ALAM MARITIM RESOURCES BERHAD

(Co. No. 700849-K)

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TRANSPARENCY

15 SAILING YEARS • ANNUAL REPORT 2013

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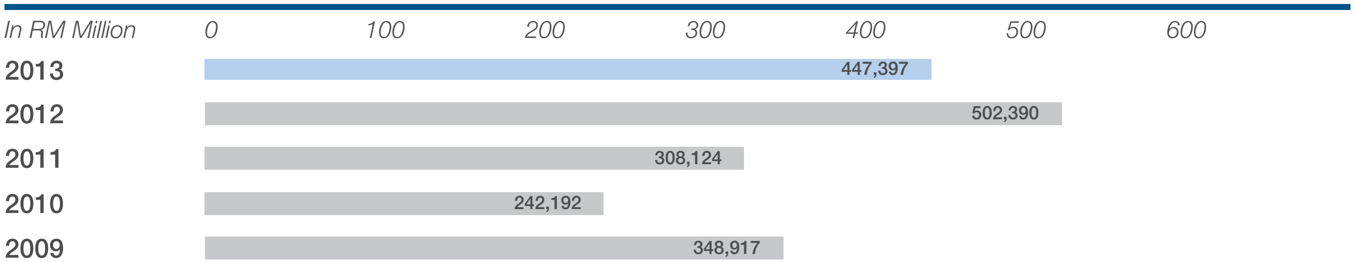
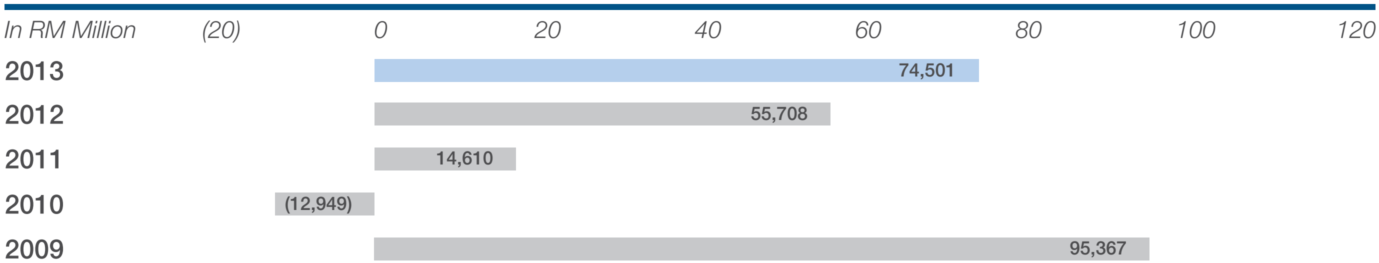
5-Year Group Financial Highlights

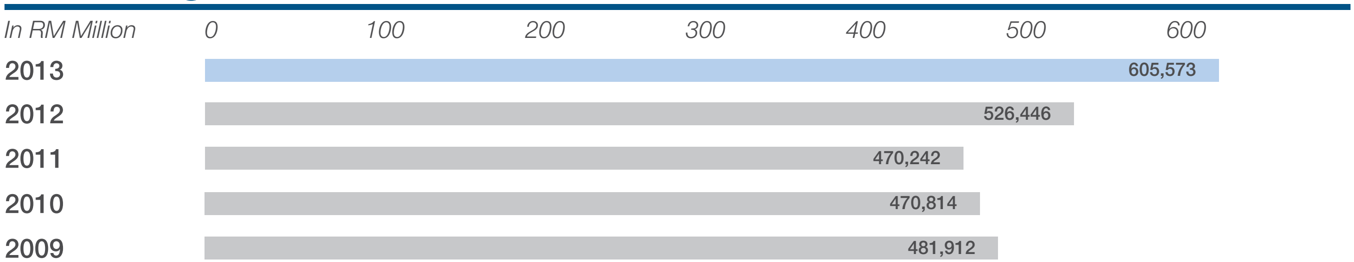
Revenue



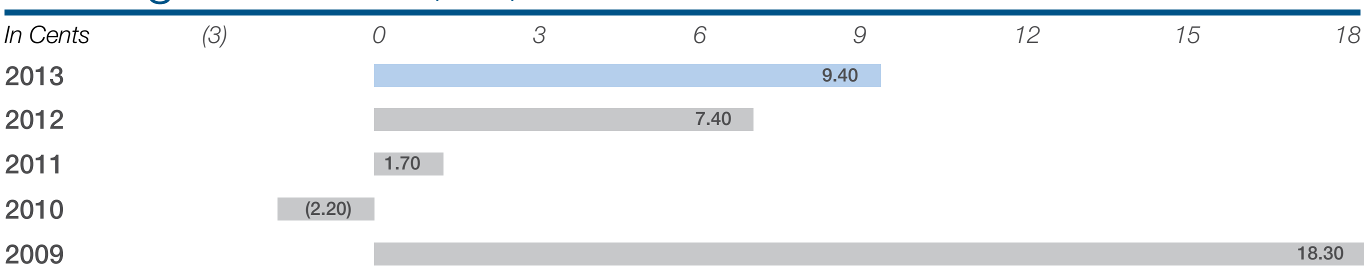
Profit Before Tax



Net Tangible Assets (NTA)



Earning Per Share (EPS)



Revenue Breakdown for Financial Year 2013

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2013 **RM447,397,406**
CHARTER HIRE **RM234,626,175**
OFFSHORE INSTALLATION & CONSTRUCTION **RM34,615,386**
DIVING AND SUBSEA SERVICES **RM78,598,962**
RENTAL OF EQUIPMENT **RM44,689,573**
OTHER SHIPPING RELATED INCOME **RM34,213,811**
VESSEL'S MANAGEMENT FEES **RM13,734,426**
SHIP CATERING **RM6,454,189**
SALES OF DIVING EQUIPMENT **RM464,884**

Charter Hire 52%

Diving and Subsea Services 18%

Offshore Installation & Construction 8%

Other Shipping Related Income 7.6%

Ship Catering 3%

Sales of Diving Equipment Vessel 9%

Rental of Equipment 10%

Management Fees 3%

Our Strength

Our Fleet

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

SETIA STATION 1
Type: Accommodation Work Barge
Length X Breath X Depth (in metre): 105.58 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 metre): 111.56 X 31.7 X 7.31
Accommodations Capacity: 402 berths
Year Built: 2009 Class: BV BHP: N.A.

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

MV SETIA SAKTI
Type: Multipurpose Support Vessel (DP2)
Length X Breath X Depth (in metre): 68.15 X 20 X 6.1
Accommodations Capacity: 138 berths
Year Built: 2008 Class: BV BHP: 5,218

MV SETIA ULUNG
Type: Accomodation Vessel / Workboat
Length X Breath X Depth (in metre): 70.55 X 20 X 6.5
Accommodations Capacity: 180 berths
Year Built: 2009 Class: BV BHP: 5,218

MV SETIA HIJRAH
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breath X Depth (in metre): 75 X 17 X 8.0
Accommodations Capacity: 50 berths
Year Built: 2012 Class: BV BHP: 12,000

MV SETIA JIHAD
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breath X Depth (in metre): 72.45 X 17 X 7.5
Accommodations Capacity: 50 berths
Year Built: 2013 Class: BV BHP: 12,000

MV SETIA JAGUH
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 64 X 15 X 6.8
Accommodations Capacity: 31 berths
Year Built: 1999 Class: BV BHP: 8,914

MV SETIA ERAT
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in metre): 58.7 X 14.6 X 5.5
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 metre): 59.25 X 14.95 X 6.10
Accommodations Capacity: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

MV SETIA LUHUR
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in metre): 54 X 14.95 X 6.10
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 metre): 58.70 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

MV SETIA TEGUH
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breath X Depth (in metre): 59.25 X 14.95 X 4.95
Accommodations Capacity: 42 berths
Year Built: 2008 Class: BV BHP: 5,150

MV SETIA WANGSA
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 52.2 X 14.95 X 6.1
Accommodations Capacity: 42 berths
Year Built: 2007 Class: BV BHP: 5,218

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

MV SETIA NURANI
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 59 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2004 Class: BV BHP: 5,150

MV SETIA PADU
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 54.12 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2005 Class: BV BHP: 5,150

MV SETIA RENTAS
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 54.12 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2006 Class: BV BHP: 5,150

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

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

MV SETIA HEBAT
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations Capacity: 50 berths
Year Built: 2008 Class: BV BHP: 4,994

MV SETIA TEGAP
Type: Anchor Handling Tug Supply Vessel
Length X Breath X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2008 Class: BV BHP: 4,994

MV SETIA EMAS
Type: Anchor Handling Tug
Length X Breath X Depth (in metre): 43.77 X 13.2 X 5.2
Accommodations Capacity: 24 berths
Year Built: 2004 Class: BV BHP: 4,840

MV BROMPTON SUN
Type: Multipurpose Supply Vessel
Length X Breath X Depth (in metre): 50.25 X 9.1 x 3.86
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 metre): 40.38 X 7.80 X 3.40
Accommodations Capacity: 80 pax seating
Year Built: 2009 Class: BV BHP: 4,254

MV SETIA KILAS
Type: Crew Utility Vessel
Length X Breath X Depth (in metre): 40.38 X 7.80 X 3.40
Accommodations Capacity: 80 pax seating
Year Built: 2008 Class: BV BHP: 4,200

MV SETIA GIGIH
Type: Supply / Towing Tug
Length X Breath X Depth (in metre): 60 X 13.3 X 6.0
Accommodations Capacity: 46 berths
Year Built: 2009 Class: BV BHP: 5,218

MV SETIA KENTAL
Type: Supply / Towing Tug
Length X Breath X Depth (in metre): 60 X 13.3 X 6.0
Accommodations Capacity: 46 berths
Year Built: 2009 Class: BV BHP: 5,218

MV SETIA INDAH
Type: Supply Vessel
Length X Breath X Depth (in metre): 57.5 X 13.8 X 5.5
Accommodations Capacity: 42 berths
Year Built: 2005 Class: BV BHP: 4,812

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

MV SETIA KASTURI
Type: Supply Towing Tug
Length X Breath X Depth (in metre): 54.92 X 13.3 X 6.0
Accommodations Capacity: 24 berths
Year Built: 2004 Class: NKK BHP: 4,750

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

MV SETIA CEKAL
Type: Workboat / Diving Support Vessel
Length X Breath X Depth (in metre): 57.38 X 12.8 X 4.88
Accommodations Capacity: 63 berths
Year Built: 1974 Class: SCM BHP: 4,400
Year Converted: 1996

MV SETIA AZAM
Type: Tug / Utility Vessel
Length X Breath X Depth (in metre): 45 X 11 X 4.6
Accommodations Capacity: 20 berths
Year Built: 2007 Class: NKK BHP: 3,880

MV SETIA WIRA
Type: Tug / Utility Vessel
Length X Breath X Depth (in metre): 48 X 11.8 X 3.8
Accommodations Capacity: 24 berths
Year Built: 2007 Class: BV BHP: 3.546

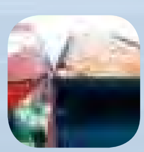
MV SETIA CEKAP
Type: Tug / Utility Vessel
Length X Breath X Depth (in metre): 45 X 11 X 4.0
Accommodations Capacity: 20 berths
Year Built: 2005 Class: BV BHP: 3,500

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

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

MV SETIA BUDI
Type: Tug / Utility Vessel
Length X Breath X Depth (in metre): 40 X 11.8 X 4.6
Accommodations Capacity: 20 berths
Year Built: 2007 Class: NKK BHP: 2.400

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



ALAM 281
Type: 280 ft Deck Cargo Barge
Length X Breath X Depth (in metre): 85.38 X 24.38 X 4.88
Accommodations Capacity: N.A.
Year Built: 2006 Class: BV BHP: N.A.

ALAM 251
Type: 250 ft Deck Cargo Barge
Length X Breath X Depth (in metre): 73.18 X 24.38 X 4.88
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 metre): 73.18 X 24.38 X 4.88
Accommodations Capacity: N/A
Year Built: 2010 Class: ABS BHP: N/A

Underwater Assets

REMOTELY OPERATED VEHICLE (ROV)

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

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

KINGFISHER
INSPECTION AND LIGHT WORK-CLASS ROV

Type	300 meters
Dimension	Length x Width x Height 1,400mm 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

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.

Managing Director's Statement

DATUK AZMI AHMAD
Group Managing Director/Group CEO

My fellow shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of **Alam Maritim Resources Berhad (AMRB)** for the financial year ended 31 December, 2013.

The year under review saw Alam Maritim Resources Berhad (Alam Maritim Group) maintaining a positive growth momentum, reflected by improving financial and operational performance.

Pre-tax profit grew by 41% to RM78.76 million (2012: RM56 million) with revenue registering RM447.40 million. Alam Maritim Group's order book also surpassed previous benchmarks recording an all-time high of RM1.3 billion, which gives us strong earnings visibility for the next three to five years. Vessel utilisation had also jumped significantly from 78% in 2012 to 82% - 85% underpinned by the increase in contracts awarded to Alam Maritim Group throughout 2013.

Having navigated successfully through a turbulent past, Alam Maritim Group has now sailed to calmer waters and is well on course towards a horizon of growing success and progress.

Increased upstream activities from the oil majors and better charter rates had contributed to our sterling performance. The journey of building a better and more integrated Alam Maritim Group which we embarked on since 2010 has enabled Alam Maritim Group to capitalise on the favourable tide of the external environment.

Over the last two years, while developing our Offshore Support Vessel (OSV) business, our efforts to build up our Offshore Installation & Construction (OIC) and Subsea capabilities have also began to produce positive and encouraging results. We have now positioned Alam Maritim Group as a one-stop, first tier, offshore service provider with the capabilities to provide subsea inspection, installation, maintenance and pipe laying, apart from providing the Offshore Support Vessels (OSVs) services.

With the above development, Alam Maritim Group is all geared up to ride on the oil and gas boom and truly ready to drive better operational and financial performance, equipped with the depth and width to handle larger and more complex offshore oil and gas projects.

In essence, the journey of building a better, more integrated Alam Maritim Group is beginning to yield the expected results. Hence, against a backdrop of rising industry demand particularly from the oil majors, stable daily charter rates, a burgeoning order book comprising of fixed charter rates from long-term tenures as well as short term charters, Alam Maritim Group has delivered a positive fiscal and operational performance.

Business Environment Review

Despite global activity strengthening during the second half of 2013, overall growth remained subdued, weighed down by the prevailing Eurozone crisis and slower than anticipated GDP performance from the US and China. The global economy averaged an output of 2.9%, marking a consecutive year of sluggish movement amidst an overall languid environment.

The Malaysian economy continued to demonstrate resilience, registering a relatively robust 4.7% GDP in 2013, largely driven by export and domestic demand, especially private consumption and investment.

Despite global turbulence, rising crude oil production in the United States and China's ravenous appetite for oil imports contributed to relatively stable crude prices. The North Sea Brent spot price averaged $109 per barrel in 2013 which fuelled upstream activities across the globe.

Malaysia, too, followed this trend with an increase in exploration and production activities by the oil majors. The nation made global headlines when it was cited as the location for one of the top twenty oil discoveries in 2013. The successful foray into B14/B17 gas discoveries in Malaysia by Newfield Exploration yielded 850 million Barrels of Oil Equivalents (BOE).

Malaysia OSV demand remained solid throughout 2013 with specifically strong demand for 12,000 bhp vessels and higher. Underpinned by this, charter rates reached USD1.80 - 2.20 per bhp, unprecedented since 2008.

Against this backdrop, Alam Maritim Group set out to grow its market share, maintaining the momentum built from the previous year.

Business Review

During the year under review, each business division saw a healthy contribution to Alam Maritim Group performance. The OSV segment continued to be the main contributor – comprising close to 70% of overall Group revenue, with the OIC segment providing the balance.

BUSINESS DIVISION	REVENUE (RM'000)	PROFIT (RM'000)
OSV	285,815	64,864
Subsea / OIC	158,234	13,764
Others	3,349	126
TOTAL	**447,398**	**78,754**

I am pleased to report that Alam Maritim Group's subsea business has recovered strongly as reflected by RM221 million year-to-date subsea contracts acquired in 2013. Prior to 2013, Alam Maritim Group was primarily viewed as a vessel operator. We are pleased to say that this perception is changing as Alam Maritim Group successfully secured several notable subsea contracts.

These include RM182 million, three-year subsea service contract from Talisman Energy for the provision of subsea services comprising subsea inspection, maintenance and repair. In addition, Alam Maritim Group secured another RM39 million domestic subsea contract in the same year.

In terms of total contracts secured, Alam Maritim Group won more than RM1.278 billion during 2013 of which 81% are marine charters for vessels that are either wholly-owned, under JVs or from third parties. Several of these contracts have three to five years tenures with options to renew. This augurs well for Alam Maritim Group as it provides stable earnings visibility going forward. These contracts and others will contribute positively to the earnings and net assets of Alam Maritim Group for the financial year ending 31 December 2013 up to 2020.

Many of these contracts have locked-in charter rates, providing insulation from potential fluctuation while ensuring Alam Maritim Group a steady stream of income. The buffer affords us a sense of assurance while giving Alam Maritim Group greater credibility in securing new contracts from the market.

Operations

The continuous improvements in the way we operate have built a stronger and more synergistic Alam Maritim Group. The Group has upped its professionalism, set new benchmarks for Health, Safety and the Environment (HSE), while effectively moving up the value chain to unlock its fullest potential.

One of the key highlights for 2013 was the faster turnaround time for vessels; enabling Alam Maritim Group to reduce idle period from seven days to three days – a more than 50% improvement. This, together with greater demand contributed to an 85% vessel utilisation rate in 2013.

Naturally, as we speak of operations, HSE and risk management are fundamental elements upon which Alam Maritim Group cannot overemphasise. None better reflects this than Alam Maritim Group's notable milestone achieved on 13 November, 2013. On that day, Alam Maritim Group marked 5 million man-hours Lost Time Injury (LTI) Free. This is further evidence of Alam Maritim improvements taking place within and that is propelling Alam Maritim Group to new level of excellence.

As we say in the offshore business, safety is the license to operate. There is little room for error with clients demanding the most stringent of standards. Hence, the 5 million LTI Free speaks fathoms towards our professionalism, quality and unwavering focus to provide the most conducive working environment for our staff and clients. Through constant and continuous education, training and promotional efforts, we have made safety more than just a buzzword, but a way of life for Alam Maritim Group.

The recent addition of two new 12,000-bhp AHTS vessels (jointly owned with Lembaga Tabung Haji) will continually bolster our 44-strong fleet while expanding our operating capability. These vessels have already been chartered out at a competitive rate of US$2.37 per bhp per day. At present, we are happy to report that 31 out of our 44 vessels are tied to long term contracts.

