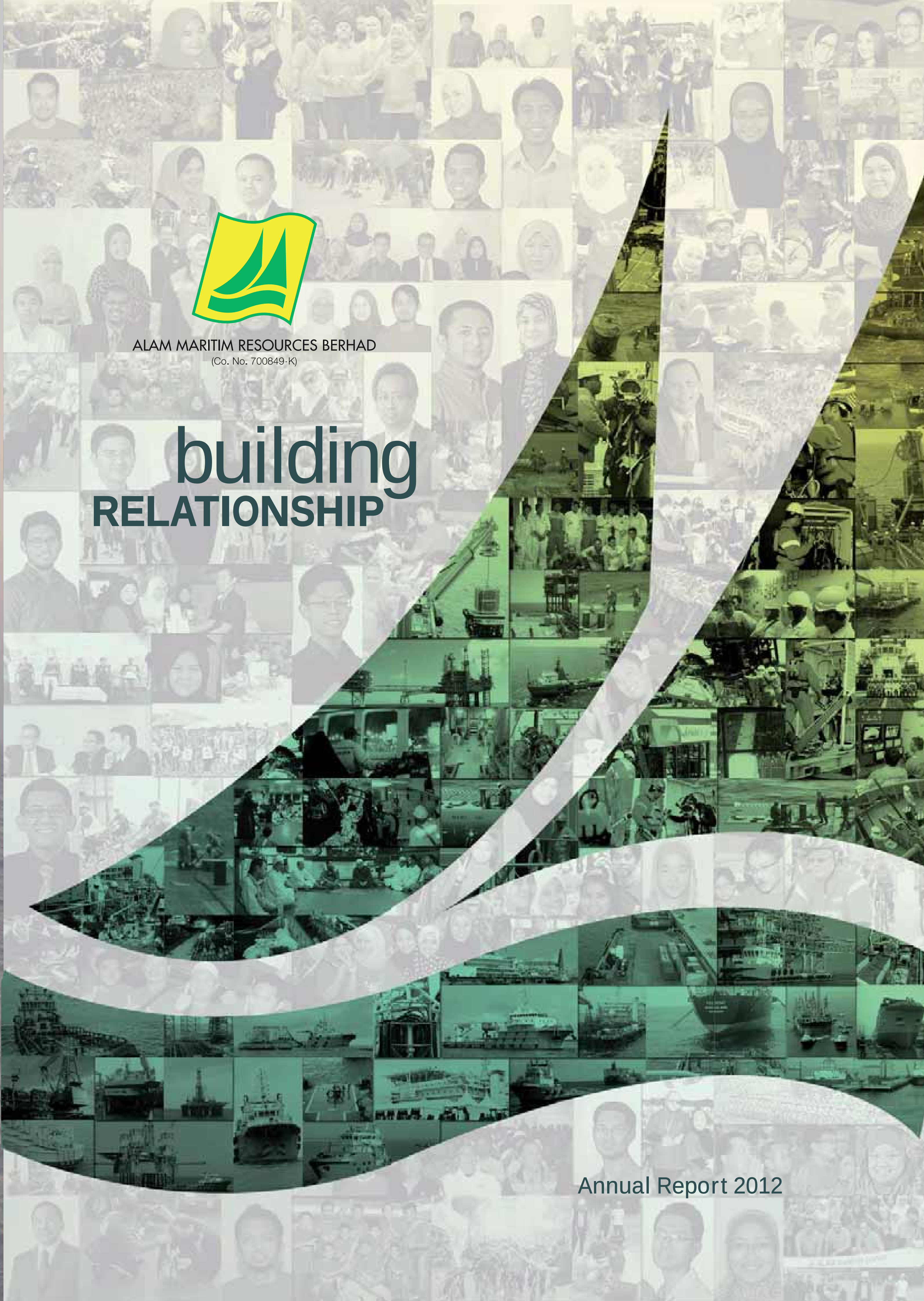


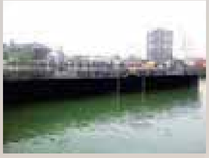
ALAM MARITIM RESOURCES BERHAD

(Co. No. 700849-K)

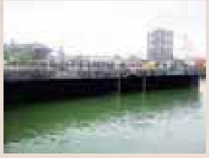
building RELATIONSHIP

Annual Report 2012

OUR



Alam 251
Type: 250 ft Deck Cargo Barge
Length X Breath X Depth (in meter): 73.18X24.38X4.88
Accommodations Capacity: N/A
Year Built: 2010
Class:ABS
BHP:N/A



Alam 252
Type: 250 ft Deck Cargo Barge
Length X Breath X Depth (in meter): 73.18X24.38X4.88
Accommodations Capacity: N/A
Year Built: 2010
Class:ABS
BHP:N/A

1MAS-300
Type: Pipe-lay Accommodation Work Barge
Length X Breath X Depth (in meter): 111.56 X 31.7 X 7.31
Accommodations Capacity: 300 berths
Year Built: 2010
Class:ABS
BHP:N.A.

Alam 281
Type: 280 ft Deck Cargo Barge
Length X Breath X Depth (in meter): 85.38X24.38X4.88
Accommodations Capacity: N/A
Year Built: 2006
Class:BV
BHP:N/A

Setia Station 1
Type: Accommodation Work Barge
Length X Breath X Depth (in meter): 100.58 X 31.7 X 7.31
Accommodations Capacity: 300 berths
Year Built: 2008
Class:BV
BHP:N.A.

Setia Station 2
Type: Accommodation Work Barge
Length X Breath X Depth (in meter): 111.56 X 31.7 X 7.31
Accommodations Capacity: 386 berths
Year Built: 2009
Class:BV
BHP:N.A.

MV Setia Aman
Type: Accomodation Vessel / Workboat
Length X Breath X Depth (in meter): 73.98 X 20 X 6.5
Accommodations Capacity: 174 berths
Year Built: 2009
Class:BV
BHP:5,220

MV Setia Ulung
Type: Accomodation Vessel / Workboat
Length X Breath X Depth (in meter): 71.04 X 20 X 6.5
Accommodations Capacity: 174 berths
Year Built: 2009
Class:BV
BHP:5,220

MV Setia Sakti
Type: DP2 Multipurpose Support Vessel
Length X Breath X Depth (in meter): 76 X 20 X 6.1
Accommodations Capacity: 138 berths
Year Built: 2008
Class:BV
BHP:5,150

MV Brompton Sun
Type: Multipurpose Supply Vessel
Length X Breath X Depth (in meter): 50.25x9.1x3.86
Accommodations Capacity: 200 pax seating
Year Built: 2000
Class:ABS
BHP:9,500

MV Setia Deras
Type: Crew / Utility Vessel
Length X Breath X Depth (in meter): 40.38 X 7.80 X 3.40
Accommodations Capacity: 80 pax seating
Year Built: 2009
Class:BV
BHP:4,200

MV Setia Kilas
Type: Crew / Utility Vessel
Length X Breath X Depth (in meter): 40.38 X 7.80 X 3.40
Accommodations Capacity: 80 pax seating
Year Built: 2009
Class:BV
BHP:4,200

MV Setia Handal
Type: Supply / Towing Tug
Length X Breath X Depth (in meter): 50 X 11.58 X 4.2
Accommodations Capacity: 22 berths
Year Built: 2003
Class:BV
BHP:3,000

MV Setia Kasturi
Type: Supply Towing Tug
Length X Breath X Depth (in meter): 60 X 13.3 X 6.0
Accommodations Capacity: 24 berths
Year Built: 2005
Class:NKK
BHP:4,750

MV Setia Cekap
Type: Tug / Utility Vessel
Length X Breath X Depth (in meter): 45 X 11 X 4.0
Accommodations Capacity: 20 berths
Year Built: 2005
Class:BV
BHP:3,500

MV Setia Wira
Type: Tug / Utility Vessel
Length X Breath X Depth (in meter): 48 X 11.8 X 3.8
Accommodations Capacity: 24 berths
Year Built: 2007
Class:BV
BHP:3,500

MV Setia Budi
Type: Tug / Utility Vessel
Length X Breath X Depth (in meter): 40 X 11.8 X 4.6
Accommodations Capacity: 20 berths
Year Built: 2008
Class:NKK
BHP:2,400

MV Setia Zaman
Type: Tug / Utility Vessel
Length X Breath X Depth (in meter): 40 X 11.8 X 4.6
Accommodations Capacity: 26 berths
Year Built: 2008
Class:NKK
BHP:2,400

MV Setia Azam
Type: Tug / Utility Vessel
Length X Breath X Depth (in meter): 45 X 11.8 X 4.6
Accommodations Capacity: 20 berths
Year Built: 2007
Class:NKK
BHP:3,880

MV Setia Yakin
Type: Tug / Utility Vessel
Length X Breath X Depth (in meter): 45 X 11 X 4.0
Accommodations Capacity: 28 berths
Year Built: 2008
Class:NKK
BHP:3,200

MV Setia Gagah
Type: Supply Vessel / Towing Tug
Length X Breath X Depth (in meter): 60X 13.3 X 6.0
Accommodations Capacity: 23 berths
Year Built: 2003
Class:NKK
BHP:4,750

MV Setia Indah
Type: Supply Vessel
Length X Breath X Depth (in meter): 57.5 X 13.8 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2005
Class:BV
BHP:4,750

Fleet

MV Setia Gigih
Type: Supply / Towing Tug
Length X Breath X Depth (in meter): 60 X 13.3 X 6.0
Accommodations Capacity: 46 berths
Year Built: 2009
Class:BV
BHP:5,220

MV Setia Emas
Type: Anchor Handling Tug
Length X Breath X Depth (in meter):48 X 13.2 X 5.2
Accommodations Capacity: 24 berths
Year Built: 2004
Class:BV
BHP:4,750

MV Setia Nurani
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 59 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2005
Class:BV
BHP:5,150

MV Setia Padu
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2006
Class:BV
BHP:5,150

MV Setia Wangsa
Type: Anchor Handling Tug Supply Vessel)
Length X Breath X Depth (in meter):59.25 X 14.95 X 6.1
Accommodations Capacity: 42 berths
Year Built: 2007
Class:BV
BHP:5,150

MV Setia Tangkas
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter):58.70 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2007
Class:BV
BHP:5,150

MV Setia Jaguh
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 64 X 15 X 6.8
Accommodations Capacity: 31 berths
Year Built: 1999
Class:BV
BHP:8,920

MV Setia Teguh
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in meter):59.25 X 14.95 X 6.1
Accommodations Capacity: 42 berths
Year Built: 2008
Class:BV
BHP:5,150

MV Setia Luhur
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in meter): 59.25 X14.95 X 6.10
Accommodations Capacity: 42 berths
Year Built: 2010
Class:BV
BHP:5,150

MV Setia Iman
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in meter): 59.25 X 14.95 X 6.10
Accommodations Capacity: 42 berths
Year Built: 2010
Class:BV
BHP:5,150

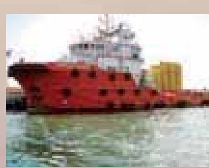
MV Setia Jihad
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breath X Depth (in meter): 76 X 18 X 8.0
Accommodations Capacity: 50 berths
Year Built: 2012
Class:BV
BHP:12,240

MV Setia Kental
Type: Supply / Towing Tug
Length X Breath X Depth (in meter): 60 X 13.3 X 6.0
Accommodations Capacity: 46 berths
Year Built: 2009
Class:BV
BHP:5,220

MV Setia Lestari
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2005
Class:BV
BHP:4,750

MV Setia Fajar
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2005
Class:BV
BHP:5,150

MV Setia Unggul
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2007
Class:BV
BHP:5,150



MV Setia Rentas
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2007
Class:BV
BHP:5,150

MV Setia Tegap
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2008
Class:BV
BHP:5,000

MV Setia Hebat
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 50 berths
Year Built: 2008
Class:BV
BHP:5,000

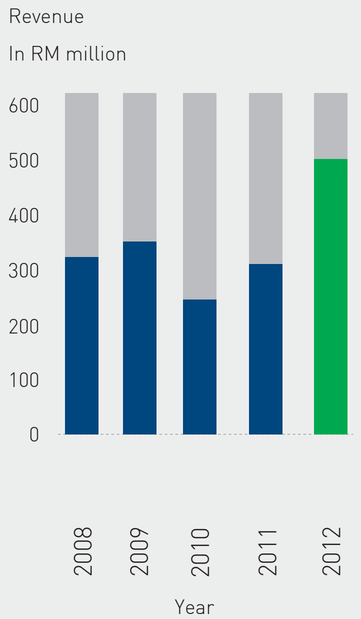
MV Setia Erat
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in meter): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2010
Class:BV
BHP:5,150

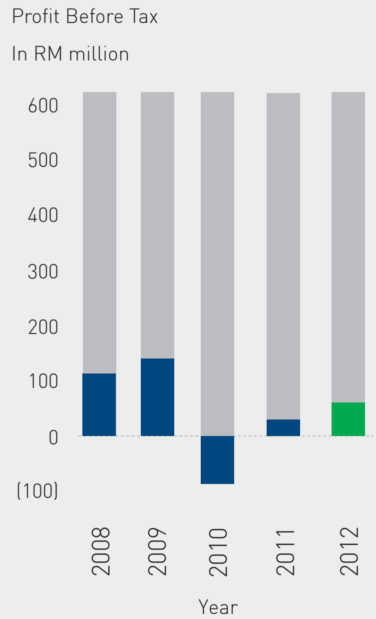
MV Setia Qaseh
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in meter):58.70 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2010
Class:BV
BHP:5,150

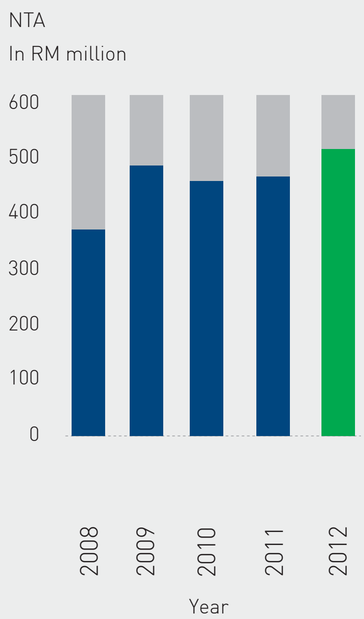
MV Setia Hijrah
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breath X Depth (in meter): 76 X 18 X 8.0
Accommodations Capacity: 50 berths
Year Built: 2012
Class:BV
BHP:12,240

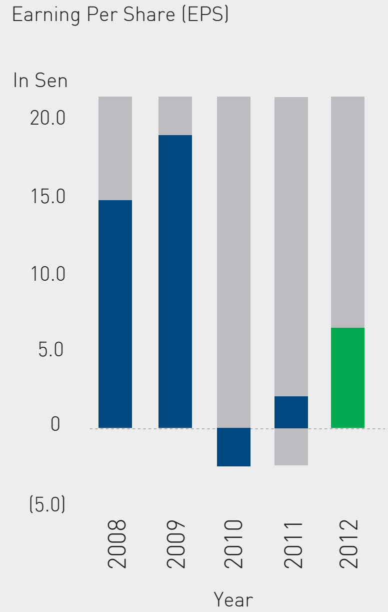
MV Setia Cekal
Type: Workboat / Diving Support Vessel
Length X Breath X Depth (in meter): 57.38 X 12.8 X 4.88
Accommodations Capacity: 63 berths
Year Built: 1974 - built, 1996 - converted
Class:SCM
BHP:4,400

5-YEAR GROUP FINANCIAL HIGHLIGHTS

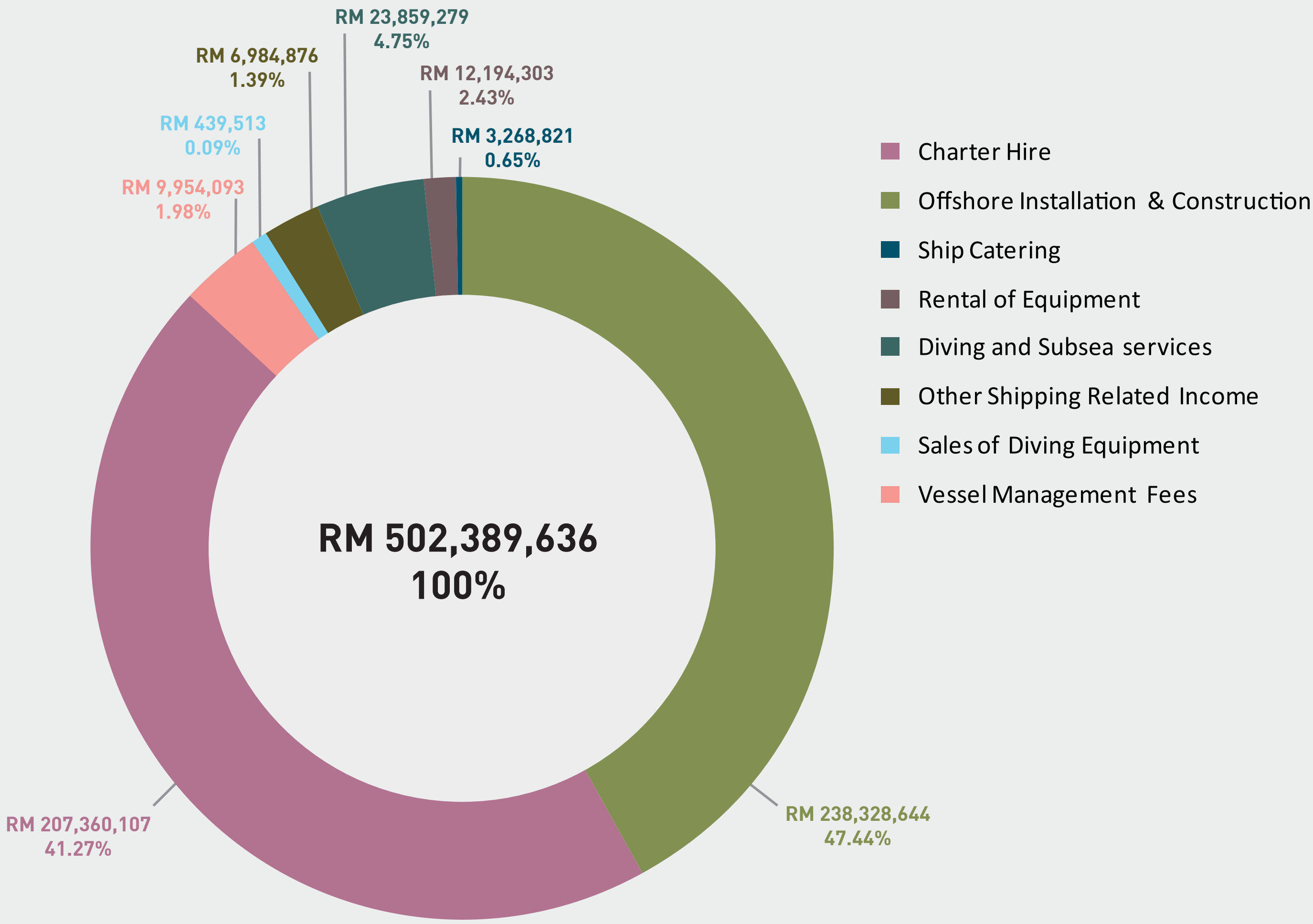








Revenue Breakdown For Financial Year 2012



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

Shared Values

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

TACT
Use skills and wisdom in dealing with different people and situations successfully without causing offence.

