. My sincere appreciation also goes to our customers, shareholders, business associates as well as the various regulatory and government authorities. Last but not least, my thanks to the dedicated management team and employees for their commitment and contribution to the success of AMRB.

DATO' CAPTAIN AHMAD SUFIAN
Chairman
25 May 2012

Operational Review

The year 2011 has indeed been a challenging but rewarding year for us. We have survived and braced up to the sector down cycle in the previous financial year only to emerge even stronger in 2011. Thus, we have recorded a net profit of RM13.20 million in 2011 from a net loss of almost RM13.00 million in the previous year. Revenue for the year under review also swelled by 27.2% to RM308.12 million against the revenue recorded in 2010.

We have managed to return to the black due to higher average utilisation rate and daily charter rate from our main business segment, the Offshore Support Vessels (OSV) services. Revenue from OSV segment has shown considerable improvement by 42.3% in tandem with the improved vessel utilisation rate averaging above 70.0%, with substantial revenue derived from third party vessels during the financial year under review. This was due to the overall demand for offshore support vessels which had been on an uptrend following the increase in activities in the domestic and regional oil and gas industry.

The financial year under review also saw a significant increase in share of results of associates contributed by vessels owned by TH-Alam, a joint venture company with Lembaga Tabung Haji. However, our Underwater services as well as Offshore Installation & Construction (OIC) segment recorded an adverse variance of 17.9% with no lumpy contracts undertaken during the year. The execution of certain contracts under OIC segment were deferred to 2012 due to the delay in the programme carried out by end-client. Underwater and OIC segment suffered a loss of RM0.83 million for the financial year under review in contrast with profit before taxation of RM4.30 million in 2010. The lack of substantial Underwater services contracts coupled with thin operating margin had resulted in adverse financial performance for this segment.

Operational Review (cont'd)

IN THE PIPELINE

As we move to the next chapter, our strategy to improve the Company's bottom line remains intact. We will continue to improve our OSV marketability by exploring not only local but also global opportunities through existing partners and prospective alliances. This will ensure that our average vessels utilisation rate to be kept at maximum level. While we are willing to go the extra mile to appease our hunger for new lucrative contracts, we will also take all necessary steps to ensure the management of the business such as project execution capabilities, from beginning until completion of projects and collection of payment, will be well taken care of.

The widening of our business horizon is supported by our fleet that currently consists of 36 OSVs of various types and sizes and 6 barges that is expected to expand in line with our business strategies.

Looking forward to join our family are the upcoming two 12,000-bhp anchor handling tug and supply vessels expected to be delivered by end of 2012 or early 2013. The delivery of these bigger-sized vessels is timely to fulfil the requirements for deepwater exploration activities expected to be in full swing by then.

Other than that, we are still exploring opportunities to acquire strategic assets which include specialized vessels to cater for the current and future requirements of oil majors.

In terms of contracts, in the last quarter of 2011, we have secured quite a number of lucrative jobs. We have bagged a RM29.80 million contract from Sarawak Shell Bhd and RM115.00 million contract from Samsung Engineering (M) Sdn Bhd. These two new contracts marked another milestone for us to penetrate into offshore activities within Sarawak waters, and to be actively involved in the OIC business segment.

The recent tied-up with Yayasan Sabah will hopefully open more doors for us to tap into various opportunities from the ever-increasing exploration and production activities within Sabah. Already a seasoned player in our own playground, we are also eyeing for jobs beyond Malaysian waters. Together with our strong and credible partners such as Swiber Group and Pacific Radiance, we are ready for our next venture on the global front.

Besides the OSVs, we also planned to market our relatively new pipe-lay business aggressively. And in order to address issues that could affect our operational efficiency, such as tight availability of docking space for vessels to go for surveys and routine maintenance, we are at the tail-end of our effort to have our own ship repair facilities at Kuala Linggi Yard in Melaka, soon this year.

In short, we are looking at various angles of the operations to enhance business with integrity and values for all of our stakeholders including our commitment to achieve a higher standard of Health Safety and Environment (HSE) in our operation.

POSITIVE PERSPECTIVE

With the significant capital and operating expenditure budget announced by PETRONAS and other oil majors, we expect a substantial increase in activities for the domestic oil and gas industry, and that the demand for oil and gas support services in Malaysia will remain healthy in the foreseeable future.

Also, marginal oilfield and brown field services should start to see heightened activities in 2012 onwards considering the planned capital expenditure to be rolled out by PETRONAS and its PSC contractors. The robust oil and gas activities will also be supported by the current oil price that has been hovering above USD100 per barrel. All these are the positive factors to increase the demand for OSVs, higher charter rates and longer term contracts.

Thus, for 2012, we look forward to another year of growth on the back of existing order book for OSV segment and potential expansion into OIC market segment. For us, in a nutshell, we will continue to put our best foot forward to take advantage of these positive developments to deliver a better result in 2012.

AZMI AHMAD
Managing Director/CEO
25 May 2012

Board of Directors Profiles

DATO' CAPTAIN AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

Chairman
Independent Non-Executive Director
Aged 63, Malaysian

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid was appointed to the Board on 2 May 2006 and is also the Chairman of the Nomination and Remuneration Committee and a member of Audit Committee.

He qualified as a Master Mariner with a Master in Foreign-Going Certificate of Competency from the United Kingdom in 1974 and a Diploma in Applied International Management from the Swedish Institute of Management in 1984. He also attended the Advance Management Program ("AMP") at Harvard University in 1993. He is a Fellow of the Nautical Institute, (UK), a Fellow of the Chartered Institute of Logistics & Transport and a Fellow of the Institut Kelautan Malaysia. He has over 38 years of experience in the international maritime industry.

He is also the Independent Non-Executive Chairman of WCT Berhad, GD Express Carrier Berhad and Independent Director of Malaysian Bulk Carriers Berhad and PBB Group Berhad.

He does not have any family relationship with other director and/or major shareholder of the company. He has no conflict of interest with the Company and has no conviction for any offences within the past 10 years.

AZMI BIN AHMAD

Managing Director/Chief Executive Officer
Non-Independent Executive Director
Aged 53, Malaysian

Azmi bin Ahmad was appointed to the Board on 2 May 2006.

He is the Chairman of the ESOS Committee, a member of Nomination and Remuneration Committee and alternate member to Shaharuddin bin Warno @ Rahmad in the Risk Management 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 the Merlin Hotel Group as an Administration and Security Officer and in1988, he joined Techart Sdn Bhd as the Head of Administration. In 1992, he accepted a position with Bank Bumiputra Malaysia Berhad as the Manager of the Corporate Banking Division. He left 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 years until 1999. He left Nepline Berhad to join AMSB in 2000. He is the co-founder of Alam Maritim (M) Sdn Bhd.

He does not have any family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors Profiles (cont'd)

SHAHARUDDIN BIN WARNO @ RAHMAD

Chief Operating Officer
Non-Independent Executive Director
Aged 44, Malaysian

Shaharuddin bin Warno @ Rahmad was appointed to the Board on 2 May 2006.

He is a member of Risk Management Committee and 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. In 1991, he joined Petronas as an Accounts and Costing Supervisor, International Marketing Division. In1995, 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 support vessel industry. He is the co-founder of Alam Maritim (M) Sdn Bhd. He was one of the top three finalists of The Ernst & Young Entrepreneur of The Year® Malaysia 2007, Master Category Award.

He does not have any family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN

Non-Independent Executive Director
Aged 66, Malaysian

Ahmad Hassanudin bin Ahmad Kamaluddin was appointed to the Board on 2 May 2006.

He is a member of Risk Management Committee. 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.

He does not have any family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors Profiles (cont'd)

MOHD ABD RAHMAN BIN MOHD HASHIM

Non-Independent Non-Executive Director

Aged 60, Malaysian

Mohd Abd Rahman Bin Mohd Hashim was appointed to the Board on 2 May 2006.

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. His last held position prior to leaving was as an Assistant Manager (Rooms Division). After leaving Century Hotel in 1978, 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 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 support vessel industry. In 1993, he was seconded to Maritime (M) Sdn Bhd as Manager of Operations and Marketing Department. In 1998, he left Maritime (M) Sdn Bhd to establish Alam Maritim (M) Sdn Bhd.

He does not have any family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM

Independent Non-Executive Director

Aged 61, Malaysian

Dato' Haji Ab Wahab bin Haji Ibrahim was appointed to the Board on 2 May 2006.

He is the Chairman of Audit Committee, a member of the Risk Management Committee and Nomination & Remuneration 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. In 2007, he obtained his Masters of Business Administration (Management Studies) from Rock Hampton University of USA. In the same year, he was honoured with the Honorary Doctorate Degree in Public Services by the Irish International University.

He started his career with PETRONAS in 1978 as a Management Executive and became an Accountant in the Corporate Finance Division four 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 the Finance Division, OGP Tehcnical 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. He also serves as the Chairman of Audit Committee of Tanjung Offshore Berhad and Uzma Berhad.

In 2001, he was conferred both the Ahli Mangku Negara ("AMN") and Pingat Jasa Kebaktian ("PJK"). He was then conferred the Darjah Indera Mahkota Pahang 2010.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past 10 years.

Board of Directors Profiles (cont'd)

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN
Independent Non-Executive Director
Aged 55, Malaysian

Fina Norhizah binti Haji Baharu Zaman was appointed to the Board on 22 October 2010. She is the Chairman of Risk Management Committee and a member of Audit Committee.

She obtained her Bachelor of Law degree from the University of Malaya in 1980 and had started her legal career with the Malaysian Attorney General Chambers where she had served as a Senior Federal Counsel and as the Legal Advisor to the Ministry of Transport.

She did her Masters in Law (specialising in maritime and shipping) at the London School of Economics, University of London and had subsequently joined the International Islamic University, Malaysia in 1984 as a law lecturer. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1986.

She joined PETRONAS in 1990 and had served the PETRONAS Legal Department in several capacities. In 2000, she was appointed as the General Manager (Legal) of the Logistics and Maritime Business PETRONAS and as General Manager of the Legal and Corporate Secretarial Affairs Division of MISC Berhad.

In 2004, she was appointed as the Senior General Manager of Legal & Corporate Secretarial Affairs Division and the Company Secretary of MISC Berhad. She held the position until her retirement in 2007.

She does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for any offences within the past 10 years.

Senior Management Team

AZMI BIN AHMAD
Managing Director /
Chief Executive Officer
Alam Maritim Group

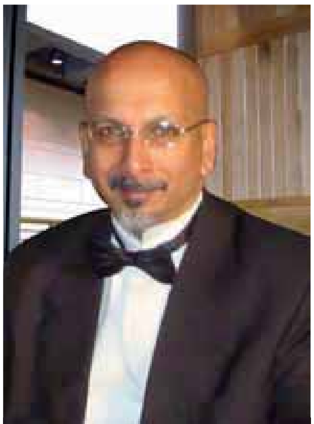
SHAHARUDDIN BIN WARNO @ RAHMAD
Executive Director /
Chief Operating Officer
Alam Maritim Group

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN
Executive Director
Alam Maritim Group
Executive Chairman
Alam Hidro
HSE Director

AZMAN BIN SHABUDIN
Managing Director
Alam Hidro

WU QIONG
Managing Director
Eastar Offshore

KAMARUL ZAMAN BIN JANTAN
Managing Director
KJ Waja



JOHN D'LIMA
Managing Director
Workboat International

SAMUEL BERNARD SASSOON
Executive Director
Eastar Offshore

BADROL R. AZMI BIN MD. YUNAN
Chief Operating Officer
Alam Swiber Group

AZMAN BIN ABBAS
Chief Executive Officer
TH-Alam Group

Senior Management Team (cont'd)

HANIZA BINTI SABARAN
Company Secretary
Head, Group Corporate Secretarial

MD NASIR BIN NOH
Financial Controller
Head, Finance & Accounts

ANAS BIN SULAIMAN
Internal Auditor
Head, Group Internal Audit & Risks Management

MOHAMAD IZHAM BIN CHE ARIFF
Head, Group Corporate HSE

NIK AZNUDDEEN BIN HUSAIN
Head, Group Project & Services

ABU HUSSEIN BIN MOHAMED
Head, Fleet Management

MOHD NOOR BIN OSMAN
Head, Group Human Resource Management

Corporate Responsibility

Workplace – Health, Safety and Environment Report 2011

It is the policy of AMRB that all work activities shall be conducted in a manner which safeguards the Health, Safety and Welfare of all persons and preserves the natural Environment, as far as it is practicable. Every year, AMRB allocates a percentage of its budget to HSE programmes and campaigns as to ensure the culture and values are communicated to and instilled in its employees. Safety committees, both at steering committee level and at working committee level discussed issues related to improvement on standards and practices, risk management, incidents trending and emergency preparedness. Weekly HSE Talk is used as platform to share on HSE initiative and safety moment with the employees.

AMRB has set zero accident and zero LTI as its HSE performance target and is relentless in its efforts to achieve this goal. AMRB has launched behavioural campaign 'Anda Lalai, Anda Merana' in the beginning of 2011 as to address one of the main cause of accidents, behaviour toward safety. During celebration of 'Hari Raya Eidul Fitri' and 'Balik Kampung', AMRB together with partners and Duke Highway management has launched road safety campaign 'Anda Lalai, Anda Merana' to staff and all road user.

The HSE Performance in 2011 has been encouraging with Group TRCF at 0.74 and Free Man-hours from LTI are 2,472,069. Cumulatively, AMRB registered a total completion of over 2,693,313 man-hours worked.

AMRB is also fostering a culture of zero tolerance of safety-related incidents by inculcating leadership commitment and ownership in employees to create a safe working environment. Management visit, inspection, roving, audit as well as Line Management walk-about and involvement through the Mentor Mentee Programme are being planned to support the Company's commitment toward HSE. The number of awards received in 2011 bear testimony to the improvement achieved. In fact, the Group received various awards from customers and clients based on its track record for safety.

Part of the initiative to improve on quality, reliability and HSE performance, AMRB has started the integration of the management system to comply with ISO 9001, ISO 14001 and OSHAS 18001. This certification is part of AMRB quality enhancement exercise after it successfully achieved its ISO 9001:2008 for Quality Management System (QMS). Currently, AMRB is in the final stage of migrating its ISO system to the Integrated Management System (Quality, Environmental & Occupational Health & Safety, and MS1722 System) aimed at integrating all its business components to leverage on its already excellent performance.