As we enhance our internal operations, we also looked towards mergers and acquisitions as a component of the overall strategy. In December 2013, Alam Maritim Group acquired the remaining 30% equity in Alam Hidro (M) Sdn. Bhd. to secure total equity control of the subsidiary company. The price paid was fair value for a company with growing profitability. Sensing that the time was right, we chose to purchase the company outright to strengthen our income stream.

Considering the niched requirements of our industry, skilled manpower remains an issue that all maritime players continue to face. With existing regulations stipulating that up to 70% of crews on vessels must be Malaysian and coupled with intensive competition, it remains an industry wide challenge to secure professional talent.

On a separate matter, with the securing of underwater contracts in 2013, Alam Maritim Group has the positive challenge of needing to secure a suitable vessel. Alam Maritim Group's options include leasing of such vessel from third party or to acquire a dedicated vessel to specifically service the underwater contracts. Regardless of the decision taken, Alam Maritim Group is committed and confident of servicing the secured underwater contracts meeting fully our contractual obligations. If the opportunity arises, Alam Maritim will certainly consider securing its own vessel which will enhance shareholder's value in the long run.

Prospects 2014

The general consensus is that 2014 will be a much better year than 2013. The global economy is expected to recover strongly with the domestic environment also forecasted for higher GDP output.

According to global financial sources, worldwide GDP, adjusted for inflation, will rebound to anywhere from 3 to 3.7% in 2014 and moving higher in 2015. The upside stems from the United States, which is expected to increase its growth by more than 1%, from 1.9% in 2013 to 3% in 2014. The recovery of the Eurozone from negative growth of -0.3% in 2013 to 1% in 2014 also contributes to lend credence to this optimistic view.

Across the board among developing countries, GDP growth is expected to be on an upswing with the exception of China, which is expected to moderate but still register strong growth (from 7.5 percent in 2013 to 7 percent in 2014), as structural and policy challenges continue to weigh on China's economic transformation.

However, the scenario is not without risk. Global economic growth will speed up modestly in 2014 and 2015 compared to last year's levels, provided U.S. monetary policy doesn't derail emerging economies. Naturally, as economies improve, there will be a greater demand for oil and gas, which will likely translate to rising crude prices.

From a domestic perspective, PETRONAS's five-year RM300 billion capital expenditure plan to explore new deep-water greenfields and to reverse current declining production presents plenty of opportunities. At present, the national oil company has utilised less than RM100 billion. We also expect other oil majors to ramp up their upstream activities in 2014, particularly Shell, whom we anticipate will be announcing a wave of contracts in Q2 2014.

We foresee substantial activity within the deep-water segment, for enhanced oil recovery projects, which has currently received a big push from 'PETRONAS marginal fields' production, and pipeline installation, maintenance and repair jobs. Together with the impact of the various Entry Point Projects under the Economic Transformation Programme, we believe the multiplier effect will be substantial.

All of these activities will boost OSV demand. In fact, Malaysia's OSV industry is expected to grow by 10% in the next three years. Against this backdrop, we remain cautiously optimistic that 2014 could be equally positive or even better than 2013. There is certainly cause for optimism, albeit not without challenges and risks.

Our goal now is to position ourselves to tap the opportunities available. Having developed our capabilities as an integrated first tier offshore support service provider, we are well positioned to capitalise on the emerging potential.

We have entered bids valued over RM2 billion and judging by historical data, we are confident of securing at least 20% to 25% of the total bids' value. We are optimistic in waiting for the third wave of OSV contracts to be announced by Q2 2014. Supported by our fleet of 44 vessels, which is one of the largest in the country, we are confident of securing new contracts while servicing existing commitments.

There is also a trend for oil and gas players to need bigger vessels as they move towards the deep-water segment due to the declining sources in the shallow waters. Although a majority of installations in Malaysia are in shallow water locations, the trend is shifting towards deeper fields, heralding the need for more advanced and bigger types of offshore vessels.

With our two 12,000 bhp DP2 vessels, we are well positioned to tap this trend. With a saturated market for 5,000 bhp, moving to bigger vessels offers exciting prospects as we can compete more effectively in bigger segments, serving a currently underserved market with better earning margins. Again the OSV segment will provide the bulk of contributions, but we are steadily working to increase contributions from the OIC and subsea engineering and underwater services.

We will need to increase our assets capabilities to operate as a full-fledged diving company. Plans are in place to procure diving support vessels either via equity financing or by joint venture. The acquisition will help strengthen our subsea services to the oil and gas industry and OIC segment. It will also provide Alam Maritim Group with better leverage to eye international contracts.

Alam Maritim Group will continue to focus on the domestic market as there are plenty of potential opportunities waiting to be tapped. In East Malaysia, notably Sabah, there are suitable prospects for the Group to tap going forward. Plans are also in the pipeline to move into the regional space. In this regard, we will look to leverage on our joint venture with Swiber to penetrate into other South East Asian markets.

We also will turn our attention to Alam Maritim Group's own ship repair and docking facility in Melaka. Such an asset will lend further credence to our growing reputation as an integrated player with both upstream and downstream capabilities. It will also offer several business benefits such as among others, faster turnaround time and cost savings which augurs well for Alam Maritim Group going forward.

However, Alam Maritim Group must weigh the considerations of managing such a facility which may divert focus from its core operations. It is possible that we may seek an external party to manage and operate the shipyard. It is a decision that Alam Maritim Group will decide upon after further deliberation and consideration to ensure the best interests of shareholders and the business.

With favourable winds and a steady course charted for new horizons, Alam Maritim Group will continue to seek new shores of opportunity and venture into bigger waters.

It is a moment that we strived for and worked with determination and commitment, the cusp of our efforts. We are driving performance, pushing the envelope, seeking new opportunities and strategising and manoeuvring ourselves to becoming a bigger, better and more successful company as Malaysia's respected, credible and leading, first-tier offshore service provider.

Acknowledgements & Appreciation

I would like to express my heartiest appreciation to outgoing Chairman, Dato' Captain Ahmad Suffian for his stewardship and counsel during the year under review. His contributions over the years have been nothing short of exemplary and we wish him well on his future endeavours.

In the same vein, I wish to extend my gratitude to our staff for their dedication and commitment; our Management Team for steering the Company to a year of positive growth, the relevant Board Committees for their professionalism; our business partners, clients, regulatory and government authorities for their support and last but not least, our shareholders for their continued confidence and belief in us during the year under review.

Datuk Azmi Ahmad
Group Managing Director/Group CEO

Corporate Information

BOARD OF DIRECTORS

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman/Independent Non-Executive Director
(Resigned w.e.f.: 01.01.2014)

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

Shaharuddin bin Warno @ Rahmad
Group 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

BOARD AUDIT COMMITTEE

Dato' Haji Ab Wahab bin Haji Ibrahim
(Chairman)

Fina Norhizah binti Haji Baharu Zaman

Mohd Abd Rahman bin Mohd Hashim
(Appointed w.e.f.: 01.01.2014)

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
(Resigned w.e.f.: 01.01.2014)

BOARD 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 Warno @ Rahmad)

BOARD NOMINATION & REMUNERATION COMMITTEE

Fina Norhizah binti Haji Baharu Zaman
(Chairman)
(Appointed w.e.f.: 16.05.2014)

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

Shaharuddin bin Warno @ Rahmad

Mohd Abd Rahman bin Mohd Hashim

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid
(Chairman)
(Resigned w.e.f.: 01.01.2014)

COMPANY SECRETARY

Fatan Hamamah binti Khalid, ACIS
(MAICSA No.7039265)
(Appointed w.e.f.: 14.03.2014)

Haniza binti Sabaran, FCIS
(MAICSA No.7032233)
(Resigned w.e.f.: 14.03.2014)

REGISTERED OFFICE AND CORRESPONDENCE ADDRESS

Alam Maritim Resources Berhad
(Head Office)
No. 38F, Level 3
Jalan Radin Anum
Bandar Baru Sri Petaling
57000 Kuala Lumpur
MALAYSIA
Tel : + 603 - 9058 2244
Fax : + 603 - 9059 6845
Website : www.alam-maritim.com.my
Email : info@alam-maritim.com.my

SHARE REGISTRAR

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

AUDITORS

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

LEGAL ADVISOR

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

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 realise this, we shall provide optimum resources to adopt the Integrated Management System (IMS) approach while not neglecting in 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 organisation 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 restricts 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 ALAM MARITIM GROUP 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 ALAM MARITIM GROUP;
- 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 ALAM MARITIM GROUP.

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 prevention of injury to our people and damages to properties 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 work 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 in attaining an incident free and safe working environment and achieve continual excellence towards the protection of Health, Safety and Environment.

Corporate Structure

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

- **100%** ALAM MARITIM [L] INC
  - **75%** EASTAR OFFSHORE PTE LTD
    - **100%** ALAM SUBSEA PTE LTD
  - **60%** WORKBOAT INTERNATIONAL DMCCO
  - **60%** ALAM FAST BOATS [L] INC
  - **51%** ALAM BROMPTON [L] INC
  - **51%** ALAM RADIANCE [L] INC
  - **51%** ALAM SWIBER DLB 1 [L] INC
  - **50%** TH ALAM MANAGEMENT [M] SDN BHD
  - **49%** TH-ALAM HOLDINGS [L] INC
    - **100%** ALAM-JV DP 1 [L] INC
    - **100%** ALAM-JV DP 2 [L] INC
  - **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
  - **40%** GLOBE ALAM MARINE SERVICES CO

100%	ALAM MARITIM [M] SDN BHD
100%	ALAM HIDRO [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
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

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 Hidro (M) Sdn Bhd (AHSB)	05.02.1999 Malaysia	RM500,000.00	100%	Offshore facilities construction and installation and subsea services
4	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
5	Alam Food Industries (M) Sdn Bhd (AFI)	14.04.2008 Malaysia	RM100,000.00	100%	Catering and messing services
6	Alam Maritim Properties (M) Sdn Bhd	04.09.2012 Malaysia	RM100,000.00	100%	Property owner and management
7	KJ Waja Engineering (M) Sdn Bhd (KJ Waja)	16.11.2000 Malaysia	RM1,500,000.00	84%	Ship repair and maintenance, ship spare supply and other related services
8	KJ Waja Services Sdn Bhd (KJWS)	21.07.2005 Malaysia	RM100,000.00	84%	Supply of ship spares and other related services
9	Alam Subsea Pte Ltd (ASPL)	01.01.2008 Singapore	SGD500,000.00	75%	Rental of ROV and providing ROV services
10	Eastar Offshore Pte Ltd (Eastar Offshore)	01.03.2006 Singapore	SGD628,203.00	75%	Designing, manufacturing and operating of remotely operated vehicle (ROV's)
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, operating and chartering
13	Alam Synergy II (L) Inc (AS II)	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00 (OS)* & USD603,227.00 (RPS)*	60%	Ship owning, operating and chartering

No	Company	Date & Place of Incorporated	Issued And Fully Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activity
14	Alam Synergy III (L) Inc (AS III)	18.09.2006 F.T Labuan, Malaysia	USD2,795,000.00 (OS)* & USD2,500,000.00 (RPS)*	60%	Ship owning, operating and chartering
15	Workboat International DMCCO (WBI)	03.05.2005 United Arab Emirates	AED1,000,000.00	60%	Ship management and operation, ship owning, ship maintainance and marine consultancy
16	Alam Fast Boats (L) Inc. (AFBLI)	26.08.2008 F.T Labuan, Malaysia	USD100.00	60%	Ship owning, operating and chartering
17	Alam Brompton (L) Inc (ABLI)	15.06.2007 F.T Labuan, Malaysia	USD1,350,000.00	51%	Ship management and 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, operating and chartering
19	Alam Swiber DLB 1 (L) Inc (ASDLB1)	14.09.2009 F.T Labuan, Malaysia	USD10,250,000.00	51%	Ship owning and chartering
20	YSS Alam Energy (M) Sdn Bhd (YSS)	25.05.2011 Malaysia	RM500,000.00	50%	Ship owning, ship management, ship operation, maintenance and consultancy
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%	Transportation, Installation and commissioning of offshore pipelines, structure and subsea equipment
23	TH Alam Management (M) Sdn Bhd (THAM)	04.05.2010 Malaysia	RM350,002.00	50%	Ship management and consultancy
24	Alam-PE Holdings (L) Inc. (APEHL)	17.10.2008 F.T Labuan, Malaysia	USD14,000,000.00	49%	Ship management and operation, ship owning, ship maintenance and marine consultancy
25	Alam-PE I (L) Inc (Alam-PE I)	21.08.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating and chartering
26	Alam-PE II (L) Inc (Alam-PE II)	21.08.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating and chartering

No	Company	Date & Place of Incorporated	Issued And Fully Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activity
27	Alam-PE III (L) Inc (Alam-PE III)	21.08.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating and chartering
28	Alam-PE IV (L) Inc (Alam-PE IV)	21.08.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating and chartering
29	Alam-PE V (L) Inc (Alam-PE V)	21.08.2008 F.T Labuan, Malaysia	USD100.00	49%	Ship owning, ship operating and chartering
30	Alam-PE Holdings Sdn Bhd (APEHSB)	16.09.2008 Malaysia	RM2.00	49%	Ship management and operation, ship owning, ship maintenance and marine consultancy
31	TH-Alam Holdings (L) Inc (THAL)	30.12.2009 F.T Labuan, Malaysia	USD39,314,000.00	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 and operation, offshore facilities, installation, subsea engineering and underwater services and other related services

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

Profile of Directors

Datuk Azmi Bin Ahmad
Group Managing Director/
Group Chief Executive Officer,
Non-Independent Executive Director,
Aged 55, Malaysian

Datuk Azmi bin Ahmad was appointed as Group Managing Director/Group Chief Executive Officer of Alam Maritim Resources Berhad on 2 May 2006. He is also the Chairman of the ESOS Committee, a member of Board Nomination and Remuneration Committee and alternate member to Shaharuddin bin Warno @ Rahmad in the Board Risk Management Committee.

Datuk Azmi obtained his Diploma in Accountancy from MARA Institute of Technology in 1990, and subsequently, in 1992, graduated with a Bachelor of Arts (Hons) in Accounting and Finance from the University of South Bank, UK. In 1998, he secured his Masters of Business Administration from University of Wales, Cardiff, UK.

Datuk Azmi initially served in the military as a Leftenan Udara with the Royal Malaysian Airforce in 1978 to 1984.

In 1992, Datuk Azmi joined Bank Bumiputera Berhad as the Manager of its Corporate Banking Division. His move into the maritime industry came in 1994 when he joined Nepline Berhad, a shipping company providing tanker services. Datuk Azmi served as Nepline's General Manager of the Finance Administration and Human Resources Division until 1999 before co-founding 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.

Shaharuddin Bin Warno @ Rahmad
Group Chief Operating Officer,
Non-Independent Executive Director,
Aged 46, Malaysian

Encik Shaharuddin bin Warno @ Rahmad was appointed as a Director of Alam Maritim Resources Berhad on 2 May 2006. He is also the Group Chief Operating Officer and is a member of three Board Committees. These are the Board Risk Management, Board Nomination and Remuneration and ESOS Committees.

He is a member of the Association of International Accountants, UK and an Accredited Fellow of the Society of International Accounting Technicians, UK.

He began his professional career in 1988 as a Trainee with Mayban Finance Berhad before joining Faber Group Berhad as an Internal Auditor in 1990. In 1991, he moved to Petronas as an Accounts and Costing Supervisor in the International Marketing Division before assuming the role of Finance Manager in Maritime (M) Sdn Bhd in 1995. It was during his time with the shipping company that he began shaping his expertise and know-how of the maritime industry, in particular the operational and commercial aspects of the offshore support vessel industry.

He is also one of the co-founders of Alam Maritim (M) Sdn Bhd. In 2007, Encik Shaharuddin was selected as one of the top three finalists for the Ernst & Young Entrepreneur of the Year® Malaysia 2007, Master Category Award.

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

Ahmad Hassanudin Bin Ahmad Kamaluddin
Non-Independent Executive Director,
Aged 68, Malaysian

Encik Ahmad Hassanudin bin Ahmad Kamaluddin, was appointed as a Director of Alam Maritim Resources Berhad on 6 December 2006. He is also a member of the Board Risk Management Committee.

He graduated with a Bachelor of Economics (Analytical) from University of Malaya. He has attended several Business and Management courses and programmes with the Harvard Business School, Oxford School of Petroleum Studies and Fletcher School of Law and Diplomacy, Tufts University, USA.

Within the oil and gas industry, he has served for almost 30 years primarily with national oil company, Petronas. Throughout his career he has served in both the Downstream and Upstream business sectors in various capacities. His tenure has seen him hold various senior management and key strategic positions. These includes 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.

His career has also seen him hold other positions such as 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.

He was also appointed to the Board of various Petronas subsidiaries and held an honorary position as Vice President of International Fertilizer Association of East Asia in 2003.

Prior to his retirement in 2003, he was the CEO of ASEAN Bintulu Fertiliser Sdn Bhd, a joint venture company between PETRONAS (representing Malaysia) and Indonesia, Thailand, Philippines and Singapore. In 2004, he joined 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.

Mohd Abd Rahman Bin Mohd Hashim

Non-Independent Non-Executive Director, Aged 62, Malaysian

Encik Mohd Abd Rahman bin Mohd Hashim, was appointed as a Director of Alam Maritim Resources Berhad on 2 May 2006. On 15 April 2013, he was appointed as a member of Board Nomination and Remuneration Committee. He was appointed as a member of Board Audit Committee on 1 January 2014.

He completed his Higher School Certificate (HSC) while attending King Edward VII Secondary School. He began his professional career with the hospitality industry where in 1975, he joined Century Hotel as a Management Trainee.

Subsequently, he joined Holiday Inn, Kuala Lumpur in 1978 as a Front Office Manager before moving to Hilton Hotel, Petaling Jaya in 1984 as the Sales Marketing Manager. With Hilton, he served for over six year until 1990.

Thereafter, 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 co-establish Alam Maritim (M) Sdn Bhd.

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

Dato' Haji Ab Wahab Bin Haji Ibrahim
Independent Non-Executive Director,
Aged 63, Malaysian

Dato' Haji Ab Wahab bin Haji Ibrahim was appointed to the Board of Alam Maritim Resources Berhad on 2 May 2006.

He is the Chairman of the Board Audit Committee, a member of the Board Risk Management Committee and Board Nomination & Remuneration Committee. He is a Chartered Accountant by profession and is a member of the Malaysia Institute of Accountants.

Dato' Haji Ab Wahab obtained his Diploma and Degree in Accountancy from MARA Institute of Technology, Malaysia in 1974 and 1987 respectively. In 2007, he obtained his Masters of Business Administration (Management Studies) from Rock Hampton University of USA. During the same year, he also received an Honorary Doctorate Degree in Public Services by the Irish International University.

Dato' Haji Ab Wahab's professional career began with PETRONAS in 1978 as a Management Executive before eventually becoming 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. During his tenure, Dato' Haji Ab Wahab served as Senior Manager and Joint Company Secretary.

In 1996, he was appointed as the Head of Finance Division for OGP Tehcnical Services Sdn Bhd, another subsidiary of PETRONAS, where he served until March 2004.