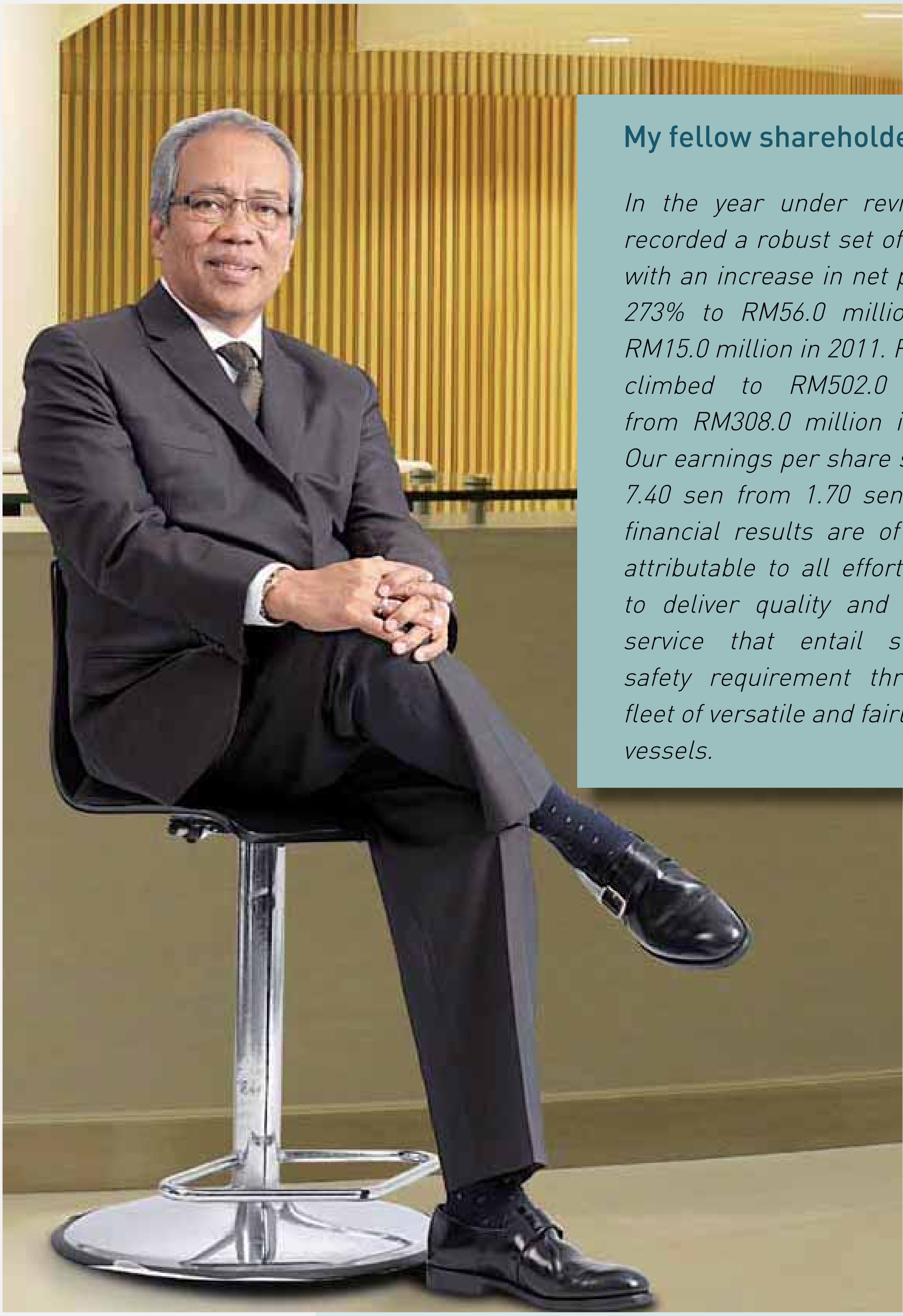
TEAMWORK
Work closely and effectively together for common purposes. Collections of strong individuals with different backgrounds but have a healthy sense of collegiality, mutual trust and respect for each other's performance.

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.

Contents

Chairman's Statement



My fellow shareholders,

In the year under review, we recorded a robust set of results with an increase in net profit by 273% to RM56.0 million from RM15.0 million in 2011. Revenue climbed to RM502.0 million from RM308.0 million in 2011. Our earnings per share stood at 7.40 sen from 1.70 sen. These financial results are of course attributable to all efforts made to deliver quality and reliable service that entail stringent safety requirement through a fleet of versatile and fairly young vessels.

Chairman's Statement (cont'd)

BUSINESS ENVIRONMENT REVIEW

The global economy experienced turbulence time with deepened Euro crisis, slowdown in India and China and a slow US recovery. Global trade and investments remained subdued. Meanwhile, the Malaysian economy stayed relatively resilient, bolstered by stable commodity prices and a growing consumer market.

As oil price remains healthy at above US$100 per barrel on average during the year under review and oil majors continue to ramp up their exploration and production activities, the demand for our services in the offshore segment registered a marked improvement. This trend is expected to be sustainable for a period of time that should augur well for Alam Maritim Resources Berhad ("AMRB") going forward. The International Energy Agency stated that global oil demand grew 0.9% year-on-year in 2012, driven by Asia at 3.1%, Middle East at 2.9% and Latin America at 2.7%.

On the local front, PETRONAS, our national oil company is pushing domestic production growth and its capital expenditure would likely benefit local service providers. One of many projects is the Gumusut-Kakap field, which recorded its first oil production in November 2012. It is expected to add a maximum of another 25,000 barrels per day (bpd) after ramping up two wells. This is one of the entry point projects under the Oil, Gas & Energy National Key Economic Area.

On the back of this robust oil and gas activities, our economy in 2012 expanded to 5.6% compared to 5.1% in 2011. All sectors registered positive growth with the services, manufacturing and construction sectors continuing to be the key drivers in the supply side supported by Economic Transformation Programme, with its multi-billion projects.

For 2013, Malaysia's GDP growth is forecasted to hover around 5.5% on the strength of an expansion in the manufacturing and services sectors led by domestic demand factor. With all this positive development in this region, AMRB will be mindful that competition in the oil and gas services sector is going to be quite stiff. Although currently, we are equipped with a fleet of modern offshore support vessels, AMRB will continue to invest in technology and hardware relevant to the needs of the oil majors.

I am confident that our management team will be able to steer our business in the right direction and take advantage of the growth in this sector.

2012 HIGHLIGHTS

Our efforts to integrate our Offshore Support Vessels ("OSV") segment with the Offshore Installation and Construction and Subsea services ("OIC and Subsea services") operations to a certain extent has been successful, resulting in sharper competitive edge to the integrated services segments where clients are able to minimise their logistics costs. In 2012, we secured about RM165 million of integrated OIC and Subsea services contracts.

In the OSV segment alone, we achieved vessels' utilisation rate of around 70% this year. In terms of new OSV contract, Alam Maritim managed to secure quite a number of substantial contracts this year with a value totalling up to RM211 million. To date our order book stands at RM1.5 billion.

ACKNOWLEDGEMENTS AND APPRECIATION

I take this opportunity to express my utmost appreciation to all our stakeholders for their never-ending support, trust and confidence in the company and its management.

Many thanks also to our customers, shareholders, business associates, regulatory and government authorities that have been very supportive during the course of our business this year.

And to all our family members here at AMRB, I truly believe that your commitment and hard work will take the company to greater heights.

DATO' CAPT. AHMAD SUFIAN
Chairman

Operational Review

After bracing the industry down cycle in 2010, from which we subsequently rose up to the occasion in 2011, Alam Maritim Resources Berhad ("Alam Maritim") had a spectacular year in 2012. The more aggressive and efficient Alam Maritim is now enjoying the robust uptrend in oil and gas activities and we are currently well-poised to reap the fruits of our labour.

Operational Review (CONT'D)

Currently, as a well-diversified oil and gas support services provider, Alam Maritim's core businesses revolve around offshore support vessels ("OSV"), offshore installation & construction and subsea services that comprised subsea engineering and underwater services ("OIC and Subsea services"), integrated logistics and ancillary services as well as ship repair and maintenance.

For the financial year ended 31 December 2012, supported by the increasing trend in capital expenditures spending by many oil majors that resulted in an upsurge demand for offshore support services, Alam Maritim net profit significantly jumped to RM56 million from RM15 million in 2011. Revenue also rose to RM502 million from RM308 million year-on-year.

The profit was significantly higher this year buoyed by the profitability of OSV segment which improved in excess of 100% primarily due to significant increase in share of results of associates and jointly controlled entities, mainly contributed by vessels owned by Alam-PE Group (joint venture entities with CIMB Private Equity) and TH Alam Group (joint venture entities with Lembaga Tabung Haji). Our OIC and Subsea services segment also fared well for the year under review.

BUSINESS REVIEW

The OSV segment performed exceptionally better in 2012 and has recorded a profit before taxation of RM43 million against RM26 million in 2011 despite the decline in revenue.

The profitability of OSV segment improved more than 100% primarily due to significant increase in share of results of associates and jointly controlled entities, mainly contributed by vessels owned by Alam-PE Groupand TH Alam Group. Vessels utilisation rate was registered at a very healthy level around 70%.

As mentioned above, nonetheless, revenue from OSV segment was lower by 11.6% for the year under review to RM251 million due to lower revenue derived from owned and third party vessels.

Meanwhile, the revenue for OIC and Subsea services segment soared significantly from RM39 million in 2011 to RM282 million in 2012 with a favourable variance exceeding 100%.

Major revenue contribution came from OIC contracts namely Sabah Oil & Gas Terminal (SOGT) project awarded by Samsung Engineering (Malaysia) Sdn Bhd and E8 & F13K modules offshore facilities transportation and installation (MOFTI) contract awarded by Sarawak Shell Berhad. OIC and Subsea services segment registered profit before taxation of RM12 million for the financial year under review as compared to profit before taxation of RM0.1 million recorded for the same period last year.

Again, the profitability of this segment was boosted by contribution margin derived from OIC contracts namely SOGT and MOFTI.

GAINING TRACTION

Although we have moved on from the down cycle experienced in 2010 to a more robust market now, Alam Maritim will continue to strive on expanding our market share and marketability of our products and services, particularly in our core business, the OSV segment. This is built upon our continuous effort to expand and enhance our fleet of vessels. Currently, Alam Maritim is a proud owner and/or operator of 44 vessels. Some of these vessels have been acquired through partnerships and alliances with entities such as Lembaga Tabung Haji, CIMB Private Equity, Swiber Group and Pacific Radiance, to name a few. Last January and February 2013, we received another two 12,000 brake horse power ("bhp") vessels, belonging to the TH Alam Group.

Through these partnerships, we are sharing the rewards and leverage on each other's strength that bodes well with Alam Maritim aspiration to expand beyond Malaysian waters, whilst minimising and sharing the possible business risk. Significantly, in support of our optimism, charter rates have been on an uptrend, improving from a low of US$1 per bhp in the 2010 to 2011 period to US$1.80 to US$2.20 per bhp in the 2012 to 2013 period.

Another diamond in the rough in our business portfolio is the OIC and Subsea services. We will put more strategic focus to grow this promising segment as it has shown positive prospects to be another jewel in the crown.

In total, our order book currently stands at RM1.5 billion and we are bidding for various offshore contracts worth RM2.5 billion. Besides being active on marketing and our continuous effort to improve our deliverables, we are also aware that internal processes such as payment collection, cash flow management etc are vital to support the efficiency of the Group of companies as a whole.

Operational Review (cont'd)

The success of our operations also depends to a very large extent on the enhancement of the quality of our services, the health, and safety of our employees, our clients, our contractors and third parties as well as the protection of the enviroment which have been made an integral part of our daily operations. The success of our operations depends on the continous improvement of these services. To help us attain and sustain these initiatives in a structured and organized manner we have developed and implemented a Quality Health Safety and Enviroment Management System ("QHSE-MS") based on the international standards of ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007 of which we have been accredited for recently. Moving on, we will undertake to consistantly monitor and review our performance to improve our business operating culture and work processes in accordance with the QHSE-MS to become the preferred offshore services partner in the oil and gas industry.

Additionally, we are working towards establishing our own ship repair and docking facility in Kuala Linggi, Melaka that will support Alam Maritim's group maintenance and docking plan.

In a nutshell, the management is looking at every angle to improve the efficiency and reliability of the services of the Group of companies as a whole, in our effort to maximise stakeholder's value.

In term of OSV contracts, Alam Maritim secured quite a number of lucrative contracts recently, including RM576 million contract received from Petronas Carigali Sdn Bhd for a tenure of five years with a one-year extension option. The contract is for the time charter of six units of anchor handling tug and supply vessels, of which, four units are of the 5,000 series and two units of the 10,000 series.

We have recently also won a contract worth RM182 million from an independent oil and gas exploration and production company for the provision of underwater services comprising subsea inspection, maintenance and repair.

OPPORTUNITIES IN THE HORIZON

Of course, the success of all these efforts and business development hinges on the positive trend by many oil majors in Malaysia that are keen on increasing their capital expenditure buoyed by healthy level of oil prices hovering above US$100 per barrel and energy demand.

This positive trend is apparent in deepwater development and marginal field exploration and production as well as enhanced oil recovery activities.

Consequently, we are glad to see that the healthy growth in demand for OSV segment, higher charter rates and longer-term contracts is gaining momentum.

For 2013, we are well positioned and are confident to take advantage of the up-cycle of the oil and gas sector that provides us the opportunities to strengthen our OSV segment and grow our OIC and Subsea services. We have witnessed positive developments in the business operations for the first quarter of 2013, and are expecting a steady long term uptrend as the global economies and energy appetite slowly recover. We have been beefing up our capacity for the last two years on this OIC and Subsea services segment with the intention of becoming an integrated oil and gas player. In brief, we are optimistic to see significant improvement in earnings for 2013. May this be an impetus to another remarkable year for Alam Maritim in delivering the better results to all of its stakeholders in 2013 and the years to come.

DATUK AZMI AHMAD
Managing Director/ CEO

Corporate Information

BOARD OF DIRECTORS

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

Datuk 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

COMPANY SECRETARY

Haniza binti Sabaran, FCIS
(MAICSA No.7032233)

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

Datuk 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

Datuk Azmi bin Ahmad

Shaharuddin bin Warno @ Rahmad

Mohd Abd Rahman bin Mohd Hashim

Fina Norhizah binti Haji Baharu Zaman

REGISTERED OFFICE AND CORRESPONDENCE ADDRESS

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(HEAD OFFICE)
No. 38F, Level 3
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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

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59200 Kuala Lumpur MALAYSIA
Tel : + 603 - 2264 3883

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Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : + 603 - 7495 8000

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Zul Rafique & Partners
D3-3-8 Solaris Dutamas
No.1 Jalan Dutamas
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

Corporate Philosophy

INTEGRATED MANAGEMENT SYSTEM POLICY

ALAM MARITIM GROUP shall strive to continually deliver quality services and products that meet the stakeholders' requirements.

We shall consistently monitor and review our performance to improve our business operating culture and work processes in accordance with Quality Health, Safety & Environment Management System (QHSE-MS) to become a preferred offshore services partner in the Oil & Gas Industry.

In order to realize this, we shall provide optimum resources to adopt the IMS approach while not neglecting addressing any potential adverse impact on human health, safety and environment in all aspects of our activities and promoting continuous improvement as ALAM way of life.

We shall ensure that this policy is communicated and inculcated throughout the organization and to the stakeholders.

It is the responsibility of everyone in ALAM MARITIM GROUP to apply QHSE-MS in all work processes.

DRUG AND ALCOHOL POLICY

ALAM MARITIM GROUP strictly restrict the consumption or being under the influence of intoxicating drugs and alcohol which would impair the performance of work and a serious threat to the Health, Safety and Environment at our business operations.

ALAM MARITIM GROUP wishes to ensure that each employee is personally responsible not only to himself but also to others and the Company in eliminating the usage of drug and alcohol across our whole business location. To ensure full compliance to our Policy on elimination of alcohol and drug abuse, the following measures are being implemented:

- Prior to employment with ALAM MARITIM GROUP, prospective employees are to undergo pre-employment medical screening on drugs and alcohol;
- Continuously promote working environment with zero tolerance on abuse of drugs and alcohol;
- Total prohibition of possession, distribution or sales of drugs or alcohol at every ALAM MARITIM GROUP work location;
- Random test on drugs and alcohol in situation where suspected drugs or alcohol abuse has occurred;
- Conducting comprehensive investigation after occurrence of an incident or accident, whereby the possibility of alcohol or drugs might have been a contributing factor;
- Unannounced periodic or random testing on employees to be conducted as deemed necessary by the Company;
- Conduct lawful searches for alcohol and drug at any work area or location; and
- Employees found to be in possession or under the influence of drugs and alcohol are subjected to disciplinary action that includes immediate termination of employment with the Company.

STOP WORK POLICY

ALAM MARITIM GROUP believes that no work to be performed by us in the execution of our daily business operation is so urgent that we cannot take time to do it safely.

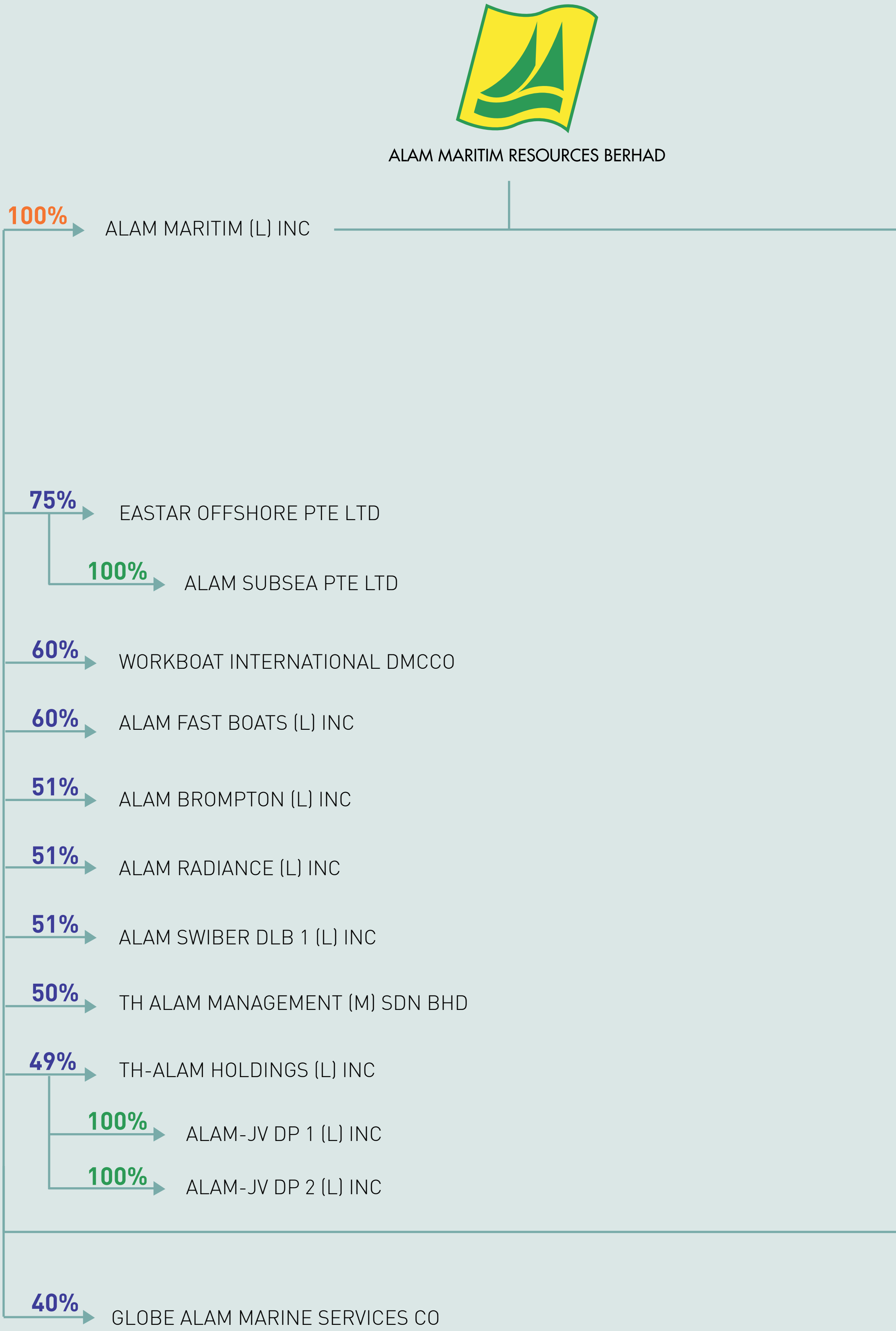
In the aspiration of the prevention of injury to our people and damages to our property as well as the environment, the following STOP WORK POLICY shall prevail within the ALAM MARITIM GROUP under the following circumstances:

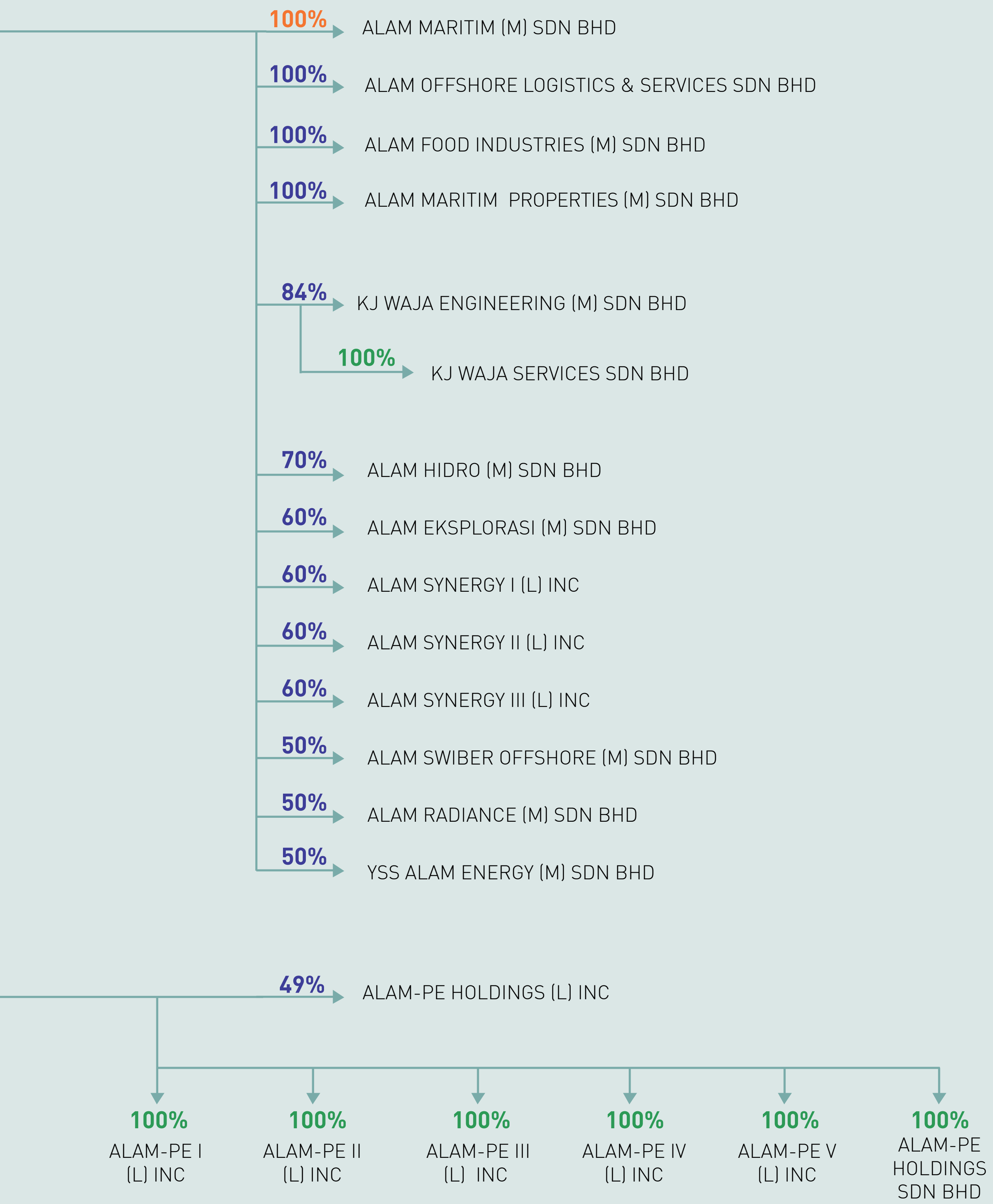
1. When work activities are imposing an Immediate Danger To Life and Health (IDLH) to our personnel during adverse weather conditions or during hazardous or critical work operations;
2. When action by an Individual or a Team is in non-compliance with the set standards and procedures for performing the job tasks;
3. When works to be performed is not in accordance with the agreed Job Method Statement and the approved Job Hazards/Safety Analysis (JHA/JSA) thus imposing unnecessary risks to the tasks performer.

Departmental, Line, Base Managers, Vessels Masters and Line Supervisors are accountable and responsible in ensuring that the STOP WORK POLICY is exercised accordingly under the above circumstances to ensure the ultimate goal of An Injury Free Work Place can be achieved across ALAM MARITIM GROUP work locations.

ALAM MARITIM GROUP is totally committed to endeavour attaining an incident free and safe working environment and achieve continual excellence towards the protection of Health, Safety and Environment.

Corporate Structure




100%
ALAM MARITIM (M) SDN BHD
100%
ALAM OFFSHORE LOGISTICS & SERVICES SDN BHD
100%
ALAM FOOD INDUSTRIES (M) SDN BHD
100%
ALAM MARITIM PROPERTIES (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
50%
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)

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.	Alam Maritim Properties (M) Sdn Bhd	4.09.2012 Malaysia	RM2.00	100%	Property owner and management
6.	KJ Waja Engineering (M) Sdn Bhd ("KJ Waja")	16.11.2000 Malaysia	RM1,500,000.00	84%	Ship repair & maintenance and other related services
7.	KJ Waja Services Sdn Bhd ("KJWS")	21.07.2005 Malaysia	RM100,000.00	84%	Supply of ship spares
8.	Alam Subsea Pte Ltd ("ASPL")	01.01.2008 Singapore	SGD500,000.00	75%	Providing integrated marine services
9.	Eastar Offshore Pte Ltd ("Eastar Offshore")	01.03.2006 Singapore	SGD628,203.00	75%	Designing, manufacturing and operating of remotely operated vehicle (ROV's)
10.	Alam Hidro (M) Sdn Bhd ("AHSB")	05.02.1999 Malaysia	RM500,000.00	70%	Subsea engineering and underwater services
11.	Alam Eksplorasi (M) Sdn Bhd ("AESB")	21.11.2000 Malaysia	RM300,000.00	60%	Ship owning, ship operating and chartering
12.	Alam Synergy I (L) Inc ("AS I")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00	60%	Ship owning and chartering
13.	Alam Synergy II (L) Inc ("AS II")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00	60%	Ship owning and chartering
14.	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
15.	Workboat International DMCCO ("WBI")	03.05.2005 United Arab Emirates	AED1,000,000.00	60%	Ship manager, ship operator and marine consultancy
16.	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
17.	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
18.	Alam Radiance (L) Inc. ("ARLI")	30.11.2004 F.T Labuan, Malaysia	USD3,500,000.00	51%	Ship owning, ship management, ship operation

CORPORATE STRUCTURE (CONT'D)

No	Company	Date & Place of Incorporated	Issued And Fully Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activity
19.	Alam Swiber DLB 1 (L) Inc ("ASDLB1")	14.09.2009 F.T Labuan, Malaysia	USD10,250,000.00	51%	Ship owning and ship chartering
20.	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
21.	Alam Radiance (M) Sdn Bhd ("ARSB")	30.11.2004 Malaysia	RM2.00	50%	Ship owning, ship management, ship operation, maintenance and consultancy
22.	Alam Swiber Offshore (M) Sdn Bhd ("ASOSB")	07.12.2009 Malaysia	RM4,392,962.00	50%	Ship operator
23.	TH Alam Management (M) Sdn Bhd ("THAM")	04.05.2010 Malaysia	RM2.00	50%	Transportation, installation and commissioning of offshore pipelines, structure and subsea equipment
24.	Alam-PE Holdings (L) Inc. (APEHL")	17.10.2008 F.T Labuan, Malaysia	USD14,000,000.00	49%	Investment holding
25.	Alam-PE I (L) Inc ("Alam-PE I")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
26.	Alam-PE II (L) Inc ("Alam-PE II")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
27.	Alam-PE III (L) Inc ("Alam-PE III")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
28.	Alam-PE IV (L) Inc ("Alam-PE IV")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
29.	Alam-PE V (L) Inc ("Alam-PE V")	21.8.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating & chartering
30.	Alam-PE Holdings Sdn Bhd ("APEHSB")	16.09.2008, Malaysia	RM2.00	49%	Ship management
31.	TH-Alam Holdings (L) Inc ("THAL")	30.12.2009 F.T Labuan, Malaysia	USD17,759,995.00	49%	Investment holding
32.	Alam-JV DP1 (L) Inc ("AJVDP1")	02.07.2009 F.T Labuan, Malaysia	USD1.00	49%	Ship owning
33.	Alam-JV DP2 (L) Inc ("AJVDP2")	02.07.2009 F.T Labuan, Malaysia	USD1.00	49%	Ship owning
34.	Globe Alam Marine Services Co ("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

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

Profile of directors

DATO' CAPTAIN AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Chairman
Independent Non-Executive Director

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid, 64, a Malaysian, was appointed as a Director and Chairman of the Board of Alam Maritim Resources Berhad on 2 May 2006. He is currently the Chairman of the Nomination and Remuneration Committee and a member of Audit Committee.

He is a qualified 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 is a seasoned mariner with over 39 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.

PROFILE OF DIRECTORS (CONT'D)

DATUK AZMI BIN AHMAD
Managing Director/Chief Executive Officer
Non-Independent Executive Director

Datuk Azmi bin Ahmad, 54, a Malaysian, was appointed as Managing Director/Chief Executive Officer of Alam Maritim Resources Berhad on 2 May 2006.

He is also 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.

He obtained his Diploma in Accountancy from MARA Institute of Technology in 1990, and subsequently in 1992, a Bachelor of Arts (Hons) in Accounting and Finance from the University of South Bank, UK. In 1998, he obtained a Masters of Business Administration from University of Wales, Cardiff, UK. He kickstarted his career as a Leftenan Udara in the Royal Malaysian Airforce in 1978.

After obtaining his degree in 1992, he accepted a position with Bank Bumiputera Berhad as the Manager of 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 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.

PROFILE OF DIRECTORS (CONT'D)

SHAHARUDDIN BIN WARNO @ RAHMAD
Chief Operating Officer
Non-Independent Executive Director

Shaharuddin bin Warno @ Rahmad, 45, a Malaysian was appointed as Director of Alam Maritim Resources Berhad on 2 May 2006. He is currently a member of the 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 started his professional career in 1988 as a Trainee with Mayban Finance Berhad, later he joined Faber Group Berhad as an Internal Auditor 1990. In 1991, he moved to Petronas as an Accounts and Costing Supervisor, International Marketing Division. Next, he moved on as Finance Manager in Maritime (M) Sdn Bhd in 1995, 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 also 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.

PROFILE OF DIRECTORS (CONT'D)

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN
Non-Independent Executive Director

Ahmad Hassanudin bin Ahmad Kamaluddin, 67, a Malaysian, was appointed as a Director of Alam Maritim Resources Berhad on 6 December 2006. He is also a member of the 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 extensive 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.

Prior to 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.

PROFILE OF DIRECTORS (CONT'D)

MOHD ABD RAHMAN BIN MOHD HASHIM
Non-Independent Non-Executive Director

Mohd Abd Rahman bin Mohd Hashim, 61, a Malaysian, was appointed as a Director of Alam Maritim Resources Berhad on 2 May 2006. He was appointed as a member of Nomination and Remuneration Committee on 15 April 2013.

He completed his HSC while attending King Edward VII Secondary School. He began his professional career in 1975 as a Management Trainee with Century Hotel. His last held position prior to leaving was as an Assistant Manager (Rooms Division). Subsequently, he joined Holiday Inn, Kuala Lumpur in 1978 as a Front Office Manager. Then, he joined Hilton Hotel, Petaling Jaya in 1984 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.

PROFILE OF DIRECTORS (CONT'D)

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM
Independent Non-Executive Director

Dato' Haji Ab Wahab bin Haji Ibrahim, 62, a Malaysian, was appointed as a Director of Alam Maritim Resources Berhad on 2 May 2006. He is currently the Chairman of the 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 completed his Masters of Business Administration (Management Studies) from Rock Hampton University of USA and was honoured with the Honorary Doctorate Degree in Public Services by the Irish International University in the same year.

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 Technical Services Sdn Bhd, another subsidiary of Petronas, where he served until March 2004.

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 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.

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.

PROFILE OF DIRECTORS (CONT'D)

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN
Independent Non-Executive Director

Fina Norhizah binti Haji Baharu Zaman, 56, a Malaysian, was appointed as a Director of Alam Maritim Resources Berhad on 22 October 2010. She is currently the Chairperson of the Risk Management Committee, a member of the Audit Committee. She was appointed as a member of Nomination and Remuneration committee on 15 April 2013.

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 obtained her Masters in Law (specialising in maritime and shipping) from the London School of Economics, University of London and had subsequently joined the International Islamic University, Malaysia in 1984 as a lecturer in the Kulliyah of Law. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1986. Subsequently she joined PETRONAS in 1990 and had served the PETRONAS Legal Department in several capacities. She had served as the General Manager (Legal) of the Logistics and Maritime Business PETRONAS in 2000 and as General Manager of the Legal and Corporate Secretarial Affairs Division of MISC Berhad. Her last appointment was as the Senior General Manager of Legal & Corporate Secretarial Affairs Division and the Company Secretary of MISC Berhad in 2004 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

DATUK 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
Director, Group Corporate
HSE
Executive Chairman,
Alam Hidro

WU QIONG
Managing Director,
Eastar Offshore

JOHN D'LIMA
Managing Director,
Workboat International

SAMUEL BERNARD
SASSOON
Executive Director,
Eastar Offshore

KAMARUL ZAMAN BIN JANTAN
Managing Director, KJ Waja

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)

NOOR AMRAN BIN ABD MANAN
Ganeral Manager, Alam Hidro

MOHD NOOR BIN OSMAN
Head, Group Human Resource Management

MD NASIR BIN NOH
Financial Controller
Head, Finance & Accounts

NIK AZNUDDEEN BIN HUSAIN
Head, Project & Services

ABU HUSSEIN BIN MOHAMED
Head, Fleet Management

HANIZA BINTI SABARAN
Company Secretary
Head, Group Corporate Secretarial

MOHAMAD IZHAM BIN CHE ARIFF
Head, Group Corporate HSE

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

NUR AZNITA BINTI TAIP
Head, Group Legal

Corporate Social Responsibility


As a responsible corporate entity, Alam Maritim Resources Berhad ("Alam Maritim") is committed to its responsibilities in maintaining a sustainable Corporate Social Responsibility ("CSR") activities and harmonious business environment in the course of conducting its operations as the preferred oil and gas service provider.

The Group is conscious of its overall social obligations in the areas that it operates and works through the four (4) segments of its operational activities, namely, the environment, the community, the marketplace and human resources, for full impact of its initiatives. With the on-going CSR efforts, Alam Maritim will strive to carry out its CSR plans through these four segments to derive maximum benefits from its dedicated programmes.

THE COMMUNITY

We have set our goals in enhancing the lives of the community to be more meaningful and enriching the environment which we operate in. It gives us great satisfaction to be able to enrich the lives of the people in the community and, at the very least, protecting, if not enriching, the environment where we conduct our business, through our various CSR activities.

Towards this end, we have organised such events as the Charity Cycling Campaign which was held on 3 November 2012, in Kemaman, Terengganu. The event was a huge success. We were overwhelmed by the great turnout and support of more than 100 participants, including those from Majlis Belia dan Sukan and the orphanage under the care of CAKNA, who actively took part in the programme.

Our Charity Cycling Campaign was creatively crafted to promote healthy life style, whilst, at the same time, undertook community charity works and services such as giving donations in kind and cash to meet the daily needs of the under-privileged. Our intention was to cover at least 10 km for the cycling route and looked at orphanages' homes along the route for our charity works, but we may do something for other homes outside of the route. By undertaking this event we hope to accomplish the three (3) objectives of creating awareness for the cause we support and drawing in sponsors who supplement the funds, to send a message about the value and importance at giving back to society, and lastly, to encourage healthy lifestyle.

The main event, which was the cycling activity, was done over a distance of 10.9 km from our office in Kemaman Supply Base to Penunjuk Kijal Beach. This was followed with the donation of 100 bicycles and daily necessities to the orphanage under CAKNA.

Corporate Social Responsibility (cont'd)



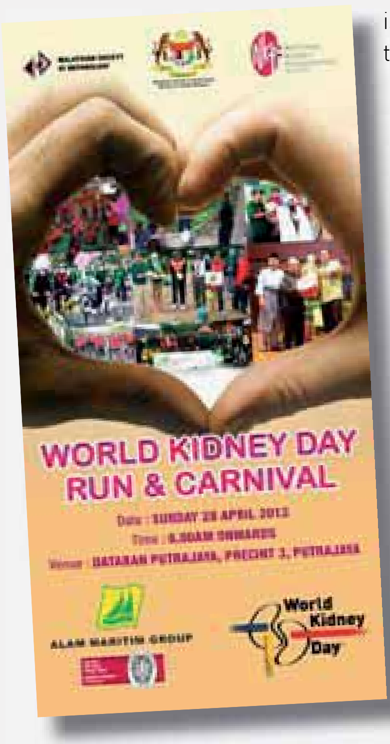
CAKNA is a charity organization which began operations in 2009 and was officially registered in May 2012 with a total 1,200 orphans registered to-date. We sincerely hope that our efforts could, to some extent, alleviate some of these orphans' burden through our charity via this sport programme.

In addition, Alam Maritim also made charitable donation to Maahad Tahfiz Darul Uloom as our contribution to a fund towards the building of their new mosque.

Apart from Kemaman, Alam Maritim had also in the past, as part of its CSR initiatives, donated bicycles and daily basic necessities to the less fortunate from the orphanage in Kota Belud and Kimanis, Sabah, in collaboration with the District Education Department. Similar activity was also organized in Kg.Raja, Besut, Terengganu.

On top of these activities, our Welfare and Community Department has also contributed a sum of RM10,000.00 to Tabung Kebajikan Perubatan Malaysia, RM5,000.00 to Madrasah Al-Ikhwan Desa Bakti, Selayang, and RM3,000.00 to Umaimah Salam, who is pursuing a degree in Islamic Syariah in Jordan. In addition, Alam Maritim also donated another RM3,000.00 to Muhammad Deraman who is pursuing his studies in Usuluddin at Institut Agama Islam Negeri Ar Ranity, Banda Acheh.

The above list of charities undertaken is not exhaustive but shown as example to show the extent of our commitment





towards CSR for the community. It is a sort of giving back what is due to them in return for their support, directly and indirectly, in making possible our various ventures in their homeland. Through this auspicious event, Alam Maritim does not only aid the less fortunate, but also inculcate the sense of compassion, caring and sensitive towards others within the community. There are so many people out there who need help, and we hope that whatever we contribute will bring a change for the better to their lifestyles. It must be mentioned that the practice of giving aids and contributions to the less fortunate is a continuous process aimed at giving them not only, to some extent, a comfortable and healthy lifestyle but and provide them with opportunities to seek self-development and success in their life.

THE ENVIRONMENT

For the environment or 'Green the Earth' programme, Alam Maritim, in conjunction with the local authorities, has successfully planted 300 rhu trees along Penunjuk Kijal Beach. For us, we believe efforts to protect and enrich the environment, as an example, through the planting of rhu trees, need to be nurtured among the younger generation so that they can have better appreciation of the environment

and learn to love what nature has given them. It aims to create awareness among people about the importance of protecting and conserving the ecosystems. Additionally, this is in line with the government efforts, through the Forestry Department, to achieve a quota of planting 26 million trees along the shore from Besut to Kemaman covering an area of approximately 80 hectares. In fact, this is not our first initiative on tree planting. At end of 2010, we undertook the planting of 120 Bucida Molinette trees in Shah Alam Botanical Garden in collaboration with Sports Recreation & Social Club NSTP, and with the help of the Department of Agriculture and Botanical Garden Shah Alam. Thus, this activity in Kemaman is a continuation of our "Green the Earth" programme at the Botanical Gardens. We have every intention to continue and sustain our efforts in this "Green the Earth" campaign.

Corporate Social Responsibility (cont'd)




We are indeed thankful and indebted to those who have participated and assisted us in making our campaign a memorable success thus far. This would include all parties in the Kemaman district such as Kemaman District Office, Forestry Department, Kemaman Municipal Council (MPK), the Civil Defence Department (JPAM), the Royal Malaysian Police (PDRM) the Public Works Department (JKR), the Youth Club under the patronage of Majlis Belia & Sukan Negara, including students from Maahad Tahfiz Darul Uloom and the children from the orphanage under the auspices of CAKNA, without whose help and support, the charity programme would not have achieved the success it did.

THE WORKPLACE

As the majority of our workforces are Malaysians, Alam Maritim takes employees' development programme seriously. It covers every aspects of their wellbeing ranging from career development, physical health to spiritual health.