Audit Committee Report

COMPOSITION AND ATTENDANCE AT MEETINGS

The Composition of the Audit Committee members and details of attendance of each member at Audit Committee meetings during 2011 is set out below:

Composition of Audit Committee	Number of Meetings Attended
Dato' Haji Ab Wahab bin Haji Ibrahim Chairman *(Independent Non-Executive Director and a Certified Accountant)*	5/5
Dato' Captain Ahmad Suffian @ Qurnain bin Abdul Rashid *(Independent Non-Executive Director)*	5/5
Puan Fina Norhizah binti Haji Baharu Zaman *(Independent Non-Executive Director)*	5/5

Composition

Conforming to the requirements of the Malaysian Code on Corporate Governance (MCCG), all three (3) members of the Audit Committee are Independent Non-Executive Directors.

The Audit Committee Chairman, Y Bhg Dato' Haji Ab Wahab bin Haji Ibrahim is a member of the Malaysian Institute of Accountants (MIA) thereby complying with paragraph 15.09(1)(c)(i) of the Listing Requirements that requires at least one (1) of the Audit Committee members fulfilling the financial expertise requisite.

Attendance

In terms of attendance at the Audit Committee meetings, the quorum requirement for all five (5) meetings held during FY2011 as indicated in the table above was fulfilled. Upon invitation by the Audit Committee, the Executive Directors, Head of Group Finance & Accounts, Head of Group Internal Audit and representatives of the External Auditors attended all the meetings. Prior to the Audit Committee Meetings, private sessions were held between the Chairman and the Head of Group Internal Audit without the Management's presence. The Audit Committee also had two (2) meetings with the External Auditors without the Management's presence.

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 Company Secretary.

TERMS OF REFERENCE

The Audit Committee shall be established to assist the Board in fulfilling its oversight responsibilities. The Audit Committee shall review and ensure that the process of assessing risk, control and governance, including operational and financial controls, business ethics and compliance, are properly managed and monitored.

(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.

All members of the Audit Committee shall be financially literate and have the ability:

- To read and understand financial statements, including a company's balance sheet, income statement and cash flow statement;
- To analyse financial statements and ask pertsment questions about the company's operations against internal controls and risk factors; and
- To understand and interpret the application of approved accounting standards.

Audit Committee Report (Cont'd)

At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or shall fulfill such other requirements as prescribed in the Listing Requirements.

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 three (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 15.09(1) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within three (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 twice a year, the Audit Committee shall meet with the External Auditors without the Executive Directors being present. This year, the Audit Committee met twice with the External Auditors without the Executive Directors and Management being present.

The Head of Group Finance & Accounts and Head of Group Internal Audit will normally be in attendance at the meetings. Representatives of the External Auditors are to be in attendance at meeting 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 present 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 of 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 Executive Directors and Management, whenever deemed necessary.

Audit Committee Report (Cont'd)

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Audit Committee are:

(a) Financial Reporting

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

  - 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's 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) Risk Management and 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 actions have been taken to implement the audit recommendations.
  - 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.

Audit Committee Report (Cont'd)

(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 and re-appointment, 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 summarised as follows:

- Review of the Internal Audit Plans and scope for the Company and the Group prepared by the Internal Auditors and the External Auditors respectively;

- Review of the reports for the Company and the Group prepared by Internal Auditors and the External Auditors and consideration of the major findings by the auditors and management's responses thereto;

- Review of the quarterly and Annual Reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;

- Review the related party transactions entered into by the Company and the Group and the disclosure of such transactions in the Annual Report of the Company;

- Recommendation to the Board on the proposed dividend to be paid by the Company;

- Meeting with the External Auditors without any executives present;

- Review the fees of the External Auditors;

- Review of the Report on the Audit Committee, Statement on Internal Control and Statement on Corporate Governance prior to their inclusion in the Company's Annual Report.

- Review and verify the allocation of options pursuant to the Company's ESOS schemes.

Audit Committee Report (Cont'd)

STATEMENT ON INTERNAL AUDIT FUNCTION

The Group has a well established in-house Internal Audit unit which reports directly to the Audit Committee on functional basis and to the Group Managing Director administratively. The purpose, authority and responsibility of Internal Audit as well as the nature of assurance and consulting activities provided to the Company and the Group is clearly articulated in the Internal Audit Charter that has been approved by the Audit Committee.

The Head, Group Internal Audit 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 Head, Group Internal Audit is assisted by two internal audit staff which is made up of one audit manager and one audit executive. The Audit Committee approves the Group Internal Audit's annual audit plan, financial budget and human resource requirements to ensure the function is adequately resourced by competent and proficient internal auditors.

During the FY2011, a total of approximately RM330,000 was incurred as part of resource allocation for the Group's internal audit function, covering mainly on manpower and incidental costs such as travelling and training costs.

The principal responsibility of the Internal Audit Department 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 fifth Audit Committee meeting each year. Any subsequent changes to the Internal Audit plan were approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries.

The Internal Audit function 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.

Other main activities performed by the Internal Audit are as follows:

- Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- Recommending improvements to the existing systems of controls;
- Carrying out investigations and special reviews requested by management and/or the Audit Committee; and
- Identifying opportunities to improve the operations of and processes in the Company and the Group.

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

Audit Committee Report (Cont'd)

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 a half-yearly 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 21 May 2012.

Statement of Corporate Governance

The Board of Directors of AMRB ("the Board") is mindful of its duty to direct its efforts and resources towards the best interest of the Group and its shareholders while ensuring that the interests of other stakeholders are not compromised. The Board believes in good governance practices and fully appreciates that good business is not just about achieving the desired financial bottom line by being competitive, but by also being ethical and sustainable.

The Corporate Governance Statement (the "CGS") CGS sets out herein, reports the major Corporate Governance principles and best practices of the Malaysian Code of Corporate Governance (Revised 2007) ("the Code") which have been applied by AMRB Group throughout the financial year ended 31 December 2011.

A DIRECTORS

The Board

The Board is responsible towards governing, leading and monitoring the direction of the Company towards achieving its mission and vision. The Board Members are always mindful of their fiduciary duties and responsibilities affecting their conduct as Directors of the Company and are accountable to the investors and all stakeholders in respect of the performance of the Company.

Board Balance

The Board consists of seven (7) members comprising three (3) Non-Independent Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Board feels that the current mix of skills and experience contributes largely to the Board's effectiveness in discharging its duties effectively and efficiently.

The profile of each Director is set out on page 22 to 25 of this Annual Report.

Appointments to the Board

The Nomination Committee is responsible to ensure that the prospective candidate has the required set of personal qualities and competencies to carry out duties and responsibilities as a director. The incumbent's professionalism, integrity, skills and expertise must be seen to contribute and complement the Board existing strengths.

Board Responsibilities

The Board identifies clear division of responsibilities of the Chairman and the Managing Director/Chief Executive Officer (MD/CEO) to ensure balance of power, authority and accountability.

The Board as a whole is responsible in the achievement of the Company's long term strategic plans. In view of aligning these corporate plans with the challenging economic conditions and environment, the Board consistently reviews the short term and medium term performance on an annual basis.

There is also clear division of the Board and Management. At the Management level, there are various working committees established specifically, HSE Steering and Working Committees, Management Committee, Group Risk Management Working Committee, Credit Control Committee, Human Resources Policy Committee and Tender Committee. These Committees meet regularly and as necessary to update knowledge with current information, assess the effectiveness and efficiency of current policy, ensure implementation of new policies and procedures, and continuously monitor the effectiveness and efficient running of the day to day management and operations of the Group of Companies.

Board Meetings

The Board meets on a scheduled basis for at least five (5) times a year. During the financial year ended 31 December 2011, the Board has met eight (8) times to deliberate and consider various strategic matters including the review of the quarterly performance results, corporate plans and annual budget, risk assessment, debtors analysis and controls, new investments proposals and other corporate matters.

Statement of Corporate Governance (Cont'd)

The agenda of the meeting and the board papers and necessary information for the Board to deliberate in the meeting are organized by the Company Secretary in consultation with the MD/CEO. The meeting agenda is prepared to take into account the matters reserved for the Board's decisions. The Company Secretary arranged for the meeting pack to be disseminated to the Board Members on a timely basis.

The Company Secretary records and keeps the minutes of meetings for the purpose of providing historical record and insight into those decisions duly made.

The attendance of the Board members to the meetings held during the period under review is as follows:

Board of Directors	**No of Meetings Attended**
Dato' Capt Ahmad Sufian bin Abdul Rashid	8/8
Dato' Haji Ab Wahab bin Haji Ibrahim	8/8
Fina Norhizah binti Haji Baharu Zaman	8/8
*Mohd Abd Rahman bin Mohd Hashim	8/8
Azmi bin Ahmad	8/8
Shaharuddin bin Warno @ Rahmad	7/8
Ahmad Hassanudin bin Ahmad Kamaluddin	8/8
**Ab Razak bin Hashim	1/4

Notes:

** retired as Executive Director on 30 September 2011 and reappointed and NINED w.e.f 1 October 2011*
*** resigned w.e.f 31.05.2011*

Supply of Information

The Board has full and unlimited access to all information about the Group's business affairs, the advice and services of the Senior Management and the Company Secretary. The Board may, if necessary, seek independent professional advice including that of External Auditors.

Prior to the Board meetings, all Board members are provided with the agenda and materials containing information relevant to the business of the meeting to allow them to obtain further explanations, where necessary.

In dealing with the announcement and disclosures to Bursa Malaysia Securities Berhad, the Board's prior approval is required before any disclosure of such information to the public.

Statement of Corporate Governance (Cont'd)

Re-election of directors

Articles 94 of AMRB's Articles of Association provide that 1/3 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.

At the Seventh Annual General Meeting, Dato' Haji Ab Wahab bin Haji Ibrahim and Mohd Abd Rahman bin Mohd Hashim shall retire and stand for re-election. Their profiles can be referred to on page 24, of this Annual Report.

Directors' Training

All the Board Members have attended the Mandatory Accreditation Programme in compliance with the Main Market Listing Requirement ("MMLR").

The Board is always mindful that continuing education is essential for them to keep abreast with changes and developments in the market place and the corporate regulatory framework.

Below is the summary of trainings/seminars/workshops/professional public courses attended by the Board Members.

Name of Directors	Courses/Trainings Attended
Dato' Capt Ahmad Sufian bin Abdul Rashid	• Board of Directors Roles and Responsibilities in the Management of Statutory Bodies (Ministry of Transport) held on 31 May 2011 • Workshop on "The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company?" held on 10 Aug 2011 • Key Amendments to the Listing Requirements 2011 & Corporate Disclosure Guide & Accounting Standards Updates (In-house workshops) held on 13 December 2011
Dato' Haji Ab Wahab bin Haji Ibrahim	• Workshop on Labuan FSA Regulatory update by EC Trust (Labuan) Bhd held on 9 May 2011 • Understanding Investors Mindset by Bursa/MIRA held on 7 July 2011 • Workshop on "The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company?" held on 10 Aug 2011 • Key Amendments to the Listing Requirements 2011 & Corporate Disclosure Guide & Accounting Standards Updates (In-house workshops) held on 13 December 2011
Fina Norhizah binti Haji Baharu Zaman	• Key Amendments to the Listing Requirements 2011 & Corporate Disclosure Guide & Accounting Standards Updates (In-house workshops) held on 13 December 2011
Mohd Abd Rahman bin Mohd Hashim	• Presentation on Asset Protection & Opportunities through Labuan IBFC by Labuan Borneo Trustees Bhd held on 30 March 2011 • Workshop on "The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company?" held on 10 Aug 2011 • Key Amendments to the Listing Requirements 2011 & Corporate Disclosure Guide & Accounting Standards Updates (In-house workshops) held on 13 December 2011

Statement of Corporate Governance (Cont'd)

Board Members	Courses/Trainings Attended
Azmi bin Ahmad	• HSE Awareness Training by AMRB, HSE Department held on 9 Feb 2011 • Workshop on Labuan FSA Regulatory update by EC Trust (Labuan) Bhd held on 9 May 2011 • Behavioural Based Training by DSE, Petronas Carigali Sdn Bhd held on 8 June 2011 • Workshop on "The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company?" held on 10 Aug 2011 • Key Amendments to the Listing Requirements 2011 & Corporate Disclosure Guide & Accounting Standards Updates (In-house workshops) held on 13 December 2011
Shaharuddin bin Warno @ Rahmad	• HSE Awareness Training by AMRB, HSE Department dated 9 Feb 2011 • Understanding Investors Mindset by Bursa/MIRA held on 7 July 2011
Ahmad Hassanudin bin Ahmad Kamaluddin	• HSE Awareness Training by AMRB, HSE Department held on 9 Feb 2011 • Workshop on Labuan FSA Regulatory update by EC Trust (Labuan) Bhd held on 9 May 2011 • Behavioural Based Training by DSE, Petronas Carigali Sdn Bhd held on 8 June 2011 • Workshop on "The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company?" held on 10 Aug 2011 • Key Amendments to the Listing Requirements 2011 & Corporate Disclosure Guide & Accounting Standards Updates (In-house workshops) held on 13 December 2011
Ab Razak bin Hashim	• Presentation on Asset Protection & Opportunities through Labuan IBFC by Labuan Borneo Trustees Bhd held on 30 March 2011

Board Committees

In ensuring the effectiveness of the Board's function in shaping the Company's strategic direction and providing advice to management, Board has delegated specific responsibilities to three (3) Board's Committees, namely Audit Committee, Nomination & Remuneration Committee and Risk Management Committee.

These committees have clear defined terms of reference to operate and conduct broad and in depth deliberation on issues before putting up recommendation to the Board.

The terms of reference of the Committees are as follows:

i. **Audit Committee ("AC")**

The terms of reference of the AC are spelt out in detail under the Audit Committee Report.

Statement of Corporate Governance (Cont'd)

ii. **Nomination & Remuneration Committee ("NRC")**

- To identify and recommend new nominees of the Board and recommend the compensation packages for these appointments;

- To assist the Board in reviewing the required mix of skills, experience and other qualities, including the competencies which the non executive directors should bring to the Board;

- To review, asses, determine and recommend the level and make-up of the overall remuneration packages of the Executive Directors and the Senior Management with the assistance of the Group Human Resource Department;

- To carry out a process to assess the effectiveness of the Board as a whole by assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer and chief operating officer.