Dato' Haji Ab Wahab currently serves as an Independent Non-Executive Director on the Board of Tanjung Offshore Berhad as well as Chairman of Audit Committee of Tanjung Offshore Berhad and Uzma Berhad.

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

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

Fina Norhizah Binti Haji Baharu Zaman
Independent Non-Executive Director,
Aged 57, Malaysian

Fina Norhizah binti Haji Baharu Zaman was appointed to the Board of Alam Maritim Resources Berhad on 22 October 2010. She is currently the Chairperson of the Board Risk Management Committee, a member of the Board Audit Committee and on 15 April 2013, was appointed as a member of Board Nomination and Remuneration Committee. On 16 May 2014, she was appointed as the Chairperson of the Board Nomination and Remuneration Committee.

She obtained her Bachelor of Law degree from the University of Malaya in 1980 and began her legal career with the Malaysian Attorney General's Chambers, where she had served as a Senior Federal Counsel and as Legal Advisor to the Ministry of Transport. In 1986, she was admitted as an Advocate and Solicitor of the High Court of Malaya.

She obtained her Masters in Law (specialising in maritime and shipping) from the London School of Economics, University of London and subsequently joined the International Islamic University, Malaysia in 1984 as a lecturer in the Kulliyah of Law.

In 1990, she joined PETRONAS and served the Legal Department in various capacities. This includes, as the Head/General Manager (Legal) of the Logistics and Maritime Business for PETRONAS in 2000 and as General Manager of the Legal and Corporate Secretarial Affairs Division of MISC Berhad. Her last appointment was as the Head/Senior General Manager of the Legal and Corporate Secretarial Affairs Division and the Company Secretary of MISC Berhad in 2004 until her retirement in 2007.

She is also an Independent Non-Executive Director of UMW Oil & Gas Berhad.

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

Center:

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

From Left to Right:

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

AHMAD HASSANUDIN
BIN AHMAD KAMALUDDIN
Executive Director,
Alam Maritim Group Director,
Group Corporate QHSE
Executive Chairman, Alam Hidro

From Left to Right:

KAMARUL ZAMAN BIN JANTAN
Managing Director,
KJ Waja

AZMAN BIN ABBAS
Chief Executive Officer,
TH Alam Group

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

NOOR AMRAN BIN ABD MANAN
General Manager,
Alam Hidro

From Left to Right:

SOFFAN AFFENDI BIN AMINUDIN
Group Chief Financial Officer,
Alam Maritim Group

MOHD NOOR BIN OSMAN
Head, Group Human Resource Management

NIK AZNUDDEEN BIN HUSAIN
Head, Project & Services

ABU HUSSEIN BIN MOHAMED
Head, Fleet Management

From Left to Right:

MOHAMAD IZHAM BIN CHE ARIFF
Head, Group Corporate HSE

ANAS BIN SULAIMAN
Head, Group Internal Audit &
Risk Management

NUR AZNITA BINTI TAIP
Head, Group Corporate Secretarial,
Legal & Insurance

SAIFUL FAIZ B MOHD AZIZ
General Manager,
Alam Swiber Group

From Left to Right:

NURANISMA BINTI AHMAD
Assistant General Manager,
Group Finance & Accounts

HUZNI MOKATAR BIN MOHD MOKHATAR
Assistant General Manager,
Alam Hidro

FATAN HAMAMAH BINTI KHALID
Group Company Secretary,
Alam Maritim Group

AZMIN SHAH BIN MOHD ISA
Assistant General Manager,
Project and Services

Not in Photo:

SAMUEL BERNARD SASSOON
Executive Director,
Eastar Offshore

WU QIONG
Managing Director,
Eastar Offshore

JOHN D'LIMA
Managing Director,
Workboat International

Corporate Sustainability

Driving Performance Through Sustainability

Alam Maritim Group views that business goals are inseparable from the community and environment within which we operate; the failure to account for long-term social and environmental impacts makes those business practices unsustainable. Hence, Alam Maritim Group embraces sustainability as the advocacy of a long-term business strategy that safeguards Alam Maritim Group's best interests while ensuring the welfare of stakeholders and the environment in which we operate.

In essence, the concept of sustainability is a dynamic equilibrium between economic growth, social sustainability and environmental responsibility. Alam Maritim Group believes that corporate sustainability is beyond the triple bottom-line of profit, people and planet but also includes spiritual development, with each component mutually contributing towards the preservation of the other.

It is not altruism or corporate social responsibility (CSR) rebranded. It is a business driver, an actionable framework that Alam Maritim Group is committed to pursuing. Sustainability governs Alam Maritim Group's business strategy, its operations as well as its internal and external relationships. It is championed and driven from within as a pro-active and conscious corporate decision rather than a reactionary response to external developments.

In an industry where sustainability continues to be a growing concern, Alam Maritim Group is of the view that greater growth and profitability must come together with consideration for health, safety and the environment (HSE), staff welfare, spirituality, training and development, corporate governance, risk management and community relations.

Through corporate sustainability practices, the Group is committed to ensure its continued return on investment; its credibility and reputation as a responsible and ethical organisation, meet industry expectations while ensuring a better tomorrow for all stakeholders.

Corporate Sustainability as a Business Strategy

Alam Maritim Group has focussed its corporate sustainability efforts on several key areas. With the key areas identified, specific strategies, programmes and action plans have been initiated throughout the organisation during the year under review:

- Health, Safety & Environment (HSE)
- Corporate Governance & Risk Management
- Operational Quality Improvement
- Human Capital
- Staff Welfare
- Clients Relations
- Community Relations (CSR)

The following sections explain in greater detail the various corporate sustainability initiatives undertaken by Alam Maritim Group.

Health, Safety & Environment (HSE)

The importance of HSE policy to Alam Maritim Group's corporate sustainability cannot be overemphasised. HSE practices are Alam Maritim Group's license to operate, without which, we are unable to stay relevant in the industry. In order for Alam Maritim Group to stay competitive in the oil and gas industry, we acknowledged the importance of HSE and had established and implemented the integrated quality, health, safety and environmental management system to maintain good health and safety practices for the benefit of the employees, contractors and all personnel involved; ensuring effective cooperation between employer and employees; developing measures to ensure good and acceptable standard of health and safety conditions at workplace; prevention of environmental breach and monitoring the effectiveness of such measures.

In Alam Maritim Group, HSE practices are a top-down philosophy with the Management setting the example and taking the lead in cascading related initiatives organisation wide. It is constantly reinforced through various campaigns and activities that engage employees both onshore and offshore for effective two-way active engagement.

The goal is to achieve a constant state of readiness for any eventualities that may arise while creating an accident free and safe work environment. Naturally, such an environment contributes to improved productivity and profitability.

Alam Maritim Group has been focusing extensively on its HSE activities in workplace both onshore and offshore in order to maintain high quality of our services as demanded by our clients as well as to ensure safety of our employees, contractors and environment where we operate in. In order to achieve our corporate vision and mission, Alam Maritim Group has weighted heavily on the importance of its employees as our valuable assets. The HSE policy has been incorporated in our corporate philosophy in order for Alam Maritim Group to remain sustainable and prevent injury to human or loss of life, avoid damages to the assets as well as the preservation of the marine environment. The objectives of the HSE activities are clearly aligned with its route in attaining excellence towards the protection of health, safety and environment and would seek every level of manpower to understand and implement it.

The key highlight of HSE activities for 2013 is the achievement of 5 million man-hours Lost Time Injury (LTI) Free. This is a significant milestone for Alam Maritim Group. Within a short timeframe of six months, the Group had doubled its achievement of LTI Free man-hour from 2.5 million in April 2013, to reach the 5 million mark by November 2013.

In today's operating environment, there is little room for error with clients demanding the most stringent of standards. As such, achieving 5 million LTI Free is a significant step in further reassuring clients of our commitment in attaining operational excellence towards the protection of health, safety and environment, while earning the recognition of industry peers. It will also serve us well as we bid for more contracts going forward.

The achievement is due to the relentless effort and hard work as well as tireless commitment of all parties involved throughout the year under review and before. It is the result of an unwavering focus on making positive HSE practices as a way of life in Alam Maritim Group.

The priority for health, safety and environment is inculcated within employees from the first day they start work and throughout their career at Alam Maritim Group. HSE information, policies and procedures, literally are made readily available throughout the organisation including onboard vessels. In order to represent our commitment to educate our staff and marine crew, there are constant trainings, initiatives, education and emphasis on positive HSE values and practices cascaded to onshore and offshore staff. Training and drilling are part and parcel of the daily work experience of the staff or crew in Alam Maritim Group.

HSE Trainings:

DATE	HSE Trainings
19th January 2013	Fire Prevention Awareness Training
16th May 2013	Hazards During Lifting Operations
16th May 2013	Safety at Home, Workplace and Electrical Shock
16th May 2013	Take Care of Your Body
17th May 2013	Job Hazard Analysis Review and Training
13th June 2013	Legal Register, HIRADC and QHSE Process Review
26th & 27th August 2013	Incident Investigation Training/Tripod Beta
6th & 7th November 2013	Chemical Handling Based on CPL, USECHH Regulations and GHS Training
26th & 27th November 2013	Basic First Aid CPR and Fire Fighting Training
4th & 5th December 2013	Emergency Preparedness Training
11th December 2013	Get Healthy, Save Money
11th December 2013	The Psychology of Engagement and Empowerment
12th & 13th December 2013	Maintenance and Reliability Training for Marine Crew

Aside from training programmes, Alam Maritim Group initiated several programmes and events aimed at further inculcating the positive HSE culture throughout the organisation. These include various initiatives such as Walk the Talk, HSE Management Visit, Leadership by Example and Everybody a Safety Leader; as well as quarterly campaigns such as:

Quarterly Safety and Health Campaigns:

CAMPAIGN	DETAILS
Q1: Back To Basic	• To encourage use of available safety tools and mechanisms such as job hazard analysis, toolbox, unsafe act/condition reporting and mental risk assessment as part of incident prevention and the way of life. • 100% compliance of UAUC submissions from vessel in March • Rewards to Best UAUC and Intervention • Rewards to Best Vessel under "Zero is Hero" campaign • Mentor-Mentee initiative RM 1000 per visit to vessel
Q2: Do Not Put Yourself Under A Suspened Load	• One of the Alam 24/7 Rules • Focused on lifting activities "Hands Free Lifting" • Supply 'push-pull stick' – crew not to be too close to the suspended load / No hand on load • Invited external speaker during HSE Day 2013 to talk about lifting safety
Take Care Of Your Body	• Launched the Biggest Loser Competition to promote healthy Body Mass Index (BMI) with the aim of improving overall health and nutrition of Alam Maritim Group's employees and reduce incidences of diet related illnesses. • Three categories with rewards of RM1,500 for each: o Male Category o Female Category o Marine Crew Category
Q3: PPE, Wear It	• To encourage personnel to use Personal Protective Equipment (PPE) where necessary. • To remind and reinforce among the Group's staff the importance of full compliance with PPE during work.
Reduce Saturated Fat Intake	• In motivating staff to lead a healthier lifestyle, the campaign was launched primarily to target dietary habits – creating greater awareness on the importance of reducing saturated fat consumption and its co-relation to higher risk of high blood cholesterol and coronary heart disease.
Q4: No One Gets Hurt During Monsoon	• As the impending monsoon season comes with wet weather and riskier work conditions, the campaign was launched to remind staff on the Do's and Don'ts during adverse weather conditions. • This includes Standard Operating Procedure (SOP) / Job method for the safe execution of cargo operation during monsoon as well as JHA to cover all identified hazards for cargo operation. • RM1000 rewards awarded to the best vessel / team.

These efforts involved both internal and external parties as Alam Maritim Group roped in business partners to also embrace the same commitment to HSE.

HSE Programmes:

PROGRAMMES	DETAILS
HSE Visit to Eastar Offshore; 1st visit : 1st August 2013 2nd visit : 17th December 2013	• Discussed on steps to improve current HSE standards • Shared corporate HSE programmes and campaigns • Workplace Inspection
1st Engagement Session with Marine Contractor on 11th June 2013	• Shared Alam Maritim HSE requirements and expectations • Strengthened the relationship with our business partners
2nd Engagement Session and HSE Assurance Audit with Catering Contractors	• Appraised the effectiveness of HSE Management System implementation and adequacy control throughout operations. • Identified gaps (if any) and establish remedial measures as means towards continuous improvement between Alam Maritim Group and its contractor. • Conducted assurance audit to Catering Contractor i.e. Eastern Distinction Sdn. Bhd.
Emergency Evacuation Exercise/Drill	• Evaluated staff emergency preparedness during emergency • Conducted drill at Alam Maritim Group HQ on 15 March 2013
HSE Day & Celebration of 2.5 Free LTI Man hours on 16th May 2013, Bukit Jalil Golf & Country Resort	One whole day dedicated to HSE activities such as health check, blood donation, HSE talks by reputable speakers and demonstration on safety equipment by our business partners Exhibition by Jabatan Pertahanan Awam Malaysia (JPAM), Jabatan Bomba dan Pernyelamat Malaysia (BOMBA), Marine Department (MARDEPT) and Jabatan Alam Sekitar
Celebration of 5.0 Million Man-hours LTI Free on 11th December 2013, Royal Chulan Kuala Lumpur	Recognition and awards presentation to staff for excellent performance during their services in 2013 • Active Participation in Mentor Mentee Programme for 2013 • Active Participation in Management HSE Visit (MHSEV) 2013 • The Biggest Loser Winners • Monsoon Campaign Award • Personnel Recognition Award • Vessel Special Award • Long Service Award – Marine Crews & Office Staff • Top Performer Award 2012 • Launch of Mental JHA for 2014 HSE Campaign by Alam Hidro
1st Engagement Session with Marine Crew on 15th May 2013 2nd Engagement Session with Marine Crew on 10th December 2013	• Engagement Session with Marine Crew • Engagement Session with Top Management and Head of Departments • Sharing of Experience and Information By Clients i.e. PCSB, Talisman, Omni Offshore, Exxon

Looking into 2014, Alam Maritim Group continues to maintain its HSE commitment. New campaigns have been lined up towards setting new milestones. These include incentives for good safety practices, greater autonomy for subsidiary companies within Alam Maritim Group to run their individual initiatives as well as motivating and moulding employees to take personal ownership and accountability for HSE.

On 15th January 2014, Alam Maritim Group at the Corporate HSE level has launched Q1 HSE Campaign – 'I'm Safety Leader'. The main objectives of this campaign are to encourage all staff to rise up to and view themselves as safety leaders; that safety is everyone's responsibility and to further embed the safety culture in the hearts and minds of employees.

Subsequently on 14 April 2014, Corporate HSE had organised the HSE Day 2014 and launched Q2 Group HSE Campaign 'Kick the Unsafe Habits'. The objectives of this campaign are to instil awareness on unsafe habit which lead to unsafe conditions, near misses and accidents; and to encourage staff and marine crew to change unsafe habits to good habits towards better health, safety and environmental conditions.

In line with the Corporate HSE directives, subsidiary companies have initiated their own specific HSE campaigns based on their own requirements. Alam Hidro has launched its own safety campaign on "Mental JHA"; Alam Swiber Offshore has initiated its "R.I.S.K" campaign; while KJ Waja on "Right Tools, Right Job" campaign and TH-Alam Management on "Stop & Intervene" campaign.

In staying connected with the marine crew on HSE initiatives in ensuring the existence of safe practices for marine operations and compliance to health, safety and environment protection within the oil and gas industry, Alam Maritim Group are still committed in continuing the Mentor-Mentee Programme for the 7 consecutive year.

As Alam Maritim Group's continuous effort in moulding the staff and marine crew into adopting behavioural postive HSE mind set or in other words positive HSE culture as a way of life, Alam Maritim Group continuing the implementation of zero accidents guidelines, known as *Alam 24/7 Rules.*

Corporate Governance and Risk Management

Alam Maritim Group acknowledged the importance of corporate governance and risk management as essential components towards corporate sustainability. In our efforts to ensuring that the highest standards of corporate governance are practised throughout the organisation and in line with the recommendation of the Malaysian Code of Corporate Governance 2012, the Board Charter has been crafted to set the roles and responsibilities of the Board of Alam Maritim Group. The duties, responsibilities, powers and functions of the Board are governed by the relevant laws, rules and regulatory guidelines that are in force.

Alam Maritim Group is exposed to risk in two ways; operational as well as commercial and financial risks. Thus, since 2008, Alam Maritim Group has initiated a Risk Management framework to assess and mitigate risks and to reduce negative exposures. Risks are addressed at all levels from the Board of Directors and Management, right to the working levels with a comprehensive reporting structure in place.

Managing risks is a shared responsibility and is integrated within Alam Maritim Group's governance, business processes and operations. The risk management framework provides for regular review and reporting.

With regards to operational risk, Alam Maritim Group has developed a programmed maintenance schedule which is in congruence with the International Safety Management (ISM) Standards to maintain performance and seaworthiness of all vessels in Alam Maritim Group fleets. It also provides for what is acceptable risk to employees that may arise from day-to-day operations and the best practices to mitigate and reduce such risks.

Operational Quality Improvement

The commitment to be sustainable and relevant in the oil and gas industry has led Alam Maritim Group to implement and achieved an international standard focus on quality, environmental, occupational health and safety management system. Alam Maritim Group has adopted and has been accredited with these three standards i.e. ISO 9001:2008, ISO 14001:2004 and OSHAS 18001:2007. This Integrated Management System (IMS) provides a higher level of management control than is the case of an individual management system. Thus, it is one of Alam Maritim Group strategies for ensuring the sustainability and savings (time, costs and resources) for the organisation in this challenging world ahead.

Human Capital

From strategic point of view, staff and marine crew are deemed as Alam Maritim Group's greatest assets. With the maritime industry continuing to face serious manpower issues, Alam Maritim Group is well aware of the importance of people in sustaining its service levels and competitive edge. Due to the perennial challenge of recruiting and finding skilled talent, Alam Maritim Group has focussed its efforts on retaining and developing its existing talent pool.

In particular, efforts are focussed on grooming the leadership bench; the younger echelon of management leaders to assume senior positions within Alam Maritim Group. The advantage of hiring internally is that Alam Maritim Group has a leadership pool that is well versed with the culture and the business operations of Alam Maritim Group, thereby providing a more seamless transition.

At present, leadership development is driven primarily through practical management exposure. Young leaders who signal potentials are handpicked to helm the important management positions such as executive committee in various subsidiary companies. Candidates are placed in various functional silos ranging from accounting, finance, marketing and business development and operations to get an overall feel of Alam Maritim Group's business. Candidates are eventually reabsorbed into Alam Maritim Group corporate structure, where based on aptitude and ability, they are handpicked for specific management positions. The end result is the development of a consummate maritime management professional ready to sail through smooth and choppy waters and who is well versed with Alam Maritim Group's overall operations.