In the area of career development, Alam Maritim has created the mentor mentee program aiming at exposing the staff to all aspects of its operational activities and inculcating their work behaviour of strictly adhering to the discipline of performing quality HSE practices. On that note, Alam Maritim has held a one-day HSE event that saw the participation from our employees and marine crews on 23 May 2012. Among the activities on that day were blood donation, body mass index check-up, talks by Pusrawi, Ministry of Defence and the Fire Department. We also awarded some crews for their long service and, at the same time launched our Alam 24/7 life-saving rules. We also took the opportunity to promote 'Love Our Asset' programme.

On 11 October and 12 October 2012, Alam Maritim conducted an HSE engagement session with the marine crews. Basically, this two-day event was aimed at clarifying our HSE objectives and targets to the marine crews as well as to encourage effective communication between our top management and the crews. Our clients such as EMEPMI and PETRONAS also made their presentations to the crews outlining their HSE expectations and highlighting the non-compliance committed by the crews when executing their works. In addition to the above, we also launched our 'Zero is Hero' campaign aimed at ensuring that we achieve zero lost time injury (LTI), zero breakdown, highest UAUC submission as well as good housekeeping and hygiene in the execution of their works.

From 19 October to 21 October 2012, Alam Maritim held an 'HSE Away Day' to enhance better teamwork among management, staff and marine crews. This has paved the way for all our employees to strengthen their networking, interaction skills and ultimately improve their work processes to enable us

Setia Qaseh saved fishermen's lives on 28 January 2013

Corporate Social Responsibility (cont'd)

to achieve greater efficiency and greater productivity, and ultimately, operational excellence.

For spiritual health, Alam Maritim is at the forefront to cultivate Islamic values among its employees through religious talks during lunchtime and Quran recitation programme during Ramadhan. Free lunches are served to all staff every Friday and every week day for those who attended the religious talks with the objective of enhancing bonding among staff – to create a kind of family unit in Alam Maritim and build "espirit-de-corp" among them. When you work as a family unit, you cultivate the culture of support and care for one another.

MARKETPLACE

We are well aware that our success also depends on the relationship that we have with our suppliers and contractors. Thus, we have continued, as we have done in the past, to conduct engagement sessions with our vendors and business partners with the objective of educating them on the importance of HSE and to ensure that they are in compliance with the work procedures of our ultimate clients such as the oil majors.

This will not only help us get the output and products that we expected from our suppliers and contractors but also aid them in enhancing themselves to be more competitive in the marketplace.

We have done this in the past and will continue to do this in the present and will carry on this effort in the future to ensure that we continue to receive effective and productive support from these vendors and suppliers. We want to instil a strong sense of loyalty and value in them.

A notable annual event that we never miss to organise in our effort to build relationship with the community, clients, crews and staff with their families is the Silaturrahim Ramadhan. It is a break fast event during Ramadhan with our guests. The guests of honour for this event are the children from various orphanage homes and the senior citizens from the Old Folks homes. The event has always been well attended and is well received by the community.

CONCLUSION

Our various CSR initiatives are not just meant to be glossy PR exercises but aimed more to make positive impact on our various stakeholders and on the lifestyle of the community and the enrichment of the environment in which we live and operate in. We want to make a difference by making positive and productive contributions to society and in the process help develop positive values to those we come in touch with. We are passionate about this and, hence, it will be a continuous process aimed at sustaining the commitment we have made when we first launched our CSR programme. It will be a focused and strategic undertaking to add value to our total philanthropic responsibilities.

Awards & Recognitions

2001
CERTIFICATE TITLE:
Contractor Safety Award Program: Certificate of Recognition in Recognition of Excellent Safety Performance In 2001
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2002
CERTIFICATE TITLE:
Contractor Safety Award Program: Certificate of Recognition of Safety Excellent In 2002
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2003
CERTIFICATE TITLE:
Certificate of Achievement 2.4 Million Man-hours without Loss Time Injury
AWARDED BY :
TLO

2003/2004
CERTIFICATE TITLE:
Contractor Safety Recognition: "Gold Award": In Recognition of Safety Excellence in 2003/2004
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2004
CERTIFICATE TITLE:
Contractor Safety Recognition: "Gold Award": In Recognition of Safety Excellence in 2004
AW ARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

HSE SAFETY ACHIEVEMENTS & AWARDS

2009
CERTIFICATE TITLE:
Contractor's Safety Recognition by Exxonmobil – Injury Free For Contractor Recording up to 100,000 Man Hours
AWARDED BY :
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2009
CERTIFICATE TITLE:
Recognition by Carigali Hess for Mv Setia Wangsa – Completion of 1 Year Contract Without Any Loss Time Injury (LTI)
AWARDED BY:
CARIGALI HESS

2008/2009
CERTIFICATE TITLE:
Petronas Group HSE & Sustainability Awards FY 2008/2009 Major Contractor Safety Category Merit Award in Recognition to Project Of "HSE Mentor Mentee Program in Alam Maritim"
AWARDED BY:
PETRONAS GROUP

2010
CERTIFICATE TITLE:
HSE Special Award to Alam Maritim Resources Berhad in Recognition of 250 Days Free of Total Recordable Case (TRC)
AWARDED BY :
PETRONAS DRILLING DEPARTMENT DEVELOPMENT DIVISION PETRONAS CARIGALI SDN BHD

2010/2011
CERTIFICATE TITLE:
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"
AWARDED BY:
PETRONAS CARIGALI SDN BHD PENINSULAR MALAYSIA OPERATION

2011
CERTIFICATE TITLE:
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
AWARDED BY:
PETRONAS CARIGALI SDN BHD PENINSULAR MALAYSIA OPERATION

2011
CERTIFICATE TITLE:
Contractor Safety Award Program:

Marine Contractor of the Quarter Award 1Q 2011 in Recognition of Outstanding Contribution to Safety
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2011
CERTIFICATE TITLE:
Contractors 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
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

AWARDS & RECOGNITIONS (CONT'D)

2004/2005
CERTIFICATE TITLE:
"Gold Award": In Recognition of Excellence HSE Performance for FY 2004/2005
AWARDED BY:
PCSB ,PMO

2006
CERTIFICATE TITLE:
PMO HSE Award
2006-Contractor HSE Award: In Recognition of Excellence Achievement by Alam Maritim (M) Sdn Bhd
AWARDED BY:
PCSB ,PMO

2006
CERTIFICATE TITLE:
Contractor Safety Recognition : "Gold Award" : In Recognition of Safety Excellence in 2006
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2007
CERTIFICATE TITLE:
Certificate of Appreciation for the Contribution and Commitment Demonstrated Towards Achieving Excellent HSE Performance For 2007
AWARDED BY:
PCSB , PMO

2007
CERTIFICATE TITLE:
HSE Awarded 2007 : Certificate of Recognition of Excellent Performance "ZERO TRCF" in Executing PCSB Project
AWARDED BY:
PCSB CONSTRUCTION ENGINEERING

2008
CERTIFICATE TITLE:
ISO 9001:2000 Certification by Bureau Veritas to Alam Maritim Resources Berhad , Alam Maritim (M) Sdn Bhd , Alam Hidro (M) Sdn Bhd Offshore Logistics & Services Sdn Bhd
AWARDED BY:
BUREAU VERITAS

2008
CERTIFICATE TITLE:
Safety Recognition Awarded to Alam Maritim by Exxonmobil Exploration and Production Malaysia Inc.
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

HSE SAFETY ACHIEVEMENTS & AWARDS

2011
CERTIFICATE TITLE:
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
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2011
CERTIFICATE TITLE:
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
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2011
CERTIFICATE TITLE:
PCSB DD Contractors HSE Conference :
Annual Award For PCSB DD Contractors HSE Performance FY 2010/2011

Certificate Of Appreciation For Hosting a PCSB DD Contractors HSE Conference and Making Excellent Efforts to Share and Promote the HSE Standarts among PCSB DD Contractors for the FY2010/2011
AWARDED BY:
PETRONAS DRILLING DEPARTMENT DEVELOPMENT DIVISION PETRONAS CARIGALI SDN BHD

2011
CERTIFICATE TITLE:
2010 Contractor's Safety Recognition by EXXONMOBIL - Hurt Free Operation < 100,000 Man Hours
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2012
CERTIFICATE TITLE:
2011 Contractor's Safety Recognition by Exxonmobil - Hurt Free Operation < 100,000 Man Hours
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2012
CERTIFICATE TITLE:
2011 Safety Award for Excellence (S.A.F.E)- Silver Category Presented to Alam Maritim (M) Sdn Bhd for MV Setia Wangsa - One Year without any recordable Incidents
AWARDED BY:
CARIGALI HESS

2012
CERTIFICATE TITLE:
Achievement of One Million Manhours Without LTI and Zero Total Recordable Case Frequency for KNPG-B MSF & Modules Installation and SKP Pipeline Replacement Project
AWARDED BY:
TL OFFSHORE (M) SDN BHD

2012
CERTIFICATE TITLE:
2011 Contractor's Safety Recognition by Talisman Energy - Marine HSSE & Operational Excellence for MV Setia Handal
AWARDED BY :
TALISMAN ENERGY

Underwater Assets

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

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

UNDERWATER ASSETS (CONT'D)

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

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.


Dive Bell


Surface Decompression Chamber


Control and Machinery Van


Launching and Recovery System

50M AIR/MIXED GAS DIVING 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.

Financial Calendar

30 April 2013
Annual Audited Accounts for the year ended 31 December 2012.

28 February 2013
Fourth Quarter report on consolidated results for the financial period ended 31 December 2012.

30 November 2012
Third Quarter report on consolidated results for the financial period ended 30 September 2012.

13 August 2012
Second Quarter report on consolidated results for the financial period ended 30 June 2012.

22 June 2012
Seventh Annual General Meeting.

31 May 2012
Annual Report 2011

30 May 2012
Notice of Seventh Annual General Meeting.

22 May 2012
First Quarter report on consolidated results for the financial period ended 31 March 2012.

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee members and the record of their attendance at the Audit Committee meetings held during the Financial Year 2012 are as follows:

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 Sufian @ 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 recommendation of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), all three (3) members of the Audit Committee are Independent Non-Executive Directors.

The Audit Committee Chairman, 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 Bursa Malaysia Listing Requirements that requires at least one (1) member of the Audit Committee must be a qualified accountant.

Attendance

In terms of attendance at the Audit Committee meetings, the quorum requirement for all five (5) meetings held during FY2012 as indicated in the table above was fulfilled. Upon invitation by the Audit Committee, the Executive Directors, Head Finance & Account, Head Group Internal Audit & Risk Management and representatives of the External Auditors attended all the meetings. Two separate sessions were held between the Audit Committee and the External Auditors in the absence of management. Prior to the Audit Committee Meetings, private sessions were also held between the Chairman and the Head Group Internal Audit.

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 OF AUDIT COMMITTEE

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 Independent 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 statement of financial position, statement of comprehensive income and statement of cash flows;
- To analyze financial statements and ask pertinent 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 Accountant or shall fulfill such other requirements as prescribed in the Bursa Malaysia 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 Bursa Malaysia Listing Requirements, 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 times annually. However, at least twice a year, the Audit Committee shall meet with the External Auditors without the Executive Directors being present.

The Head Finance & Account and Head Group Internal Audit & Risk Management 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 in attendance must be Independent Directors in order to form a quorum for the meeting.

(e) Authority

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

The Audit Committee is authorized 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 authorized 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 regulatory requirements; and
  - the going concern assumption.

(b) Related Party Transactions

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

(c) Audit Reports

- To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an Internal Audit department 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 MCCG 2012 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 minimize losses and maximize 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 organization 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 department 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 (1) 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 summarized 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 financial results and Annual Reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;

- Reviewed 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;

- Reviewed the fees of the External Auditors;

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

- Reviewed and verified the allocation of options pursuant to the Company's Employees' Share Option scheme.

AUDIT COMMITTEE REPORT (CONT'D)

STATEMENT ON INTERNAL AUDIT FUNCTION

The Group Internal Audit Department (GIAD) is an integral part of the assurance structure of the Group. The department's primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process.

The Head, Group Internal Audit & Risk Management reports directly to the Audit Committee on functional basis and to the Managing Director/CED 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 & Risk Management has direct access to the Chairman of the Audit Committee on all matters of control and audit. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

The Head, Group Internal Audit & Risk Management is assisted by two internal audit staff comprised 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 FY2012, a total of approximately RM383,000 was incurred as part of resource allocation for the GIAD, covering mainly on manpower and incidental costs such as travelling and training costs.

The GIAD 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 internal control systems.

The main activities performed by the GIAD are as follow:-

- Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Group at reasonable cost;
- Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses of all kinds;
- Appraising the reliability and usefulness of information developed within the Group;
- 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.

All findings resulting from the audits were reported to the Audit Committee, the Senior Management and the relevant Management of the operating units. The Management of the operating units is accountable to ensure proper handling of the audit issues and implementation of their action plans within the timeframe specified. Actions taken by the operating units audited were followed up by GIAD and the status updated in the subsequent audits.

This report is made in accordance with a resolution of the Board dated 2 May 2013.

Corporate Governance Statement

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Listing Requirements"), the Board is pleased to present the Company's Statement of Corporate Governance for the financial year ended 31 December 2012, in respect of the Company's corporate and business conducts in line with the principles, recommendations and commentaries contained in the Malaysian Code of Corporate Governance 2012 ("MCCG 2012") that has recently been implemented for the financial year ended 31 December 2012.

BOARD ROLES AND RESPONSIBILITIES

The Board of Directors is responsible for driving the corporate governance initiatives in the Company. It provides insight into towards the establishment of effective governance framework and monitoring system that will facilitate the achievement of Company's vision and mission.

The Board's roles and responsibilities are set forth in the Terms of Reference ("TOR") and Financial Limit of Authority ("FLOA"). For the year under review, these documents remain as the main reference in establishing clear functions, roles and responsibilities of the Board and Management of the Company.

The TOR addresses the expectations of all stakeholders in respect of the following areas of Board's responsibilities:-

(i) to review and approve the annual corporate plan of the Group of Companies, which includes the overall corporate strategies, marketing plans, human resources plans, IT plans, financial plans, budget, regulatory framework plans and risk management plans;

(ii) to oversee the conduct of the Company and the Group's businesses, and to evaluate whether the businesses are being properly managed;

(iii) to identify principal risks and ensure the implementation of appropriate systems to manage these risks;

(iv) to manage succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing senior management;

(v) to develop and implement an investor relations program or shareholder communications policy for the Group of Companies;

(vi) to review the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines (including Bursa Malaysia Listing Requirements, securities laws, and the Companies Act);

(vii) to review and approve the Company's financial statements;

(viii) to review and approve our Audit Committee Report at the end of each financial year;

(ix) to review and approve the Annual Report; and

(x) to prepare a corporate governance statement in compliance with the MCCG 2012 and an internal control statement for the Annual Report.

In its endeavour towards achieving a higher standard of governance practice, the Board as recommended by the MCCG 2012, is keen to adopt a Board Charter and Directors' Code of Ethics to formalise the standard of ethical values and behavior that is expected of the Board at all times.

In addition, the FLOA of the Company enables clear demarcation of matters specifically reserved for the Board and management. In accordance with the FLOA, operational issues are delegated to the Managing Director/CEO. Further delegation is cascaded by the Managing Director/CEO to the senior management team of the Group. At the senior management level, various working committees such as HSE Steering & Working Committees, Management Committee, Group Risk Management Working Committee, Credit Control Committee, Human Resources Policy Committee and Tender Committee are established to assist the Board and Board Committees in the Company's of decision making process, implementation and control.

Corporate Governance Statement (cont'd)

The members of the Board in the course of performing their duties, have unlimited access to all information about the Group's business affairs, advice and services of the company secretary and senior management. If necessary, the Board may seek independent professional advice on the affairs of the Group, including that of External Auditors.

Beyond the main responsibility of maximising shareholders wealth, the Board has taken into consideration the interests and values of its business partners and other stakeholders. The Board in ensuring sustainability of the business has been supportive towards initiatives of the government and business partners in promoting ethical business conducts and creating a business environment that is free from elements of corruption. The Board urges that the Group's integrity is maintained in all business conducts and interactions with its business partners, including the Government.

The Board also emphasises on the importance of health, safety and employees' sustainability by ensuring that priority and sufficient resources are given to address their interests in addition to the focus on the bottom line figures. Further, the Board with full commitment towards promoting the Environment, Health and Safety in the Group's operations and business activities ensures that compliance to laws and regulations in relation to environmental protection is one of the items of review at the Risk Management Committee forum. A more detailed report on the Group's Corporate Social Responsibility initiatives, involvements and activities is set out on page 24 to 27 of this Annual Report.

STRENGTHEN COMPOSITION

The Board currently 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 profiles of the Board Members are set out on page 15 to 21 of this Annual Report.

In respect of new appointment to the Board or Board Committees, the Board has established a Nomination & Remuneration Committee ("NRC"), represented mainly by the Non-Executive Directors to oversee the selection process and assessment of directors.

The terms of reference of the NRC are set forth herewith:-

- 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 that the non executive directors should bring to the Board;

- To review, assess, 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 office; and

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

The Chairman of the NRC is the Independent Non-Executive Chairman of the Board, whose stewardship is also relied upon to lead the NRC.

Corporate Governance Statement (cont'd)

The members of the NRC are as follow:

Members

Dato' Captain Ahmad Sufian bin Abdul Rashid (INED)
(Chairman)

Dato' Haji Ab Wahab bin Haji Ibrahim (INED)

*Fina Norhizah binti Haji Baharu Zaman (INED)

*Mohd Abd Rahman bin Mohd Hashim (NINED)

Datuk Azmi bin Ahmad

Shaharuddin bin Warno @Rahmad

Note:

*i. * appointed with effect from 15 April 2013*
ii. INED - Independent Non-Executive Director
iii. NINED – Non-Independent Non-Executive Director

The NRC ensures that 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.

The Board is of the view that the current composition, mix of skills and experience of each director contributes largely to the effectiveness of the Board in discharging its duties effectively and efficiently. The presence of Puan Fina Norhizah binti Haji Baharu Zaman on Board since the year 2011, sends the message that the gender diversity is welcomed and appreciated by the Board. The Board strongly feels that appropriate diversities shall enhance efficiency and effectiveness of the Board and welcomes any forms of positive diversity that brings on synergy, including ethnic and religion.

In the Company, the determination of remuneration packages of the directors is a matter for the Board as a whole, whereas the NRC deliberates, proposes and reviews the remuneration packages of directors and key personnel. The remuneration packages of both Executive Directors and Non-Executive Directors are drawn based on internal guidelines, considering the level of responsibilities, expertise and contribution to the Board and Board Committees. They are also benchmarked against the survey of remuneration packages of other public listed companies in similar industry and within the same band of market capitalisation.

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

The aggregate remuneration of Directors for the financial year ended 31 December 2012 is as follows:-

Description	Executive Directors	Non-Executive Directors	Total
Basic Salary & Other emoluments	3,505,362	100,000	3,605,362
Fees	169,865	252,000	421,865
Total	3,675,227	352,000	4,027,227

CORPORATE GOVERNANCE STATEMENT (CONT'D)

*Remuneration Band (RM)	Executive	Non-Executive
Up to RM70,000		1
RM60,001- RM110,000		3
RM800,000- RM1,000,000	1	
RM1,000,001- RM1,300,000	1	
RM1,300,001 – RM1,500,000	1	

REINFORCE INDEPENDENCE

The Board considers the presence of three (3) Independent Non-Executive Directors namely Dato' Captain Ahmad Sufian bin Abdul Rashid, Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Haji Baharu Zaman sufficient to represent the interest of the minority shareholders. Dato' Captain Ahmad Sufian bin Abdul Rashid, is the Independent Non-Executive Chairman of the Company.

Dato' Captain Ahmad Sufian bin Abdul Rashid is also holding the position the Chairman of Nomination & Remuneration Committee whereas Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Haji Baharu Zaman, are the Chairman of the Audit Committee and Risk Management Committee, respectively. Their independent judgements on the issues regarding the affairs of the Company are signified through recommendations put forward to the Board through the various Board Committees they lead and represent.

The Independent Non-Executive Directors, in the course of delivering their duties are expected to represent the shareholders' and stakeholders' interests and expectation in the following areas:-

Strategy - constructively challenge and help develop proposals on strategy;

Performance - scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Risk - be satisfied with the accuracy of financial information and that financial controls and systems of risk management are robust and defensible;

People - be responsible for in determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, Executive Directors and where necessary, removing, senior management and in succession planning;

Committee - serve on any committee(s) of the Board as required from time to time and attend meetings of any such committee(s);

Compliance - at all times comply with the Memorandum and Articles of Association of the Company and all required laws, rules and regulations governing the Company;

Fiduciary - abide by the fiduciary duties as a director of the Company;

Diligent - diligently perform the duties and use best endeavours to promote, protect, develop and extend the business of the Company; and

Report - immediately report any wrongdoing or the wrongdoing or proposed wrongdoing of any other employee or director of the Company to the Chairman.