- To document and report to the Board the result of assessment for the Board's proper evaluation and identification of relevant action programmes.

The members of the NRC are as follows:

Dato' Capt Ahmad Sufian bin Abdul Rashid *Chairman*
Dato' Haji Ab Wahab bin Haji Ibrahim
Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad

iii. **Risk Management Committee ("RMC")**

- To ensure regular assessment, identification, measurement, and monitoring of all principal risks of the Group;

- To coordinate and prioritise the Risk Management activities of the Group to ensure all principal risks are adequately managed;

- To ensure comprehensiveness Risk Management policies for the Group of companies and that a framework is in place to provide a strong control environment;

- 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;

- To ensure adequate resources, expertise, and information to manage risks are available throughout the Group; and

- To propagate a risk awareness culture among the Group's stakeholders, in particular all levels of staff within the Group, by way of continuous risk training and education.

Statement of Corporate Governance (Cont'd)

The members of the RMC are as follows:

Fina Norhizah binti Haji Baharu Zaman *Chairman*
Dato' Haji Ab Wahab bin Haji Ibrahim
Shaharuddin bin Warno @ Rahmad
Encik Ahmad Hassanudin bin Ahmad Kamaluddin *(Member)*
Azmi bin Ahmad *(Alternate Member to Shaharuddin bin Warno @ Rahmad)*

The RMC works closely with the Group Risk Management Working Committee ("GRMWC") to deliberate most of the corporate and operational risks of the Group.

iv. **ESOS Committee ("EC")**

- 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
- To exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.

B DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

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

Procedure

AMRB has remuneration packages for each director deliberated and approved by its Nomination & Remuneration Committee prior to the recommendation to the Board. The remuneration packages of both Executive Directors and Non-Executive Directors are drawn based on internal guidelines and benchmarked against the survey of remuneration packages of other public listed companies in similar industry and within the same band of market capitalisation.

Statement of Corporate Governance (Cont'd)

Disclosure

The Board reviews the remuneration of the Executive Directors annually whereby the respective Executive Directors have abstained from discussions and decisions on their own remuneration.

The aggregate remuneration of Directors for the financial year ended 31 December 2011 is as follows:-

Description	Executive Directors	Non-Executive Directors	Total
Basic Salary & Other emoluments	2,332,473	93,167	2,425,640
Fees	73,119	207,000	280,119
Total	2,405,592	300,167	2,705,759

Remuneration Band (RM)	Executive	Non-Executive
Up to RM30,000		1
RM80,001- RM130,000		3
Up to RM300,000	1	
RM500,001- RM600,000	1	
RM700,001 – RM800,000	1	
RM900,001 - RM1, 000,000	1	

C SHAREHOLDERS

Dialogue between Companies and Investors

The Group recognizes the importance of effective communication with its investors, other stakeholders and potential investors to keep them informed of the major development of the Group. Such information is disseminated through the following channels:-

- Quarterly year results Announcement;
- Annual Report;
- Analyst Briefings/Conference calls;
- Circulars to shareholders;
- Site visits;
- Domestic Exhibitions and/or Road-shows; and
- Company's website at www.alam-maritim.com.my

The Company and Institutional shareholders often, represented by their respective fund managers have dialogues with regards to the mutual understanding of AMRB's corporate and business objectives.

Statement of Corporate Governance (Cont'd)

The AGM

The Company establishes that AGM should be the main platform for investors to raise questions pertaining to the operations and financials of the Group.

The previous AGM was also attended by the representative from Minority Shareholders Watchdog Group.

D ACCOUNTABILITY AND AUDIT

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.

Relationship with Auditors

The Board, through the Audit Committee maintains a formal and transparent relationship with the External Auditors.

Internal Control

Detailed information on the Group's Internal Control pursuant to Paragraph 15.27(b) of Bursa Malaysia Listing Requirements is set forth on pages 44 and 45 of this Annual Report.

Statement of Directors' Responsibility

The detailed Statement of Directors' Responsibility for preparing the Financial Statements is set out on page 47 to 50 of this Annual Report.

Other Disclosure Requirements

Besides the overview of the state of corporate governance in the Company, the Board is pleased to disclose the following information:-

Share Buybacks

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

Options, warrants or Convertible Securities

A total of 6,058,883 units of ESOS Options were exercised for the financial year ended 31 December 2011.

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

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

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.

Statement of Corporate Governance (Cont'd)

Non-Audit Fees

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

Variation in Results

The Company did not issue any profit forecast for the financial year ended 2011 and the Audited Results for the financial year ended 2011 did not vary by more than ten percent (10%) than the Un-audited result for the same period as previously announced.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors and major shareholders' interest either subsisting as at 31 December 2011 or entered into during the financial period under review.

Compliance Statement

The Board of AMRB is generally satisfied with the Group's level of compliance with the principles in Part 1 of the Code and the extent to which the best practices in Part 2 of the Code is applied by the Group.

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 risks 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 actions 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.

RISK MANAGEMENT

Risk management is regarded by the Board of Directors to be an integral part of the business operations. Management is responsible for creating a risk awareness 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
- All material risks are to be identified, analysed, treated, monitored and reported.

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. The Committee has full access to both Internal and External Auditors and it meets with the External Auditors without any executive present at least twice 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.

Statement of Internal Control (Cont'd)

(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 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 plan 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

Internal Audit Function

Periodic examination of business process and the state of internal control by the Group Internal Audit function to monitor and review the effectiveness of the system of internal control. Reports on the reviews carried out by the Internal Auditor 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.

Conclusion

For the financial year under review, the Board is of the opinion that the system of internal controls and risk management processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' interests as well as in addressing key risks impacting the business operations of the Group. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this annual report.

This statement is made in accordance with a resolution of the Board of Directors dated 21 May 2012.

Financial Statements

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 2011.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 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 RM	Company RM
Profit/(loss) for the year	13,197,662	(35,890)
Profit/(loss) for the year attributable to:		
Owners of the parent	12,475,545	(35,890)
Non-controlling interest	722,117	-
	13,197,662	(35,890)

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.

Dividends

The directors do not recommend any dividend in respect of the current financial year.

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
Dato' Haji Ab Wahab bin Haji Ibrahim
Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad
Mohd Abd Rahman bin Mohd Hashim
Ahmad Hassanudin bin Ahmad Kamaluddin
Fina Norhizah binti Hj Baharu Zaman
Ab Razak bin Hashim (Resigned on 31 May 2011)

Directors' Report (Cont'd)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Company's Employee Share Options Scheme as further disclosed in Note 31 to the financial statements.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company, as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.25 each			
	At 1.1.2011	**Acquired**	**Sold**	**At 31.12.2011**
Direct interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	300,000	771,875	(121,875)	950,000
Dato' Haji Ab Wahab bin Haji Ibrahim	1,500	-	-	1,500
Azmi bin Ahmad	33,261	-	-	33,261
Shaharuddin bin Warno @ Rahmad	1,015,498	-	-	1,015,498
Mohd Abd Rahman bin Mohd Hashim	700,000	-	(700,000)	-
Ab Razak bin Hashim	3,357,612	-	-	3,357,612
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	-	-	1,875
Indirect interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	20,000	-	-	20,000
Azmi bin Ahmad	382,397,760	-	-	382,397,760
Shaharuddin bin Warno @ Rahmad	382,167,135	-	-	382,167,135
Mohd Abd Rahman bin Mohd Hashim	382,167,135	-	-	382,167,135
Ab Razak bin Hashim	382,167,135	-	-	382,167,135
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750	-	-	123,750

	Number of options over ordinary shares of RM0.25 each			
	At 1.1.2011	**Granted**	**Exercised**	**At 31.12.2011**
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	721,875	-	-	721,875
Azmi bin Ahmad	8,038,387	-	-	8,038,387
Shaharuddin bin Warno @ Rahmad	3,309,900	-	-	3,309,900
Mohd Abd Rahman bin Mohd Hashim	3,309,900	-	-	3,309,900

Directors' Report (Cont'd)

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM195,287,595 to RM196,802,315 by way of issuance of 6,058,883 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.47 to RM0.55 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 Company's Employee Share Options Scheme ("ESOS") is governed by the by-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 ESOS expired on 19 July 2011. The Board on 18 July 2011, announced the extension period of the ESOS with effective from 20 July 2011 to 19 July 2016 in accordance to the existing terms of the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 31 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 holders of 5,000,000 or more options as at 31 December 2011.

Other statutory information

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

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

    (i) the amount written off for 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.

Directors' Report (Cont'd)

Other statutory information (cont'd)

(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.

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 24 April 2012.

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid

Azmi bin Ahmad

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 54 to 123 are drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 40 to the financial statements on page 127 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2012.

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 54 to 123 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 24 April 2012.

Md Nasir bin Noh

Before me,

Independent Auditors' Report

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

Report on the financial statements

We have audited the financial statements of Alam Maritim Resources Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 123.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Independent Auditors' Report (Cont'd)

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

Other matters

The supplementary information set out in Note 40 to the financial statements on page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Mohd. Sukarno bin Tun Sardon
No. 1697/03/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 April 2012

Statements of Comprehensive Income

For the financial year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	308,123,866	242,191,823	-	-
Cost of sales		(248,555,776)	(158,145,033)	-	-
Gross profit		59,568,090	84,046,790	-	-
Other income		19,172,838	5,318,479	23,415,072	29,006,278
Employee benefits expense	5	(22,730,378)	(22,318,241)	(288,687)	(168,804)
Other expenses		(21,266,352)	(65,985,339)	(316,804)	(751,320)
Operating profit		34,744,198	1,061,689	22,809,581	28,086,154
Finance costs	7	(35,174,783)	(31,228,729)	(22,756,754)	(28,019,000)
Share of results of jointly controlled entities		2,094,807	12,347,733	-	-
Share of results of associates		12,413,755	(296,299)	-	-
Profit/(loss) before tax	8	14,077,977	(18,115,606)	52,827	67,154
Income tax (expense)/ benefit	9	(880,315)	5,166,701	(88,717)	(167,346)
Profit/(loss) for the year		13,197,662	(12,948,905)	(35,890)	(100,192)
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income/(loss) for the year, net of tax		394,871	(155,775)	-	-
Total comprehensive income/ (loss) for the year		13,592,533	(13,104,680)	(35,890)	(100,192)
Profit/(loss) attributable to:					
Owners of the parent		12,475,545	(13,917,996)	(35,890)	(100,192)
Non-controlling interests		722,117	969,091	-	-
		13,197,662	(12,948,905)	(35,890)	(100,192)
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		12,712,247	(14,061,240)	(35,890)	(100,192)
Non-controlling interests		880,286	956,560	-	-
		13,592,533	(13,104,680)	(35,890)	(100,192)
Earnings per share attributable to owners of the parent:					
Basic (Sen)	10	1.6	(2.2)		
Diluted (Sen)	10	1.6	(2.1)		

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

Statements of Financial Position

As at 31 December 2011

	Note	2011 RM	2010 RM
Group			
Assets			
Non-current assets			
Property, vessels and equipment	12	581,618,882	680,229,793
Land use rights	13	-	-
Intangible assets	14	1,617,354	1,691,092
Investment in associates	16	95,486,460	54,907,200
Investments in jointly controlled entities	17	83,193,624	80,680,904
Deferred tax assets	28	23,527,326	20,059,575
Deposits with a licensed bank	23	11,573,811	11,567,361
		797,017,457	849,135,925
Current assets			
Inventories	19	6,254,709	8,507,084
Trade receivables	20	217,155,112	117,434,537
Other receivables	22	134,682,545	169,307,894
Tax recoverable		4,024,928	4,454,598
Cash and bank balances	23	130,822,831	167,010,472
		492,940,125	466,714,585
Total assets		1,289,957,582	1,315,850,510
Equity and liabilities			
Current liabilities			
Borrowings	26	184,056,133	233,849,190
Trade payables	29	68,607,625	28,624,547
Other payables	30	22,721,247	51,756,326
Tax payable		2,390,078	2,945,324
		277,775,083	317,175,387
Net current assets		215,165,042	149,539,198
Non-current liabilities			
Borrowings	26	428,189,001	435,164,780
Deferred tax liabilities	28	93,696,223	91,005,114
		521,885,224	526,169,894
Total liabilities		799,660,307	843,345,281
Net assets		490,297,275	472,505,229

Statements of Financial Position (Cont'd)

As at 31 December 2011

	Note	2011 RM	2010 RM
Group			
Equity attributable to owners of the parent			
Share capital	24	196,802,315	195,287,595
Share premium	24	24,095,508	22,629,064
Other reserves	25(a)	421,693	(1,033,358)
Retained earnings	25(b)	260,616,735	248,141,190
		481,936,251	465,024,491
Non-controlling interests		8,361,024	7,480,738
Total equity		490,297,275	472,505,229
Total equity and liabilities		1,289,957,582	1,315,850,510

	Note	2011 RM	2010 RM
Company			
Assets			
Non-current assets			
Property, vessels and equipment	12	413,727	37,057
Investment in subsidiaries	15	100,302,070	100,302,070
		100,715,797	100,339,127
Current assets			
Due from subsidiaries	18	546,832,632	616,067,346
Due from related corporations	22	3,120	3,120
Tax recoverable		897,357	1,392,178
Cash and bank balances	23	64,484,363	88,319,606
		612,217,472	705,782,250
Total assets		712,933,269	806,121,377
Equity and liabilities			
Current liabilities			
Borrowings	26	111,798,956	176,948,917
Other payables	30	8,922,564	11,357,527
		120,721,520	188,306,444
Net current assets		491,495,952	517,475,806

Statements of Financial Position (Cont'd)

As at 31 December 2011

	Note	2011 RM	2010 RM
Company			
Non-current liabilities			
Borrowings	26	360,349,947	390,116,754
Total liabilities		481,071,467	578,423,198
Net assets		231,861,802	227,698,179
Equity attributable to owners of the parent			
Share capital	24	196,802,315	195,287,595
Share premium	24	24,095,508	22,629,064
Other reserves	25(a)	5,667,345	4,448,996
Retained earnings	25(b)	5,296,634	5,332,524
Total equity		231,861,802	227,698,179
Total equity and liabilities		712,933,269	806,121,377