In tandem with the development of management personnel, Alam Maritim Group also initiates various talent retention programmes for non-executive and non-management staff. In fact, many of these programmes are conducted throughout the year. Employees are also given the opportunity for self-development and improvement. The goal is to equip and continuously update our people with the skills to excel at their jobs and drive their best performance while also boosting staff morale as there is a structured career development in place.

Training is geared towards the particular employee's skills requirements. It is to a certain extent, customised and can consist of internal training courses or external programmes, pending the individual strength and potentials.

Enhancing the skill pool is crucial towards maintaining productivity and competitive ability. The maritime industry is a niche industry demanding specific skillsets and as such, emphasis is placed on ensuring the right strategies for recruitment, retention and human capital development.

Staff Welfare

Not overlooking its own staff, Alam Maritim Group continues to provide the best possible support to foster staff well-being including physical, emotional and spiritual needs. In the spirit of promoting a balanced and healthy lifestyle, fostering a sense of family and constantly seeking improvements in the work environment to its marine crew, Alam Maritim Group has taken the initiative to reach out in several ways that are considered innovative by the industry. The Roving Ustaz is one such initiative.

Alam Maritim Group has arranged for a Roving Ustaz to visit vessels and minister to offshore crew across its 44-strong fleet. The Roving Ustaz does not just fulfils the spiritual needs of the marine crew, but also gives them an avenue to speak on personal matters, effectively functioning as a counsellor. The Roving Ustaz serves as a neutral, unbiased third party whom offshore crew can share their grievances, be it personal or professional in a transparent and confidential manner.

The time at sea can be a lonely experience and the Roving Ustaz is a most welcome sight for crew.The impact of the Roving Ustaz has been tremendous so much so that even competitor vessels have requested for the Roving Ustaz to drop by to administer to their crew as well.

From strategic engagement perspective, Alam Maritim Group initiated monthly HSE working committee meeting and quarterly HSE Steering Committee meeting to raise, discuss and solve any HSE-related issues, lesson learnt, benchmarking etc. In addition, there are also Engagement Sessions with Marine Crew, MD's Engagement Sessions, various Away Days for subsidiary companies as well as the Mentor-Mentee programme, which are initiated throughout the year. Alam Maritim Group views two-way communication as being key element to staff satisfaction and thereby retention.

These engagement sessions are the platforms for staff and marine crew to voice out their ideas, grievances and proposals for improving their working conditions.

The mentor-mentee programme mechanism comprises of onshore staff (mentor) serving as a mentor for a particular vessel and its crew (mentees). The mentor team members can cascade key corporate messages directly to the crew, while the latter has a direct channel to voice their grouses, share insights and offer feedback, which can then be brought up to management quickly.

In this way, Alam Maritim Group has the basis for an unofficial yet effective, two-way communication avenue to reach out to staff, while also receiving quick and timely feedback from the grassroots.

Aside from these methods, Alam Maritim Group organises various employee related activities cascaded through the Human Resources Department and the Kelab Sukan dan Rekreasi Kumpulan Alam Maritim (KSRK). Examples of initiatives aiming to increase the well-being of staff are organising weekly aerobic and tai-chi classes, and various tournaments and championships were organised by KSRK throughout the year, where employees can engage in healthy competition and demonstrate their prowess in sports such as bowling, futsal, football, badminton and netball.

Additionally, Family Day was organised, where the management, employees and their families are invited to interact with each other and build even stronger bonds. These gestures may seem small, but it has a large impact on creating close-knit bonds among staff while providing a sense of belonging to the Alam Maritim Group families.

Some of the events organised by Alam Maritim Group were:

- Karnival 1 Alam at Bukit Kiara Equestrian & Country Resort on 19th January 2013
- Fun Walk at Taman Botani Negara, Shah Alam on 15th March 2014
- Jamuan Berbuka Puasa at Dewan Perdana Felda on 28th July 2013
- Jamuan Raya Aidilfitri at AMSB HQ on 30th August 2013

For the offshore crew, it is a welcome addition to life in Alam Maritim Group; that they are part of something larger and not merely working in isolation on a sea-faring vessel detached from the rest of the organisation. It is an opportunity to meet friends, get involved, participate in various activities and build long-lasting relationships that makes for a more rewarding work experience.

Alam Maritim Group has always committed to look after the welfare of staff from providing financial and material assistance during times of crisis to offering counselling and moral support to those who are in need. Among the facilities and services provided by Alam Maritim Group for staff includes:

- Financial assistance and moral support in the event of property damage due to natural disasters and critical illnesses;
- Free birthday gift as a token of appreciation;
- Free events and activities for children of staff related to education and spiritual development;
- Dedicated prayer rooms to perform prayers and religious activities; and
- Refreshment on every Friday and on other occasions organised by Alam Maritim Group.

Environment

Operating in an industry that potentially can have a considerable impact on the planet, Alam Maritim Group has initiated a strict policy on business ethics. The Group is to operate within set environmental parameters and to minimise its carbon footprint so that any impact to the environment is sustained at acceptable levels.

Just like a good safety record serves as the minimal benchmark to operate, environmental consciousness is similarly becoming a standard that business in the offshore industry must comply to. As a further commitment to protect the Earth, Alam Maritim Group in 2013, launched its 3R Campaign. Alam Maritim Group emphasises on reducing wastage by recycling paper, using electronic communications instead of hard copy printouts. In encouraging this 3R Campaign, Alam Maritim Group has created 'Green Points' system to be collected by staff which could be exchanged with cash.

These efforts were considered as a pre-requisite for image building and form an integral part of its value proposition that provides Alam Maritim Group with extra mileage in its endeavour to be a preferred partner and service provider in the oil and gas industry.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Corporate Social Responsibility

Staying connected to the community

As businesses today are expected to look beyond their bottom line and to be more responsive and receptive towards corporate social responsibility (CSR), Alam Maritim Group acknowledged our social responsibility to the well-being of the communities in which we operate in. Effectively, businesses with strong CSR strategy can contribute to numerous benefits to the companies in Alam Maritim Group and its stakeholders over the long run.

The companies comprising the Alam Maritim Group are not just business entities. Each of them views itself also as a member of local community which it operates in. Alam Maritim Group continues to pursue a policy of upholding its corporate social responsibility commitments that will benefit the community and environment, while also upholding its credibility and image as a responsible corporate citizen.

In this regard, Alam Maritim Group has been active in engaging various stakeholders, both internally and externally with the goal of building and enhancing relationships, creating positive perceptions and impact, while driving a sustainable and profitable business operation.

In particular, Alam Maritim Group has been active in various people and environmental programmes. Among the key CSR campaigns launched in 2013 was the '1Alam Kita Bantu'. Divided into three main phases, the campaign saw Alam Maritim Group mobilising its resources and staff to respond to employees affected by flood situations in the East Coast of Malaysia. Over RM44,000 was collected in cash and kind as aid for more than 20 families.

In reaching out to orphans and the needy, staff of Alam Maritim Group, made regular visits to various orphanages and old folks homes across the country. Some of the programmes that have been initiated during the year under review were Gotong Royong at Pusat Jagaan Al-Fikrah on 6th July 2013, Shopping Raya Bersama Anak-Anak Yatim Buah Hatiku at Mydin on 20th July 2013 and Jamuan Berbuka Puasa Bersama Anak-Anak Yatim at Dewan Perdana Felda on 28th July 2013.

These charitable efforts were also supported by its subsidiary company namely KJ Waja where social activities were organised in Melaka. These activities include cleaning the Masjid Kg. Londang and its vicinity, giving financial assistance and providing Hari Raya dinner to the less fortunate and orphanage children.

On February 22, 2014, Alam Maritim Group in collaboration with its Kelab Sukan, Rekreasi dan Kebajikan (KSRK) organised medical check-up and provided medicines for 26 orphans from Buah Hatiku Orphanage, Bandar Tun Hussein Onn at Poliklinik Annur, Bandar Tun Hussein Onn, Selangor.

In the spirit of getting its people involved and increasing awareness as well as encouraging the staff and marine crew to care for other people, Alam Maritim Group periodically organises blood donation programmes in collaboration with hospitals and Pusat Darah Negara by providing facilities for blood donation in Alam Maritim Group's office building and the place where Alam Maritim Group organised such events. Alam Maritim Group had also participated and extend charitable assistance to and participated in the World Kidney Day Run held at Putrajaya on 28th April 2013.

Considering its responsibility to support the intellectual development of the less fortunate children and teenagers, Alam Maritim Group had, on 15 April 2014, organised an educational talk to students from CHAKNA and Al Hijrah from Kemaman, Terengganu.

In playing its part in environmental efforts, Alam Maritim Group in 2013, launched a follow-up programme to its "Green the Earth 2011" campaign. In continuation of this programme, the staff had, on 15th March 2014, planted 120 trees of Bucida Molinetti and 10 species of Juniper at Danau Perikanan, Taman Botani Negara, Shah Alam, Selangor.

Subsequently, on 15 April 2014, Alam Maritim Group continued its "Green the Earth" campaign at Pantai Penunjuk Kijal, Kemaman, Terengganu, where the staff and marine crew planted 50 rhu trees in collaboration with the local authorities. Alam Maritim Group's effort in being responsible to the environment was further demonstrated by "Clean the Beach" programme which was organised at Pantai Penunjuk Kijal, Kemaman, Terengganu.

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 Excellence 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 :
TL OFFSHORE

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
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

2004/2005
CERTIFICATE TITLE:
“Gold Award”: In Recognition of Excellence HSE Performance for FY 2004/2005
AWARDED BY:
PETRONAS CARIGALI SDN BHD PENINSULAR MALAYSIA OPERATION

2006
CERTIFICATE TITLE:
PMO HSE Award 2006-Contractor HSE Award: In Recognition of Excellent Achievement by Alam Maritim (M) Sdn Bhd
AWARDED BY:
PETRONAS CARIGALI SDN BHD PENINSULAR MALAYSIA OPERATION

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:
PETRONAS CARIGALI SDN BHD PENINSULAR MALAYSIA OPERATION

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.

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:
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:
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:
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 Standards 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

2013
CERTIFICATE TITLE:
365 HSE Perfect Days
AWARDED BY:
TALISMAN ENERGY

2013
CERTIFICATE TITLE:
1.5 Million Safe Manhours In Appreciation of Management & Employees's Full Support & Commitment Towards the Successful of Booster Compression Brownfield Project (BCBF)
AWARDED BY:
CARIGALI HESS

2014
CERTIFICATE TITLE:
1st Quarter 2014 Marine Business Partner in Recognition of Safety Reliable Operations
AWARDED BY:
EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC.

Financial Calendar

22 MAY'13
Notice of Eighth Annual General Meeting.

23 MAY'13
Annual Report 2012.

27 MAY'13
First Quarter report on consolidated results for the financial period ended 31 March 2013.

21 JUNE'13
Eighth Annual General Meeting.

20 AUG'13
Second Quarter report on consolidated results for the financial period ended 30 June 2013.

19 NOV'13
Third Quarter report on consolidated results for the financial period ended 30 September 2013.

27 FEB'14
Fourth Quarter report on consolidated results for the financial period ended 31 December 2013.

30 APR'14
Annual Audited Accounts for the year ended 31 December 2013.

15 MAY'14
Notice of Extraordinary General Meeting.

Board Audit Committee Report

MEMBERSHIP AND MEETINGS

The Board Audit Committee (BAC) members and the record of their attendance at the BAC meetings held during the Financial Year 2013 are as follows:

Member	Number of Meetings Attended
Dato' Haji Ab Wahab bin Haji Ibrahim Chairman *(Independent Non-Executive Director and a Certified Accountant)*	4/5
Dato' Captain Ahmad Suffian @ Qurnain bin Abdul Rashid *(Independent Non-Executive Director - Resigned w.e.f. 1 January 2014)*	5/5
Fina Norhizah binti Baharu Zaman *(Independent Non-Executive Director)*	5/5
Mohd Abd Rahman bin Mohd Hashim *(Non-Independent Non-Executive Director - Appointed w.e.f. 1 January 2014)*	N/A

Composition

Conforming to the requirements of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), all three members of the BAC are Independent Non-Executive Directors.

The BAC 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 Listing Requirements that requires at least one member of the BAC must be a qualified accountant.

Attendance

In terms of attendance at the BAC meetings, the quorum requirement for all five meetings held during FY2013 as indicated in the table above was fulfilled. Upon invitation by the BAC, the Executive Directors, Group Chief Financial Officer, Head Group Internal Audit and Risk Management and representatives of the External Auditors attended all the meetings. Time was also set aside for the External Auditors to have private discussions with the BAC in the absence of management. Two separate sessions were held between the BAC and the External Auditors. Prior to the BAC 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 the Board of Directors of Alam Maritim Resources Berhad (Board). The Chairman of the Committee shall report on each meeting to the Board. The secretary of the Committee shall be the Company Secretary.

TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

The BAC shall be established to assist the Board in fulfilling its oversight responsibilities. The BAC 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 BAC shall comprise at least three Directors, the majority of whom are independent. The members of the BAC shall be appointed by the Board of Directors and all members of the BAC including the Chairman are Independent Non-Executive Directors.

All members of the BAC 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.

At least one member of the BAC 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 BAC. The Board shall review the terms of office and performance of the members of the BAC at least once every three 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 BAC resulting in the non-compliance of subparagraph 15.09(1) of the Bursa Malaysia Listing Requirements, the Board shall fill the vacancy within three months from the date of the vacancy.

(b) Chairman

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

(c) Meetings and Minutes

The BAC shall meet at least four times annually. However, at least twice a year, the BAC shall meet with the External Auditors without the Executive Directors being present.

The Group Chief Financial Officer 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 BAC.

The Company Secretary shall be the Secretary of the BAC and will record, prepare and circulate the minutes of the meetings of the BAC and ensure that the minutes are properly kept and produced for inspection, if required. The BAC 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 BAC is authorized by the Board to review any activity within the BAC's terms of reference.

The BAC is authorized to seek any information the BAC 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 BAC.

The BAC 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 BAC 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 BAC.

The BAC 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.

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the BAC 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's integrity.

(c) Audit Reports

- To prepare the annual BAC report to the Board which includes the composition of the BAC, 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 BAC itself.

(e) Internal Audit

- To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Group, specifically:
  - to review the Internal Audit plans and to be satisfied as to their consistency with the Risk Management Framework used, adequacy of coverage and audit methodologies employed;
  - to be satisfied that the Internal Audit 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.

(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 BAC will consider a consolidated opinion on the quality of external auditing at one of its meetings;
- To review with the External Auditors the Statement on Risk Management and 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 BAC carried out its duties in accordance with its terms of reference. Other main issues reviewed by the BAC were summarized as follows:

- Review of the 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;

- Review the related party transactions entered into by the Company and the Group and the disclosure of such transactions in the Annual Report of the Company;
- Recommendation to the Board on the proposed dividend to be paid by the Company;
- Meeting with the External Auditors without any executives present;
- Review the fees of the External Auditors;
- Review of the Board Audit Committee Report, Statement on Risk Management and Internal Control and Statement of Coporate Governance prior to their inclusion in the Company's Annual Report;
- Review and verified the allocation of options pursuant to the Company's Employees' Share Option scheme.

STATEMENT ON INTERNAL AUDIT FUNCTION

The Group Internal Audit and Risk Management Department (GIARM) 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 and Risk Management reports directly to the BAC Chairman on functional basis and to the Managing Director/CEO 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 BAC.

The Head, Group Internal Audi and Risk Management t has a direct access to the Chairman of the BAC on all matters of control and audit. Any inappropriate restrictions on audit scope are to be reported to the BAC.

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

During the FY2013, a total of approximately RM485,000 was incurred as part of resource allocation for the GIARM, covering mainly on manpower and incidental costs such as travelling and training costs.

The GIARM 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 GIARM are as follows:

- 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 of the 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 BAC; and
- Identifying opportunities to improve the operations and processes in the Company and the Group.

All findings resulting from the audits were reported to the BAC, 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 were updated in the subsequent audits.

This report is made in accordance with a resolution of the Board dated 19 May 2014.

Corporate Governance Statement

The Board of Directors (Board) of Alam Maritim Resources Berhad (Company) (Board) is committed to ensuring that the highest standards of corporate governance are practised throughout organisation as a fundamental duty of discharging its responsibilities to protect and enhance shareholders' value and financial performance of Alam Maritim Group.

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 2013, 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).

BOARD OF DIRECTORS

Board Responsibilities

The Board of Directors is responsible for driving the corporate governance initiatives in the Company. It provides insight towards the establishment of effective governance framework and monitoring system that will facilitate the achievement of Company's vision and mission. The Board is also responsible for setting Alam Maritim Group's strategic goals and direction as well as overseeing the performance and management of the business and affairs of Alam Maritim Group.

The roles and responsibilities of the Board are clearly set out in the Board Charter. The duties, responsibilities, powers and functions of the Board are governed by the Articles of Association of the Company (Company's Articles), the Companies Act 1965 and Companies (Amendment) Act 2007 (Companies Act), the Bursa Malaysia Listing Requirements and other relevant laws, rules and regulatory guidelines that are in force.

The functions and powers delegated by the Board to the Management to manage the daily business and operations of the Company are spelt out in the Financial Limits of Authority (FLOA) adopted throughout Alam Maritim Group. The schedule of matters reserved for the collective decision of the Board is also enshrined in the FLOA.

In accordance with the FLOA, operational issues are delegated to the Group Chief Executive Officer (GCEO). Further delegation is cascaded by the GCEO to the senior management team of Alam Maritim 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 and Human Resources Policy Committee are established to assist the Board and Board Committees in the Company's decision making process, implementation and control.

Board Charter

The Board had on 16 May 2014 adopted its Board Charter which sets out the roles and responsibilities of the Board not only in accordance with applicable rules and regulations but also guided by the MCCG2012 and best practices. The Board Charter covers *inter alia*, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman, GCEO and Non-Executive Directors (NEDS). It will be reviewed from time to time to ensure that it remains not only consistent with the corporate governance standards but also relevant to the Board's objectives and responsibilities.

The full version of the Board Charter is available on ALAM's website.

Board Balance and Composition

The Company's Articles stipulate that the Board shall not comprise less than two nor more than twelve members. The Board currently consists of six members, comprising of three Non-Independent Executive Directors, one Non-Independent Non-Executive Directors and two Independent Non-Executive Directors. The Company has complied with the minimum compliance level set under the Bursa Malaysia Listing Requirements, which requires one-third of the Board to consist of Independent Directors.

The Board is mindful that the Board comprises less than a majority of independent directors. However, the Board is able to exercise objective judgment on business and corporate affairs in the presence of the current Independent Directors on the Board who provide unbiased and independent view, advice and judgment.

In line with the recommendations stipulated in the MCCG 2012, the Company is searching for reputable and suitable candidate with the required sets of skills and knowledge in the Company's main area of business to be in the Board as Chairman of the Company. Meanwhile, the Board has appointed Puan Fina Norhizah binti Haji Baharu Zaman who is an Independent and Non-Executive Director as Chairperson for all meetings. The appointment of the said Chairperson is governed by the Company's Article.