Corporate Governance Statement (cont'd)

The Board annually assesses the independence of its Independent Non-Executive Directors and has been satisfied that each of them is able to demonstrate and reflect their independence in the discussion and recommendation provided to the Board.

The Board has taken note on the MCCG 2012's recommendations on the tenure of an independent director that should not exceed a cumulative term of nine (9) years. None of the three (3) independent directors' office has reached nine (9) years.

FOSTER COMMITMENT

The company secretary pre-schedules at least five (5) board meeting in a year to enable the Board to deliberate and consider pertinent strategic matters including review on quarterly financial results, corporate plans and annual budget, risk assessment, debtors' analysis and controls, new investments proposals and other corporate matters reserved for the Board's decisions. The Board Members have no issue regarding their time commitment and attention to the affairs of the Company. They have successfully attended most of the meetings during the financial year. The attendance of each director at the board meetings held during the financial year ended 31 December 2012 is as follows:-

Board of Directors	No of Meetings Attended
Dato' Captain Ahmad Sufian bin Abdul Rashid, *Independent Non-Executive Chairman*	7/8
Dato' Haji Ab Wahab bin Haji Ibrahim, *Independent Non-Executive Director*	8/8
Fina Norhizah binti Haji Baharu Zaman, *Independent Non-Executive Director*	7/8
Mohd Abd Rahman bin Mohd Hashim, *Non-Independent Non-Executive Director ("NINED")*	8/8
Datuk Azmi bin Ahmad, *Managing Director/CEO*	8/8
Shaharuddin bin Warno @ Rahmad, *Executive Director/COO*	6/8
Ahmad Hassanudin bin Ahmad Kamaluddin, *Executive Director*	8/8

Generally, the Board has been satisfied with the level of commitment from its Board Members including that of the Independent Non-Executive Directors (INED). All of the INED serve less than five (5) public listed companies' board. The Board's annual assessment continually reviews the effectiveness of each member and its contribution to the Board. The Board, as recommended by the MCCG 2012 shall document the expectations on time commitment and protocols in accepting new directorship for the Board Members to be guided with.

The Board of Directors of the Company understood the dynamics of the oil and gas services industry. It is mindful that continuous learning is a matter of concern in order to keep abreast with changes and developments in the market place and the corporate regulatory framework. Hence, the Board has agreed to allocate resources and at least one (1) man day in a calendar year for an in-house training. During the financial year, the Company organized training on Roles and Responsibilities for Financial Reporting for the Directors including Senior Management of the Company.

All of the Board Members have successfully attended the Mandatory Accreditation Programme in compliance with the Bursa Malaysia Listing Requirements. Beyond that, the Board is also encouraged to attend public forums, seminars, workshops, professional courses and other training programmes to enhance their knowledge and relevant skills.

Corporate Governance Statement (cont'd)

Below is the summary of courses/trainings attended by the Board Members:-

Board Members	Courses/Trainings Attended
Dato' Captain Ahmad Sufian bin Abdul Rashid	The Board's Role in Governance & the Audit Committee Oversight Responsibilities (6 March 2012) Internal Control Framework – A Practical Insight In Doing It Right (19 June 2012) The Role and Responsibilities for Financial Reporting (20 November 2012)
Datuk Azmi bin Ahmad	The Role and Responsibilities for Financial Reporting (20 November 2012)
Shaharuddin bin Warno @ Rahmad	The Role and Responsibilities for Financial Reporting (20 November 2012)
Ahmad Hassanudin bin Ahmad Kamaluddin	The Role and Responsibilities for Financial Reporting (20 November 2012) National Procurement Forum For The Public & Private Sector 2012 (14 February 2012)
Mohd Abd Rahman bin Mohd Hashim	The Role and Responsibilities for Financial Reporting (20 November 2012)
Dato' Haji Ab Wahab bin Haji Ibrahim	The Role and Responsibilities for Financial Reporting (20 November 2012) The Malaysian Code on Corporate Governance 2012 – The Implication & Challenges To Public Listed Companies (3 July 2012) National Procurement Forum For The Public & Private Sector 2012 (14 February 2012)
Fina Norhizah binti Haji Baharu Zaman	The Role and Responsibilities for Financial Reporting (20 November 2012)

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's financial performance and prospect through the quarterly and annual financial statements to shareholders. The Board with assistance from the Audit Committee undertakes detailed review of all financial statements prepared for statutory disclosures. The Audit Committee shall ensure that the Group's financial statements comply with applicable financial reporting standards.

The Audit Committee upon recommendation by the External Auditors has mandated the management to strengthen the Finance & Accounts Department of the Group to provide a higher quality financial reporting to the stakeholders.

The Board, through the Audit Committee maintains a formal and transparent relationship with the External Auditors. Independent meetings with the External Auditors are held twice a year for a direct and two-way reporting regarding the Group's financial processes and activities.

A more detailed report on the Audit Committee's roles and responsibilities and activities is presented in the Report on Audit Committee in this Annual Report.

Corporate Governance Statement (cont'd)

RECOGNISE AND MANAGE RISKS

In the Group, risk management is dealt with at two (2) levels. At the Board level, the Risk Management Committee ("RMC") is chaired by Puan Fina Norhizah binti Haji Baharu Zaman, Independent Non-Executive Director. The RMC is set to meet at least twice a year to review the effectiveness of the Group's Risk Management System.

The terms of reference of the RMC are as follow:

- 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 enterprise-wide Risk Management policies 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.

The members of the RMC are as follow:

Members

Fina Norhizah binti Haji Baharu Zaman (INED)
(Chairman)

Dato' Haji Ab Wahab bin Haji Ibrahim (INED)

Shaharuddin bin Warno @ Rahmad

Datuk Azmi bin Ahmad
(Alternate Member to Shaharuddin bin Warno @ Rahmad)

Ahmad Hassanudin bin Ahmad Kamaluddin

The RMC works closely with the Group Risk Management Working Committee ("GRMWC") to deliberate most of the corporate and operational risks of the Group. The GRMWC implements the Risk Management Framework and Policy for the Group, assesses potential risks and monitors the risk register and reports the summary of risk management issues and initiatives to the RMC. The half yearly report is then shared with the Board Members for information and feedback.

Over and above the RMC and GRMWC, the Board has identified an Internal Audit function that reports directly to the Audit Committee. The functions of internal audit amongst others include conducting regular reviews and appraisals of the effectiveness of the risk management and internal controls and governance system in the Group of Companies. Further details of the internal audit function and activities are set out in the Internal Control Statement in this Annual Report.

Corporate Governance Statement (cont'd)

QUALITY DISCLOSURE

The Board believes that transparent reporting and clear communication is integral to the success of the Group and strives to ensure that its stakeholders are kept well informed of the Group's development and activities. In terms of preparing quality disclosures for the shareholders and other stakeholders, the Group uses the Corporate Disclosure Policy issued by Bursa Malaysia Berhad and other standard imposed by governing bodies as the main guidance in preparing disclosure materials.

Dissemination of disclosure materials as well as corporate and related market information to the shareholders are mainly by the internet through the Bursalink, Group's website, particularly the investor relation section and the printed media, such as the annual report and circulars or statements to the shareholders.

The intranet and web portal are being used in the Group as platforms to connect the employees and management, automate and increase efficiency in certain administrative processes and facilitate remote communication with staffs who work offshore and in foreign waters.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company recognises the importance of an effective two-way communication with its shareholders at general meetings. The Board allocates time and welcomes questions and feedback regarding directions, operations, financials and proposed resolutions from the shareholders at the general meeting. In the past, all queries of shareholders including those from the Minority Shareholders Watchdog Group had been well addressed by the Board.

In the past, about 90% of the shareholders of the Company appointed proxies to attend and vote on their behalf at general meetings, hence, the Board feels that the current mode of voting by show of hands is still relevant and cost effective for the Company. The Board shall continue to encourage shareholders' active participation, particularly in exercising their right to vote at the Company's general meetings. In the future, with the readiness and support of technology the Board shall look into the possibility of adopting a more advanced and efficient mode of voting such as electronic poll voting for the resolutions tabled at the general meetings.

OTHER DISCLOSURE REQUIREMENTS

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Listing Requirements:-

Share Buybacks

There were no share buybacks exercised by the Company during the financial year ended 31 December 2012.

Options, Warrants or Convertible Securities

There was no issue of ESOS Options for the financial year ended 31 December 2012.

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

Bursa Malaysia Securities Berhad had on 26 September 2012 issued a public reprimand to the Company for a variation exceeding 10% in relation to the Company's Audited Financial Statements for the year ended 31 December 2010, announced on 29 April 2011. We wish to reiterate that it has never been the Company's nor the Board's intention to act in contravention of any provision of the Bursa Malaysia Listing Requirements in relation to the unforeseeable variation.

Corporate Governance Statement (cont'd)

The Board has observed the recommendations by Bursa Securities and is pleased to inform the stakeholders that in line with those recommendations, the quarterly reports of the Company commencing 30 September 2012 have been reviewed by the External Auditors.

The Company has also reviewed and assessed the adequacy and competency of its finance and accounting department, policies and procedures in ensuring timely and accurate disclosures of its financial reports. The findings have been discussed with the Audit Committee and the implementation of recommendations, policies and procedures have been duly executed. The Company will ensure continuous review in the accounting and finance processes to ensure timely and accurate disclosure report in compliance with Bursa Malaysia Listing Requirements.

Non-Audit Fees

There were non-audit fees amounting to RM75,000.00 payable to the External Auditors during the financial year.

Variation in Results

The Company did not issue any profit forecast for the financial year ended 2012 and the Audited Results for the financial year ended 2012 did not vary by more than 10% as compared to 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 2012 or entered into during the financial year under review.

COMPLIANCE STATEMENT

The Statement was reviewed and approved by the Board of AMRB on 8 May 2013.

Internal Control Statement

RESPONSIBILITY

The Board of Directors affirms its overall responsibility and accountability for the Group's system of internal control and risk management which includes the establishment of an appropriate control environment and framework. It is recognized that the Group's system of internal control can only provide reasonable but not absolute assurance against any occurrence of material misstatement or loss, and that the risk management process is designed to manage or minimize risks that hinder the Group from achieving its goals and objectives.

The Board confirms that there is a continuous process of reviewing and reporting the adequacy and integrity of the Group's systems of internal control and risk management to provide reasonable assurance in safeguarding shareholders' investments, Group's assets and other stakeholders' interests. The process is regularly reviewed by the Board via the Audit Committee and accords with the guidelines for directors on internal control, the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

KEY INTERNAL CONTROL PROCESS

CONTROL ENVIRONMENT

Board Committees

The Board acknowledges that ensuring sound governance requires effective interaction among the Board, Management, Internal and External Auditors. The Board in ensuring effective discharge of its responsibilities is assisted by the Board Committees namely the Audit, Nomination and Remuneration as well as Board Risk Management Committee.

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.

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.

RISK MANAGEMENT

Risk management is regarded by the Board 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.

Risk Committees

The Board Risk Committee ("BRC") comprises two Independent Non-Executive members and one Non-Independent Executive Director. The Group Managing Director, Head Finance & Accounts and Head Group Internal Audit & Risk Management attended BRC meetings as invitees.

The BRC delegates to the Risk Management Working Committee ("RMWC") the responsibility for creating a risk-aware culture and building the necessary knowledge for risk management at every level of management. The RMWC is responsible for ensuring the effective implementation of the Group Risk Management Framework and the management of risks and controls associated with Group operations as well as compliance to applicable laws and regulations. The RMWC is also responsible for periodical reporting of key risk exposures to the BRC.

Internal Control Statement (cont'd)

The RMWC comprises the Managing Director, Chief Operating Officer, Group Executive Director, Group Financial Controller/ Head Group Finance & Accounts, Group Internal Auditor/Head Internal Audit & Risk Management, Head Legal together with Heads of relevant Division and Departments as invitees.

Risk Management Framework

The Group has in place a Risk Management Framework with the aim of providing a consistent approach to risk and facilitating a reasonably accurate perception of acceptable risk by all employees. The framework essentially outlines the risk management governance and structure, processes, accountabilities as well as responsibilities throughout the organization.

Accountability for Risk Management

Managing risks is a shared responsibility and is integrated within the Group's governance, business processes and operations. Employees' and management's commitment towards risk management process is constantly emphasized and reinforced through the establishment of RMWC and group discussion together with the monitoring and facilitation exercise by the Internal Audit and Risk Management department.

Risk Reporting

The Risk Management Framework provide for regular review and reporting. On continuing basis, the Internal Audit and Risk Management department co-ordinates with all the operating units to regularly review and update the group risk register. Potential major risks and mitigation plans and action taken were discussed at RMWC and are reported to the BRC and the Board of Directors.

CONTROL ACTIVITIES

Policies, Procedures and Limits of Authority

Well defined financial limits of authority on all financial commitments for each level of management within the group 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.

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.

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.

Internal Control Statement (cont'd)

INFORMATION AND COMMUNICATION

Timely communication of relevant information such as the Group's achievement and changes with regard to corporate and organizational structure and policies and procedures, enabling employees to focus on and perform their responsibilities effectively.

The Heads of operating entities within the Group also participate in business dialogue programs with Senior Management of the Group to discuss on strategies and challenges faced towards achieving the business goals and objectives.

MONITORING

Management Visit

Directors and Senior Management conduct regular visits to branch offices, project sites, customers and business partners' offices to review the Group's operations and gain better understanding to facilitate informed decision making.

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.

Performance Management

In order to nurture the quality and competencies of employees, continuing education, training and development programs are emphasized to enable employees to discharge their duties effectively.

Progressively, employees' performance are measured according to the sets of key performance indicators aligned to their functions as assigned to them in which they are expected to accomplish.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Internal Control Statement. Their review was performed in accordance with the Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditor have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group. RPG 5 does not require the external auditors consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

CONCLUSION

For the financial year under review, based on inquiry, information and assurance provided by Managing Director and Head Finance & Accounts, 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' investments, the Group's assets and other stakeholders' 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 on Internal Control has been prepared in line with the Listing Requirement of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control – Guidance for Directors of Public Listed Companies. The statement is made in accordance with the resolution of the Board of Directors dated 2 May 2013.


DJ INSPECTED SEPT 2010
DUE DATE MARCH
SWL 2.0T

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 14 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	55,708,226	(491,647)
Profit/(loss) for the year attributable to:		
Owners of the parent	58,264,371	(491,647)
Non-controlling interest	(2,556,145)	-
	55,708,226	(491,647)

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

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 1% per ordinary shares of RM0.25 each will be proposed for shareholders' approval and to be paid to shareholders registered in the Register of Members on a date to be determined later. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

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
Datuk Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad
Mohd Abd Rahman bin Mohd Hashim
Ahmad Hassanudin bin Ahmad Kamaluddin
Fina Norhizah binti Haji Baharu Zaman

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 30 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 7 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 1.1.2012	**Acquired**	**Sold**	**At 31.12.2012**
Direct interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	950,000	-	-	950,000
Dato' Haji Ab Wahab bin Haji Ibrahim	1,500	-	-	1,500
Datuk Azmi bin Ahmad	33,261	-	-	33,261
Shaharuddin bin Warno @ Rahmad	1,015,498	-	-	1,015,498
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	-	-	1,875
Indirect interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	5,000	-	-	5,000
Datuk Azmi bin Ahmad	355,646,061	-	-	355,646,061
Shaharuddin bin Warno @ Rahmad	355,415,436	-	-	355,415,436
Mohd Abd Rahman bin Mohd Hashim	355,415,436	-	-	355,415,436
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750	-	-	123,750

	Number of options over ordinary shares of RM0.25 each			
	At 1.1.2012	**Granted**	**Exercised**	**At 31.12.2012**
Datuk 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)

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 impairment loss on trade receivables 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 impairment loss on trade receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

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 16 April 2013.

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid

Datuk 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 Datuk Azmi bin Ahmad, being two of the directors of Alam Maritim Resources Berhad, state that in the opinion of the Directors, the financial statements set out on pages 58 to 127 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2012 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The supplementary information set out in Note 41 to the financial statements on page 128 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 16 April 2013.

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid

Datuk 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 58 to 127 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 16 April 2013

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 2012 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 58 to 127.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 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 14 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 reporting responsibilities

The supplementary information set out in Note 41 to the financial statements on page 128 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.

Other matters

(a) As stated in Note 40 to the financial statements, Alam Maritim Resources Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

(b) 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. 1697/03/15 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
16 April 2013

Statements of Comprehensive Income

For the financial year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	502,389,636	308,123,866	-	-
Cost of sales		(444,419,667)	(247,270,124)	-	-
Gross profit		57,969,969	60,853,742	-	-
Other income	5	7,081,523	19,172,838	22,265,425	23,415,072
Employee benefits expense	6	(24,722,156)	(22,730,378)	(496,567)	(288,687)
Other expenses		(18,808,445)	(21,266,352)	(396,428)	(316,804)
Operating profit		21,520,891	36,029,850	21,372,430	22,809,581
Finance costs	8	(27,075,739)	(35,174,783)	(21,889,504)	(22,756,754)
Share of results of jointly controlled entities		40,434,054	2,221,032	-	-
Share of results of associates		21,039,110	12,413,755	-	-
Profit/(loss) before tax	9	55,918,316	15,489,854	(517,074)	52,827
Income tax (expense)/credit	10	(210,090)	(880,315)	25,427	(88,717)
Profit/(loss) for the year		55,708,226	14,609,539	(491,647)	(35,890)
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		411,483	394,871	-	-
Total comprehensive income for the year		56,119,709	15,004,410	(491,647)	(35,890)
Profit/(loss) attributable to:					
Owners of the parent		58,264,371	13,593,673	(491,647)	(35,890)
Non-controlling interests		(2,556,145)	1,015,866	-	-
		55,708,226	14,609,539	(491,647)	(35,890)
Total comprehensive income attributable to:					
Owners of the parent		58,617,145	13,830,375	(491,647)	(35,890)
Non-controlling interests		(2,497,436)	1,174,035	-	-
		56,119,709	15,004,410	(491,647)	(35,890)
Earnings per share attributable to owners of the parent:					
Basic (Sen)	11	7.4	1.7		
Diluted (Sen)	11	7.4	1.7		

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

Statements of Financial Position
As at 31 December 2012

	Note	2012 RM	2011 RM	As at 1 January 2011 RM
Group				
Assets				
Non-current assets				
Property, vessels and equipment	12	543,327,617	567,748,370	665,073,629
Intangible assets	13	1,533,408	1,617,354	1,691,092
Investment in associates	15	116,525,569	95,486,460	54,907,200
Investments in jointly controlled entities	16	121,856,726	78,626,350	75,987,405
Deferred tax assets	27	20,383,132	23,527,326	20,059,575
Deposits with a licensed bank	22	11,573,811	11,573,811	11,567,361
Trade receivables	19	7,486,145	-	-
		822,686,408	778,579,671	829,286,262
Current assets				
Inventories	18	8,239,400	6,254,709	8,507,084
Trade receivables	19	192,374,365	217,155,112	117,434,537
Other receivables	21	155,168,257	134,682,545	169,307,894
Tax recoverable		3,033,884	4,024,928	4,454,598
Cash and bank balances	22	118,116,479	130,822,831	167,010,472
		476,932,385	492,940,125	466,714,585
Total assets		1,299,618,793	1,271,519,796	1,296,000,847
Equity and liabilities				
Current liabilities				
Borrowings	25	213,829,176	184,056,133	233,849,190
Trade payables	28	67,530,369	68,607,625	28,624,547
Other payables	29	55,727,283	22,721,247	51,756,326
Tax payable		467,015	2,390,078	2,945,324
		337,553,843	277,775,083	317,175,387
Net current assets		139,378,542	215,165,042	149,539,198
Non-current liabilities				
Borrowings	25	346,482,343	428,189,001	435,164,780
Deferred tax liabilities	27	87,603,409	93,696,223	91,005,114
		434,085,752	521,885,224	526,169,894
Total liabilities		771,639,595	799,660,307	843,345,281
Net assets		527,979,198	471,859,489	452,655,566

Statements of Financial Position (cont'd)