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

Statements of Changes in Equity

For the financial year ended 31 December 2011

	Attributable to owners of the parent						
	Non-distributable			Distributable			
Group	Share capital (Note 24) RM	Share premium (Note 24) RM	Other reserves (Note 25(a)) RM	Retained earnings (Note 25(b)) RM	Total RM	Non-controlling interests RM	Total equity RM
Opening balance at 1 January 2011	195,287,595	22,629,064	(1,033,358)	248,141,190	465,024,491	7,480,738	472,505,229
Total comprehensive income for the year	-	-	236,702	12,475,545	12,712,247	880,286	13,592,533
Transactions with owners:							
Issue of ordinary shares:							
- pursuant to ESOS	1,514,720	1,466,444	-	-	2,981,164	-	2,981,164
Fair value adjustment on ESOS period extension recognised in profit or loss	-	-	1,218,349	-	1,218,349	-	1,218,349
Total transactions with owners	1,514,720	1,466,444	1,218,349	-	4,199,513	-	4,199,513
Closing balance at 31 December 2011	196,802,315	24,095,508	421,693	260,616,735	481,936,251	8,361,024	490,297,275

Statements of Changes in Equity (Cont'd)

For the financial year ended 31 December 2011

Group (cont'd.)	Share capital (Note 24) RM	Share premium (Note 24) RM	Other reserves (Note 25(a)) RM	Retained earnings (Note 25(b)) RM	Total RM	Non-controlling interests RM	Total equity RM
	Attributable to owners of the parent						
	Non-distributable			Distributable			
Opening balance at 1 January 2010	126,746,775	78,470,938	6,785,533	264,469,513	476,472,759	7,289,480	483,762,239
Total comprehensive (loss)/income for the year	-	-	(143,244)	(13,917,996)	(14,061,240)	956,560	(13,104,680)
Transactions with owners:							
Issue of ordinary shares:							
- pursuant to ESOS	4,981,366	5,033,983	-	-	10,015,349	-	10,015,349
- pursuant to bonus issue	63,559,454	(63,559,454)	-	-	-	-	-
Share options granted under ESOS:							
- recognised in profit or loss	-	-	519,467	-	519,467	-	519,467
- exercised during the year	-	2,683,597	(2,683,597)	-	-	-	-
Dividends (Note 11)	-	-	-	(2,860,186)	(2,860,186)	-	(2,860,186)
Acquisition of non-controlling interests	-	-	-	-	-	(315,443)	(315,443)
Premium paid on acquisition of non-controlling interests	-	-	(5,511,517)	-	(5,511,517)	-	(5,511,517)
Accretion in a subsidiary	-	-	-	449,859	449,859	(449,859)	-
Total transactions with owners	68,540,820	(55,841,874)	(7,675,647)	(2,410,327)	2,612,972	(765,302)	1,847,670
Closing balance at 31 December 2010	195,287,595	22,629,064	(1,033,358)	248,141,190	465,024,491	7,480,738	472,505,229

Statements of Changes in Equity (Cont'd)

For the financial year ended 31 December 2011

Company	Share capital (Note 24) RM	← Non-Distributable Share premium (Note 24) RM	→ Other reserves (Note 25(a)) RM	Distributable Retained earnings (Note 25(b)) RM	Total equity RM
At 1 January 2011	195,287,595	22,629,064	4,448,996	5,332,524	227,698,179
Total comprehensive loss for the year	-	-	-	(35,890)	(35,890)
Transactions with owners:					
Issue of ordinary shares:					
- pursuant to ESOS	1,514,720	1,466,444	-	-	2,981,164
Fair value adjustment on ESOS period extension recognised in profit or loss	-	-	1,218,349	-	1,218,349
Total transactions with owners	1,514,720	1,466,444	1,218,349	-	4,199,513
At 31 December 2011	196,802,315	24,095,508	5,667,345	5,296,634	231,861,802
At 1 January 2010	126,746,775	78,470,938	6,613,126	8,292,902	220,123,741
Total comprehensive loss for the year	-	-	-	(100,192)	(100,192)
Transactions with owners:					
Issue of ordinary shares:					
- pursuant to ESOS	4,981,366	5,033,983	-	-	10,015,349
- pursuant to bonus issue	63,559,454	(63,559,454)	-	-	-
Share options granted under ESOS:					
- recognised in profit or loss	-	-	519,467	-	519,467
- ESOS exercised during the year	-	2,683,597	(2,683,597)	-	-
Dividends (Note 11)	-	-	-	(2,860,186)	(2,860,186)
Total transactions with owners	68,540,820	(55,841,874)	(2,164,130)	(2,860,186)	7,674,630
At 31 December 2010	195,287,595	22,629,064	4,448,996	5,332,524	227,698,179

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

Statements of Cash Flows

For the financial year ended 31 December 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating activities				
Profit/(loss) before tax	14,077,977	(18,115,606)	52,827	67,154
Adjustments for:				
Interest income	(1,023,164)	(2,233,050)	(593,538)	(995,220)
Interest recharged to subsidiaries	-	-	(22,740,555)	(28,011,058)
Depreciation of property, vessels and equipment (Note 12)	38,010,850	34,069,546	74,668	55,585
(Gain)/loss on disposal of property, vessels and equipment	(1,441,330)	113,457	(129,000)	-
Finance costs	35,174,783	31,228,729	22,756,754	28,019,000
Share options granted under ESOS (Note 5)	-	519,467	-	-
Fair value adjustment on ESOS	1,218,349	-	1,218,348	-
Provision for doubtful debts	436,598	28,020,284	-	-
Reversal of provision for doubtful debts	(4,453,750)	-	-	-
Unrealised foreign exchange losses	11,346,292	4,378,206	-	-
Amortisation of intangible assets	121,864	119,335	-	-
Share of results of associates	(12,413,755)	296,299	-	-
Share of results of jointly controlled entities	(2,094,807)	(12,347,733)	-	-
Total adjustments	64,881,930	84,164,540	586,677	(931,693)
Operating cash flows before working capital changes	78,959,907	66,048,934	639,504	(864,539)
Changes in working capital:				
Decrease inventories	2,252,375	14,855,831	-	-
Increase in receivables	(67,199,232)	(51,413,435)	-	-
Increase/(decrease) in payables	10,973,846	(65,592,120)	(2,315,941)	(360,665)
Total changes in working capital	(53,973,011)	(102,149,724)	(2,315,941)	(360,665)
Cash generated from/ (used in) operations	24,986,896	(36,100,790)	(1,676,437)	(1,225,204)
Tax refund	-	1,340,920	406,105	1,340,920
Taxes paid	(1,808,382)	(4,635,426)	-	(432,305)
Interest paid	(35,174,783)	(30,037,119)	(22,756,754)	(28,019,000)
Net cash used in operating activities	(11,996,269)	(69,432,415)	(24,027,086)	(28,335,589)

Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Investing activities				
Purchase of property, vessels and equipment (Note 12)	(18,062,406)	(171,570,033)	(451,338)	-
Proceeds from disposal of vessels to associates	75,150,660	254,150,360	-	-
Proceeds from disposal motor vehicles	-	-	129,000	-
Proceeds from disposal of diving equipment	-	6,500,355	-	-
Acquisition of non-controlling interests	-	(5,826,960)	-	-
Investment in jointly controlled entities	(417,913)	(22,732,457)	-	-
Investment in associates	(28,165,505)	(32,016,649)	-	-
Decrease in amount due from subsidiaries	-	-	69,234,713	12,656,031
Interest received	1,023,164	2,233,050	23,334,093	29,006,278
Net cash generated from investing activities	29,528,000	30,737,666	92,246,468	41,662,309
Financing activities				
Proceeds from issuance of ordinary shares (Note 24)	2,981,164	10,015,349	2,981,164	10,015,349
Proceeds from Murabahah Commercial Papers ("MCP")/ Murabahah Medium Term Notes ("MMTN")	40,000,000	95,862,712	40,000,000	95,862,712
Repayment of MCP/MMTN	(55,000,000)	(100,000,000)	(55,000,000)	(100,000,000)
Proceeds from Sukuk Ijarah MTN	-	25,000,000	-	25,000,000
Redemption of Sukuk Ijarah MTN	(80,000,000)	(30,000,000)	(80,000,000)	(30,000,000)
Proceeds from drawdown of term loans	34,090,201	6,296,624	-	-
Repayment of term loans	(3,470,914)	(8,045,078)	-	-
Proceeds from drawdown of revolving credits	10,000,000	20,000,000	-	-
Repayment of hire purchase and lease financing (Note 27)	(435,757)	(4,873,887)	(35,789)	(26,763)
Marginal deposit	4,488,814	-	-	-
Net cash set aside for collateral and sinking fund	-	(1,613,321)	-	-
Dividends paid	-	(2,860,186)	-	(2,860,186)
Net cash (used in)/ generated from financing activities	(47,346,492)	9,782,213	(92,054,625)	(2,008,888)
Net (decrease)/increase in cash and cash equivalents	(29,814,761)	(28,912,536)	(23,835,243)	11,317,832
Effect of exchange rate changes on cash and cash equivalent	74,748	26,852	-	-
Cash and cash equivalents at beginning of year	158,321,420	187,207,104	88,319,606	77,001,774
Cash and cash equivalents at end of year (Note 23)	128,581,407	158,321,420	64,484,363	88,319,606

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

Notes to the financial statements

For the financial year ended 31 December 2011

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at 38F, Level 3, 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 activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries 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 24 April 2012.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, unless otherwise disclosed in the significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") except where otherwise indicated.

2.2 Changes in accounting policies

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

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

Description	Effective for annual periods beginning on or after
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.2 Changes in accounting policies (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company.

2.3 Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

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

Malaysian Financial Reporting Standards (cont'd.)

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Company considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.8(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.6 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.7 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 statements of comprehensive income 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.

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

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

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

Depreciation of property and other equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold buildings	33-50 years
Diving equipment	10%
Equipment on vessel	10%
Computers	33.3%
Office equipment	10%
Furniture and fittings	10%
Renovations	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.

2.8 Intangible assets

(a) 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 not amortised but instead, it 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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.8 Intangible assets (cont'd.)

(b) Other intangible assets

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

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

2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Under the equity method, unrealised profit and losses resulting from upstream (associate to investor) and downstream (investor to associate) associate should be eliminated to the extent of the investor's interest in the associate. However, unrealised losses should not be eliminated to the extent that the transaction provides evidence of an impairment of the assets transferred.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates 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.

2.13 Joint venture

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. 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 2.12.

In the Company's separate financial statements, its investment in joint venture 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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets at fair value through profit or loss during the year ended 31 December 2011.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company do not have any held-to-maturity investments during the year ended 31 December 2011.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.14 Financial assets (cont'd.)

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale during the year ended 31 December 2011.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

2.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.15 Impairment of financial assets (cont'd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management. Cash and cash equivalents which are restricted in its use for more than twelve months are classified as non-current assets.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.17 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.

2.18 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.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.20 Financial liabilities (cont'd.)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.21 Financial guarantee contracts

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

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.23 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

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

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

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.24 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(a).

2.25 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:

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

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

(b) Revenue from offshore installation and construction

Revenue relating to offshore installation and construction are recognised in accordance with the policy set out in Note 2.17 above.

(c) Diving, underwater services and other shipping related income

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

(d) Sales of diving equipment

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.25 Revenue recognition (cont'd.)

(e) Management fees

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

(f) Interest income

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

(g) Dividend income

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

2.26 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.26 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.27 Segment reporting

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

2.28 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

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

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Development costs

Development costs are capitalised in accordance with the accounting policy in note 2.8(b). Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed. The carrying amount of development costs capitalised at the reporting date is RM182,798 (2010: RM298,338).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of vessels and equipment on vessel

The cost of vessels and equipment on vessel are depreciated on a straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's vessels to be 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.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the Group's contractual entitlement to a debt, the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivable at the reporting date is disclosed in Note 20.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

4. Revenue

	Group 2011 RM	Group 2010 RM
Charter hire	207,108,197	181,572,851
Offshore installation and construction	33,217,360	27,324,592
Ship catering	7,910,675	1,614,852
Rental of equipment	6,597,324	5,683,509
Diving and underwater services	31,854,542	1,807,427
Other shipping related income	12,714,607	12,276,457
Sales of diving equipment	820,966	5,691,220
Vessel's management fees	7,900,195	6,220,915
	308,123,866	242,191,823

5. Employee benefits expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, bonuses and allowances	16,952,761	16,625,581	261,092	129,540
Contributions to defined contribution plan - EPF	1,608,955	1,905,353	-	-
Social security contributions	91,404	150,237	-	-
Share options granted under ESOS (Note 25)	-	519,467	-	-
Fair value adjustment on ESOS period extension	1,218,349	-	-	-
Other staff related expenses	2,858,909	3,117,603	27,595	39,264
	22,730,378	22,318,241	288,687	168,804

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM2,405,592 (2010: RM4,023,457) as further disclosed in Note 6.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

6. Directors' remuneration

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive directors' remuneration (Note 5):				
Fees	73,119	71,602	-	-
Other emoluments	2,332,473	3,951,855	-	-
	2,405,592	4,023,457	-	-
Non-executive directors remuneration (Note 8):				
Fees	207,000	170,965	207,000	170,965
Other emoluments	93,167	61,000	93,167	61,000
	300,167	231,965	300,167	231,965
Total directors' remuneration (Note 35(b))	2,705,759	4,255,422	300,167	231,965
Estimated money value of benefits-in-kind	95,416	113,500	17,083	15,000
Total directors' remuneration including benefits-in-kind	2,801,175	4,368,922	317,250	246,965

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	2,208,600	2,547,000	-	-
Bonus	-	730,200	-	-
Defined contribution plan - EPF	196,992	295,830	-	-
Share options granted under ESOS	-	450,427	-	-
Estimated money value of benefits-in-kind	78,333	98,500	-	-
Total executive directors' remuneration	2,483,925	4,121,957	-	-
Non-executive:				
Fees and other emoluments	300,167	231,965	300,167	231,965
Estimated money value of benefits-in-kind	17,083	15,000	17,083	15,000
Total non-executive directors' remuneration	317,250	246,965	317,250	246,965
Total directors' remuneration	2,801,175	4,368,922	317,250	246,965