The Chairman of the Board is responsible for representing the Board to the shareholders.The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and consults the Board promptly over any matter that gives him/her cause for concern. The Chairman acts as a facilitator at Board meetings to ensure that no Board member, whether executive or non-executive, dominates the discussion. The Chairman also facilitates that appropriate discussions take place and that relevant opinions among Board members are forthcoming. The Chairman further ensures that discussions result in logical and understandable outcomes, which will lead to appropriate and considered decisions by the Board.

The GCEO is accountable to the Board for the overall organisation, management and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The authority limits of the GCEO are enshrined in the Company's FLOA duly approved by the Board.

The two Independent Non-Executive Directors of the Company, namely Puan Fina Norhizah binti Haji Baharu Zaman and Dato' Haji Ab Wahab bin Haji Ibrahim are independent from Management and are able to exercise independent judgement and participate productively in all the Board's deliberations. They also play a pivotal role in the provision of unbiased and independent views, advice and judgement as well as safeguard the interests of other parties such as minority shareholders and other stakeholders.

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 the agreed goals and objectives and monitor the reporting of performance;
Risk	-	be satisfied with the accuracy of financial information and that the financial controls and systems of risk management are robust and defensible;
People	-	be responsible 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 expand 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.

The Non-Executive Directors are not involved in the day-to-day management of the Company and are not party to any business dealings or any other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement.

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 years. None of the two independent directors' office has reached nine years.

The profiles of the respective Directors are set out on pages 24 to 29 of this Annual Report.

Board Meetings

The Company Secretary pre-schedule at least six Board meetings 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 investment 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 2013 is as follows:-

Board of Directors	Designation	Meeting Attendance
Dato' Captain Ahmad Sufian @ Qurnain Bin Abdul Rashid *(Resigned as Chairman and Board Member w.e.f. 1 January 2014)*	Independent Non-Executive Director	6/6
Datuk Azmi Bin Ahmad	Non-Independent Executive Director	6/6
Shaharuddin Bin Warno @ Rahmad	Non-Independent Executive Director	5/6
Ahmad Hassanudin Bin Ahmad Kamaluddin	Non-Independent Executive Director	6/6
Mohd Abd Rahman bin Mohd Hashim	Non-Independent Non-Executive Director	6/6
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	5/6
Fina Norhizah binti Haji Baharu Zaman	Independent Non-Executive Director	6/6

The current Board members have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Bursa Malaysia Listing Requirements.

Directors' Training

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 man day in a calendar year for an in-house training. During the financial year, the Company organised training on Roles and Responsibilities for Financial Reporting for the Directors including Senior Management of the Company. The Directors have attended training programmes and seminars to keep abreast with relevant developments in the business environment as well as new regulatory requirements on a continuous basis in compliance with Paragraph 15.08 of the Bursa Malaysia Listing Requirements.

During the financial year 2013, the training programmes, seminars and briefings attended by the Directors were as follows:-

1. 5^{th} Annual Corporate Governance Summit;
2. Inaugural Asean Corporate Governance Summit 2013;
3. Continuous Professional Education Training Programme for the Board and Senior Management of Alam Maritim Group; and
4. Briefing on Transfer Pricing by Messrs Ernst & Young.

The Directors will continuously undergo other relevant training programmes, essential practices to further enhance their skills and knowledge where relevant so as to enable the Directors to participate in deliberations and effectively discharge their duties.

Supply of Information

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, 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' value, 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 Health, Safety and Environment 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 reports on the Group's Corporate Sustainability and Corporate Social Responsibility initiatives, involvements and activities are set out on page 33 to 45 of this Annual Report.

Board Gender Diversity

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 the 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.

Appointments and re-elections to the Board

In accordance to the Bursa Malaysia Listing Requirements and the Company's Articles at least one third of the Directors are subject to retirement by rotation at each Annual General Meeting. Each retiring Director is eligible for re-election. Directors who are appointed to the Board during the year will have to retire and seek re-election at the next Annual General Meeting to be held following their appointments. Director(s) over seventy years of age are required to submit themselves for reappointment annually in accordance with Section129(6) of the Companies Act, 1965.

The selection process and assessment of Directors for new appointment to the Board or Board Committee have been carried out by Board Nomination and Remuneration Committee.

Board Committees

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

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

The terms of reference of the Committees are as follows:-

(i) Board Audit Committee (BAC)

The objective of the BAC is to assist the Board to review the adequacy and integrity of the Company's and Group's internal control systems and management information systems. The composition, summary of activities and terms of reference of the BAC can be found in the Report from the BAC on pages 49 to 53 of this Annual Report.

(ii) Board Nomination and Remuneration Committee (BNRC)

- 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 officer; 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 BNRC 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 members of the BNRC are as follow:

Fina Norhizah binti Haji Baharu Zaman
Independent Non-Executive Director
(Appointed as Chairman w.e.f. 16 May 2014)

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

Mohd Abd Rahman bin Mohd Hashim (NINED)
Non-Independent Non-Executive Director

Datuk Azmi bin Ahmad
Non-Independent Executive Director

Shaharuddin bin Warno @ Rahmad
Non-Independent Executive Director

Dato' Captain Ahmad Sufian bin Abdul Rashid
Independent Non-Executive Director
(Resigned as Chairman and Member w.e.f. 1 January 2014)

(iii) Board Risk Management Committee (BRMC)

In the Group, risk management is dealt with at two levels. At the Board level, the BRMC is chaired by Puan Fina Norhizah binti Haji Baharu Zaman, Independent Non-Executive Director. The BRMC is set to meet quarterly to review the effectiveness of the Group's Risk Management System.

The terms of reference of the BRMC are as follows:

- 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 BRMC are as follows:

Name of Directors	Designation	Meeting Attendance
Fina Norhizah binti Haji Baharu Zaman *(Chairman)*	Independent Non-Executive Director	3/4
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	4/4
Shaharuddin Bin Warno @ Rahmad	Non-Independent Executive Director	1/4
Datuk Azmi Bin Ahmad *(Alternate Member to Shaharuddin bin Warno @ Rahmad)*	Non-Independent Executive Director	4/4
Ahmad Hassanudin Bin Ahmad Kamaluddin	Non-Independent Executive Director	4/4

The BRMC 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 BRMC. The half yearly report is then shared with the Board Members for information and feedback.

Over and above the BRMC and GRMWC, the Board has identified an Internal Audit function that reports directly to the BAC. 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.

DIRECTORS' REMUNERATION

In the Company, the determination of remuneration packages of the directors is a matter for the Board as a whole, whereas the BNRC 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 BNRC 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 2013 is as follows:-

Description	Executive Directors	Non-Executive Directors	Total
Basic Salary & Other Emoluments	4,163,831	114,250	4,278,081
Fees	-	252,000	252,000
Total	4,163,831	366,250	4,530,081

* Remuneration Band	Executive	Non-Executive
RM50,000 – RM100,000	-	4
RM550,000 – RM1,000,000	1	-
RM1,350,000 – RM1,400,000	1	-
RM1,650,000 – RM1,700,000	1	-

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 BAC undertakes detailed review of all financial statements prepared for statutory disclosures. The BAC shall ensure that the Group's financial statements comply with applicable financial reporting standards.

The BAC 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 BAC 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.

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 Securities 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 and the Group's website, particularly the investor relation section as well as 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 staff 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 2013.

Options, Warrants or Convertible Securities

A total of 14,088,474 units of ESOS Options were exercised for the financial year ended 31 December 2013.

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

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

Non-Audit Fees

There were non-audit fees amounting to RM80,000.00 payable to the External Auditors during the financial year.

Imposition of Sanctions/Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory bodies during the financial year under review.

Variation in Results

There was no variation in results (differing by 10% or more) from any profit estimated forecast/projection of unaudited results 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 2013 or entered into during the financial year under review.

This statement is made in accordance with a resolution of the Board of Directors dated 19 May 2014

Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board of Directors of Alam Maritim Resources Berhad (Board) 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 recognised 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 minimise 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 system 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 BAC 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 BAC, BNRC as well as BRMC.

Independence of the Board Audit Committee

The BAC comprise non-executive members of the Board, 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 of 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.

Board Risk Management Committees

The BRMC comprised of two Independent Non-Executive members and two Non-Independent Executive Director. The Group Managing Director, Group Chief Financial Officer and Head Group Internal Audit & Risk Management attended BRMC meetings as invitees.

The BRMC delegates to the Group Risk Management Working Committee (GRMWC), the responsibility for creating a risk-aware culture and building the necessary knowledge for risk management at every level of management. The GRMWC 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 GRMWC is also responsible for periodical reporting of key risk exposures to the BRMC.

The GRMWC comprises the Managing Director, Chief Operating Officer, Group Executive Director, Group Chief Financial Officer, Head Group Internal Audit & Risk Management, Head of Group Corporate Secretarial, Legal & Insurance, Heads of relevant Divisions and together with the Head of Departments as invitees.

Risk Management Framework

The Company has put 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 organisation.

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 GRMWC and group discussion together with the monitoring and facilitation exercise by the Internal Audit and Risk Management department.

Risk Reporting

The Risk Management Framework provides for regular review and reporting. On continuing basis, the Group Internal Audit & 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 GRMWC and are reported to the BRMC 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.

INFORMATION AND COMMUNICATION

Timely communication of relevant information such as the Group's achievement and changes with regard to corporate and organisational 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 BAC.

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

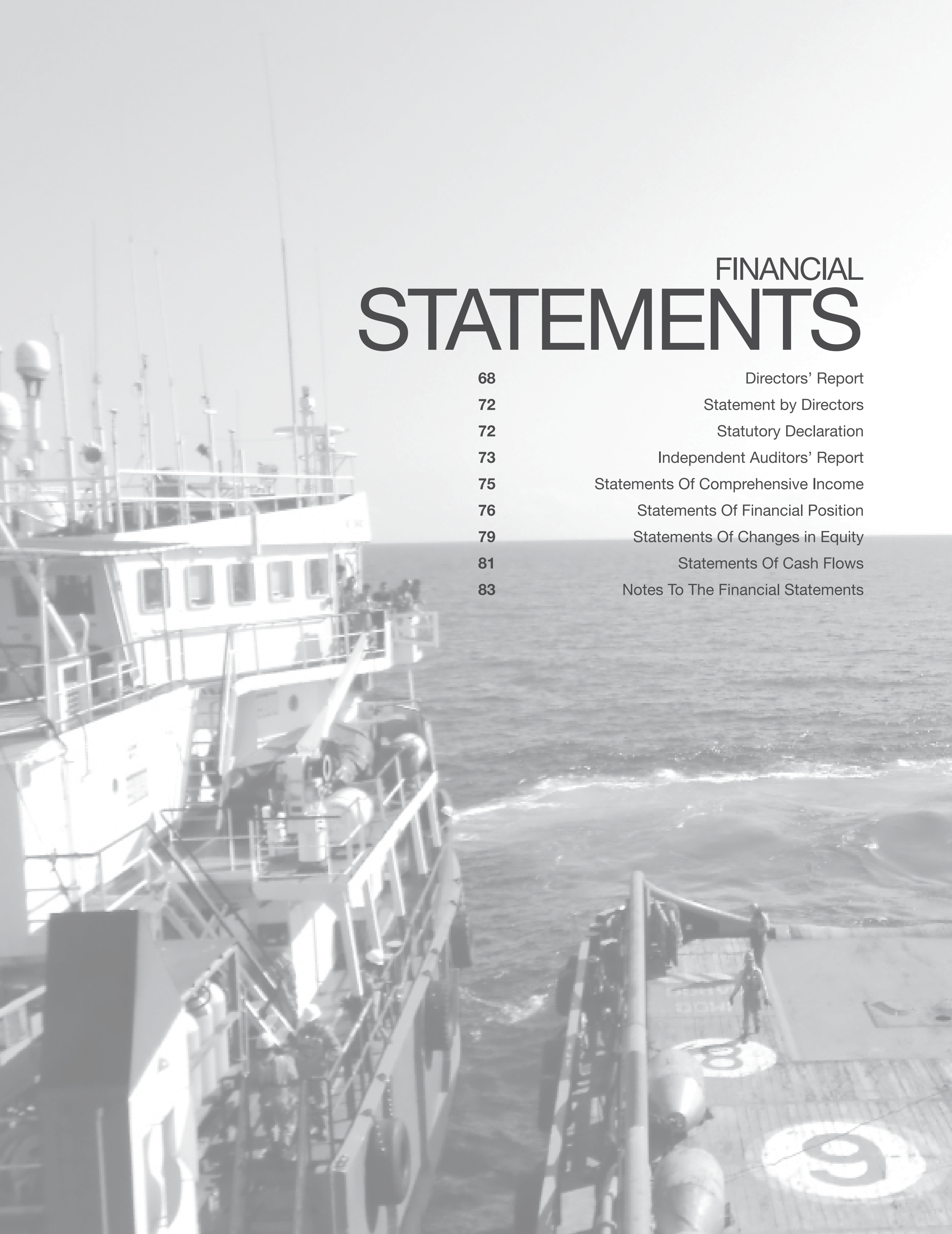
As required by paragraph 15.23 of the Bursa Malaysia Listing Requirements, the external auditors have reviewed this Internal Control Statement. Their review was performed in accordance with the Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants.

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 to 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 Group Chief Financial Officer, 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 Bursa Malaysia Listing Requirements and guided by the Statement on Risk Management and Internal Control – Guidance for Directors of Public Listed Companies. The statement has been approved in a accordance with a resolution of the Board of Directors dated 19 May 2014.



FINANCIAL STATEMENTS

Directors' Report

The Directors of Alam Maritim Resources Berhad (Company) hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(loss) for the year	74,501,099	(1,672,517)
Profit/(loss) for the year attributable to:		
Owners of the parent	74,304,985	(1,672,517)
Non-controlling interests	196,114	-
	74,501,099	(1,672,517)

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.

DIVIDEND

The amount of dividend paid by the Company since 31 December 2012 was as follows:

In respect of the financial year ended 31 December 2012:

	RM
A final tax exempt (single tier) dividend, of approximately 1% per ordinary shares of RM0.25 each.	1,996,987

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' 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
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid (resigned on 1 January 2014)

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' INTEREREST

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 1.1.2013	**Acquired**	**Sold**	**At 31.12.2013**
Direct interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	950,000	-	(650,000)	300,000
Dato' Haji Ab Wahab bin Haji Ibrahim	1,500	-	-	1,500
Datuk Azmi bin Ahmad	33,261	4,728,487	(2,469,000)	2,292,748
Shaharuddin bin Warno @ Rahmad	1,015,498	3,609,900	(3,015,498)	1,609,900
Mohd Abd Rahman bin Mohd Hashim	-	3,309,900	(3,309,900)	-
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	-	-	1,875
Fina Norhizah binti Haji Baharu Zaman	-	64,000	(64,000)	-
Indirect interest:				
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid	5,000	-	(5,000)	-
Datuk Azmi bin Ahmad	355,646,061	-	(7,030,000)	348,616,061
Shaharuddin bin Warno @ Rahmad	355,415,436	-	(7,000,000)	348,415,436
Mohd Abd Rahman bin Mohd Hashim	355,415,436	-	(7,000,000)	348,415,436
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750			123,750

	Number of options over ordinary shares of RM0.25 each			
	At 1.1.2013	**Granted**	**Exercised**	**At 31.12.2013**
Datuk Azmi bin Ahmad	8,038,387	-	(4,728,487)	3,309,900
Shaharuddin bin Warno @ Rahmad	3,309,900	-	(3,309,900)	-
Mohd Abd Rahman bin Mohd Hashim	3,309,900	-	(3,309,900)	-

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM196,802,315 to RM200,324,434 by way of issuance of 14,088,474 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.44 to RM1.07 per ordinary share.

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

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 38A to the financial statements.

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

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

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

    (i) the amount written off for bad debts or the amount of the provision for doubtful debts 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) 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.

OTHER STATUTORY INFORMATION (CONT'D.)

(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 23 April 2014.

Dato' Haji Ab Wahab bin Haji Ibrahim **Datuk Azmi bin Ahmad**

Statement by Directors

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

We, Dato' Haji Ab Wahab bin Haji Ibrahim and Datuk Azmi bin Ahmad, being two of the Directors of Alam Maritim Resources Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 75 to 154 are drawn up, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 155 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 23 April 2014.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

Statutory Declaration

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

I, Soffan Affendi bin Aminudin, 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 75 to 154 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, Soffan Affendi bin Aminudin
at Kuala Lumpur in the Federal
Territory on 23 April 2014

Soffan Affendi bin Aminudin

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 2013 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 75 to 154.