As at 31 December 2012

	Note	2012 RM	2011 RM	As at 1 January 2011 RM
Group				
Equity attributable to owners of the parent				
Share capital	23	196,802,315	196,802,315	195,287,595
Share premium	23	24,095,508	24,095,508	22,629,064
Other reserves	24(a)	774,467	421,693	(1,033,358)
Retained earnings	24(b)	303,902,468	245,638,097	232,044,425
		525,574,758	466,957,613	448,927,726
Non-controlling interests		2,404,440	4,901,876	3,727,840
Total equity		527,979,198	471,859,489	452,655,566
Total equity and liabilities		1,299,618,793	1,271,519,796	1,296,000,847

	Note	2012 RM	2011 RM	As at 1 January 2011 RM
Company				
Assets				
Non-current assets				
Property, vessels and equipment	12	323,459	413,727	37,057
Investment in subsidiaries	14	100,302,070	100,302,070	100,302,070
		100,625,529	100,715,797	100,339,127
Current assets				
Due from subsidiaries	17	488,860,451	546,832,632	616,067,346
Due from related corporations	21	3,120	3,120	3,120
Other receivables	21	55,836	-	-
Tax recoverable		954,786	897,357	1,392,178
Cash and bank balances	22	42,904,388	64,484,363	88,319,606
		532,778,581	612,217,472	705,782,250
Total assets		633,404,110	712,933,269	806,121,377
Equity and liabilities				
Current liabilities				
Borrowings	25	122,834,400	111,798,956	176,948,917
Other payables	29	8,887,844	8,922,564	11,357,527
		131,722,244	120,721,520	188,306,444
Net current assets		401,056,337	491,495,952	517,475,806

Statements of Financial Position (cont'd)

As at 31 December 2012

	Note	2012 RM	2011 RM	As at 1 January 2011 RM
Company				
Non-current liabilities				
Borrowings	25	270,311,711	360,349,947	390,116,754
Total liabilities		402,033,955	481,071,467	578,423,198
Net assets		231,370,155	231,861,802	227,698,179
Equity attributable to owners of the parent				
Share capital	23	196,802,315	196,802,315	195,287,595
Share premium	23	24,095,508	24,095,508	22,629,064
Other reserves	24(a)	5,667,345	5,667,345	4,448,996
Retained earnings	24(b)	4,804,987	5,296,634	5,332,524
Total equity		231,370,155	231,861,802	227,698,179
Total equity and liabilities		633,404,110	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 2012

Group	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24(a)) RM	Retained earnings (Note 24(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 2012	196,802,315	24,095,508	421,693	245,638,097	466,957,613	4,901,876	471,859,489
Total comprehensive income for the year	-	-	352,774	58,264,371	58,617,145	(2,497,436)	56,119,709
Closing balance at 31 December 2012	196,802,315	24,095,508	774,467	303,902,468	525,574,758	2,404,440	527,979,198
Opening balance at 1 January 2011	195,287,595	22,629,064	(1,033,358)	232,044,424	448,927,725	3,727,841	452,655,566
Total comprehensive income for the year	-	-	236,702	13,593,673	13,830,375	1,174,035	15,004,410
Transactions with owners:							
Issue of ordinary shares:							
- pursuant to Employee Share Options Scheme ("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	245,638,097	466,957,613	4,901,876	471,859,489

Statements of Changes in Equity (cont'd)

For the financial year ended 31 December 2012

Company	Share capital (Note 23) RM	← Non-Distributable Share premium (Note 23) RM	Other reserves (Note 24(a)) RM →	Distributable Retained earnings (Note 24(b)) RM	Total equity RM
At 1 January 2012	196,802,315	24,095,508	5,667,345	5,296,634	231,861,802
Total comprehensive loss for the year	-	-	-	(491,647)	(491,647)
At 31 December 2012	196,802,315	24,095,508	5,667,345	4,804,987	231,370,155
At 1 January 2011	195,287,595	22,629,064	4,448,996	5,332,524	227,698,179
Total comprehensive income 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

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

Statements of Cash Flows

For the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Operating activities				
Profit/(loss) before tax	55,918,316	15,489,854	(517,074)	52,827
Adjustments for:				
Interest income	(2,110,786)	(1,023,164)	(395,456)	(593,538)
Interest recharged to subsidiaries	-	-	(21,869,968)	(22,692,534)
Depreciation of property, vessels and equipment (Note 12)	36,951,426	38,010,850	90,268	74,668
Gain on disposal of property, vessels and equipment	(2,599,002)	(8,871,640)	-	(129,000)
Finance costs	27,075,739	35,174,783	21,889,504	22,708,733
Fair value adjustment on ESOS	-	1,218,349	-	1,218,348
Impairment loss on trade receivables	6,131,560	436,598	-	-
Writeback impairment on trade receivables	(2,199,462)	-	-	-
Reversal of provision for foreseeable losses	-	(4,453,750)	-	-
Net unrealised foreign exchange (gain)/loss	(460,772)	11,346,292	-	-
Amortisation of intangible assets	125,150	121,864	-	-
Share of results of associates	(21,039,110)	(12,413,755)	-	-
Share of results of jointly controlled entities	(40,434,054)	(2,221,032)	-	-
Total adjustments	1,440,689	57,325,395	(285,652)	586,677
Operating cash flows before working capital changes	57,359,005	72,815,249	(802,726)	639,504
Changes in working capital:				
(Increase)/decrease in inventories	(1,984,691)	2,252,375	-	-
Decrease/(increase) in receivables	13,319,640	(61,054,574)	(113,265)	-
Increase/(decrease) in payables	31,289,738	10,973,846	1,023,748	(2,315,941)
Total changes in working capital	42,624,687	(47,828,353)	910,483	(2,315,941)
Cash generated from/ (used in) operations activities	99,983,692	24,986,896	107,757	(1,676,437)
Tax refund	-	-	-	406,105
Income tax paid	(4,090,726)	(1,808,382)	-	-
Interest paid	(27,075,739)	(35,174,783)	(21,889,504)	(22,708,733)
Net cash flows (used in) / from operating activities	68,817,227	(11,996,269)	(21,781,747)	(23,979,065)

Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Investing activities				
Purchase of property, vessels and equipment	(27,944,537)	(17,572,356)	-	(451,338)
Proceeds from disposal of vessels to associates	-	75,150,660	-	-
Proceeds from disposal of property, vessels and equipment	750,000	-	-	129,000
Investment in jointly controlled entities	(2,883,823)	(417,913)	-	-
Investment in associates	-	(28,165,505)	-	-
Decrease in amount due from subsidiaries	-	-	79,842,149	69,234,713
Interest received	2,110,786	1,023,164	395,456	23,286,072
Net cash flows (used in) / from investing activities	(27,967,574)	30,018,050	80,237,605	92,198,447
Financing activities				
Proceeds from issuance ofordinary shares (Note 23)	-	2,981,164	-	2,981,164
Proceeds from Murabahah Commercial Papers ("MCP")/ Murabahah Medium Term Notes ("MMTN")	-	40,000,000	-	40,000,000
Repayment of MCP/MMTN	(50,000,000)	(55,000,000)	(50,000,000)	(55,000,000)
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	(30,000,000)	(80,000,000)	(30,000,000)	(80,000,000)
Proceeds from drawdown of term loans	23,656,175	34,090,201	-	-
Repayment of term loans	(7,617,272)	(3,470,914)	-	-
Proceeds from drawdown of revolving credits	15,000,000	10,000,000	-	-
Repayment of hire purchase and lease financing (Note 26)	(5,129,192)	(925,807)	(35,833)	(35,789)
Net cash set aside for marginal deposit	(2,656,990)	4,479,888	-	-
Net cash set aside for collateral and sinking fund	(20,272,452)	8,926	-	-
Net cash flows used in financing activities	(77,019,731)	(47,836,542)	(80,035,833)	(92,054,625)
Net decrease in cash and cash equivalents	(36,170,078)	(29,814,761)	(21,579,975)	(23,835,243)
Effect of exchange rate changes on cash and cash equivalent	(41,204)	74,748	-	-
Cash and cash equivalents at beginning of year	128,581,407	158,321,420	64,484,363	88,319,606
Cash and cash equivalents at end of year (Note 22)	92,370,125	128,581,407	42,904,388	64,484,363

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

Notes to the financial statements

For the financial year ended 31 December 2012

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 14.

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 16 April 2013.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

2.2 First-time adoption of MFRS

These financial statements, for the year ended 31 December 2012, are the first the Group and the Company have prepared in accordance with MFRS. For periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS") in Malaysia. Except for certain differences, the requirements under FRS and MFRS are similar.

Accordingly, the Group and the Company have prepared financial statements which comply with MFRS applicable for period ended 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Group's and the Company's opening statement of financial position was prepared as at 1 January 2011, the Group's and the Company's date of transition to MFRS.

The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011. The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided in Note 40.

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

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of the audited financial statements, the following MFRS and Amendments to MFRS were issued but not yet effective and have not been applied by the Group:

Description	Effective for annual periods beginning on or after
MFRS 101: Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101);	1 July 2012
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10: Consolidated Financial Statements	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosure of interests in Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employee Benefits	1 January 2013
MFRS 127: Separate Financial Statements	1 January 2013
MFRS 128: Investment in Associate and Joint Ventures	1 January 2013
MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Asset and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

<u>MFRS 10: Consolidated Financial Statements</u>

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

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

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

MFRS 11: Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities - Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

MFRS 12: Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127: Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 128: Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

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

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

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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 purchase 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. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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

2.6 Foreign currencies

(a) Functional and presentation currency

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company 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.

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 in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(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.

2.7 Property, vessels and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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

2.7 Property, vessels and equipment, and depreciation (cont'd.)

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.

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%

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

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

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

2.8 Intangible assets

(a) Goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 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 as profit or loss. 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. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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

2.11 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.

2.12 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, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.11.

In the Company's separate financial statements, investments in jointly controlled entities 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. Summary of significant accounting policies (cont'd.)

2.13 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial assets

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

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

(a) Financial assets

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) The rights to receive cash flows from the asset have expired.

(b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is extinguished and the resulting gains or losses are recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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

2.14 Impairment of financial assets (cont'd.)

(a) Financial assets carried at amortised cost (cont'd.)

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

(b) Available for sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair values after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

2.15 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 2012

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

2.16 Construction contracts

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

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

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

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

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

2.17 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.

2.18 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.

2.19 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 2012

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

2.20 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.

2.21 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.

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

2.22 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 2.23(a).

2.23 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 2.16 above.

(c) Diving, sub-sea 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 2012

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

2.23 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.

2.24 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.)

2.24 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.

2.25 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.

2.26 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 2012

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

2.27 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 RM46,470 (2011: RM182,798).

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 19.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

4. Revenue

	Group 2012 RM	Group 2011 RM
Charter hire	207,360,107	207,108,197
Offshore installation and construction	238,328,644	33,217,360
Ship catering	3,268,821	7,910,675
Rental of equipment	12,194,303	6,597,324
Diving and sub-sea services	23,859,279	31,854,542
Other shipping related income	6,984,876	12,714,607
Sales of diving equipment	439,513	820,966
Vessel's management fees	9,954,093	7,900,195
	502,389,636	308,123,866

5. Other Income

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Reversal of provision for foreseeable lossess	-	4,453,750	-	-
Interest income	2,110,786	1,023,164	395,456	593,538
Gain on foreign exchange	1,732,014	2,175,526	-	-
Rental of premises	639,721	572,936	-	-
Gain on disposal of property, vessels and equipment	2,599,002	8,871,640	-	129,000
Interest recharged to subsidiaries	-	-	21,869,969	22,692,534
Other income	-	2,075,822	-	-
	7,081,523	19,172,838	22,265,425	23,415,072

6. Employee benefits expense

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Salaries, bonuses and allowances	18,634,763	16,952,761	476,065	261,092
Contributions to defined contribution plan - EPF	2,107,334	1,608,955	-	-
Social security contributions	135,550	91,404	-	-
Fair value adjustment onESOS period extension	-	1,218,349	-	-
Other staff related expenses	3,844,509	2,858,909	20,502	27,595
	24,722,156	22,730,378	496,567	288,687

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,586,477 (2011: RM2,405,592) as further disclosed in Note 7.

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

7. Directors' remuneration

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors' remuneration (Note 6):				
Fees	169,865	73,119	-	-
Other emoluments	3,416,612	2,332,473	-	-
	3,586,477	2,405,592	-	-
Non-executive directors' remuneration (Note 9):				
Fees	252,000	207,000	252,000	207,000
Other emoluments	100,000	93,167	100,000	93,167
	352,000	300,167	352,000	300,167
Total directors' remuneration (Note 35(b))	3,938,477	2,705,759	352,000	300,167
Estimated money value of benefits-in-kind	88,750	95,416	21,250	17,083
Total directors' remuneration including benefits-in-kind	4,027,227	2,801,175	373,250	317,250

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive:				
Salaries and other emoluments	3,000,265	2,208,600	-	-
Bonus	338,100	-	-	-
Defined contribution plan - EPF	248,112	196,992	-	-
Estimated money value of benefits-in-kind	67,500	78,333	-	-
Total executive directors' remuneration	3,653,977	2,483,925	-	-
Non-executive:				
Fees and other emoluments	352,000	300,167	352,000	300,167
Estimated money value of benefits-in-kind	21,250	17,083	21,250	17,083
Total non-executive directors' remuneration	373,250	317,250	373,250	317,250
Total directors' remuneration	4,027,227	2,801,175	373,250	317,250

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

7. 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	
	2012	2011
Executive directors:		
RM200,001 - RM300,000	-	1
RM500,001 - RM600,000	-	1
RM800,001 - RM900,000	1	1
RM900,001 - RM1,000,000	-	1
RM1,200,001 - RM1,300,000	1	-
RM1,501,001 - RM1,600,00	1	-
Non-executive directors:		
RM20,001 - RM30,000	-	1
RM60,001 - RM70,000	1	-
RM80,001 - RM90,000	2	1
RM90,001 - RM100,000	-	1
RM100,001 - RM110,000	1	1

8. Finance costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
Term loans	1,972,481	1,016,009	-	-
Hire purchase and finance lease liabilities	819,719	1,126,365	19,536	16,199
MCP/MMTN	3,526,769	2,203,835	3,526,769	2,203,835
Sukuk Ijarah MTN	18,343,199	20,536,720	18,343,199	20,536,720
Other borrowings	2,413,571	10,291,854	-	-
	27,075,739	35,174,783	21,889,504	22,756,754

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

9. Profit/(loss) before tax

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-executive directors' remuneration (Note 7)	352,000	300,167	352,000	300,167
Auditors' remuneration:				
Auditors of the Company:				
- statutory audits	235,000	212,000	50,000	45,000
- other services	75,000	-	-	-
Operating leases:				
- lease payments for premises	1,356,985	658,272	-	-
- lease payments for third party vessels	89,920,467	97,201,919	-	-
Depreciation of property, vessels and equipment (Note 12)	36,951,426	38,010,850	90,268	74,668
Bad debts written off	-	(844,618)	-	-
Impairment loss on trade receivables	6,131,560	436,598	-	-
Reversal of impairment loss on trade receivables	(2,199,462)	-	-	-
Reversal of provision for foreseeable losses	-	(4,453,750)	-	-
Amortisation of intangible assets (Note 13)	125,150	121,864	-	-
Net unrealised foreign exchange (gain)/loss	(460,772)	11,346,292	-	-
Net realised foreign exchange losses	1,295,956	9,673,290	-	-
Interest income	(2,110,786)	(1,023,164)	(395,456)	(593,538)
Interest recharged to subsidiaries	-	-	(21,869,969)	(22,692,534)
Gain on disposal of property, vessels and equipment	(2,599,002)	(8,871,640)	-	(129,000)

10. Income tax expense/(benefit)

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	1,361,786	1,494,383	-	68,557
Under/(over) provision in prior years:				
Malaysian income tax	1,271,757	188,422	(25,427)	21,202
Foreign tax	112,744	-	-	-
	2,746,287	1,682,805	(25,427)	89,759

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

10. Income tax expense/(benefit)

Major components of income tax expenses (cont'd.)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(368,458)	349,527	-	(1,042)
Overprovision in prior year	(2,167,739)	(1,152,017)	-	-
	(2,536,197)	(802,490)	-	(1,042)
	210,090	880,315	(25,427)	88,717

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

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

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 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Profit/(loss) before tax	55,918,316	15,489,854	(517,074)	52,827
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	13,979,579	3,872,464	(129,411)	13,207
Different tax rates in other countries	(40,258)	78,604	-	-
Different tax rates in other jurisdiction	(82,841)	(568,781)	-	-
Effect of income not subject to tax	(113,092)	(121,150)	-	-
Effect of share of results of jointly controlled entities and associates	(15,368,291)	(3,627,140)	-	-
Non-deductible for tax purposes	2,561,135	2,209,913	72,315	54,308
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	57,096	-	57,096	-
Under/(over) provision of income tax in prior years	1,384,501	188,422	(25,427)	21,202
Overprovision of deferred tax in prior year	(2,167,739)	(1,152,017)	-	-
Income tax expense/ (benefit) for the year	210,090	880,315	(25,427)	88,717

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

11. 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.

	2012 RM	2011 RM
Profit attributable to ordinary equity holders of the Company	58,264,371	13,593,673
Weighted average number of ordinary shares in issue	787,209,260	785,311,219
Basic earnings per share (Sen)	7.4	1.7

(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.

	2012 RM	2011 RM
Profit attributable to ordinary equity holders of the Company	58,264,371	13,593,673
Weighted average number of ordinary shares in issue	787,209,260	785,311,219
Effects of dilution from share options granted to employees	3,906,147	10,063,364
Adjusted weighted average number of ordinary shares in issue and issuable	791,115,407	795,374,583
Diluted earnings per share (Sen)	7.4	1.7

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 2012										
At 1 January 2012	12,039,510	17,363,787	589,496,119	27,890,155	84,613,660	4,841,109	5,356,946	4,774,426	2,420,910	748,796,622
Additions	-	8,255	-	5,710,417	5,088,840	679,980	96,919	-	16,908,273	28,492,684
Disposals	-	-	(2,237,093)	(4,034,516)	(392,402)	-	-	-	(16,835,500)	(23,499,511)
Exchange differences	-	277,425	(10,981)	-	1,118,986	-	19,799	21,620	-	1,426,849
At 31 December 2012	12,039,510	17,649,467	587,248,045	29,566,056	90,429,084	5,521,089	5,473,664	4,796,046	2,493,683	755,216,644
Accumulated depreciation										
At 1 January 2012	32,611	1,821,453	127,693,528	19,190,771	24,139,101	3,742,292	2,855,977	1,572,519	-	181,048,252
Charge for the year	121,611	388,673	21,015,758	5,786,782	7,985,289	784,850	687,645	405,869	-	37,176,477
Disposals	-	-	(1,961,918)	(4,034,397)	(346,742)	-	-	-	-	(6,343,057)
Adjustment	298,937	(523,988)	-	-	-	-	-	-	-	(225,051)
Exchange differences	-	15,963	-	-	191,935	-	14,814	9,694	-	232,406
At 31 December 2012	453,159	1,702,101	146,747,368	20,943,156	31,969,583	4,527,142	3,558,436	1,988,082	-	211,889,027

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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
At 1 January 2011										
At 1 January 2011	12,039,510	15,987,824	589,485,138	21,592,355	76,571,232	4,628,985	4,861,117	3,866,035	80,540,433	809,572,629
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	589,496,119	27,890,155	84,613,660	4,841,109	5,356,946	4,774,426	2,420,910	748,796,622
Accumulated depreciation										
At 1 January 2011	20,649	891,750	106,348,394	13,033,701	16,027,575	3,524,263	2,192,037	1,174,979	-	143,213,348
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	127,693,528	19,190,771	24,139,101	3,742,292	2,855,977	1,572,519	-	181,048,252
Net carrying amount										
At 31 December 2011	12,006,899	15,542,334	461,802,591	8,699,384	60,474,559	1,098,817	2,500,969	3,201,907	2,420,910	567,748,370
At 31 December 2012	11,586,351	15,947,366	440,500,677	8,622,900	58,459,501	993,947	1,915,228	2,807,964	2,493,683	543,327,617

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

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

Company	Motor vehicles 2012 RM	2011 RM
Cost		
At 1 January	451,338	277,926
Addition	-	451,338
Disposal	-	(277,926)
At 31 December	451,338	451,338
Accumulated depreciation		
At 1 January	37,611	240,869
Depreciation charge for the year	90,268	74,668
Disposal	-	(277,926)
At 31 December	127,879	37,611
Net carrying amount		
At 31 December	323,459	413,727

(a) Included in the Group's additions for the year are property, vessels and equipment of RM548,147 (2011: RM490,050) 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		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Motor vehicles	993,946	1,098,817	323,459	413,727
Diving equipment	51,501,464	66,499,038	-	-
Assets under construction	2,493,684	2,420,910	-	-

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 26.