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

6. Directors' remuneration (cont'd.)

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 2011	2010
Executive directors:		
RM200,001 - RM300,000	1	-
RM500,001 - RM600,000	1	1
RM700,001 - RM800,000	1	1
RM900,001 - RM1,000,000	1	-
RM1,100,001 - RM1,200,00	-	1
RM1,201,001 - RM1,300,00	-	1
Non-executive directors:		
RM10,001 - RM20,000	-	1
RM20,001 - RM30,000	1	1
RM80,001 - RM90,000	1	1
RM90,001 - RM100,000	1	-
RM110,001 - RM120,000	1	1

7. Finance costs

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expense on:				
Term loans	1,016,009	3,023,667	-	-
Hire purchase and finance lease liabilities	1,126,365	1,477,280	16,199	7,942
MCP/MMTN	2,203,835	3,568,258	2,203,835	3,568,258
Sukuk Ijarah MTN	20,536,720	24,442,800	20,536,720	24,442,800
Other borrowings	10,291,854	1,819,908	-	-
	35,174,783	34,331,913	22,756,754	28,019,000
Less: Interest expense capitalised in qualifying assets-vessels under construction (Note 12)	-	(3,103,184)	-	-
Net finance expense	35,174,783	31,228,729	22,756,754	28,019,000

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

8. Profit/(loss) before tax

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-executive directors' remuneration (Note 6)	300,167	231,965	300,167	231,965
Auditors' remuneration:				
Auditors of the Company:				
- statutory audits	231,600	167,300	54,600	45,000
Other auditors	-	35,872	-	-
Operating leases:				
- lease payments for premises	658,272	141,024	-	-
- lease payments for survey equipment	-	1,866,075	-	-
- lease payments for third party vessels	97,201,919	43,831,324	-	-
Depreciation of property, vessels and equipment (Note 12)	38,010,850	34,069,546	74,668	55,585
Bad debts written off	(844,618)	(1,005,763)	-	-
Provision for doubtful debts	436,598	28,020,284	-	-
Provision for doubtful debts written off	-	(121,692)	-	-
Reversal of provision for doubtful debts	(4,453,750)	-	-	-
Amortisation of intangible assets	121,864	119,335	-	-
Unrealised foreign exchange losses	11,346,292	4,378,206	-	-
Realised foreign exchange losses	9,673,290	5,873,664	-	-
Interest income	(1,023,164)	(2,233,050)	(593,538)	(995,220)
Interest recharged to subsidiaries	-	-	(22,740,555)	(28,011,058)
(Gain)/loss on disposal of property, vessels and equipment	(1,441,330)	113,457	(129,000)	-

9. Income tax expense/(benefit)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
Malaysian income tax	1,494,383	212,009	68,557	165,784
Under/(over) provision in prior years:				
Malaysian income tax	188,422	1,653,727	21,202	1,562
Foreign tax	-	(620,941)	-	-
	1,682,805	1,244,795	89,759	167,346
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	349,527	(7,213,022)	(1,042)	-
(Over)/underprovision in prior year	(1,152,017)	801,526	-	-
	(802,490)	(6,411,496)	(1,042)	-
	880,315	(5,166,701)	88,717	167,346

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

9. Income tax expense/(benefit) (cont'd.)

A reconciliation of income tax expense applicable to profit/(loss) 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 is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(loss) before tax	14,077,977	(18,115,606)	52,827	67,154
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	3,519,494	(4,528,902)	13,207	16,789
Different tax rates in other countries	78,604	10,605	-	-
Different tax rates in other jurisdiction	(568,781)	(207,225)	-	-
Effect of income not subject to tax	(121,150)	(112,082)	-	-
Effect of share of results of jointly controlled entities and associates	(3,627,140)	(3,012,859)	-	-
Effect of expenses not deductible for tax purposes	2,562,883	838,687	54,308	148,995
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	10,763	-	-
Underprovision of income tax in prior years	188,422	1,032,786	21,202	1,562
(Over)/underprovision of deferred tax in prior year	(1,152,017)	801,526	-	-
Income tax expense/ (benefit) for the year	880,315	(5,166,701)	88,717	167,346

10. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit/(loss) 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.

	2011 RM	2010 RM
Profit/(loss) attributable to ordinary equity holders of the Company	12,475,545	(13,917,996)
Weighted average number of ordinary shares in issue	785,311,219	633,890,370
Basic earnings per share (Sen)	1.6	(2.2)

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

10. Earnings per share (cont'd.)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit/(loss) 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 such as share options granted to employees.

	2011 RM	2010 RM
Profit/(loss) attributable to ordinary equity holders of the Company	12,475,545	(13,917,996)
Weighted average number of ordinary shares in issue	785,311,219	633,890,370
Effects of dilution from share options granted to employees	10,063,364	18,191,816
Adjusted weighted average number of ordinary shares in issue and issuable	795,374,583	652,082,186
Diluted earnings per share (Sen)	1.6	(2.1)

11. Dividends

	Dividends paid in respect of year		Dividends recognised in respect of year	
	2011 RM	2010 RM	2011 RM	2010 RM
Recognised during the year:				
First and final dividend of 0.75 sen less 25% taxation, on 506,987,098 ordinary shares for 2009	-	2,860,186	-	-

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

12. Property, vessels and equipment

Group	Long term leasehold land RM	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
Cost										
At 1 January 2011										
At 1 January 2011	12,039,510	15,987,824	592,131,642	21,592,355	89,080,892	4,628,985	4,861,117	3,866,035	80,540,433	824,728,793
Additions	-	1,162,300	10,981	6,297,800	7,300,480	490,050	480,580	891,765	1,428,450	18,062,406
Disposals	-	-	-	-	-	(277,926)	-	-	(79,547,973)	(79,825,899)
Exchange differences	-	213,663	-	-	741,948	-	15,249	16,626	-	987,486
At 31 December 2011	12,039,510	17,363,787	592,142,623	27,890,155	97,123,320	4,841,109	5,356,946	4,774,426	2,420,910	763,952,786
Accumulated depreciation										
At 1 January 2011										
At 1 January 2011	20,649	891,750	106,654,881	13,033,701	17,006,740	3,524,263	2,192,037	1,174,979	-	144,499,000
Charge for the year	11,962	922,496	21,345,134	6,157,070	8,030,200	495,955	654,605	393,428	-	38,010,850
Disposals	-	-	-	-	-	(277,926)	-	-	-	(277,926)
Exchange differences	-	7,207	-	-	81,326	-	9,335	4,112	-	101,980
At 31 December 2011	32,611	1,821,453	128,000,015	19,190,771	25,118,266	3,742,292	2,855,977	1,572,519	-	182,333,904

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

Group	Long term leasehold land RM	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
Cost										
At 1 January 2010										
As previously stated	-	14,564,493	592,131,642	15,736,242	42,165,628	4,040,904	5,753,278	3,773,829	211,930,078	890,096,094
Effects of adopting the amendments to FRS 117	10,062,360	-	-	-	-	-	-	-	-	10,062,360
As restated	10,062,360	14,564,493	592,131,642	15,736,242	42,165,628	4,040,904	5,753,278	3,773,829	211,930,078	900,158,454
Additions	1,977,150	1,712,000	-	5,856,113	25,551,570	588,081	571,434	120,514	152,619,598	188,996,460
Reclassification	-	-	256,124,464	-	27,883,872	-	-	-	(284,008,336)	-
Disposals	-	-	(256,124,464)	-	(7,483,017)	-	-	-	-	(263,607,481)
Exchange differences	-	(288,669)	-	-	962,839	-	(1,463,595)	(28,308)	(907)	(818,640)
At 31 December 2010	12,039,510	15,987,824	592,131,642	21,592,355	89,080,892	4,628,985	4,861,117	3,866,035	80,540,433	824,728,793

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

Group	Long term leasehold land RM	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
Accumulated depreciation										
At 1 January 2010										
As previously stated	-	488,173	85,312,468	9,059,537	10,961,130	2,846,181	1,927,046	740,600	-	111,335,135
Effects of adopting the amendments to FRS 117	9,997	-	-	-	-	-	-	-	-	9,997
As restated	9,997	488,173	85,312,468	9,059,537	10,961,130	2,846,181	1,927,046	740,600	-	111,345,132
Charge for the year	10,652	406,679	21,342,413	3,974,164	6,645,765	678,082	599,466	412,325	-	34,069,546
Disposals	-	-	-	-	(869,205)	-	-	-	-	(869,205)
Exchange differences	-	(3,102)	-	-	269,050	-	(334,475)	22,054	-	(46,473)
At 31 December 2010	20,649	891,750	106,654,881	13,033,701	17,006,740	3,524,263	2,192,037	1,174,979	-	144,499,000
Net carrying amount										
At 31 December 2010	12,018,861	15,096,074	485,476,761	8,558,654	72,074,152	1,104,722	2,669,080	2,691,056	80,540,433	680,229,793
At 31 December 2011	12,006,899	15,542,334	464,142,608	8,699,384	72,005,054	1,098,817	2,500,969	3,201,907	2,420,910	581,618,882

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

Company	Motor vehicles 2011 RM	2010 RM
Cost		
At 1 January	277,926	277,926
Addition	451,338	-
Disposal	(277,926)	-
At 31 December	451,338	277,926
Accumulated depreciation		
At 1 January	240,869	185,284
Depreciation charge for the year	74,668	55,585
Disposal	(277,926)	-
At 31 December	37,611	240,869
Net carrying amount		
At 31 December	413,727	37,057

(a) Included in the Group's additions for the year are property, vessels and equipment of RM490,050 (2010: RM12,485,877) which were acquired by means of hire purchase and finance lease arrangements. Net carrying amounts of property, vessels and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Motor vehicles	1,098,817	1,104,722	413,727	37,057
Diving equipment	66,499,038	26,459,583	-	-
Assets under construction	2,420,910	-	-	-

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

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

	Group 2011 RM	Group 2010 RM
Leasehold buildings	15,542,334	15,096,074
Vessels	464,142,608	485,476,761
	479,684,942	500,572,835

(c) As disclosed in Note 7, interest expense capitalised in relation to vessels under construction during the financial year, for the Group amounted to Nil (2010: RM3,103,184).

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

13. Land use rights

	Group 2011 RM	Group 2010 RM
Cost		
At 1 January:		
As previously stated	-	10,062,360
Effects of adopting the amendments to FRS 117	-	(10,062,360)
At 1 January/31 December (restated)	-	-
Accumulated amortisation		
At 1 January:		
As previously stated	-	9,997
Effects of adopting the amendments to FRS 117	-	(9,997)
At 1 January/31 December (restated)	-	-
Net carrying amount	-	-

The land use rights were reclassified as long term leasehold land in 2010 pursuant to amendments to FRS117.

14. Intangible assets

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2011	1,392,755	596,675	1,989,430
Exchange differences	41,801	12,650	54,451
At 31 December 2011	1,434,556	609,325	2,043,881
At 1 January 2010	1,422,263	611,300	2,033,563
Exchange differences	(29,508)	(14,625)	(44,133)
At 31 December 2010	1,392,755	596,675	1,989,430

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

14. Intangible assets (cont'd.)

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Accumulated amortisation and impairment			
At 1 January 2011	-	298,337	298,337
Charge for the year	-	121,864	121,864
Exchange differences	-	6,326	6,326
At 31 December 2011	-	426,527	426,527
At 1 January 2010	-	183,390	183,390
Charge for the year	-	119,335	119,335
Exchange differences	-	(4,387)	(4,387)
At 31 December 2010	-	298,338	298,338
Net carrying amount			
At 31 December 2011	1,434,556	182,798	1,617,354
At 31 December 2010	1,392,755	298,337	1,691,092

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

(a) Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating unit ("CGU") identified according to business segment as follows:

	Underwater services RM	Offshore support vessels and services RM	Total RM
At 31 December 2011	1,250,678	183,878	1,434,556
At 31 December 2010	1,208,877	183,878	1,392,755

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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

14. Intangible assets (cont'd.)

(a) Impairment tests for goodwill (cont'd.)

Key assumptions used in value-in-use calculations (cont'd.)

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.