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 entity'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 entity'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 2013 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 ("Act") in Malaysia, we also report the following:

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

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 to the financial statements on page 115 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

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
23 April 2014

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	447,397,406	502,389,636	-	-
Cost of sales	4	(354,718,676)	(444,419,667)	-	-
Gross profit		92,678,730	57,969,969	-	-
Other income	5	19,020,302	7,081,523	17,646,897	22,265,425
Employee benefits expense	6	(31,767,265)	(24,722,156)	(402,717)	(496,567)
Other expenses		(23,555,746)	(18,808,445)	(883,210)	(396,428)
Operating profit		56,376,021	21,520,891	16,360,970	21,372,430
Finance costs	8	(30,238,035)	(27,075,739)	(17,273,726)	(21,889,504)
Share of results of associates		22,483,809	21,039,110	-	-
Share of results of joint ventures		30,039,683	40,434,054	-	-
Profit/(loss) before tax	9	78,661,478	55,918,316	(912,756)	(517,074)
Income tax (expense)/credit	10	(4,160,379)	(210,090)	(759,761)	25,427
Profit/(loss) for the year		74,501,099	55,708,226	(1,672,517)	(491,647)
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		677,972	411,483	-	-
Total comprehensive income for the year		75,179,071	56,119,709	(1,672,517)	(491,647)
Profit/(loss) attributable to:					
Owners of the parent		74,304,985	58,264,371	(1,672,517)	(491,647)
Non-controlling interests		196,114	(2,556,145)	-	-
		74,501,099	55,708,226	(1,672,517)	(491,647)
Total comprehensive income attributable to:					
Owners of the parent		74,982,957	58,617,145	(1,672,517)	(491,647)
Non-controlling interests		196,114	(2,497,436)	-	-
		75,179,071	56,119,709	(1,672,517)	(491,647)
Earnings per share attributable to owners of the parent:					
Basic (Sen)	11	9.4	7.4		
Diluted (Sen)	11	9.2	7.4		

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

Statements of Financial Position

AS AT 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Group			
Assets			
Non-current assets			
Property, vessels and equipment	13	545,535,482	543,327,617
Intangible assets	14	1,512,611	1,533,408
Investments in associates	16	132,361,166	116,525,569
Interests in joint ventures	17	151,808,908	121,856,726
Deferred tax assets	27	11,562,405	20,383,132
Deposits with licensed banks	22	-	11,573,811
Trade receivables	20	1,182,638	7,486,145
		843,963,210	822,686,408
Current assets			
Inventories	19	3,752,481	8,239,400
Trade receivables	20	264,025,585	192,374,365
Other receivables	21	236,538,173	155,168,257
Tax recoverable		3,246,366	3,033,884
Cash and bank balances	22	135,187,316	118,116,479
		642,749,921	476,932,385
Total assets		1,486,713,131	1,299,618,793

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

	Note	2013 RM	2012 RM
Group (Cont'd.)			
Equity and liabilities			
Current liabilities			
Borrowings	25	311,309,120	213,829,176
Trade payables	28	205,110,572	67,530,369
Other payables	29	30,429,511	55,727,283
Tax payable		64,491	467,015
		546,913,694	337,553,843
Net current assets		95,836,227	139,378,542
Non-current liabilities			
Borrowings	25	251,033,484	346,482,343
Deferred tax liabilities	27	81,679,942	87,603,409
		332,713,426	434,085,752
Total liabilities		879,627,120	771,639,595
Net assets		607,086,011	527,979,198
Equity attributable to owners of the parent			
Share capital	23	200,324,434	196,802,315
Share premium	23	33,206,711	24,095,508
Other reserves	24(a)	(3,184,471)	774,467
Retained earnings	24(b)	376,210,466	303,902,468
		606,557,140	525,574,758
Non-controlling interests		528,871	2,404,440
Total equity		607,086,011	527,979,198
Total equity and liabilities		1,486,713,131	1,299,618,793

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

	Note	2013 RM	2012 RM
Company			
Assets			
Non-current assets			
Property, vessels and equipment	13	233,191	323,459
Investment in subsidiaries	15	100,302,070	100,302,070
		100,535,261	100,625,529
Current assets			
Amounts due from subsidiaries	18	416,370,628	488,860,451
Amounts due from related parties	21	3,120	3,120
Other receivables	21	-	55,836
Tax recoverable		-	954,786
Cash and bank balances	22	32,324,395	42,904,388
		448,698,143	532,778,581
Total assets		549,233,404	633,404,110
Equity and liabilities			
Current liabilities			
Borrowings	25	78,048,641	122,834,400
Other payables	29	6,088,313	8,887,844
		84,136,954	131,722,244
Net current assets		364,561,189	401,056,337
Non-current liabilities			
Borrowings	25	230,271,070	270,311,711
Total liabilities		314,408,024	402,033,955
Net assets		234,825,380	231,370,155
Equity attributable to owners of the parent			
Share capital	23	200,324,434	196,802,315
Share premium	23	33,206,711	24,095,508
Other reserves	24(a)	158,752	5,667,345
Retained earnings	24(b)	1,135,483	4,804,987
Total equity		234,825,380	231,370,155
Total equity and liabilities		549,233,404	633,404,110

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Group	Attributable to owners of the parent						
	Non-distributable			Distributable			
	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
Opening balance at 1 January 2013	196,802,315	24,095,508	774,467	303,902,468	525,574,758	2,404,440	527,979,198
Total comprehensive income for the year	-	-	677,972	74,304,985	74,982,957	196,114	75,179,071
Transactions with owners:							
Dividend	-	-	-	(1,996,987)	(1,996,987)	-	(1,996,987)
Issue of ordinary shares pursuant to employee share options	3,522,119	9,111,203	(5,508,593)	-	7,124,729	-	7,124,729
Acquisition of non-controlling interests	-	-	871,683	-	871,683	(2,071,683)	(1,200,000)
Total transactions with owners	3,522,119	9,111,203	(4,636,910)	(1,996,987)	5,999,425	(2,071,683)	3,927,742
Closing balance at 31 December 2013	200,324,434	33,206,711	(3,184,471)	376,210,466	606,557,140	528,871	607,086,011
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

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

Company	← Non-Distributable	→		Distributable	
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24(a)) RM	Retained earnings (Note 24(b)) RM	Total equity RM
At 1 January 2013	196,802,315	24,095,508	5,667,345	4,804,987	231,370,155
Total comprehensive income for the year	-	-	-	(1,672,517)	(1,672,517)
Transactions with owners:					
Dividend	-	-	-	(1,996,987)	(1,996,987)
Issue of ordinary shares pursuant to employee share options	3,522,119	9,111,203	(5,508,593)	-	7,124,729
Total transactions with owners	3,522,119	9,111,203	(5,508,593)	(1,996,987)	5,127,742
At 31 December 2013	200,324,434	33,206,711	158,752	1,135,483	234,825,380
At 1 January 2012	196,802,315	24,095,508	5,667,345	5,296,634	231,861,802
Total comprehensive income 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

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Operating activities				
Profit/(loss) before tax	78,661,478	55,918,316	(912,756)	(517,074)
Adjustments for:				
Interest income	(10,235,411)	(2,110,786)	(390,302)	(395,457)
Interest recharged to subsidiaries	-	-	(17,256,595)	(21,869,968)
Depreciation of property, vessels and equipment	42,742,596	36,951,426	90,268	90,268
Gain on disposal of property, vessels and equipment	(5,710,546)	(2,599,002)	-	-
Finance costs	30,238,035	27,075,739	17,273,726	21,889,504
Impairment loss on trade receivables	44,031	6,131,560	-	-
Reversal of impairment on trade receivables	(303,915)	(2,199,462)	-	-
Net unrealised foreign exchange gain	(390,653)	(460,772)	-	-
Amortisation of intangible assets	64,738	125,150	-	-
Share of results of associates	(22,483,809)	(21,039,110)	-	-
Share of results of joint ventures	(30,039,683)	(40,434,054)	-	-
Total adjustments	3,925,383	1,440,689	(282,903)	(285,653)
Operating cash flows before working capital changes	82,586,861	57,359,005	(1,195,659)	(802,727)
Changes in working capital:				
Decrease/(increase) in inventories	4,486,919	(1,984,691)	-	-
(Increase)/decrease in receivables	(144,795,232)	13,319,640	267,673	(113,264)
Increase/(decrease) in payables	120,616,142	31,289,738	(2,799,531)	1,023,748
Total changes in working capital	(19,692,171)	42,624,687	(2,531,858)	910,484
Cash flows from/(used in) operations	62,894,690	99,983,692	(3,727,517)	107,757
Income tax (paid)/refund, net	(1,294,462)	(4,090,726)	195,025	-
Interest paid	(30,238,035)	(27,075,739)	(17,273,726)	(21,889,504)
Net cash flows from/(used in) operating activities	31,362,193	68,817,227	(20,806,218)	(21,781,747)
Investing activities				
Purchase of property, vessels and equipment	(147,379,542)	(27,944,537)	-	-
Acquisition of non-controlling interests	(1,200,000)	-	-	-
Proceeds from disposal of property, vessels and equipment	157,253	750,000	-	-
Investments in joint ventures	-	(2,883,823)	-	-
Decrease in amount due from subsidiaries	-	-	72,489,823	57,972,180
Interest received	10,235,411	2,110,786	17,646,897	22,265,425
Net cash flows (used in)/from investing activities	(138,186,878)	(27,967,574)	90,136,720	80,237,605

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Financing activities				
Proceeds from Murabahah Commercial Papers ("MCP")/Murabahah Medium Term Notes ("MMTN")	60,000,000	-	60,000,000	-
Repayment of MCP/MMTN	(55,000,000)	(50,000,000)	(55,000,000)	(50,000,000)
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	(90,000,000)	(30,000,000)	(90,000,000)	(30,000,000)
Proceeds from drawdown of term loans	194,655,673	23,656,175	-	-
Repayment of term loans	(5,132,490)	(7,617,272)	-	-
Proceeds from drawdown of revolving credits	30,000,000	15,000,000	-	-
Repayments of revolving credits	(23,469,286)	-	-	-
Repayment of hire purchase and lease financing	(3,141,959)	(5,129,192)	(38,237)	(35,833)
Net cash repayment/(set aside) for marginal deposit	(3,994,016)	(2,656,990)	-	-
Net cash set aside for collateral and sinking fund	15,189,607	(20,272,452)	-	-
Dividends paid	(1,996,987)	-	(1,996,987)	-
Proceeds from issuance of ordinary shares	7,124,729	-	7,124,729	-
Net cash flows from/(used in) financing activities	124,235,271	(77,019,731)	(79,910,495)	(80,035,833)
Net increase/(decrease) in cash and cash equivalents	17,410,586	(36,170,078)	(10,579,993)	(21,579,975)
Effect of exchange rate changes on cash and cash equivalent	(721,913)	(41,204)	-	-
Cash and cash equivalents at beginning of year	92,370,125	128,581,407	42,904,388	64,484,363
Cash and cash equivalents at end of year (Note 22)	109,058,798	92,370,125	32,324,395	42,904,388

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

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2014.

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 (“IFRS”) and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of financial year, the Group and the Company adopted new and revised MFRS, which are mandatory for the financial periods beginning on or after 1 January 2013 as disclosed in Note 2.2.

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 Changes in accounting policies

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

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (Cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	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 (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

MFRS 10 Consolidated Financial Statements

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 investment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (Cont'd.)

MFRS 10 Consolidated Financial Statements (cont'd.)

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. Adoption of MFRS 10 has no impact on the Group's financial position or performance.

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 joint 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. Adoption of MFRS 11 has no impact on the Group's financial position or performance.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRS 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRS 2011–2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

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:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (Cont'd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8(a).

2.5 Transactions with non-controlling interests

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

2. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Property, vessels and equipment, and depreciation

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

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

Vessels are depreciated in equal annual basis 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 ranging from 2.5 to 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:

Long term leasehold land	99 years
Leasehold buildings	2% to 3%
Diving equipment	10%
Equipment on vessel	10%
Motor vehicles	20%
Computers	33.3%
Office equipment	10%
Furniture and fittings	10%
Renovations	10%

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

(b) Other intangible assets

Costs directly attributable to the development of design for deep sea remotely operated 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")).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of non-financial assets (Cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. 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 all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

2.11 Investment in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Investment in associates and joint ventures (Cont'd.)

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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 or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures 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.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for 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.)

2.12 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 of 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial instruments - initial recognition and subsequent measurement (Cont'd.)

(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 classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The only category of the Group and of the Company is other financial liabilities.

Other financial liabilities

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

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

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

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

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

2.13 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Impairment of financial assets (Cont'd.)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assess 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.

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.

2.14 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.

2.15 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Construction contracts (Cont'd.)

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.

2.16 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.

2.17 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 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.

2.19 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.

2.20 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Employee benefits (Cont'd.)

(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.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all 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 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 are set out in Notes 2.22(a) and 2.22(d).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 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 2.15.

(c) Diving and sub-sea services

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

(d) Rental of equipment

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

(e) 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.

(f) Management fees

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

(g) Interest income

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

(h) Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 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 the 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Income taxes (Cont'd.)

(b) Deferred tax (cont'd.)

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.

2.24 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.

2.25 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.26 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

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

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 25 years and equipment on vessel to be 10 years. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of loans and receivables

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

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

4. REVENUE AND COST OF SALES

Revenue

	Group	
	2013	2012
	RM	RM
Charter hire	234,626,175	207,360,107
Offshore installation and construction	34,615,386	238,328,644
Diving and sub-sea services	78,598,962	23,859,279
Rental of equipment	44,689,573	12,194,303
Other shipping related income	34,213,811	6,984,876
Vessel's management fees	13,734,426	9,954,093
Ship catering	6,454,189	3,268,821
Sales of diving equipment	464,884	439,513
	447,397,406	502,389,636

Cost of sales

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

	Group	
	2013	2012
	RM	RM
Wages and allowances	46,843,357	45,455,997
Contributions to defined contribution plan - EPF	1,907,166	1,910,080
Social security contributions	140,129	140,350
	48,890,652	47,506,427

5. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest income	10,235,411	2,110,786	390,302	395,457
Realised gain on foreign exchange	688,303	1,732,014	-	-
Rental of premises	609,938	639,721	-	-
Gain on disposal of property, vessels and equipment	5,710,546	2,599,002	-	-
Interest recharged to subsidiaries	-	-	17,256,595	21,869,968
Dividend income	1,200,000	-	-	-
Other income	576,104	-	-	-
	19,020,302	7,081,523	17,646,897	22,265,425

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, bonuses and allowances	25,079,281	18,634,763	341,500	476,065
Contributions to defined contribution plan - EPF	2,324,272	2,107,334	-	-
Social security contributions	117,769	135,550	-	-
Other staff related expenses	4,245,943	3,844,509	61,217	20,502
	31,767,265	24,722,156	402,717	496,567
Cost of sales (Note 4)	48,890,652	47,506,427	-	-
	80,657,917	72,228,583	402,717	496,567

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM4,163,831 (2012: RM3,586,477) as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors' remuneration (Note 6):				
Fees	157,119	169,865	-	-
Other emoluments	4,006,712	3,416,612	-	-
	4,163,831	3,586,477	-	-
Non-executive directors' remuneration (Note 9):				
Fees	252,000	252,000	252,000	252,000
Other emoluments	114,250	100,000	114,250	100,000
	366,250	352,000	366,250	352,000
Total directors' remuneration (Note 35(b))	4,530,081	3,938,477	366,250	352,000
Estimated money value of benefits-in-kind	36,467	88,750	36,467	21,250
Total directors'remuneration including benefits-in-kind	4,566,548	4,027,227	402,717	373,250

7. DIRECTORS' REMUNERATION (CONT'D.)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	3,492,119	3,000,265	-	-
Bonus	420,000	338,100	-	-
Defined contribution plan - EPF	251,712	248,112	-	-
Estimated money value of benefits-in-kind	-	67,500	-	-
Total executive directors' remuneration	4,163,831	3,653,977	-	-
Non-executive:				
Fees and other emoluments	366,250	352,000	366,250	352,000
Estimated money value of benefits-in-kind	36,467	21,250	36,467	21,250
Total non-executive directors' remuneration	402,717	373,250	402,717	373,250
Total directors' remuneration	4,566,548	4,027,227	402,717	373,250

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	
	2013	2012
Executive directors:		
RM800,001 - RM900,000	-	1
RM900,001 - RM1,000,000	1	-
RM1,200,001 - RM1,300,000	-	1
RM1,401,001 - RM1,500,000	1	-
RM1,501,001 - RM1,600,000	-	1
RM1,601,001 - RM1,700,000	1	-
Non-executive directors:		
RM60,001 - RM70,000	1	1
RM80,001 - RM90,000	1	2
RM90,001 - RM100,000	1	-
RM100,001 - RM110,000	1	1

8. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest expense on:				
Term loans	8,113,847	1,972,481	-	-
Hire purchase and finance lease liabilities	508,617	819,719	17,131	19,536
MCP/MMTN	1,984,350	3,526,769	1,984,350	3,526,769
Sukuk Ijarah MTN	15,272,245	18,343,199	15,272,245	18,343,199
Revolving credits	3,750,000	2,060,524	-	-
Other borrowings	608,976	353,047	-	-
	30,238,035	27,075,739	17,273,726	21,889,504

9. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-executive directors' remuneration (Note 7)	366,250	352,000	366,250	352,000
Auditors' remuneration:				
Auditors of the Company:				
- statutory audits	202,000	199,000	50,000	50,000
- other services	80,000	75,000	-	-
Other auditors	58,264	36,000	-	-
Operating leases:				
- lease payments for premises	631,421	1,356,985	-	-
- lease payments for third party vessels	185,703,824	89,920,467	-	-
Depreciation of property, vessels and equipment (Note 13)	42,742,596	36,951,426	90,268	90,268
Amortisation of intangible assets (Note 14)	64,738	125,150	-	-
Impairment loss on trade receivables	44,031	6,131,560	-	-
Reversal of impairment loss on trade receivables	(303,915)	(2,199,462)	-	-
Litigation costs (Note 34)	4,954,835	-	-	-
Net unrealised foreign exchange gain	(390,653)	(460,772)	-	-
Net realised foreign exchange losses	692,032	1,295,956	-	-

10. INCOME TAX EXPENSE/(CREDIT)

Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2013 and 2012 are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	1,003,626	1,361,786	-	-
Under/(over)provision in prior years:				
Malaysian income tax	618,739	1,271,757	759,761	(25,427)
Foreign tax	-	112,744	-	-
	1,622,365	2,746,287	759,761	(25,427)
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	2,579,679	(368,458)	-	-
Overprovision in prior year	(41,665)	(2,167,739)	-	-
	2,538,014	(2,536,197)	-	-
Income tax expense/(credit) for the year	4,160,379	210,090	759,761	(25,427)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

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

10. INCOME TAX EXPENSE/(CREDIT) (CONT'D.)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	78,661,478	55,918,316	(912,756)	(517,074)
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	19,838,679	13,979,579	(228,189)	(129,411)
Different tax rates in other countries	122,879	(40,258)	-	-
Different tax rates in other tax jurisdiction	(5,316,613)	(82,841)	-	-
Effect of income not subject to tax	(300,000)	(113,092)	-	-
Effect of share of results of joint ventures and associates	(13,130,873)	(15,368,291)	-	-
Non-deductible for tax purposes	2,369,233	2,561,135	228,189	72,315
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	618,739	1,384,501	759,761	(25,427)
Overprovision of deferred tax in prior year	(41,665)	(2,167,739)	-	-
Income tax expense/(credit) for the year	4,160,379	210,090	759,761	(25,427)

11. EARNINGS PER SHARE

(a) Basic

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

	2013	**2012**
	RM	**RM**
Profit attributable to ordinary equity holders of the Company	74,304,985	58,264,371
Weighted average number of ordinary shares in issue	794,364,702	787,209,260
Basic earnings per share (Sen)	9.4	7.4

11. EARNINGS PER SHARE (CONT'D.)

(b) Diluted

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

	2013 RM	2012 RM
Profit attributable to ordinary equity holders of the Company	74,304,985	58,264,371
Weighted average number of ordinary shares in issue	794,364,702	787,209,260
Effects of dilution from share options granted to employees	14,757,967	3,906,147
Adjusted weighted average number of ordinary shares in issue and issuable	809,122,669	791,115,407
Diluted earnings per share (Sen)	9.2	7.4

12. DIVIDENDS

	Dividends paid in respect of year		Dividends recognised in respect of year	
	2013 RM	2012 RM	2013 RM	2012 RM
Recognised during the year:				
A final tax exempt (single tier) dividend, of 1% per ordinary shares of RM0.25 each	1,996,987	-	-	1,996,987

13. PROPERTY, VESSELS AND EQUIPMENT

Group	Long term leasehold land RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessel RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Assets under construction RM	Total RM
Cost										
At 1 January 2013	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
Additions	-	6,474,574	-	9,455,946	13,858,857	790,078	2,591,752	213,949	113,994,386	147,379,542
Reclassification	-	-	106,096,633	-	1,200,000	-	-	-	(107,296,633)	-
Disposals	-	-	(106,096,633)	-	(142,087)	(911,025)	-	-	-	(107,149,745)
Exchange differences	-	365,250	-	-	(227,777)	-	1,828	28,464	-	167,765
At 31 December 2013	12,039,510	24,489,291	587,248,045	39,022,002	105,118,077	5,400,142	8,067,244	5,038,459	9,191,436	795,614,206
Accumulated depreciation										
At 1 January 2013	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
Charge for the year	121,611	822,795	21,265,933	5,197,377	13,467,700	482,455	740,590	644,135	-	42,742,596
Disposals	-	-	-	-	(140,480)	(844,359)	-	-	-	(984,839)
Exchange differences	-	(230,630)	-	-	(3,116,370)	-	(69,093)	(151,967)	-	(3,568,060)
At 31 December 2013	574,770	2,294,266	168,013,301	26,140,533	42,180,433	4,165,238	4,229,933	2,480,250	-	250,078,724

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

Group (Cont'd.)	Long term leasehold land	Leasehold building	Vessels	Drydocking	Diving equipment and equipment on vessel	Motor vehicles	Computers, office equipment, and furniture and fittings	Renovations	Assets under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost										
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
Net carrying amount										
At 31 December 2013	11,464,740	22,195,025	419,234,744	12,881,469	62,937,644	1,234,904	3,837,311	2,558,209	9,191,436	545,535,482
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

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

Company	Motor vehicles 2013 RM	Motor vehicles 2012 RM
Cost		
At 1 January/31 December	451,338	451,338
Accumulated depreciation		
At 1 January	127,879	37,611
Depreciation charge for the year	90,268	90,268
At 31 December	218,147	127,879
Net carrying amount		
At 31 December	233,191	323,459

(a) Included in the Group's additions for the year are property, vessels and equipment of RM790,078 (2012: RM548,147) 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Motor vehicles	1,234,904	993,947	233,191	323,459
Diving equipment	55,311,256	51,501,464	-	-
Assets under construction	9,191,436	2,493,684	-	-

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 2013 RM	Group 2012 RM
Leasehold buildings	22,195,025	15,947,366
Vessels	419,234,744	440,500,677
	441,429,769	456,448,043

14. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Cost			
At 1 January 2013	1,486,938	626,170	2,113,108
Exchange differences	9,131	21,205	30,336
At 31 December 2013	1,496,069	647,375	2,143,444
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
Accumulated amortisation and impairment			
At 1 January 2013	-	579,700	579,700
Charge for the year	-	64,738	64,738
Exchange differences	-	(13,605)	(13,605)
At 31 December 2013	-	630,833	630,833
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
Net carrying amount			
At 31 December 2013	1,496,069	16,542	1,512,611
At 31 December 2012	1,486,938	46,470	1,533,408

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

14. 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:

	Sub-sea services RM	Offshore support vessels and services RM	Total RM
At 31 December 2013	1,312,191	183,878	1,496,069
At 31 December 2012	1,303,060	183,878	1,486,938

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.