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

	Group 2012 RM	2011 RM
Leasehold buildings	15,947,366	15,542,334
Vessels	440,500,677	461,802,591
	456,448,043	477,344,925

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

13. Intangible assets

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2012	1,434,556	609,325	2,043,881
Exchange differences	52,382	16,845	69,227
At 31 December 2012	1,486,938	626,170	2,113,108
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
Accumulated amortisation and impairment			
At 1 January 2012	-	426,527	426,527
Charge for the year	-	125,150	125,150
Exchange differences	-	28,023	28,023
At 31 December 2012	-	579,700	579,700
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
Net carrying amount			
At 31 December 2012	1,486,938	46,470	1,533,408
At 31 December 2011	1,434,556	182,798	1,617,354

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

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

13. Intangible assets (cont'd.)

(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 2012	1,303,060	183,878	1,486,938
At 31 December 2011	1,250,678	183,878	1,434,556

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

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

(ii) Discount rate

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

(iii) Bond rate

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

14. Investments in subsidiaries

	Company 2012 RM	2011 RM
Unquoted shares, at cost	100,302,070	100,302,070

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

14. Investments in subsidiaries (cont'd.)

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2012 %	Group's effective interest 2011 %
(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 sub-sea services	70	70
Alam OffshoreServices & 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
Alam Maritim Properties (M) Sdn. Bhd. ("AMP") ^	Malaysia	Property owner and management	100	-
(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.

^ On 4 December 2012, Alam Maritim (M) Sdn. Bhd., a wholly owned subsidiary of the Company acquired a newly subsidiary called Alam Maritim Properties (M) Sdn. Bhd.

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

15. Investments in associates

	Group 2012 RM	Group 2011 RM
Unquoted shares, at cost	86,594,449	86,594,449
Share of post-acquisition reserves	29,931,120	8,892,011
	116,525,569	95,486,460

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2012 %	Group's effective interest 2011 %
(i) Held through AMLI				
Alam-PE Holdings (L) Inc. ("ALAM-PE(H)")	Federal of Labuan, Malaysia	Ship Territory 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

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

15. Investments in associates (cont'd.)

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2012 %	Group's effective interest 2011 %
(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

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

	2012 RM	2011 RM
Assets and liabilities		
Current assets	153,830,985	154,578,503
Non-current assets	251,356,808	248,146,109
Total assets	405,187,793	402,724,612
Current liabilities	178,172,795	168,686,066
Non-current liabilities	104,942,454	132,786,006
Total liabilities	283,115,249	301,472,072
Results		
Revenue	55,431,864	42,102,208
Profit for the year	21,039,110	12,413,755

16. Investment in jointly controlled entities

	Group 2012 RM	Group 2011 RM
Unquoted shares, at cost	44,900,445	42,016,622
Share of post-acquisition reserves	76,956,281	36,609,728
	121,856,726	78,626,350

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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

Details of the jointly controlled entities are as follows:

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
(i) Held through AMSB:				
Alam Eksplorasi (M) Sdn. Bhd. ("AESB")	Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy I (L) Inc. ("AS I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy II (L) Inc. ("AS II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam Synergy III (L) Inc. ("AS III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	60	60
Alam 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	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	60	60
Alam Swiber DLB 1 (L) Inc. ("ASDLB1")	Federal Territory of Labuan, Malaysia	Ship owning and chartering	51	50

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
(ii) Held through AMLI (cont'd.):				
Alam Radiance (L) Inc. ("ARLI")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
TH-Alam Management (M) Sdn Bhd ("THAM")	Malaysia	Ship management and consultancy	50	50
Globe Alam Marine Offshore Services Co. ("Globe Alam")	Saudi Arabia	Offshore facilities construction and installation services	40	40

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

	2012 RM	2011 RM
Assets and liabilities		
Current assets	177,173,286	124,607,515
Non-current assets	329,263,327	271,798,358
Total assets	506,436,613	396,405,873
Current liabilities	227,251,688	178,709,009
Non-current liabilities	162,278,175	143,637,788
Total liabilities	389,529,863	322,346,797
Results		
Income	321,245,350	129,778,619
Profit for the year	40,434,054	2,221,032

17. Amount due from subsidiaries

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM486,478,902 (2011: RM546,832,632) which bears interest rate between 4.58% per annum and 5.63% per annum (2011: between 4.58% per annum and 5.63% per annum).

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

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

18. Inventories

	Group 2012 RM	Group 2011 RM
Cost		
Raw materials	1,891,815	1,838,387
Work-in-progress	6,058,209	4,118,542
Spare parts	289,376	297,780
	8,239,400	6,254,709

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM2,669,607 (2011: RM2,549,201).

19. Trade receivables

	Group 2012 RM	Group 2011 RM
Current		
Third parties	136,664,909	203,826,709
Accrued charter hire income	55,709,456	43,038,020
Construction contracts:		
Due from customers on contract (Note 20)	-	7,921,250
Less: allowance for impairment	-	(37,630,867)
	192,374,365	217,155,112
Non-current		
Third parties	49,049,110	-
Less: allowance for impairment	(41,562,965)	-
	7,486,145	-
Trade receivables, net	199,860,510	217,155,112

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2011: 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.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

19. Trade receivables (cont'd.)

Ageing analysis of trade receivables

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

	Group 2012 RM	Group 2011 RM
Neither past due nor impaired	124,761,512	101,277,719
1 to 30 days past due not impaired	294,376	49,821,293
31 to 60 days past due not impaired	36,948,330	13,596,863
61 to 90 days past due not impaired	30,370,147	15,911,698
91 to 120 days past due not impaired	-	3,393,298
More than 121 days past due not impaired	7,486,145	13,386,550
	75,098,998	96,109,702
Impaired	41,562,965	57,398,558
	241,423,475	254,785,979

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM75,098,998 (2011: RM96,109,702) that are past due at the reporting date but not impaired.

At the reporting date, 73.8% (2011: 26.5%) 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 2012 RM	Group 2011 RM
Individually impaired		
Trade receivables - nominal amounts	41,562,965	57,398,558
Less: allowance for impairment	(41,562,965)	(37,630,867)
	-	19,767,691

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

19. Trade receivables (cont'd.)

Movement in allowance accounts:

	Group 2012 RM	Group 2011 RM
At 1 January	37,630,867	38,038,887
Charge for the year (Note 9)	6,131,560	436,598
Write back (Note 9)	(2,199,462)	-
Written off	-	(844,618)
At 31 December	41,562,965	37,630,867

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.

20. Due from customers on contract

	Group 2012 RM	Group 2011 RM
Construction contract costs incurred to date	-	26,685,028
Less: Foreseeable losses	-	(6,886,948)
	-	19,798,080
Less: Progress billings	-	(11,876,830)
	-	7,921,250

21. Other receivables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Amount due from related parties:				
- Jointly controlled entities	71,089,390	73,295,685	1,248	1,248
- Associates	76,855,594	50,722,075	1,872	1,872
	147,944,984	124,017,760	3,120	3,120
Deposits	583,513	365,196	-	-
Prepayments	777,421	3,471,163	55,836	-
Sundry receivables	5,862,339	6,828,426	-	-
Total other receivables	155,168,257	134,682,545	58,956	3,120

21. Other receivables (cont'd.)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Add: Trade receivables (Note 19)	199,860,510	217,155,112	-	-
Other receivables	155,168,257	134,682,545	58,956	3,120
Cash and bank balances (Note 22)	129,690,290	142,396,642	42,904,388	64,484,363
Less: Amount due from customers on contract	-	(7,921,250)	-	-
Prepayments	(777,421)	(3,471,163)	(55,836)	-
Total loans and receivables	483,941,636	482,841,886	42,907,508	64,487,483

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

22. Cash and cash equivalents

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-current assets				
Deposits with a licensed bank	11,573,811	11,573,811	-	-
Current assets				
Cash on hand and at banks	88,586,595	124,071,860	42,904,388	64,484,363
Deposits with licensed banks	29,529,884	6,750,971	-	-
	118,116,479	130,822,831	42,904,388	64,484,363
	129,690,290	142,396,642	42,904,388	64,484,363
Bank overdrafts (Note 25)	(3,209,281)	(2,633,793)	-	-
Amounts set aside as sinking fund	(27,772,452)	(7,500,000)	-	-
Amounts set aside as margin deposits for bank guarantee facilities	(6,338,432)	(3,681,442)	-	-
Total cash and cash equivalents	92,370,125	128,581,407	42,904,388	64,484,363

The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2012 are 1.90% (2011: 1.90%) and 550 days (2011: 915 days) respectively. The amount set aside as margin deposits for bank gurantee facilities are pledged to secure the borrowings as disclosed in Note 25.

Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 25.

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

23. Share capital and share premium

	Number of ordinary shares of RM0.25 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised share capital				
At 1 January/ 31 December	1,000,000,000	1,000,000,000	250,000,000	250,000,000

	Number of ordinary shares of RM0.25 each Share capital (issued and fully paid)	← Amount → Share capital (issued and fully paid) RM	Share premium RM	Total RM
At 1 January 2011	781,150,377	195,287,595	22,629,064	217,916,659
Pursuant to ESOS (Note 30 (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
At 1 January 2012/ 31 December 2012	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 the Company's Employee Share Options Scheme

In the previous financial year, the Company issued 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.

24. (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 2012	5,667,345	(5,511,517)	265,865	421,693
Foreign currency translation, representing other comprehensive income	-	-	352,774	352,774
At 31 December 2012	5,667,345	(5,511,517)	618,639	774,467

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

24. (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
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

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 30). 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.

(b) Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single tier system.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

25. Borrowings

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 22)	3,209,281	2,633,793	-	-
Term loans	12,616,749	9,518,071	-	-
MCP/MMTN	32,796,163	81,763,123	32,796,163	81,763,123
Sukuk Ijarah MTN	90,000,000	30,000,000	90,000,000	30,000,000
Hire purchase and finance lease liabilities (Note 26)	5,206,983	5,141,146	38,237	35,833
	143,829,176	129,056,133	122,834,400	111,798,956
Unsecured:				
Revolving credits	70,000,000	55,000,000	-	-
	213,829,176	184,056,133	122,834,400	111,798,956
Long term borrowings				
Secured:				
Term loans	69,263,546	55,493,349	-	-
Sukuk Ijarah MTN	270,000,000	360,000,000	270,000,000	360,000,000
Hire purchase and finance lease liabilities (Note 26)	7,218,797	12,695,652	311,711	349,947
	346,482,343	428,189,001	270,311,711	360,349,947
Total borrowings				
Bank overdrafts (Note 22)	3,209,281	2,633,793	-	-
Revolving credits	70,000,000	55,000,000	-	-
Term loans	81,880,295	65,011,420	-	-
MCP/MMTN	32,796,163	81,763,123	32,796,163	81,763,123
Sukuk Ijarah MTN	360,000,000	390,000,000	360,000,000	390,000,000
Hire purchase and finance lease liabilities (Note 26)	12,425,780	17,836,798	349,948	385,780
	560,311,519	612,245,134	393,146,111	472,148,903

25. Borrowings (cont'd.)

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	208,622,193	178,914,987	122,796,163	111,763,123
Later than 1 year not later than 2 years	45,243,596	96,170,146	40,000,000	90,000,000
Later than 2 years not later than 5 years	242,650,526	198,630,072	185,000,000	195,000,000
Later than 5 years	51,369,424	120,693,131	45,000,000	75,000,000
	547,885,739	594,408,336	392,796,163	471,763,123

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	%	**%**	**%**	**%**
Bank overdrafts	6.50	6.65	-	-
Revolving credits	4.30	5.36	-	-
Term loans	6.60	6.50	-	-
MCP/MMTN	4.20	4.20	4.20	4.20
Sukuk Ijarah MTN	5.00	5.00	5.00	5.00

(a) Bank overdrafts:

The secured bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 22.

(b) Term loans:

During the year, Alam Maritim (L) Inc. has sought consent from Malaysian Debt Ventures Berhad to revise repayment schedule of Bai Al-Inah loan to better match its cashflow profile.

The revision is as follows:

(i) The availability period of the loan to be extended from March 2015 to August 2017.

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

(i) First legal charge over the vessels and leasehold building of certain subsidiaries as disclosed in Note 12;

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

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

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

(v) Corporate guarantees by the Company;

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

25. Borrowings (cont'd.)

(c) MCP/MMTN and Sukuk Ijarah MTN Facility

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

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

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

(iii) sinking fund as disclosed in Note 22.

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 (2011: 4.58% to 5.63% per annum).

Interest on MCP/MMTN and Sukuk Ijarah MTN charged by bank is recharged 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	
	2012	**2011**
	RM	**RM**
MCP/MMTN		
Nominal value	35,000,000	85,000,000
Less: Discount	(2,640,906)	(4,694,411)
Net proceeds from issuance of MCP/MMTN	32,359,094	80,305,589
Amortisation of discount	437,069	1,457,534
Total amount included within borrowings	32,796,163	81,763,123

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

26. Hire purchase and finance lease liabilities

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Future minimum lease payments:				
Not later than 1 year	11,050,339	6,038,412	55,368	55,368
Later than 1 year and not later than 2 years	572,419	6,034,634	55,368	55,368
Later than 2 years and not later than 5 years	1,242,986	6,293,669	166,104	166,104
Later than 5 years	473,646	1,122,331	143,035	198,402
Total future minimum lease payments	13,339,390	19,489,046	419,875	475,242
Less: Future finance charges	(913,610)	(1,652,248)	(69,927)	(89,462)
Present value of finance lease liabilities (Note 25)	12,425,780	17,836,798	349,948	385,780
Analysis of present value of finance lease liabilities:				
Not later than 1 year	5,206,983	5,141,146	38,237	35,833
Later than 1 year and not later than 2 years	5,325,210	5,516,406	40,642	38,237
Later than 2 years and not later than 5 years	1,097,343	5,964,278	136,350	129,136
Later than 5 years	796,244	1,214,968	134,719	182,574
	12,425,780	17,836,798	349,948	385,780
Less: Amount due within 12 months (Note 25)	(5,206,983)	(5,141,146)	(38,237)	(35,833)
Amount due after 12 months (Note 25)	7,218,797	12,695,652	311,711	349,947

The Group's and the Company's hire purchase and finance lease liabilities bear weighted average effective interest rates of 2.45% (2011: 2.50%) per annum and 2.73% (2011: 2.73%) respectively.

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

27. Deferred taxation

	Group	
	2012	2011
	RM	RM
At 1 January	70,168,897	70,945,539
Recognised in statements of comprehensive income (Note 10)	(2,536,197)	(802,490)
Exchange differences	(412,423)	25,848
At 31 December	67,220,277	70,168,897
Presented after appropriate offsetting as follows:		
Deferred tax assets	(20,383,132)	(23,527,326)
Deferred tax liabilities	87,603,409	93,696,223
	67,220,277	70,168,897

27. Deferred taxation (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 2012	93,696,223
Recognised in statements of comprehensive income	(5,651,305)
Exchange differences	(441,509)
At 31 December 2012	87,603,409
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

Deferred tax assets of the Group:

	Provision for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2012	(7,424,743)	(16,102,583)	(23,527,326)
Recognised in statements of comprehensive income	7,002,436	(3,887,328)	3,115,108
Exchange differences	-	29,086	29,086
At 31 December 2012	(422,307)	(19,960,825)	(20,383,132)
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)

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

	Group 2012 RM	2011 RM
Unutilised tax losses	216,552	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.

28. 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 (2011: 30 to 60 days).

29. Other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Amount due to related parties:				
- Jointly controlled entities	10,360,001	-	-	-
- Associates	26,512,305	7,931,795	-	-
	36,872,306	7,931,795	-	-
Accrued expenses	14,868,224	12,643,495	8,887,844	8,922,564
Deposits from customers	-	82,868	-	-
Sundry payables	3,986,753	2,063,089	-	-
	55,727,283	22,721,247	8,887,844	8,922,564
Trade payables	67,530,369	68,607,625	-	-
Other payables	55,727,283	22,721,247	8,887,844	8,922,564
Borrowings (Note 25)	560,311,519	612,245,134	393,146,111	472,148,903
Total financial liabilities carried at amortised costs	683,569,171	703,574,006	402,033,955	481,071,467

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

30. 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.

30. Employee benefits (cont'd.)

Employee share options scheme ("ESOS") (cont'd.)

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

(d) In the event of any alteration in the capital structure of the Company, 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 earlier 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.

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

	Number of share options						
	Outstanding at 1 January	Movement during the year Granted	Exercised	Bonus issue	Exercised	Outstanding at 31 December	Exercisable at 31 December
2012							
2009 Options	1,695,000	-	-	-	-	1,695,000	1,695,000
2008 Options	3,444,000	-	-	-	-	3,444,000	3,444,000
2007 Options	3,111,876	-	-	-	-	3,111,876	3,111,876
2006 Options	27,975,806	-	-	-	-	21,975,806	21,975,806
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

30. Employee benefits (cont'd.)

Employee share options scheme ("ESOS") (cont'd.)

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

	Weighted average exercise price RM	Exercise period
2012		
2006 Options	0.49	20.07.2012 - 19.07.2016
2007 Options	1.47	20.07.2012 - 19.07.2016
2010 Options	1.79	20.07.2012 - 19.07.2016
2010 Options	1.27	20.07.2012 - 19.07.2016
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

(ii) Share options exercised during the previous financial year

As disclosed in Note 23, options exercised during the previous financial year resulted in the issuance of 6,058,883 ordinary shares at the exercise price between RM0.47 and RM0.55 each. The related weighted average share price at the date of exercise was RM0.50. No share option was exercised during the financial year.

31. Operating lease arrangements

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of office premise 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:

	2012 RM	2011 RM
Future rental payments:		
Not later than 1 year	96,426,773	8,999,038
Later than 1 year and not later than 5 years	189,595,575	484,595
	286,022,348	9,483,633

The lease payments recognised in profit or loss during the financial year are disclosed in Note 9.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

31. Operating lease arrangements (cont'd.)

(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.

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:

	2012 RM	2011 RM
Not later than 1 year	200,820,870	59,460,801
Later than 1 year and not later than 5 years	376,865,831	86,616,424
Later than 5 years	48,221,541	50,446,065
	625,908,242	196,523,290

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

32. Capital commitments

	Group	
	2012 RM	2011 RM
Share of associate's capital commitment in relation to purchase of vessels	57,952,000	56,793,083

33. Corporate guarantee

At the reporting date, the Company has extended its corporate guarantees given to banks for credit facilities granted to various subsidiaries amounting to RM134,500,000 (2011: RM129,500,000).

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

34. Contingent liabilities

The Board of Directors is not aware of any other material commitments, save for those arising from the ordinary course of business and contingent liabilities arising from an arbitration proceeding against Alam Hidro Sdn Bhd ("AHSB"), due to trade dispute. AHSB's appointed legal advisers remain of the view that AHSB has a reasonably good case and defence and/or counterclaim against the owner of the vessel and further of the opinion that the charter party was impossible to be performed by the owner of the vessel and therefore the charter party and the related agreement are voidable. Based on the legal opinions, the Board of Directors believes that the claim amounting to USD1,859,093.83 has no merit and AHSB will file its defence if the arbitration proceeding is initiated. The claim, if becoming enforceable, may have impact on the profits of AHSB. However, the amount involved is not expected to have a material impact on the Group's financial performance.

Save as disclosed above, there were no material contingent liabilities that may, upon materialisation, have a material effect on the Group's financial results or position.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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	2012 RM	2011 RM
Group			
Jointly controlled entities:			
Charter hire of vessels	(i)	97,731,324	39,716,968
Vessel management fees	(ii)	3,587,978	2,736,668
Associates:			
Charter hire of vessels		117,919,724	59,892,359
Vessel management fees from associates		6,906,340	5,163,527
Transfer of vessels to associates		16,835,500	79,547,973
Company			
Subsidiaries:			
ESOS costs charged to subsidiaries		-	1,218,348

(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 2012 are disclosed in Notes 17, 21 and 29.