15. Investments in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	100,302,070	100,302,070

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %
(i) Held by the Company:				
Alam Maritim (M) Sdn. Bhd. ("AMSB")	Malaysia	Ship owning, chartering and managing and other shipping related activities	100	100
Alam Maritim (L) Inc. ("AMLI")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	100	100
(ii) Held through AMSB:				
Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	Offshore facilities construction and installation and underwater services	70	70

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2011 %	2010 %
(ii) Held through AMSB (cont'd.):				
Alam Offshore Services & Logistics Sdn. Bhd. ("AOLSB")	Malaysia	Transportation, ship forwarding and agent, ship chandelling and other related activities	100	100
Alam Food Industries (M) Sdn. Bhd. ("AFI")	Malaysia	Catering & messing services	100	100
KJ Waja Engineering Sdn. Bhd. ("KJWE")	Malaysia	Ship repair & maintenance, ship spare supply and other related services	84	84
(iii) Held through KJWE:				
KJ Waja Services Sdn. Bhd. ("KJWS")	Malaysia	Ship spare supply and other related services	84	84
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") *	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	75	75
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV Services	75	75

* Audited by firms other than Ernst & Young

16. Investments in associates

	Group 2011 RM	2010 RM
Unquoted shares, at cost	86,594,449	56,911,582
Share of post-acquisition reserves	8,892,011	(2,004,382)
	95,486,460	54,907,200

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

16. Investments in associates (cont'd.)

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2011 %	2010 %
(i) Held through AMLI				
Alam-PE Holdings (L) Inc. ("ALAM-PE(H)")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	49	49
TH-Alam Holdings (L) Inc ("THAH")	Federal Territory of Labuan, Malaysia	Investment holding	49	49
(ii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc ("ALAM-PE I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE II (L) Inc ("ALAM-PE II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE III (L) Inc ("ALAM-PE III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE IV (L) Inc ("ALAM-PE IV")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE V (L) Inc ("ALAM-PE V")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE Holdings Sdn Bhd ("ALAM-PE(H)SB")	Malaysia	Ship management	49	49
(iii) Held through THAH:				
Alam-JV DP 1 (L) Inc ("AJVDP1")	Federal Territory of Labuan, Malaysia	Ship owning	49	49
Alam-JV DP 2 (L) Inc ("AJVDP2")	Federal Territory of Labuan, Malaysia	Ship owning	49	49

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

16. Investments in associates (cont'd.)

The summarised financial information of the associates, adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 RM	2010 RM
Assets and liabilities		
Current assets	154,578,503	37,334,682
Non-current assets	248,146,109	215,762,167
Total assets	402,724,612	253,096,849
Current liabilities	168,686,066	53,582,179
Non-current liabilities	132,786,006	140,407,565
Total liabilities	301,472,072	193,989,744
Results		
Revenue	42,102,208	25,892,100
Profit/(loss) for the year	12,235,617	(247,299)

17. Investment in jointly controlled entities

	Group	
	2011 RM	2010 RM
Unquoted shares, at cost	42,016,622	36,798,709
Share of post-acquisition reserves	41,177,002	43,882,195
	83,193,624	80,680,904

Details of the jointly controlled entities are as follows:

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %
(i) Held through AMSB:				
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy I (L) Inc. ("AS I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy II (L) Inc. ("AS II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

17. Investment in jointly controlled entities (cont'd.)

Name of jointly controlled entities	Country of incorporation	Principal activities	ownership interest 2011 %	2010 %
(i) Held through AMSB (cont'd.):				
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Swiber Offshore (M) Sdn Bhd ("ASOSB")	Malaysia	Ship operator	50	50
Alam Radiance (M) Sdn Bhd ("ARMSB")	Malaysia	Ship owning, ship management, ship operation, maintenance and consultancy	50	50
YSS Alam Energy (M) Sdn Bhd ("YSS Alam") *	Malaysia	Ship owning,ship management, ship operation, maintenance and consultancy	50	-
(ii) Held through AMLI:				
Workboat International FZCO ("WBI")	United Arab Emirates	Ship management and operation, ship owning, ship maintenance and marine consultancy	60	60
Alam Brompton (L) Inc. ("ABLI")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	51	51
Alam Fast Boats (L) Inc. ("AFBLI")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	50	50
Alam Swiber DLB 1 (L) Inc. ("ASDLB1")	Federal Territory of Labuan, Malaysia	Ship owning and chartering	50	50
Alam Radiance (L) Inc. ("ARLI")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	50	50
TH-Alam Management (M) Sdn Bhd ("THAM")	Malaysia	Ship management and consultancy	50	50
Globe Alam Marine Offshore Services Co. ("Globe Alam") ^	Saudi Arabia	Offshore facilities construction and installation services	40	-

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

17. Investment in jointly controlled entities (cont'd.)

* On 15 April 2011, AMSB entered into a Shareholders' Agreement ("SA") with Yayasan Sabah Shipping Sdn Bhd ("YSS") to jointly undertake oil and gas business activities, via a newly incorporated entity, YSS Alam Energy (M) Sdn Bhd ("YSS Alam").

^ On 27 September 2011, AMLI entered into a Memorandum of Understanding ("MoU") with Globe Marine Services Co. ("Globe") to jointly invest and undertake offshore installation and construction projects, via a newly incorporated entity, Globe Alam Marine Offshore Services Co. ("Globe Alam").

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

	2011 RM	2010 RM
Assets and liabilities		
Current assets	124,607,515	78,838,818
Non-current assets	276,239,377	225,681,283
Total assets	400,846,892	304,520,101
Current liabilities	178,709,009	95,032,261
Non-current liabilities	143,795,076	128,962,891
Total liabilities	322,504,085	223,995,152
Results		
Income	129,778,619	89,388,123
Expenses	(127,683,812)	(77,040,390)

18. Amount due from subsidiaries

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM546,832,632 (2010: RM575,000,000) which bears interest rate between 4.58% per annum and 5.63% per annum (2010: between 4.58% per annum and 5.63% per annum).

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

19. Inventories

	Group	
	2011 RM	2010 RM
Cost		
Raw materials	1,838,387	2,290,783
Work-in-progress	4,118,542	5,996,510
Spare parts	297,780	219,791
	6,254,709	8,507,084

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM2,549,201 (2010: RM2,964,014).

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

20. Trade receivables

	Group 2011 RM	Group 2010 RM
Third parties	203,826,709	127,518,450
Accrued charter hire income	43,038,020	24,487,474
Construction contracts:		
Due from customers on contract (Note 21)	3,467,500	3,467,500
	250,332,229	155,473,424
Less: provision for doubtful debts	(33,177,117)	(38,038,887)
Trade receivables, net	217,155,112	117,434,537

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other information on financial risks of trade receivables is disclosed in Note 37(a).

Ageing analysis of trade receivables

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

	Group 2011 RM	Group 2010 RM
Neither past due nor impaired	101,277,719	50,315,916
1 to 30 days past due not impaired	49,821,293	17,378,469
31 to 60 days past due not impaired	13,596,863	1,339,467
61 to 90 days past due not impaired	15,911,698	1,761,488
91to 120 days past due not impaired	3,393,298	661,405
More than 121 days past due not impaired	13,386,550	16,720,722
	96,109,702	37,861,551
Impaired	52,944,808	67,295,957
	250,332,229	155,473,424

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

20. Trade receivables (cont'd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM96,109,702 (2010: RM37,861,551) that are past due at the reporting date but not impaired.

At the reporting date, 26.5% (2010: 19.4%) of trade receivables that are past due but not impaired are amounts due from established creditworthy oil majors with minimum collection risk. The balance of receivables that are past due but not impaired are unsecured in nature. The Management is confident that the remaining receivables are recoverable as these accounts are still active.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011	**2010**
	RM	**RM**
Individually impaired		
Trade receivables - nominal amounts	52,944,808	67,295,957
Less: allowance for impairment	(33,177,117)	(38,038,887)
	19,767,691	29,257,070

Movement in allowance accounts:

	Group	
	2011	**2010**
	RM	**RM**
At 1 January	38,038,887	10,140,295
Charge for the year (Note 8)	436,598	28,020,284
Reversal of provision for doubtful debts (Note 8)	(4,453,750)	-
Written off	(844,618)	(121,692)
At 31 December	33,177,117	38,038,887

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

21. Due from customers on contract

	Group 2011 RM	Group 2010 RM
Construction contract costs incurred to date	26,685,028	26,685,028
Less: Foreseeable losses	(11,340,698)	(11,340,698)
	15,344,330	15,344,330
Less: Progress billings	(11,876,830)	(11,876,830)
	3,467,500	3,467,500

22. Other receivables

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Amount due from related parties:				
- Jointly controlled entities	73,295,685	73,018,084	1,248	1,248
- Associates	50,722,075	76,711,991	1,872	1,872
	124,017,760	149,730,075	3,120	3,120
Deposits	365,196	10,130,429	-	-
Prepayments	3,471,163	5,632,074	-	-
Sundry receivables	6,828,426	4,046,683	-	-
	134,682,545	169,539,261	3,120	3,120
Less: provision for doubtful debts	-	(231,367)	-	-
Receivables, net	134,682,545	169,307,894	3,120	3,120
Trade receivables (Note 20)	217,155,112	117,434,537	-	-
Other receivables	134,682,545	169,307,894	3,120	3,120
Cash and bank balances (Note 23)	142,396,642	178,577,833	64,484,363	88,319,606
Less: Amount due from customers on contract	(3,467,500)	(3,467,500)	-	-
Total loans and receivables	490,766,799	461,852,764	64,487,483	88,322,726

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

23. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-current assets				
Deposits with a licensed bank	11,573,811	11,567,361	-	-
Current assets				
Cash on hand and at banks	124,071,860	142,806,877	64,484,363	78,319,606
Deposits with licensed banks	6,750,971	24,203,595	-	10,000,000
	130,822,831	167,010,472	64,484,363	88,319,606
	142,396,642	178,577,833	64,484,363	88,319,606
Bank overdrafts (Note 26)	(2,633,793)	(4,586,157)	-	-
Amounts set aside as sinking fund	(7,500,000)	(7,508,926)	-	-
Amounts set aside as margin deposits for bank guarantee facilities	(3,681,442)	(8,161,330)	-	-
Total cash and cash equivalents	128,581,407	158,321,420	64,484,363	88,319,606

The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2011 are 1.90% (2010: 1.90%) and 915 days (2010: 1,280 days) respectively. The deposits with a licensed bank is pledged to secure the borrowings as disclosed in Note 26.

Amounts set aside as sinking fund are pledge to secure the borrowing as disclosed in Note 26.

Other information on financial risks of cash and cash equivalents are disclosed in Note 37.

24. Share capital and share premium

	Number of ordinary shares of RM0.25 each		Amount	
	2011	2010	2011	2010
			RM	RM
Authorised share capital				
At 1 January/ 31 December	1,000,000,000	1,000,000,000	250,000,000	250,000,000

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

24. Share capital and share premium (cont'd.)

	Number of ordinary shares of RM0.25 each Share capital (issued and fully paid)	Amount: Share capital (issued and fully paid) RM	Amount: Share premium RM	Amount: Total RM
At 1 January 2010	506,987,098	126,746,775	78,470,938	205,217,713
Pursuant to ESOS (Note 31 (ii))	19,925,463	4,981,366	7,717,580	12,698,946
Pursuant to bonus issue (a)	254,237,816	63,559,454	(63,559,454)	-
At 31 December 2010	781,150,377	195,287,595	22,629,064	217,916,659
At 1 January 2011	781,150,377	195,287,595	22,629,064	217,916,659
Pursuant to ESOS (Note 31 (ii))	6,058,883	1,514,720	1,466,444	2,981,164
At 31 December 2011	787,209,260	196,802,315	24,095,508	220,897,823

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.

(a) Ordinary shares issued pursuant to bonus issue

In the previous financial year, the Company issued 254,237,816 ordinary shares of RM0.25 each pursuant to bonus issue, by way of capitalisation of the share premium on the basis of 1 new ordinary shares of RM0.25 each for every 2 existing ordinary shares of RM0.25 each.

(b) Ordinary shares issued pursuant to the Company's Employee Share Options Scheme

During the financial year, the Company issued 6,058,883 (2010: 19,925,463) ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.47 to RM0.55 (2010: RM0.44 to RM1.40) per ordinary share.

25. (a) Other reserves

	Employee share option reserve RM	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Total RM
Group				
At 1 January 2011	4,448,996	(5,511,517)	29,163	(1,033,358)
Foreign currency translation, representing other comprehensive income	-	-	236,702	236,702
Transaction with owners:				
Fair value adjustment on ESOS period extension recognised in income statement	1,218,349	-	-	1,218,349
At 31 December 2011	5,667,345	(5,511,517)	265,865	421,693

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

25. (a) Other reserves (cont'd.)

	Employee share option reserve RM	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Total RM
At 1 January 2010	6,613,126	-	172,407	6,785,533
Foreign currency translation, representing other comprehensive loss	-	-	(143,244)	(143,244)
Transaction with owners:				
Premium paid on acquisition of non-controlling interests	-	(5,511,517)	-	(5,511,517)
Share options granted under ESOS:				
Recognised in income statement	519,467	-	-	519,467
Exercised during the year	(2,683,597)	-	-	(2,683,597)
	(2,164,130)	(5,511,517)	-	(7,675,647)
At 31 December 2010	4,448,996	(5,511,517)	29,163	(1,033,358)

The nature and purpose of each category are as follows:

(i) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(ii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

25. (b) Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 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 dividends 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 did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2011, the 108 balance of the Company is Nil (2010: Nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2011 and 2010 under the single tier system.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

26. Borrowings

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 23)	2,633,793	4,586,157	-	-
Term loans	9,518,071	2,042,327	-	-
MCP/MMTN	81,763,123	96,920,629	81,763,123	96,920,629
Sukuk Ijarah MTN	30,000,000	80,000,000	30,000,000	80,000,000
Hire purchase and finance lease liabilities (Note 27)	5,141,146	5,300,077	35,833	28,288
	129,056,133	188,849,190	111,798,956	176,948,917
Unsecured:				
Revolving credits	55,000,000	45,000,000	-	-
	184,056,133	233,849,190	111,798,956	176,948,917
Long term borrowings				
Secured:				
Term loans	55,493,349	28,016,153	-	-
Sukuk Ijarah MTN	360,000,000	390,000,000	360,000,000	390,000,000
Hire purchase and finance lease liabilities (Note 27)	12,695,652	17,148,627	349,947	116,754
	428,189,001	435,164,780	360,349,947	390,116,754
Total borrowings				
Bank overdrafts (Note 23)	2,633,793	4,586,157	-	-
Revolving credits	55,000,000	45,000,000	-	-
Term loans	65,011,420	30,058,480	-	-
MCP/MMTN	81,763,123	96,920,629	81,763,123	96,920,629
Sukuk Ijarah MTN	390,000,000	470,000,000	390,000,000	470,000,000
Hire purchase and finance lease liabilities (Note 27)	17,836,798	22,448,704	385,780	145,042
	612,245,134	669,013,970	472,148,903	567,065,671

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

26. Borrowings (cont'd.)

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

	Group 2011 RM	Group 2010 RM
Not later than 1 year	178,914,987	228,549,113
Later than 1 year not later than 2 years	96,170,146	32,164,762
Later than 2 years not later than 5 years	198,630,072	269,896,926
Later than 5 years	120,693,131	115,954,465
	594,408,336	646,565,266

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

	Group 2011 %	Group 2010 %
Bank overdrafts	6.65	6.65
Revolving credits	5.36	4.68
Term loans	6.50	6.50
MCP/MMTN	4.20	4.15
Sukuk Ijarah MTN	5.00	4.96

Bank overdrafts:

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 23.

Term loans:

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 12;

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

26. Borrowings (cont'd.)

MCP/MMTN and Sukuk Ijarah MTN Facility

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

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

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

(iii) sinking fund as disclosed in Note 23.

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 4.58% to 5.63% per annum (2010: 4.58% to 5.63% per annum).

Interest on MCP/MMTN and Sukuk Ijarah MTN charged by bank is recharge to subsidiaries at the same rate charged by the bank.