15. Investments in subsidiaries

	Company	
	2013 RM	2012 RM
Unquoted shares, at cost	100,302,070	100,302,070

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2013 %	Group's effective interest 2012 %
(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	100	70
Alam Offshore Services & Logistics Sdn. Bhd. (AOLSB)	Malaysia	Transportation, ship forwarding and agent, ship chandelling and other related activities	100	100
Alam Food Industries (M) Sdn. Bhd. (AFI)	Malaysia	Catering and messing services	100	100
KJ Waja Engineering Sdn. Bhd. (KJWE)	Malaysia	Ship repair and maintenance, ship spare supply and other related services	84	84
Alam Maritim Properties (M) Sdn. Bhd. (AMP)	Malaysia	Property owning and management	100	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

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2013 %	Group's effective interest 2012 %
(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.

The subsidiaries do not have non-controlling interests that are material to the Group. Therefore, the summarised statements of financial position, statements of comprehensive income and statement of cash flows of the subsidiaries with non-controlling interests are not disclosed.

Acquisition of non-controlling interests

On 6 December 2013, a wholly owned subsidiary of the Company, AMSB, acquired remaining 30% equity interest in AHSB for a total cash consideration of RM1,200,000. As a result of the acquisition, AHSB became a wholly owned subsidiary of AMSB and the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM2,071,683. The difference between the consideration and the book value of the interest acquired of RM871,683 is reflected in other reserves as disclosed in Note 24(a).

16. INVESTMENTS IN ASSOCIATES

	Group 2013 RM	Group 2012 RM
Unquoted shares, at cost	86,594,449	86,594,449
Share of post-acquisition reserves	45,766,717	29,931,120
	132,361,166	116,525,569

16. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2013 %	2012 %
(i) Held through AMLI:				
Alam-PE Holdings (L) Inc. (ALAM-PE(H))	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	49	49
TH-Alam Holdings (L) Inc. (THAH)	Federal Territory of Labuan, Malaysia	Investment holding	49	49
(ii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc. (ALAM-PE I)	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE II (L) Inc. (ALAM-PE II)	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE III (L) Inc. (ALAM-PE III)	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE IV (L) Inc. (ALAM-PE IV)	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE V (L) Inc. (ALAM-PE V)	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	49	49
Alam-PE Holdings Sdn. Bhd. (ALAM-PE(H)SB)	Malaysia	Ship management	49	49

16. INVESTMENTS IN ASSOCIATES (CONT'D.)

Name of associate	Country of incorporation	Principal activities	Group's effective interest 2013 %	2012 %
(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

These associates have the same reporting periods as the Group and accounted for by using equity method.

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

(i) Summarised consolidated statements of financial position

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
Assets and liabilities						
Non-current assets	226,904,721	234,748,094	388,542,269	278,224,987	615,446,990	512,973,081
Current assets	67,181,869	25,719,422	51,288,642	288,221,363	118,470,511	313,940,785
Total assets	294,086,590	260,467,516	439,830,911	566,446,350	733,917,501	826,913,866
Non-current liabilities	70,523,793	104,307,541	93,117,124	109,860,733	163,640,917	214,168,274
Current liabilities	79,258,295	46,217,371	196,301,265	317,400,578	275,559,560	363,617,949
Total liabilities	149,782,088	150,524,912	289,418,389	427,261,311	439,200,477	577,786,223
Net assets	144,304,502	109,942,604	150,412,522	139,185,039	294,717,024	249,127,643

16. INVESTMENTS IN ASSOCIATES (CONT'D.)

(ii) Summarised consolidated statements of comprehensive income

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
Revenue	82,029,708	81,204,400	54,393,392	31,921,853	136,423,100	113,126,253
Profit for the year, representing total comprehensive income	34,361,898	33,169,104	11,227,483	9,320,700	45,589,381	42,489,804

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

	Alam-PE Holdings (L) Inc.		TH-Alam Holdings (L) Inc.		Total	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
Net assets as at 1 January	109,942,604	76,773,500	139,185,039	129,864,339	249,127,643	206,637,839
Profit for the year	34,361,898	33,169,104	11,227,483	9,320,700	45,589,381	42,489,804
Net assets as at 31 December	144,304,502	109,942,604	150,412,522	139,185,039	294,717,024	249,127,643
Elimination	-	-	-	-	(24,592,195)	(11,320,359)
	144,304,502	109,942,604	150,412,522	139,185,039	270,124,829	237,807,284
Interest in associates	49%	49%	49%	49%	132,361,166	116,525,569
Carrying value of Group's interest in associates	70,709,206	53,871,876	73,702,136	68,200,669	132,361,166	116,525,569

17. INTERESTS IN JOINT VENTURES

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group.

17. INTERESTS IN JOINT VENTURES (CONT'D.)

	Group 2013 RM	Group 2012 RM
Unquoted shares, at cost	40,100,445	40,100,445
Share of post-acquisition reserves	105,708,463	76,956,281
	145,808,908	117,056,726
Redeemable preference shares	6,000,000	4,800,000
	151,808,908	121,856,726

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2013 %	Proportion of ownership interest 2012 %
(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

17. INTERESTS IN JOINT VENTURES (CONT'D.)

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2013 %	2012 %
(ii) Held through AMLI:				
Workboat International DMCCO (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, operating and chartering	51	51
Alam Radiance (L) Inc. (ARLI)	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	51	51
TH-Alam Management (M) 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

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

Increase in interest in a joint venture

During the financial year, the Group via its subsidiary, AMSB subscribed 60% of 2,000,000 units of Redeemable Preference Shares ("RPS") which is 1,200,000 units of RPS of RM0.01 each at a premium of RM0.99 per share issued by AS II based on AMSB's shareholding.

17. INTERESTS IN JOINT VENTURES (CONT'D.)

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

(i) Summarised statements of financial position

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2013								
Assets and liabilities								
Non-current assets	28,311,188	29,203,416	71,729,458	1,012,232	217,271,544	182,427,133	284,949	530,239,920
Cash and cash equivalent	1,892,554	2,080,447	883,056	7,505,521	8,086,440	9,946,278	24,272,643	54,666,939
Other current assets	6,495,502	1,853,325	22,640,558	24,623,611	26,673,926	18,868,183	81,711,834	182,866,939
Total assets	36,699,244	33,137,188	95,253,072	33,141,364	252,031,910	211,241,594	106,269,426	767,773,798
Non-current liabilities	8,034,189	10,888,875	32,841,984	194,275	98,239,800	91,164,118	13,366,475	254,729,716
Trade and other payables	357,284	3,303,280	24,543,286	24,871,113	57,234,309	11,232,789	82,112,842	203,654,903
Other current liabilities	2,402,360	2,482,422	5,490,751	29,722	16,079,586	30,004,008	4,033,776	60,522,625
Total liabilities	10,793,833	16,674,577	62,876,021	25,095,110	171,553,695	132,400,915	99,513,093	518,907,244
Net assets	25,905,411	16,462,611	32,377,051	8,046,254	80,478,215	78,840,679	6,756,333	248,866,554

17. INTERESTS IN JOINT VENTURES (CONT'D.)

(i) Summarised statements of financial position (cont'd.)

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2012								
Assets and liabilities								
Non-current assets	29,919,275	29,155,957	71,423,905	1,017,436	225,976,150	186,691,158	208,123	544,392,004
Cash and cash quivalent	3,357,326	6,639	1,533,812	31,631,088	16,580,372	16,057,275	3,133,922	72,300,434
Current assets	4,831,968	1,799,753	19,479,388	39,361,199	15,699,302	7,339,775	9,770,337	98,281,722
Total assets	38,108,569	30,962,349	92,437,105	72,009,723	258,255,824	210,088,208	13,112,382	714,974,160
Non-current liabilities	9,894,332	11,126,960	36,475,686	51,789	114,953,675	111,168,126	-	283,670,568
Trade and other payables	1,660,460	1,716,524	27,406,192	65,076,200	70,348,281	32,439,768	9,197,939	207,845,364
Other current liabilities	2,288,599	2,363,406	5,600,251	692,038	14,410,032	18,542,065	-	43,896,391
Total liabilities	13,843,391	15,206,890	69,482,129	65,820,027	199,711,988	162,149,959	9,197,939	535,412,323
Net assets	24,265,178	15,755,459	22,954,976	6,189,696	58,543,836	47,938,249	3,914,443	179,561,837

17. INTERESTS IN JOINT VENTURES (CONT'D.)

(ii) Summarised statements of comprehensive income:

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2013								
Revenue	7,897,238	4,907,471	18,975,176	34,049,732	36,263,253	59,524,093	83,524,378	245,141,341
Depreciation	1,693,177	1,678,202	3,576,307	227,360	9,038,201	7,521,284	54,025	23,788,556
Interest income	19,243	-	14,424	-	50,507	17,561	37,338	139,073
Interest expense	393,586	482,662	1,457,005	-	8,013,938	9,995,630	834,958	21,177,779
Profit before tax	3,660,233	727,152	9,442,075	3,013,716	21,954,379	30,922,430	4,211,496	73,931,481
Income tax expense	20,000	20,000	20,000	1,157,158	20,000	20,000	1,194,606	2,451,764
Profit for the year, representing total comprehensive income	3,640,233	707,152	9,422,075	1,856,558	21,934,379	30,902,430	3,016,890	71,479,717
2012								
Revenue	8,954,817	5,565,413	21,476,410	263,688,626	124,898,078	52,065,315	45,156,410	521,805,069
Depreciation	1,622,541	1,327,382	3,350,913	175,516	8,759,562	5,010,749	36,097	20,282,760
Interest income	-	-	-	-	199,752	-	40,082	239,834
Interest expense	611,935	659,968	1,952,917	-	8,648,125	5,845,149	-	17,718,094
Profit before tax	2,056,215	1,717,119	3,263,734	6,349,051	33,660,080	22,953,325	2,502,951	72,502,475
Income tax expense	20,000	20,000	20,000	1,376,208	20,000	20,000	616,665	2,092,873
Profit for the year, representing total comprehensive income	2,036,215	1,697,119	3,243,734	4,972,843	33,640,080	22,933,325	1,886,286	70,409,602

17. INTERESTS IN JOINT VENTURES (CONT'D.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures:

	AS I RM	AS II RM	AS III RM	ASOSB RM	ASDLB 1 RM	ARLI RM	THAM RM	Total RM
2013								
Net assets as at 1 JanWuary	24,265,178	15,755,459	22,954,976	6,189,696	58,543,836	47,938,249	3,914,443	179,561,837
Profit for the year	3,640,233	707,152	9,422,075	1,856,558	21,934,379	30,902,430	3,016,890	71,479,717
Less: Dividends	(2,000,000)	-	-	-	-	-	(175,000)	(2,175,000)
Net assets as at 31 December	25,905,411	16,462,611	32,377,051	8,046,254	80,478,215	78,840,679	6,756,333	248,866,554
Interest in joint ventures	60%	60%	60%	50%	51%	51%	50%	133,500,973
Elimination	-	-	-	-	-	-	-	(184,022)
Carrying value of Group's interest in joint ventures	15,543,247	9,877,567	19,426,231	4,023,127	41,043,890	40,208,746	3,378,167	133,316,951
2012								
Net assets as at 1 January	22,228,963	14,058,340	19,711,242	(3,176,009)	24,148,380	25,004,924	2,203,158	104,178,998
Profit for the year	2,036,215	1,697,119	3,243,734	4,972,843	33,640,080	22,933,325	1,886,286	70,409,602
Increase in share capital	-	-	-	4,392,862	755,376	-	-	5,148,238
Less: Dividends	-	-	-	-	-	-	(175,001)	(175,001)
Net assets as at 31 December	24,265,178	15,755,459	22,954,976	6,189,696	58,543,836	47,938,249	3,914,443	179,561,837
Interest in joint ventures	60%	60%	60%	50%	51%	51%	50%	97,143,301
Elimination	-	-	-	-	-	-	-	228,652
Carrying value of Group's interest in joint ventures	14,559,107	9,453,275	13,772,986	3,094,848	29,857,356	24,448,507	1,957,222	97,371,953

17. INTERESTS IN JOINT VENTURES (CONT'D.)

(iv) Aggregate information of joint ventures that are not individually material and not included in Note 17 (ii) above:

	2013 RM	2012 RM
The Group's share of results, representing total comprehensive income	(7,789,510)	3,781,792

18. AMOUNTS DUE FROM SUBSIDIARIES

Amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM308,008,000 (2012: RM392,796,163) which bears interest rate between 4.58% per annum and 5.63% per annum (2012: between 4.58% per annum and 5.63% per annum).

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

19. INVENTORIES

	Group	
	2013 RM	2012 RM
Cost		
Raw materials	1,685,894	1,891,815
Work-in-progress	1,894,535	6,058,209
Spare parts	172,052	289,376
	3,752,481	8,239,400

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,802,080 (2012: RM2,669,607).

20. TRADE RECEIVABLES

	Group	
	2013	**2012**
	RM	**RM**
Current		
Third parties	104,203,921	136,664,909
Accrued charter hire income	159,821,664	55,709,456
	264,025,585	192,374,365
Non-current		
Third parties	42,485,719	49,049,110
Less: Allowance for impairment	(41,303,081)	(41,562,965)
	1,182,638	7,486,145
Trade receivables, net	265,208,223	199,860,510

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 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.

Ageing analysis of trade receivables

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

	Group	
	2013	**2012**
	RM	**RM**
Neither past due nor impaired	195,719,614	124,761,512
1 to 30 days past due not impaired	18,133,723	294,376
31 to 60 days past due not impaired	3,824,690	36,948,330
61 to 90 days past due not impaired	40,438,297	30,370,147
91 to 120 days past due not impaired	2,292,439	-
More than 121 days past due not impaired	4,799,460	7,486,145
	69,488,609	75,098,998
Impaired	41,303,081	41,562,965
	306,511,304	241,423,475

20. TRADE RECEIVABLES (CONT'D.)

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 RM69,488,609 (2012: RM75,098,998) that are past due at the reporting date but not impaired.

At the reporting date, 45.2% (2012: 73.8%) of trade receivables that are past due but not impaired are amounts due from established creditworthy major oil companies with minimum collection risk. The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

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	
	2013	**2012**
	RM	**RM**
Individually impaired		
Trade receivables - nominal amounts	41,303,081	41,562,965
Less: Allowance for impairment	(41,303,081)	(41,562,965)
	-	-

Movement in allowance accounts:

	Group	
	2013	**2012**
	RM	**RM**
At 1 January	41,562,965	37,630,867
Charge for the year (Note 9)	44,031	6,131,560
Reversal (Note 9)	(303,915)	(2,199,462)
At 31 December	41,303,081	41,562,965

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.

21. OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Amounts due from related parties:				
- Joint ventures	57,872,742	71,089,390	1,248	1,248
- Associates	168,892,882	76,855,594	1,872	1,872
	226,765,624	147,944,984	3,120	3,120
Deposits	1,068,322	583,513	-	-
Prepayments	5,327,009	777,421	-	55,836
Sundry receivables	3,377,218	5,862,339	-	-
Total other receivables	236,538,173	155,168,257	3,120	58,956
Add: Trade receivables (Note 20)	265,208,223	199,860,510	-	-
Cash and bank balances (Note 22)	135,187,316	129,690,290	32,324,395	42,904,388
Less: Prepayments	(5,327,009)	(777,421)	-	(55,836)
Total loans and receivables	631,606,703	483,941,636	32,327,515	42,907,508

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

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-current assets				
Deposits with licensed banks (a)	-	11,573,811	-	-
Current assets				
Cash on hand and at banks	108,648,499	88,586,595	32,324,395	42,904,388
Deposits with licensed banks (a)	26,538,817	29,529,884	-	-
	135,187,316	118,116,479	32,324,395	42,904,388
Cash and bank balances	135,187,316	129,690,290	32,324,395	42,904,388
Bank overdrafts (Note 25)	(3,213,225)	(3,209,281)	-	-
Amounts set aside as sinking fund (b)	(12,582,845)	(27,772,452)	-	-
Amounts set aside as margin deposits for bank guarantee facilities (a)	(10,332,448)	(6,338,432)	-	-
Total cash and cash equivalents	109,058,798	92,370,125	32,324,395	42,904,388

22. CASH AND CASH EQUIVALENTS (CONT'D.)

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2013 are 2.81% (2012: 1.90%) and 120 days (2012: 550 days) respectively. The amount set aside as margin deposits for bank guarantee facilities are pledged to secure the borrowings as disclosed in Note 25.