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 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short term employee benefits	5,706,431	6,368,606	316,083	317,250
Contributions to defined contribution plan - EPF	509,220	402,723	-	-

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

35. Related party disclosures (cont'd.)

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

Included in the total key management personnel compensation are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors' remuneration (Note 7)	3,938,477	2,705,759	352,000	300,167

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	
	2012	2011
At 1 January	52,872,963	54,982,609
Exercised	-	(2,109,646)
At 31 December	52,872,963	52,872,963

36. Fair value of financial instruments

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 2012		Company 2012	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets:				
Due from subsidiaries	-	-	270,000,000	267,347,422
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	(7,218,797)	(6,839,991)	(311,711)	(306,072)
- Sukuk Ijarah MTN	(270,000,000)	(267,347,422)	(270,000,000)	(267,347,422)
- Fixed rate term loans	(69,263,546)	(68,129,684)	-	-

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

	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)	-	-

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 reasonable approximation of fair values as the interest earns 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

(a) Credit risk (cont'd.)

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

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position; and

At the reporting date, approximately:

- 63% (2011: 64%) of the Group's trade receivables were due from 10 major customers who are located in Malaysia;

- 42% (2011: 30%) 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 19. 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 19.

(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 38% (2011: 30%) of the Group's loans and borrowings (Note 25) will mature in less than one year based on the carrying amount reflected in the financial statements. About 31% (2011: 24%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

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

(b) Liquidity risk (cont'd.)

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.

	2012			
	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	123,257,652	-	-	123,257,652
Loans and borrowings	219,672,532	289,709,527	51,843,070	561,225,129
Total undiscounted financial liabilities	342,930,184	289,709,527	51,843,070	684,482,781
Company				
Trade and other payables	8,887,844	-	-	8,887,844
Loans and borrowings	122,851,531	225,221,472	45,143,034	393,216,037
Total undiscounted financial liabilities	131,739,375	225,221,472	45,143,034	402,103,881

	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
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

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

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their 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 80% (2011: 93%) 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 RM129,383 (2011: 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

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

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

Approximately 9% (2011: 11%) of the Group's sales are denominated in foreign currencies whilst almost 93% (2011: 96%) of cost are denominated in the respective functional currencies of the Group's entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's 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 Profit net of Tax	
		2012 RM'000	**2011 RM'000**
Financial assets			
USD/RM	- strengthened 3% (2011: 3%)	(37)	(219)
	- weakened 3% (2011: 3%)	37	219

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

(b) Liquidity risk (cont'd.)

		Group Profit net of Tax 2012 RM'000	Group Profit net of Tax 2011 RM'000
Financial liabilities			
USD/RM	- strengthened 3% (2011: 3%)	(1,417)	(2,085)
	- weakened 3% (2011: 3%)	1,417	2,085
SGD/RM	- strengthened 3% (2011: 3%)	(183)	(265)
	- weakened 3% (2011: 3%)	183	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 2012 and 31 December 2011.

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	560,311,519	612,245,134	393,146,111	472,148,903
Trade and other payables	123,257,652	91,328,872	8,887,844	8,922,564
Less: Cash and bank balances	(118,116,479)	(130,822,831)	(42,904,388)	(64,484,363)
Net debt	565,452,692	572,751,175	359,129,567	416,587,104
Equity attributable to the owners of the parent, representing total capital	525,574,758	466,957,613	231,370,155	231,861,802
Capital and net debt	1,091,027,450	1,039,708,788	590,499,722	648,448,906
Gearing ratio	51.8%	55.1%	60.8%	64.2%

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

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.

- **Sub-sea services**

  Provision of offshore facilities construction and installation services such as marine construction related services, sub-sea engineering services and offshore pipeline construction related services and designing, manufacturing and operating of remotely operated vehicles ("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 2012

39. Segmental information (cont'd.)

	Offshore support vessel and services RM	Sub-sea services RM	Others RM	Eliminations RM	Total RM
31 December 2012					
Revenue					
Sales to external customers	239,329,107	259,425,058	3,635,471	-	502,389,636
Inter segment sales	11,625,042	22,731,308	2,953,617	(37,309,967)	-
Total revenue	250,954,149	282,156,366	6,589,088	(37,309,967)	502,389,636
Results					
Segment results	26,963,853	(6,196,783)	1,391,329	(637,508)	21,520,891
Finance costs	(25,994,039)	(1,027,164)	(54,536)	-	(27,075,739)
Share of results of associates	21,039,110	-	-	-	21,039,110
Share of results of jointly controlled entities	20,652,439	19,781,615	-	-	40,434,054
Profit before tax	42,661,363	12,557,668	1,336,793	(637,508)	55,918,316
Income tax expense					(210,090)
Profit for the year					55,708,226
31 December 2012					
Assets					
Segment assets	468,561,478	65,182,955	2,946,881	6,636,303	543,327,617
Investment in associates	86,594,449	-	-	29,931,120	116,525,569
Investment in jointly controlled entities	44,900,444	-	-	76,956,282	121,856,726
Intangible assets	-	78,564	-	1,454,844	1,533,408
Unallocated assets	455,948,577	43,309,477	541,514,316	(524,396,897)	516,375,473
Total assets	1,056,004,948	108,570,996	544,461,197	(409,418,348)	1,299,618,793
Liabilities					
Segment liabilities	152,622,872	7,505,330	271,182,347	2,775,203	434,085,752
Unallocated liabilities	637,934,852	82,069,437	140,710,229	(523,160,675)	337,553,843
Total liabilities	790,557,723	89,574,768	411,892,576	(520,385,472)	771,639,595
Other segment information:					
Capital expenditure	26,691,605	1,732,452	68,627	-	28,492,684
Depreciation	29,705,679	7,015,963	229,784	-	36,951,426
Other significant non-cash expenses:					
Impairment loss of trade receivables	5,980,279	151,281	-	-	6,131,560

39. Segmental information (cont'd.)

	Offshore support vessel and services RM	Sub-sea 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	45,152,759	1,207,243	239,970	(10,570,122)	36,029,850
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	2,221,032	-	-	-	2,221,032
Profit/(loss) before tax	25,685,369	150,836	223,771	(10,570,122)	15,489,854
Income tax expense					(880,315)
Profit for the year					14,609,539
31 December 2011					
Assets					
Segment assets	490,156,903	68,061,041	1,398,859	8,131,567	567,748,370
Investment in associates	86,590,516	-	-	8,895,944	95,486,460
Investment in jointly controlled entities	37,449,348	-	-	41,177,002	78,626,350
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	1,027,001,223	110,493,119	614,649,918	(480,624,464)	1,271,519,796
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:					
Impairment loss of trade receivables	436,598	-	-	-	436,598
Fair value adjustment on ESOS period extension	1,218,349	-	-	-	1,218,349

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

40. Explanation of transition to MFRS

As stated in Note 2.2, these are the first financial statements of the Group and of the Company prepared in accordance with MFRS.

The accounting policies set out in Note 2 have been applied in preparing:

- the financial statements of the Group and of the Company for the year ended 31 December 2012;
- the comparative information presented in these financial statements for the year ended 31 December 2011; and
- the MFRS statement of financial position as at 1 January 2011 (the Group's date of transition of MFRS).

Exemptions applied

MFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain MFRS. The Group has applied the following exemptions:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transaction.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combination under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, vessels and equipment

The Group has adopted cost model to measure its property, vessels and equipment under FRS. Upon transition to MFRS, the Group has elected to still maintain the measurement of its property, vessels and equipment using the cost model under MFRS 116: Property, Plant and Equipment.

At the date of transition to MFRS, the Group elected to regard carrying amount of property, vessels and equipment at date of transition as their deemed costs at that date. As at transition date of 1 January 2011, a downward adjustment of approximately RM15,156,000 (31 December 2011: RM13,871,000) and RM4,693,000 (31 December 2011: RM4,567,000) were made to the Group property, vessels and equipment carrying values and investment in jointly controlled entities respectively. The corresponding adjustments were recognised against retained earnings and non-controlling interests amounted to approximately RM16,096,000 (31 December 2011: RM14,979,000) and RM3,753,000 (31 December 2011: RM3,459,000) respectively.

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

40. Explanation of transition to MFRS (cont'd.)

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The transition from FRS to MFRS has not had any material impact on the statement of cash flows.

The reconciliations of equity and statement of comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM	Note 39(b) RM	MFRS as at 1.1.2011 RM
Assets			
Non-current Assets			
Property, vessels and equipment	680,229,793	(15,156,164)	665,073,629
Intangible assets	1,691,092	-	1,691,092
Investments in jointly controlled entities	80,680,904	(4,693,499)	75,987,405
Investments in associated companies	54,907,200	-	54,907,200
Deferred tax assets	20,059,575	-	20,059,575
Deposits with a licensed bank	11,567,361	-	11,567,361
	849,135,925		829,286,262
Current Assets			
Inventories	8,507,084	-	8,507,084
Trade receivables	117,434,537	-	117,434,537
Other receivables	169,307,894	-	169,307,894
Tax recoverable	4,454,598	-	4,454,598
Cash and bank balances	167,010,472	-	167,010,472
	466,714,585		466,714,585
Total Assets	1,315,850,510		1,296,000,847
Equity And Liabilities			
Equity Attributable To Equity Holders Of The Parent			
Share capital	195,287,595	-	195,287,595
Share premium	22,629,064	-	22,629,064
Other reserves	(1,033,358)	-	(1,033,358)
Retained earnings	248,141,190	(16,096,765)	232,044,425
	465,024,491		448,927,726
Non-controlling interests	7,480,738	(3,752,898)	3,727,840
Total Equity	472,505,229		452,655,566

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

40. Explanation of transition to MFRS (cont'd.)

(i) Reconciliation of equity as at 1 January 2011 (cont'd.)

	FRS as at 1.1.2011 RM	Note 39(b) RM	MFRS as at 1.1.2011 RM
Non-current Liabilities			
Borrowings	435,164,780	-	435,164,780
Deferred tax liabilities	91,005,114	-	91,005,114
	526,169,894		526,169,894
Current Liabilities			
Borrowings	233,849,190	-	233,849,190
Trade payables	28,624,547	-	28,624,547
Other payables	51,756,326	-	51,756,326
Tax payable	2,945,324	-	2,945,324
	317,175,387		317,175,387
Total Liabilities	843,345,281		843,345,281
Total Equity And Liabilities	1,315,850,510		1,296,000,847

(i) Reconciliation of equity as at 31 December 2011

	FRS as at 31.12.2011 RM	Note 39(b) RM	MFRS as at 31.12.2011 RM
Assets			
Non-current Assets			
Property, vessels and equipment	581,618,882	(13,870,512)	567,748,370
Intangible assets	1,617,354	-	1,617,354
Investments in jointly controlled entities	83,193,624	(4,567,274)	78,626,350
Investments in associated companies	95,486,460	-	95,486,460
Deferred tax assets	23,527,326	-	23,527,326
Deposits with a licensed bank	11,573,811	-	11,573,811
	797,017,457		778,579,671
Current Assets			
Inventories	6,254,709	-	6,254,709
Trade receivables	217,155,112	-	217,155,112
Other receivables	134,682,545	-	134,682,545
Tax recoverable	4,024,928	-	4,024,928
Cash and bank balances	130,822,831	-	130,822,831
	492,940,125		492,940,125
Total Assets	1,289,957,582		1,271,519,796

Notes To The Financial Statements (Cont'd)
For the financial year ended 31 December 2012

40. Explanation of transition to MFRS (cont'd.)

(i) Reconciliation of equity as at 31 December 2011 (cont'd.)

	FRS as at 31.12.2011 RM	Note 39(b) RM	MFRS as at 31.12.2011 RM
Equity And Liabilities			
Equity Attributable To Equity Holders Of The Parent			
Share capital	196,802,315	-	196,802,315
Share premium	24,095,508	-	24,095,508
Other reserves	421,693	-	421,693
Retained earnings	260,616,735	(14,978,638)	245,638,097
	481,936,251		466,957,613
Non-controlling interests	8,361,024	(3,459,148)	4,901,876
Total Equity	490,297,275		471,859,489
Non-current Liabilities			
Borrowings	428,189,001	-	428,189,001
Deferred tax liabilities	93,696,223	-	93,696,223
	521,885,224		521,885,224
Current Liabilities			
Borrowings	184,056,133	-	184,056,133
Trade payables	68,607,625	-	68,607,625
Other payables	22,721,247	-	22,721,247
Tax payable	2,390,078	-	2,390,078
	277,775,083		277,775,083
Total Liabilities	799,660,307		799,660,307
Total Equity And Liabilities	1,289,957,582		1,271,519,796

Notes To The Financial Statements (Cont'd)

For the financial year ended 31 December 2012

41. 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 2012 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		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Total retained earnings of the Company and its subsidiaries				
- realised	343,474,560	4,804,987	294,373,008	5,296,634
- unrealised	(40,090,195)	-	(91,926,553)	-
	303,384,365	4,804,987	202,446,455	5,296,634
Total share of retained earnings from associates:				
- realised	35,199,647	-	13,809,378	-
- unrealised	69,251	-	(4,917,367)	-
Total share of retained earnings from jointly controlled entities:				
- realised	71,906,748	-	28,204,597	-
- unrealised	5,360,889	-	8,405,131	-
	415,920,900	4,804,987	247,948,194	5,296,634
Less: consolidation adjustments	(112,018,432)	-	(2,310,097)	-
Retained earnings as per financial statements	303,902,468	4,804,987	245,638,097	5,296,634

Analysis Of Shareholdings

As at 30 April 2013

ANALYSIS OF SHAREHOLDINGS BY SIZE

Size Of Holdings	No. Of Holders	%	No. Of Shares	%
1 - 99	96	1.575	4,548	0.000
100 - 1,000	369	6.057	289,414	0.036
1,001 - 10,000	3,742	61.424	21,020,509	2.665
10,001 - 100,000	1,627	26.707	49,774,682	6.312
100,001 - 39,423,849 (*)	255	4.185	284,188,021	36.042
39,423,850 and above (**)	3	0.049	433,199,836	54.941
Total	**6,092**	**100.000**	**788,477,010**	**100.000**

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

DIRECTORS' SHAREHOLDING

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. Of Shares	%
DATUK AZMI BIN AHMAD	33,261	0.004	355,631,061[1]	45.104
SHAHARUDDIN BIN WARNO @ RAHMAD	1,015,498	0.129	355,415,436[2]	45.076
MOHD ABD RAHMAN BIN MOHD HASHIM	-	-	355,415,436[2]	45.076
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	(*)	123,750[3]	0.016
DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	950,000	0.120	5,000[3]	(*)
DATO' HAJI AB WAHAB BIN HAJI IBRAHIM	1,500	(*)	-	-
FINA NORHIZAH BINTI HAJI BAHARU ZAMAN	-	-	-	-

Notes: (*) Negligible
(1) Deemed interested pursuant to Section 6A and 134(12)(c) of the Companies Act,1965 ("the Act")
(2) Deemed interested pursuant to Section 6A of the Act.
(3) Deemed interested pursuant to Section 134(12)(c) of the Act.

SUBSTANTIAL SHAREHOLDERS

No.	Name	Holdings	%
1	SAR VENTURE HOLDINGS (M) SDN. BHD.	355,415,436	45.076
2	LEMBAGA TABUNG HAJI	79,113,500	10.034
3	OVERSEA – CHINESE BANKING CORPORATION LIMITED	42,106,322 (*)	5.34
4	GREAT EASTERN HOLDINGS LIMITED	42,106,322 (*)	5.34

Notes: (*) Deemed interested pursuant to Section 6A(4)(c) of the Act.

Analysis Of Shareholdings (Cont'd)

As at 30 April 2013

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	30.832
2	SAR VENTURE HOLDINGS (M) SDN. BHD.	112,306,239	14.243
3	LEMBAGA TABUNG HAJI	77,784,400	9.865
4	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	27,305,350	3.463
5	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	25,086,673	3.181
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	19,569,350	2.481
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)	16,823,200	2.133
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)	8,491,050	1.076
9	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	7,612,586	0.965
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	7,352,786	0.932
11	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	7,079,100	0.897
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	5,506,400	0.698
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	5,197,300	0.659
14	UOBM NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR REYL (LUX) GLOBAL FUNDS EMERGING MARKETS EQUITIES	4,777,032	0.605
15	HDM NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR HING YIH PEIR	4,500,000	0.570

Analysis Of Shareholdings (Cont'd)

As at 30 April 2013

LIST OF TOP 30 HOLDERS (Cont'd)

No.	Name	Holdings	%
16	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) SA	4,500,000	0.570
17	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE SECURITIES (EUROPE) LIMITED	4,486,400	0.568
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	4,453,500	0.564
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	3,785,200	0.480
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (RHB INV)	3,768,025	0.477
21	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG LONDON	3,598,137	0.456
22	DUSHYANTHI PERERA	3,500,000	0.443
23	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	3,283,000	0.416
24	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND (UT-PM-DIV)	2,761,600	0.350
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ALLIANCE INV)	2,582,100	0.327
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717 TR01)	2,411,150	0.305
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,190,600	0.277
28	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	2,188,500	0.277
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,167,000	0.274
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	2,141,100	0.271

SUMMARY

TOTAL NO. OF HOLDERS : 30
TOTAL HOLDINGS : 620,316,975
TOTAL PERCENTAGE (%) : 78.672

Notice Of Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of Alam Maritim Resources Berhad will be held on Friday, 21 June 2013 at 10.00 a.m., at the Theatrette, Lower Ground Floor, 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 2012 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of a final single-tier dividend of 1% or 0.25 sen per ordinary share for the financial year ended 31 December 2012 as recommended by the Directors. **(Resolution 2)**

3. 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' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid; and **(Resolution 3)**

    ii. Datuk Azmi bin Ahmad. **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to determine their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

5. Specific authority for the Directors to issue shares pursuant to the Company's Employees' Share Option Scheme ("the ESOS"). *[Ordinary Resolution]* **(Resolution 6)**

    "THAT pursuant to the ESOS of the Company, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next AGM and in accordance with the terms and conditions of the ESOS.

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;

Notice Of Eighth Annual General Meeting (Cont'd)

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."

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.

BY ORDER OF THE BOARD

Haniza binti Sabaran, FCIS
(MAICSA 7032233)
Company Secretary

Kuala Lumpur
23 May 2013

Notice Of Eighth Annual General Meeting (Cont'd)

Notes:

1. Only a depositor whose name appears on the Record of Depositors as at 14 June 2013 shall be entitled to attend, speak, vote at the said meeting or appoint proxy/ proxies to attend and/or vote on his/her behalf.

2. A proxy need not be a member.

3. 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.

4. 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.

5. The instrument appointing a proxy must be deposited at the Share Registrar's office not less than forty-eight (48) hours before the time for holding the meeting.

6. At the Eighth 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 2012 for details on Non-Executive Directors' Remuneration.

7. Explanatory Notes on Special Business:-

    i. Authority to issue shares pursuant to the Employees' Share Option Scheme ("ESOS").

       The proposed Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company pursuant to the terms and conditions of the existing ESOS.

    ii. 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 23 May 2013, circulated together with the 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 Directors who are standing for re-election are as set out on page 15 and 16 of this Annual Report and the Directors' interest in the securities of the Company and/or its related companies are disclosed on page 53 and 129 of this Annual Report.

FORM OF PROXY

ALAM MARITIM RESOURCES BERHAD
(Co No 700849 K)

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

I/We ____
(Block Letters)

of ____

being a member of ALAM MARITIM RESOURCES BERHAD 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 Eighth Annual General Meeting of the Company to be held at 10.00 a.m. on Friday, 21 June 2013 at the Theatrette, Lower Ground Floor, 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 Statement for the financial year ended 31 December 2012 and the Reports of Directors and Auditors thereon		
2	To approve the payment of a final single-tier dividend of 1% or 0.25 sen per ordinary share for the financial year ended 31 December 2012		
3	To re-elect Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid pursuant to Article 94		
4	To re-elect Datuk Azmi bin Ahmad pursuant to Article 94		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2013		
6	To approve the Ordinary Resolution on specific authority for the Directors to issue shares pursuant to the Company's Employees' Share Option Scheme		
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 applies, where two (2) proxies are appointed, the appointment shall be invalid unless the proportion of shares to be represented by each proxy is specified.*
4. *The instrument appointing a proxy must be deposited at the Share Registrar's office not less than forty-eight (48) hours before the time for holding the meeting.*

** Delete whichever is inapplicable.*

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THE SHARE REGISTRAR OF
ALAM MARITIM RESOURCES BERHAD (Company no. 700849-K)
Tricor Investor Services Sdn Bhd
Level 17, The Gardens, North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.

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Alam Maritim Resources Berhad (700849-K)

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