The amounts recognised in respect of the MCP/MMTN is analysed as follows:

	Group and Company	
	2011	**2010**
	RM	**RM**
MCP/MMTN		
Nominal value	85,000,000	100,000,000
Less: Discount	(4,694,411)	(7,368,802)
Net proceeds from issuance of MCP/MMTN	80,305,589	92,631,198
Amortisation of discount	1,457,534	4,289,431
Total amount included within borrowings	81,763,123	96,920,629

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

27. Hire purchase and finance lease liabilities

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments:				
Not later than 1 year	6,038,412	6,385,067	55,368	34,704
Later than 1 year and not later than 2 years	6,034,634	6,230,505	55,368	34,704
Later than 2 years and not later than 5 years	6,293,669	11,782,276	166,104	92,546
Later than 5 years	1,122,331	607,963	198,402	-
Total future minimum lease payments	19,489,046	25,005,811	475,242	161,954
Less: Future finance charges	(1,652,248)	(2,557,107)	(89,462)	(16,912)
Present value of finance lease liabilities (Note 26)	17,836,798	22,448,704	385,780	145,042
Analysis of present value of finance lease liabilities:				
Not later than 1 year	5,141,146	5,300,077	35,833	28,288
Later than 1 year and not later than 2 years	5,516,406	5,177,401	38,237	29,812
Later than 2 years and not later than 5 years	5,964,278	11,490,363	129,136	86,942
Later than 5 years	1,214,968	480,863	182,574	-
	17,836,798	22,448,704	385,780	145,042
Less: Amount due within 12 months (Note 26)	(5,141,146)	(5,300,077)	(35,833)	(28,288)
Amount due after 12 months (Note 26)	12,695,652	17,148,627	349,947	116,754

The Group's and the Company's hire purchase and finance lease liabilities bears weighted average effective interest rates of 8.46% (2010: 9.38%) per annum and 7.20% (2010: 7.44%) respectively.

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

28. Deferred tax liabilities

	Group	
	2011	**2010**
	RM	**RM**
At 1 January	70,945,539	77,511,121
Recognised in statements of comprehensive income (Note 9)	(802,490)	(6,411,496)
Exchange differences	25,848	(154,086)
At 31 December	70,168,897	70,945,539

28. Deferred tax liabilities (cont'd.)

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2011	91,005,114
Recognised in statements of comprehensive income	2,639,225
Exchange differences	51,884
At 31 December 2011	93,696,223
At 1 January 2010	80,519,978
Recognised in statements of comprehensive income	10,829,845
Exchange differences	(344,709)
At 31 December 2010	91,005,114

Deferred tax assets of the Group:

	Provision for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2011	(1,613,949)	(18,445,626)	(20,059,575)
Recognised in statements of comprehensive income	(5,810,794)	2,369,079	(3,441,715)
Exchange differences	-	(26,036)	(26,036)
At 31 December 2011	(7,424,743)	(16,102,583)	(23,527,326)
At 1 January 2010	(1,611,568)	(1,423,582)	(3,035,150)
Recognised in statements of comprehensive income	(25,416)	(17,215,925)	(17,241,341)
Exchange differences	23,035	193,881	216,916
At 31 December 2010	(1,613,949)	(18,445,626)	(20,059,575)

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

28. Deferred tax liabilities (cont'd.)

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

	Group 2011 RM	Group 2010 RM
Unutilised tax losses	89,041	89,041

The unutilised tax losses of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group. Deferred tax assets are not recognised in respect of these losses as they arise in Group companies with a history of losses.

29. Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2010: 30 to 60 days).

30. Other payables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Amount due to related parties:				
- Jointly controlled entities	-	16,571,492	-	-
- Associates	7,931,795	17,831,431	-	-
	7,931,795	34,402,923	-	-
Accrued expenses	12,643,495	13,422,399	8,922,564	10,948,267
Deposits from customers	82,868	85,055	-	-
Sundry payables	2,063,089	3,845,949	-	409,260
	22,721,247	51,756,326	8,922,564	11,357,527
Add:				
Trade payables (Note 29)	68,607,625	28,624,547	-	-
Other payables	22,721,247	51,756,326	8,922,564	11,357,527
Borrowings (Note 26)	612,245,134	669,013,970	472,148,903	567,065,671
Total financial liabilities carried at amortised costs	703,574,006	749,394,843	481,071,467	578,423,198

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

31. Employee benefits

Employee Share Options Scheme ("ESOS")

The Company's 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. The Board on 18 July 2011, announced the extension period of the ESOS with effective from 20 July 2011 to 19 July 2016 in accordance to the existing terms of the ESOS.

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

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

    (ii) the par value of the shares.

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

(d) In the event of any alteration in the capital structure of the Company, whether by way of issue of new shares credited as fully paid up from capitalisation of profit or reserve, capitalisation issues, rights issues, reduction, subdivision or consolidation of capital or any other variation of capital:

    (i) the Exercise Price; and/or

    (ii) the number of new shares comprised in the Option so far as unexercised;

    shall be adjusted accordingly.

(e) On 18 July 2011, pursuant to Bye-Law 20 of the Company's ESOS Bye-Laws, the Company had issued a Notice of Extended Duration of Company's Existing ESOS to all its option holder on the extension of the option period of its ESOS for another five (5) years with effect from 20 July 2011.

(f) The ESOS' new expiry date, unless terminated ealier pursuant to Bye-Laws 19.2 of the Company's ESOS Bye-Laws shall be on 19 July 2016 subject to the existing terms and conditions of the Company's ESOS Bye-Laws, including all approved revisions, where applicable.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

31. Employee benefits (cont'd.)

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

		Number of share options					
	Outstanding at 1 January	Granted	Movement during the year Exercised	Bonus issue	Exercised	Outstanding at 31 December	Exercisable at 31 December
2011							
2009 Options	1,731,000	-	-	-	(36,000)	1,695,000	1,695,000
2008 Options	3,444,000	-	-	-	-	3,444,000	3,444,000
2007 Options	3,294,251	-	-	-	(182,375)	3,111,876	3,111,876
2006 Options	27,816,314	-	-	-	(5,840,508)	21,975,806	21,975,806
2010							
2009 Options	1,238,000	-	(3,000)	617,500	(121,500)	1,731,000	1,731,000
2008 Options	2,296,000	-	-	1,148,000	-	3,444,000	3,444,000
2007 Options	2,354,251	-	(6,500)	1,173,875	(227,375)	3,294,251	3,294,251
2006 Options	32,082,001	-	(1,479,100)	15,301,451	(18,088,038)	27,816,314	27,816,314

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

	Weighted average exercise price RM	Exercise period
2011		
2006 Options	0.49	20.07.2011 - 19.07.2016
2007 Options	1.47	20.07.2011 - 19.07.2016
2010 Options	1.79	20.07.2011 - 19.07.2016
2010 Options	1.27	20.07.2011 - 19.07.2016
2010		
2006 Options	0.66	20.07.2006 - 19.07.2011
2007 Options	1.47	20.07.2007 - 19.07.2011
2010 Options	1.79	20.07.2010 - 19.07.2011
2010 Options	1.27	20.07.2010 - 19.07.2011

(ii) Share options exercised during the financial year

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 6,058,883 (2010: 19,925,463) ordinary shares at the exercise price between RM0.47 and RM0.55 (2010: RM0.44 and RM1.40) each. The related weighted average share price at the date of exercise was RM0.50 (2010: RM1.16).

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

31. Employee benefits (cont'd.)

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

The fair value of the share options granted at the extension period 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 extension period date and the assumptions are as follows:

	Options extended on 19.7.2011
Fair value of share options at the grant date	0.38
Weighted average share price (RM)	1.37
Exercise price (RM)	0.49
Expected volatility (%)	38.43
Expected life (years)	4.50
Risk free interest rate (%)	2.98
Expected dividend yield (%)	0.53

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.

32. Operating lease arrangements

(a) The Group as lessee

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

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

	2011 RM	**2010 RM**
Future rental payments:		
Not later than 1 year	8,999,038	1,275,661
Later than 1 year and not later than 5 years	484,595	1,411,236
	9,483,633	2,686,897

The lease payments recognised in profit or loss during the financial year are disclosed in Note 8.

(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 13 years. All leases include a clause to enable upward revision of the charter hire charge on an annual basis based on prevailing market conditions.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

32. Operating lease arrangements (cont'd.)

(b) The Group as lessor (cont'd.)

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

	2011 RM	2010 RM
Not later than 1 year	59,460,801	93,131,053
Later than 1 year and not later than 5 years	86,616,424	117,524,453
Later than 5 years	50,446,065	59,662,647
	196,523,290	270,318,153

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

33. Capital commitments

	Group	
	2011 RM	2010 RM
Share of associate's capital commitment in relation to purchase of vessels	56,793,083	49,892,535

34. Corporate guarantee

At the reporting date, the Company has extended its corporate guaratees given to banks for credit facilities granted to various subsidiaries amounting to RM129,500,000 (2010: RM159,148,500).

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

35. 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	2011 RM	2010 RM
Group			
Jointly controlled entities:			
Charter hire of vessels	(i)	39,716,968	15,463,635
Vessel management fees	(ii)	2,736,668	2,624,546
Associates:			
Charter hire of vessels		59,892,359	-
Vessel management fees from associates		5,163,527	3,515,144
Transfer of vessels to associates		79,547,973	254,150,360

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

35. Related party disclosures (cont'd.)

(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 (cont'd.).

	Note	2011 RM	2010 RM
Company			
Subsidiaries:			
ESOS costs charged to subsidiaries		1,218,348	519,467

(i) The charter hire expense and mobilisation fees paid to jointly controlled entities were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period of up to six months is normally granted.

(ii) The vessel management fees received from jointly controlled entities 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 2011 are disclosed in Notes 18, 22 and 30.

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

(b) Compensation of key management personnel

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employee benefits	6,368,606	6,554,947	317,250	246,965
Contributions to defined contribution plan - EPF	402,723	469,190	-	-

Included in the total key management personnel compensation are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' remuneration (Note 6)	2,705,759	4,255,422	300,167	231,965

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

35. Related party disclosures (cont'd.)

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

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

	Group and Company 2011	2010
At 1 January	54,982,609	28,362,313
Exercised	-	(195,000)
Bonus issue	-	41,003,307
Exercised	(2,109,646)	(14,188,011)
At 31 December	52,872,963	54,982,609

36. Fair value of financial instruments

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

	Group 2011		Company 2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets:				
Due from subsidiaries	-	-	360,000,000	355,501,558
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	(12,695,652)	(12,400,795)	(349,947)	(334,931)
- Sukuk Ijarah MTN	(360,000,000)	(355,501,558)	(360,000,000)	(355,501,558)
- Fixed rate term loans	(55,493,349)	(53,853,016)	-	-

	Group 2011		Company 2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets:				
Due from subsidiaries	-	-	390,000,000	389,446,810
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	(17,148,627)	(17,239,654)	(116,754)	(136,476)
- Sukuk Ijarah MTN	(390,000,000)	(389,446,810)	(390,000,000)	(389,446,810)
- Fixed rate term loans	(28,016,153)	(23,899,543)	-	-

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

36. Fair value of financial instruments (cont'd.)

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.).

The 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 carrying amount of deposits with a licensed bank are resonable approximation of fair values as the interest charge on these deposits are, close to market interest rates or near at reporting date.

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 borrowings and leasing arrangements.

37. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

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

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of RM45,000,000 relating to corporate guarantee provided by the Company to banks on a subsidiary's bank loans.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

(a) Credit risk (cont'd.)

Exposure to credit risk (cont'd.)

At the reporting date, approximately:

- 64% (2010: 26%) of the Group's trade receivables were due from 8 major customers who are located in Malaysia;

- 30% (2010: 52%) of the Group's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions that are neither past due or impaired are placed with reputable financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 40% of loans and borrowings (including overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the reporting date, approximately 28% (2010: 31%) of the Group's loans and borrowings (Note 26) will mature in less than one year based on the carrying amount reflected in the financial statements. About 24% (2010: 27%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011			
	On demand or within 1 year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities:				
Group				
Trade and other payables	93,718,950	-	-	93,718,950
Loans and borrowings	184,056,133	306,280,902	121,908,099	612,245,134
Total undiscounted financial liabilities	277,775,083	306,280,902	121,908,099	705,964,084

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

(b) Liquidity risk (cont'd.)

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

	2011			
	On demand or within 1 year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities:				
Company				
Trade and other payables	8,922,564	-	-	8,922,564
Loans and borrowings	111,798,956	285,349,947	75,000,000	472,148,903
Total undiscounted financial liabilities	120,721,520	285,349,947	75,000,000	481,071,467

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its interest rate but ensures that it has obtained borrowings at competitive interest rates under the most favourable terms and conditions.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 93% (2010: 89%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM74,668 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sources of interest rate risk

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

(d) Foreign currency risk

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

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

Approximately 11% of the Group's sales are denominated in foreign currencies whilst almost 4% of cost are denominated in the respective functional currencies of the Group's entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposure.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

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

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2011 RM'000
Financial assets		
USD/RM	- strengthened 3%	(219)
	- weakened 3%	219
Financial liabilities		
USD/RM	- strengthened 3%	(2,085)
	- weakened 3%	2,085
SGD/RM	- strengthened 3%	(265)
	- weakened 3%	265

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 50% to 75%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve, if any.

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Loans and borrowings	612,245,134	669,013,970	472,148,903	567,065,671
Trade and other payables	91,328,872	80,380,873	8,922,564	11,357,527
Less: Cash and bank balances	(130,822,831)	(167,010,472)	(64,484,363)	(88,319,606)
Net debt	572,751,175	582,384,371	416,587,104	490,103,592
Equity attributable to the owners of the parent, representing total capital	481,936,251	465,024,491	231,861,802	227,698,179
Capital and net debt	1,054,687,426	1,047,408,862	648,448,906	717,801,771
Gearing ratio	54.3%	55.6%	64.2%	68.3%

39. Segmental information

(a) Reporting format

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

(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 and 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 and designing, manufacturing and operating of remotely operated vehicles ("ROVs").

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

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

(c) Geographical segments

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

(d) Allocation basis and transfer pricing

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

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

39. Segmental information (cont'd.)

	Offshore support vessel and services RM	Underwater services RM	Others RM	Eliminations RM	Total RM
31 December 2011					
Revenue					
Sales to external customers	267,711,650	39,233,031	1,179,185	-	308,123,866
Inter segment sales	16,653,228	-	-	(16,653,228)	-
Total revenue	284,364,878	39,233,031	1,179,185	(16,653,228)	308,123,866
Results					
Segment results	44,846,272	228,078	239,970	(10,570,122)	34,744,198
Finance costs	(34,102,177)	(1,056,407)	(16,199)	-	(35,174,783)
Share of results of associates	-	-	-	12,413,755	12,413,755
Share of results of jointly controlled entities	-	-	-	2,094,807	2,094,807
Profit/(loss) before tax	10,744,095	(828,329)	223,771	3,938,440	14,077,977
Income tax expense					(880,315)
Profit for the year					13,197,662
31 December 2011					
Assets					
Segment assets	492,496,920	79,591,536	1,398,859	8,131,567	581,618,882
Investment in associates	86,590,516	-	-	8,895,944	95,486,460
Investment in jointly controlled entities	42,016,622	-	-	41,177,002	83,193,624
Intangible assets	-	198,367	-	1,418,987	1,617,354
Unallocated assets	412,804,456	42,233,711	613,251,059	(540,247,964)	528,041,262
Total assets	1,033,908,514	122,023,614	614,649,918	(480,624,464)	1,289,957,582
Liabilities					
Segment liabilities	142,520,963	15,422,212	360,426,005	3,516,044	521,885,224
Unallocated liabilities	626,288,004	71,214,625	123,465,443	(543,192,989)	277,775,083
Total liabilities	768,808,967	86,636,837	483,891,448	(539,676,945)	799,660,307
Other segment information:					
Capital expenditure	8,543,094	9,037,190	482,122	-	18,062,406
Depreciation	29,948,900	7,816,313	132,563	113,074	38,010,850
Other significant non-cash expenses:					
Provision for doubtful debts	436,598	-	-	-	436,598
Fair value adjustment on ESOS period extension	1,218,348	-	-	-	1,218,348

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

39. Segmental information (cont'd.)

	Offshore support vessel and services RM	Underwater services RM	Others RM	Eliminations RM	Total RM
31 December 2010					
Revenue					
Sales to external customers	198,766,412	42,888,963	536,448	-	242,191,823
Inter segment sales	1,071,941	4,913,048	4,283,045	(10,268,034)	-
Total revenue	199,838,353	47,802,011	4,819,493	(10,268,034)	242,191,823
Results					
Segment results	(1,880,518)	4,960,375	31,748	(2,049,916)	1,061,689
Finance costs	(30,530,262)	(680,969)	(17,498)	-	(31,228,729)
Share of results of associates	-	-	-	(296,298)	(296,298)
Share of results of jointly controlled entities	-	-	-	12,347,732	12,347,732
(Loss)/profit before tax	(32,410,780)	4,279,406	14,250	10,001,518	(18,115,606)
Income tax benefit					5,166,701
Loss for the year					(12,948,905)
31 December 2010					
Assets					
Segment assets	589,968,821	80,555,024	1,743,358	7,962,590	680,229,793
Investment in associates	56,911,581	-	-	(2,004,381)	54,907,200
Investment in jointly controlled entities	36,798,708	-	-	43,882,196	80,680,904
Intangible assets	-	313,584	-	1,377,508	1,691,092
Unallocated assets	536,807,209	46,774,651	707,347,097	(792,587,436)	498,341,521
Total assets	1,220,486,319	127,643,259	709,090,455	(741,369,523)	1,315,850,510
Liabilities					
Segment liabilities	112,421,707	20,376,715	390,264,697	3,106,775	526,169,894
Unallocated liabilities	845,526,708	71,756,470	191,092,592	(791,200,383)	317,175,387
Total liabilities	957,948,415	92,133,185	581,357,289	(788,093,608)	843,345,281
Other segment information:					
Capital expenditure	152,097,652	35,184,473	1,714,335	-	188,996,460
Depreciation	27,504,334	5,738,308	147,380	679,524	34,069,546
Other significant non-cash expenses:					
Provision for doubtful debts	28,020,284	-	-	-	28,020,284
Share options granted under ESOS	450,427	51,252	17,788	-	519,467

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2011

40. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- realised	294,373,008	5,296,634
- unrealised	(81,515,189)	-
	212,857,819	5,296,634
Total share of retained earnings from associates:		
- realised	13,809,378	-
- unrealised	(4,917,367)	-
Total share of retained earnings from jointly controlled entities:		
- realised	28,204,597	-
- unrealised	12,972,405	-
	262,926,832	5,296,634
Less: consolidation adjustments	(2,310,097)	-
Retained earnings as per financial statements	260,616,735	5,296,634

Analysis Of Shareholdings

as at 30 April 2012

ANALYSIS OF SHAREHOLDINGS BY SIZE

Size Of Holdings	No. Of Holders	%	No. Of Shares	%
1 - 99	88	1.497	4,381	0.000
100 - 1,000	268	4.561	205,374	0.026
1,001 - 10,000	3,672	62.502	20,283,744	2.576
10,001 - 100,000	1,633	27.795	49,855,025	6.333
100,001 - 39,360,462 (*)	211	3.591	286,210,900	36.357
39,360,463 and above (**)	3	0.051	430,649,836	54.705
Total	**5,875**	**100.000**	**787,209,260**	**100.000**

Notes : * less than 5% of issued shares
** 5% And above of issued shares

DIRECTORS' SHAREHOLDING

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. Of Shares	%
AZMI BIN AHMAD	33,261	0.004	355,646,061[1]	45.178
SHAHARUDDIN BIN WARNO @ RAHMAD	1,015,498	0.128	355,415,436[2]	45.149
MOHD ABD RAHMAN BIN MOHD HASHIM	-	-	355,415,436[2]	45.149
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	*	123,750[3]	0.015
DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABD RASHID	950,000	0.120	5,000	*
DATO' HAJI AB WAHAB BIN HAJI IBRAHIM	1,500	*	-	-
FINA NORHIZAH BINTI HAJI BAHARU ZAMAN	-	-	-	-

Notes: * Negligible
(1) Deemed interested through SAR Venture Holdings (M) Sdn Bhd and shares held by his spouse.
(2) Deemed interested through SAR Venture Holdings (M) Sdn Bhd.
(3) Deemed interested by virtue of the interest of his spouse.

SUBSTANTIAL SHAREHOLDERS

No.	Name	Holdings	%
1	SAR VENTURE HOLDINGS (M) SDN. BHD.	243,109,197	30.882
2	SAR VENTURE HOLDINGS (M) SDN. BHD.	112,306,239	14.266
3	LEMBAGA TABUNG HAJI	75,234,400	9.557
	Total	**430,649,836**	**54.705**

Analysis Of Shareholdings (Cont'd)

as at 30 April 2012

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

No.	Name	Holdings	%
1	SAR VENTURE HOLDINGS (M) SDN. BHD.	243,109,197	30.882
2	SAR VENTURE HOLDINGS (M) SDN. BHD.	112,306,239	14.266
3	LEMBAGA TABUNG HAJI	75,234,400	9.557
4	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	27,305,350	3.468
5	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	25,086,673	3.186
6	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	24,090,550	3.060
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)	21,345,150	2.711
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	19,569,350	2.485
9	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	9,360,486	1.189
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	7,524,786	0.955
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	7,404,400	0.940
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	7,132,086	0.905
13	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	7,000,000	0.889
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	6,559,700	0.833
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	6,203,800	0.788

Analysis Of Shareholdings (Cont'd)

as at 30 April 2012

LIST OF TOP 30 HOLDERS (Cont'd)

No.	Name	Holdings	%
16	HDM NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR HING YIH PEIR	4,500,000	0.571
17	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	4,010,300	0.509
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (RHB INV)	3,921,425	0.498
19	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717 TR01)	3,517,050	0.446
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	2,812,500	0.357
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	2,800,000	0.355
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC ALPHA-40 GROWTH FUND	2,772,900	0.352
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	2,134,400	0.271
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR ING BLUE CHIP (50160 TR01)	2,118,700	0.269
25	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND (UT-PM-DIV)	2,001,600	0.254
26	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	2,000,000	0.254
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANG AIIMAN GROWTH FUND (4207)	2,000,000	0.254
28	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	1,960,000	0.248
29	FORUM VEST SDN. BHD.	1,941,450	0.246
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD MUAMALAT INVEST SDN BHD FOR BMMB SYARIAH EQUITY FUND (BMMB-E00102)	1,800,000	0.228

SUMMARY

TOTAL NO. OF HOLDERS : 30
TOTAL HOLDINGS : 639,522,492
TOTAL PERCENTAGE (%) : 81.239

Notice Of Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of Alam Maritim Resources Berhad will be held on Friday, 22 June 2012 at 10.00 a.m., at Unity Room, Palace of Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan, for the transaction of the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association, and who, being eligible offer themselves for re-election:

   i. Dato' Haji Ab Wahab bin Haji Ibrahim; and **(Resolution 2)**

   ii. Encik Mohd Abd Rahman bin Mohd Hashim. **(Resolution 3)**

3. To appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Directors to determine their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

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

4. Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). *[Ordinary Resolution]* **(Resolution 5)**

   "THAT pursuant to Section 132D of the Act, the Articles of Association of the Company and subject to the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting, upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being.

   AND THAT the Directors of the Company be and are hereby authorised to take necessary steps to fully implement the aforesaid authority"

5. Proposed amendment to the Articles of Association of the Company. *[Special Resolution]* **(Resolution 6)**

   "THAT the existing Article 86 be deleted completely; and

   THAT the existing Article 87 of the Articles of Association be renumbered as Article 86 and replaced by the following:-

   86. Appointment of proxies by a Member of the Company.

   86(i) A Member of the Company who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.

   86(ii) Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

Notice Of Seventh Annual General Meeting (Cont'd)

86(iii) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

86(iv) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

86(v) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

AND THAT consequent to the above changes, the existing Articles 88 to 177 of the Articles of Association of the Company shall be renumbered accordingly."

6. Proposed renewal of authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company. *[Ordinary Resolution]* **(Resolution 7)**

"THAT subject to Section 67A of the Companies Act, 1965 ("the Act"), the provisions of the Memorandum and Articles of Associations of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities"), and the approvals of the relevant regulatory authorities, the Directors of the Company be and are hereby authorised to make purchase(s) of ordinary shares of RM0.25 each in the Company's issued and paid-up share capital on Bursa Malaysia Securities subject to the following:

i. the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company ("Shares") for the time being;

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate retained profits and share premium account of the Company;

iii. the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall be in force until:

(a) at the conclusion of the next Annual General Meeting ("AGM") of the Company; or

(b) upon the expiration of the period within which the next AGM is required by the law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier; and

iv. upon the completion of the purchase(s), the Directors are authorised to deal with the Shares so purchased in the manner they may deem fit in the best interest of the Company;

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

Notice Of Seventh Annual General Meeting (Cont'd)

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Seventh AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act, 1991 (SICDA) to issue a General Meeting Record of Depositors (ROD) as at 18 June 2012. Only a depositor whose name appears on the ROD as at 18 June 2012 shall be entitled to attend the said meeting or appoint proxy/ proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

Haniza binti Sabaran, FCIS
(MAICSA 7032233)
Company Secretary

Kuala Lumpur
31 May 2012

Notes:

1. A proxy need not be a member.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

3. In accordance with the Company's Articles of Association, where two (2) proxies are appointed, the proportion of shares to be represented by each proxy must be specified.

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

5. At the Seventh AGM, the resolution on ordinary business in respect of the approval on payment of Non-Executive Directors' fees will not be tabled since the necessary approval for payment of Directors' fees not exceeding RM300,000 for ensuing financial year(s) were duly obtained at the Fourth AGM. Kindly refer to the Audited Financial Statements for the year ended 31 December 2011 for details on Non-Executive Directors' Remuneration.

Notice Of Seventh Annual General Meeting (Cont'd)

6. Explanatory Notes on Special Business:-

   i. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.

      The proposed Ordinary Resolution, if passed will give the Directors of the Company, authority to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued share 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.

   ii. 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 MMLR and all other relevant laws.

   iii. Proposed renewal of authority for the Company to purchase its own shares.

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

      Further information on the proposed ordinary resolution is set out in the Statement to shareholders dated 31 May 2012, circulated together with the Company's 2011 Annual Report.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad

The details of Director Directors who are standing for re-election are as set out on page 24 of this Annual Report and the Directors' interest in the securities of the Company and/or its related companies are disclosed on page 124 of this Annual Report.

ALAM MARITIM RESOURCES BERHAD
(Co No 700849 K)

Form of Proxy

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

I/We ____
(Block Letters)

of ____

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

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

THE CHAIRMAN OF THE MEETING as my/our* proxy(ies) to vote for me/us* and on my/our* behalf at the Seventh Annual General Meeting of the Company to be held at 10.00 a.m. on Friday, 22 June 2012 at Unity Room, Palace of Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan, and at any adjournment thereof, in the manner indicated below:

No	Resolutions	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of Directors and Auditors thereon		
2	To re-elect Dato' Haji Ab Wahab bin Haji Ibrahim pursuant to Article 94		
3	To re-elect Encik Mohd Abd Rahman bin Mohd Hashim pursuant to Article 94		
4	To appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2012		
5	To approve the Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965		
6	To approve the Special Resolution on amendment to the Articles of Association of the Company		
7	To approve the Ordinary Resolution on proposed renewal of authority for the Company to purchase its own shares		

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

Date ____________________

Signature/Common Seal of Shareholder ____________________

Notes:

1. *A proxy need not be a member.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
3. *In accordance with the Company's Articles of Association, where two (2) proxies are appointed, the proportion of shares to be represented by each proxy must be specified.*
4. *The instrument appointing a proxy must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.*

** Delete whichever is inapplicable.*

fold this flap for sealing

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STAMP

THE COMPANY SECRETARY
ALAM MARITIM RESOURCES BERHAD
38F, Level 3, Jalan Radin Anum
Bandar Baru Sri Petaling
57000 Kuala Lumpur
MALAYSIA

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Alam Maritim Resources Berhad
(700849-K)

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