(b) 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	
	2013	2012	2013 RM	2012 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 2012/31 December 2012	787,209,260	196,802,315	24,095,508	220,897,823
At 1 January 2013	787,209,260	196,802,315	24,095,508	220,897,823
Issue of ordinary shares pursuant to employee share options	14,088,474	3,522,119	9,111,203	12,633,322
At 31 December 2013	801,297,734	200,324,434	33,206,711	233,531,145

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.

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

During the financial year, the Company issued 14,088,474 ordinary shares of RM0.25 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price ranging from RM0.44 to RM1.07 per ordinary share.

24. (A) OTHER RESERVES

	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2013	(5,511,517)	618,639	5,667,345	774,467
Foreign currency translation, representing other comprehensive income	-	677,972	-	677,972
	(5,511,517)	1,296,611	5,667,345	1,452,439
Transaction with owners:				
Exercise of employee share options	-	-	(5,508,593)	(5,508,593)
Acquisition of non-controlling interests	871,683	-	-	871,683
At 31 December 2013	(4,639,834)	1,296,611	158,752	(3,184,471)
At 1 January 2012	(5,511,517)	265,865	5,667,345	421,693
Foreign currency translation, representing other comprehensive income	-	352,774	-	352,774
At 31 December 2012	(5,511,517)	618,639	5,667,345	774,467
Company				
At 1 January 2013			5,667,345	5,667,345
Exercise of employee share options			(5,508,593)	(5,508,593)
At 31 December 2013			158,752	158,752
At 1 January 2012/31 December 2012			5,667,345	5,667,345

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 as disclosed in 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.

24. (A) OTHER RESERVES (CONT'D.)

(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.

25. BORROWINGS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 22)	3,213,225	3,209,281	-	-
Term loans	148,013,429	12,616,749	-	-
MCP/MMTN	38,008,000	32,796,163	38,008,000	32,796,163
Sukuk Ijarah MTN	40,000,000	90,000,000	40,000,000	90,000,000
Hire purchase and finance lease liabilities (Note 26)	5,543,752	5,206,983	40,641	38,237
	234,778,406	143,829,176	78,048,641	122,834,400
Unsecured:				
Revolving credits	76,530,714	70,000,000	-	-
	311,309,120	213,829,176	78,048,641	122,834,400
Long term borrowings				
Secured:				
Term loans	17,400,415	69,263,546	-	-
Sukuk Ijarah MTN	230,000,000	270,000,000	230,000,000	270,000,000
Hire purchase and finance lease liabilities (Note 26)	3,633,069	7,218,797	271,070	311,711
	251,033,484	346,482,343	230,271,070	270,311,711

25. BORROWINGS (CONT'D.)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total borrowings				
Bank overdrafts (Note 22)	3,213,225	3,209,281	-	-
Revolving credits	76,530,714	70,000,000	-	-
Term loans	165,413,844	81,880,295	-	-
MCP/MMTN	38,008,000	32,796,163	38,008,000	32,796,163
Sukuk Ijarah MTN	270,000,000	360,000,000	270,000,000	360,000,000
Hire purchase and finance lease liabilities (Note 26)	9,176,821	12,425,780	311,711	349,948
	562,342,604	560,311,519	308,319,711	393,146,111

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Not later than 1 year	305,765,368	208,622,193	78,008,000	122,796,163
Later than 1 year not later than 2 years	120,465,128	45,243,596	115,000,000	40,000,000
Later than 2 years not later than 5 years	125,287,217	242,650,526	115,000,000	185,000,000
Later than 5 years	1,648,070	51,369,424	-	45,000,000
	553,165,783	547,885,739	308,008,000	392,796,163

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	
	2013	2012	2013	2012
	%	%	%	%
Bank overdrafts	6.50	6.50	-	-
Revolving credits	4.30	4.30	-	-
Term loans	6.60	6.60	-	-
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.

25. BORROWINGS (CONT'D.)

(b) Term loans:

In prior 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 cash flow 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 13;

(ii) First 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; and

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

(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 (2012: 4.58% to 5.63% per annum).

25. BORROWINGS (CONT'D.)

(c) MCP/MMTN and Sukuk Ijarah MTN Facility (Cont'd.)

Profit element 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	
	2013	**2012**
	RM	**RM**
MCP/MMTN		
Nominal value	40,000,000	35,000,000
Less: Discount	(2,213,622)	(2,640,906)
Net proceeds from issuance of MCP/MMTN	37,786,378	32,359,094
Amortisation of discount	221,622	437,069
Total amount included within borrowings	38,008,000	32,796,163

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

26. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments:				
Not later than 1 year	5,529,768	11,050,339	55,348	55,368
Later than 1 year and not later than 2 years	522,221	572,419	55,368	55,368
Later than 2 years and not later than 5 years	1,198,542	1,242,986	166,104	166,104
Later than 5 years	2,397,130	473,646	87,666	143,035
Total future minimum lease payments	9,647,661	13,339,390	364,486	419,875
Less: Future finance charges	(470,840)	(913,610)	(52,775)	(69,927)
Present value of finance lease liabilities (Note 25)	9,176,821	12,425,780	311,711	349,948

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Analysis of present value of finance lease liabilities:				
Not later than 1 year	5,543,752	5,206,983	40,641	38,237
Later than 1 year and not later than 2 years	438,681	5,325,210	43,045	40,642
Later than 2 years and not later than 5 years	1,064,274	1,097,343	143,563	136,350
Later than 5 years	2,130,114	796,244	84,462	134,719
	9,176,821	12,425,780	311,711	349,948
Less: Amount due within 12 months (Note 25)	(5,543,752)	(5,206,983)	(40,641)	(38,237)
Amount due after 12 months (Note 25)	3,633,069	7,218,797	271,070	311,711

The Group's and the Company's hire purchase and finance lease liabilities bear flat interest rates of 2.87% (2012: 2.96%) per annum and 2.73% (2012: 2.73%) per annum respectively.

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

27. DEFERRED TAXATION

	Group	
	2013	**2012**
	RM	**RM**
At 1 January	67,220,277	70,168,897
Recognised in profit or loss (Note 10)	2,538,014	(2,536,197)
Exchange differences	359,246	(412,423)
At 31 December	70,117,537	67,220,277
Presented after appropriate offsetting as follows:		
Deferred tax assets	(11,562,405)	(20,383,132)
Deferred tax liabilities	81,679,942	87,603,409
	70,117,537	67,220,277

27. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2013	87,603,409
Recognised in profit or loss	(6,282,713)
Exchange differences	359,246
At 31 December 2013	81,679,942
At 1 January 2012	93,696,223
Recognised in profit or loss	(5,651,305)
Exchange differences	(441,509)
At 31 December 2012	87,603,409

Deferred tax assets of the Group:

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2013	(422,307)	(19,960,825)	(20,383,132)
Recognised in profit or loss	(1,005,496)	9,826,223	8,820,727
At 31 December 2013	(1,427,803)	(10,134,602)	(11,562,405)
At 1 January 2012	(7,424,743)	(16,102,583)	(23,527,326)
Recognised in profit or loss	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)

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

	Group 2013 RM	Group 2012 RM
Unutilised tax losses	7,033	216,552

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 of 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 (2012: 30 to 60 days).

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

29. OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Amounts due to related parties:				
- Joint ventures	-	10,360,001	-	-
- Associates	10,368,809	26,512,305	-	-
	10,368,809	36,872,306	-	-
Accrued expenses	17,636,983	14,868,224	6,073,308	8,887,844
Deposits from customers	98,401	-	-	-
Sundry payables	2,325,318	3,986,753	15,005	-
	30,429,511	55,727,283	6,088,313	8,887,844
Add: Trade payables	205,110,572	67,530,369	-	-
Borrowings (Note 25)	562,342,604	560,311,519	308,319,711	393,146,111
Total financial liabilities carried at amortised costs	797,882,687	683,569,171	314,408,024	402,033,955

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

30. EMPLOYEE SHARE OPTIONS SCHEME (ESOS)

The Company's Employee Share Options Scheme (ESOS) is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 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 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 By-Law 20 of the Company's ESOS By-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 By-Laws 19.2 of the Company's ESOS By-Laws shall be on 19 July 2016 subject to the existing terms and conditions of the Company's ESOS By-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 Exercised**	**Outstanding at 31 December**	**Exercisable at 31 December**
2013				
2006 Options	21,975,806	(13,193,537)	8,782,269	8,782,269
2007 Options	3,111,876	(195,937)	2,915,939	2,915,939
2008 Options	3,444,000	(39,000)	3,405,000	3,405,000
2009 Options	1,695,000	(660,000)	1,035,000	1,035,000
2012				
2006 Options	21,975,806	-	21,975,806	21,975,806
2007 Options	3,111,876	-	3,111,876	3,111,876
2008 Options	3,444,000	-	3,444,000	3,444,000
2009 Options	1,695,000	-	1,695,000	1,695,000

30. 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
2013		
2006 Options	0.47	20.07.2011 to 19.07.2016
2007 Options	1.09	20.07.2011 to 19.07.2016
2008 Options	1.14	20.07.2011 to 19.07.2016
2009 Options	1.00	20.07.2011 to 19.07.2016
2012		
2006 Options	0.49	20.07.2011 to 19.07.2016
2007 Options	1.47	20.07.2011 to 19.07.2016
2008 Options	1.79	20.07.2011 to 19.07.2016
2009 Options	1.27	20.07.2011 to 19.07.2016

(ii) Share options exercised during the year financial year

As disclosed in Note 23, options exercised during the financial year resulted in the issuance of 14,088,474 (2012: Nil) ordinary shares at the exercise price between RM0.44 and RM1.07 (2012: Nil) each. The related weighted average share price at the date of exercise was RM0.62.

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:

	2013 RM	2012 RM
Future rental payments:		
Not later than 1 year	68,702,723	96,426,773
Later than 1 year and not later than 5 years	142,229,875	189,595,575
	210,932,598	286,022,348

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

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 12 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:

	2013 RM	2012 RM
Not later than 1 year	158,771,895	200,820,870
Later than 1 year and not later than 5 years	331,961,235	376,865,831
Later than 5 years	43,042,557	48,221,541
	533,775,687	625,908,242

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	
	2013 RM	2012 RM
Share of associate's capital commitment in relation to purchase of vessels	-	57,952,000

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 RM136,500,000 (2012: RM134,500,000).

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. The Tribunal's finding on 13 January 2014 was in favour of the owner of the vessel whereby AHSB has to pay the sum of USD1,300,457 (approximately RM4,259,647), plus interest on the amount at 1.5% per annum and USD252,337 (approximately RM695,188) plus interest on the amount at 2% per month until payment date.

34. CONTINGENT LIABILITIES (CONT'D.)

The claim had impacted the profits of AHSB. However, the amount involved has no material impact on the Group's financial performance. As at reporting date, the amount was adequately taken up in profit or loss of the Group, as disclosed in Note 9, and of AHSB.

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

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	2013 RM	2012 RM
Group			
Joint ventures:			
Charter hire of vessels	(i)	111,946,157	97,731,324
Vessel management fees	(ii)	6,462,010	3,587,978
Associates:			
Charter hire of vessels	(i)	150,771,383	117,919,724
Vessel management fees	(ii)	7,254,852	6,906,340
Sale of vessels to associates		117,429,883	16,835,500

(i) The charter hire expense and mobilisation fees paid to joint ventures 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 joint ventures 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 2013 are disclosed in Notes 18, 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.

35. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short term employee benefits	6,114,953	5,706,431	402,717	373,250
Contributions todefined contribution plan - EPF	525,799	509,220	-	-

Included in the total key management personnel compensation are:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors' remuneration (Note 7)	4,530,081	3,938,477	366,250	352,000

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

	Group and Company	
	2013	2012
	RM	RM
At 1 January	52,872,963	52,872,963
Exercised	(13,448,537)	-
At 31 December	39,424,426	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 2013		Company 2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets:				
Due from subsidiaries	-	-	230,000,000	224,596,956
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases	(3,633,069)	(1,880,304)	(271,070)	(266,059)
- Sukuk Ijarah MTN	(230,000,000)	(224,596,956)	(230,000,000)	(224,596,956)
- Fixed rate term loans	(17,400,415)	(14,539,560)	-	-
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)	-	-

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.

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:

- 45% (2012: 63%) of the Group's trade receivables were due from 10 (2012: 10) major customers who are located in Malaysia;

- 33% (2012: 42%) of the Group's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

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

(b) Liquidity risk

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

The Group's and the Company's liquidity risk management policy is that not more than 60% of 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 56% (2012: 38%) of the Group's loans and borrowings as disclosed in Note 25 will mature in less than one year based on the carrying amount reflected in the financial statements. About 25% (2012: 31%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2013				
Financial liabilities:				
Group				
Trade and other payables	235,540,083	-	-	235,540,083
Loans and borrowings	345,499,078	274,492,011	1,385,086	621,376,175
Total undiscounted financial liabilities	581,039,161	274,492,011	1,385,086	856,916,258
Company				
Other payables	6,088,313	-	-	6,088,313
Loans and borrowings	93,897,368	251,766,972	87,634	345,751,974
Total undiscounted financial liabilities	99,985,681	251,766,972	87,634	351,840,287

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

(b) Liquidity risk (Cont'd.)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2012				
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				
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

(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 65% (2012: 80%) of the Group's borrowings are at fixed rates of interest.

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

(c) Interest rate risk (Cont'd.)

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 RM224,752 (2012: RM129,383) 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 7% (2012: 9%) of the Group's sales are denominated in foreign currencies whilst almost 93% (2012: 93%) 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.

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

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

		Group Profit net of tax	
		2013	2012
		RM	RM
Financial assets			
USD/RM	- strengthened 3% (2012: 3%)	(1,663,000)	(37,000)
	- weakened 3% (2012: 3%)	1,663,000	37,000
Financial liabilities			
USD/RM	- strengthened 3% (2012: 3%)	(788,000)	(1,417,000)
	- weakened 3% (2012: 3%)	788,000	1,417,000
SGD/RM	- strengthened 3% (2012: 3%)	(231,000)	(183,000)
	- weakened 3% (2012: 3%)	231,000	183,000

38A. EVENTS OCCURING AFTER THE REPORTING DATE

On 23rd April 2014, the Board of Directors of the Company announced that the Company had entered into a subscription agreement ("Subscription Agreement") with Associated Land Sendirian Berhad and Caprice Capital Intl. Ltd. (collectively referred to as the "Subscribers") for the proposed issuance and allotment of 123,000,000 new shares in the Company ("Subscription Shares"), representing approximately 15.35% of the existing issued and paid-up share capital of the Company, at an issue price of RM1.35 per Subscription Share to be satisfied in cash ("Proposed Share Issuance"). The Proposed Share Issuance shall be conditional upon the following:

(i) the approval from Bursa Securities for the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities;

(ii) the approval from the shareholders of the Company for the Proposed Share Issuance;

(iii) the warranties as set out in the Subscription Agreement being true and accurate in all material respects as at the date of the Subscription Agreement and the Completion Date and there being no breach by the Company of the terms and conditions as set out in the Subscription Agreement; and

(iv) there is no circumstances or event, the occurrence of which would result in the Subscribers acting in contravention of any directives, guidelines, requirements, statutes or regulatories by subscribing to the Subscription Shares.

38B. 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 2013 and 31 December 2012.

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	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Loans and borrowings	562,342,604	560,311,519	308,319,711	393,146,111
Trade and other payables	235,540,083	123,257,652	6,088,313	8,887,844
Less: Cash and bank balances	(135,187,316)	(129,690,290)	(32,324,395)	(42,904,388)
Net debt	662,695,371	553,878,881	282,083,629	359,129,567
Equity attributable to the owners of the parent, representing total capital	606,557,140	525,574,758	234,825,380	231,370,155
Capital and net debt	1,269,252,511	1,079,453,639	516,909,009	590,499,722
Gearing ratio	52.2%	51.3%	54.6%	60.8%

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.

39. SEGMENTAL INFORMATION (CONT'D.)

(b) Business segments

The Group comprises the following two main business segments:

- **Offshore support vessels and services**

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

- **Sub-sea services**

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

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.

39. SEGMENTAL INFORMATION (CONT'D.)

	Offshore support vessel and services RM	Sub-sea services RM	Others RM	Adjustment RM	Total RM
31 December 2013					
Revenue					
Sales to external customers	285,815,059	158,233,803	3,348,544	-	447,397,406
Inter segment sales	185,771,848	11,962,597	16,870,215	(214,604,660)	-
Total revenue	471,586,907	170,196,400	20,218,759	(214,604,660)	447,397,406
Results					
Segment results	60,967,462	2,930,737	259,913	(7,782,091)	56,376,021
Finance costs	(28,823,532)	(1,281,328)	(133,175)	-	(30,238,035)
Share of results of associates	22,483,809	-	-	-	22,483,809
Share of results of joint ventures	17,924,870	12,114,813	-	-	30,039,683
Profit before tax	72,552,609	13,764,222	126,738	(7,782,091)	78,661,478
Income tax expense					(4,160,379)
Profit for the year					74,501,099
Assets					
Segment assets	462,843,009	67,533,594	9,122,249	6,036,630	545,535,482
Investments in associates	86,594,450	-	-	45,766,716	132,361,166
Interests in joint ventures	46,100,444	-	-	105,708,464	151,808,908
Intangible assets	-	16,542	-	1,496,069	1,512,611
Unallocated assets	598,339,408	74,730,167	453,997,568	(471,572,179)	655,494,964
Total assets	1,193,877,311	142,280,303	463,119,817	(312,564,300)	1,486,713,131
Liabilities					
Segment liabilities	93,247,372	3,074,831	233,765,938	2,625,285	332,713,426
Unallocated liabilities	806,649,890	118,853,169	92,497,251	(471,086,616)	546,913,694
Total liabilities	899,897,262	121,928,000	326,263,189	(468,461,331)	879,627,120
Other segment information:					
Capital expenditure	128,721,485	12,111,394	6,546,663	-	147,379,542
Depreciation	28,376,835	14,027,980	337,781	-	42,742,596
Other significant non-cash expenses:					
Impairment loss of trade receivables	44,031	-	-	-	44,031

39. SEGMENTAL INFORMATION (CONT'D.)

	Offshore support vessel and services RM	Sub-sea services RM	Others RM	Adjustment 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 joint ventures	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
Assets					
Segment assets	468,561,478	65,182,955	2,946,881	6,636,303	543,327,617
Investments in associates	86,594,449	-	-	29,931,120	116,525,569
Interests in joint ventures	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

40. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013 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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries				
- realised	520,124,884	343,474,560	1,135,483	4,804,987
- unrealised	(249,274,998)	(40,090,195)	-	-
	270,849,886	303,384,365	1,135,483	4,804,987
Total share of retained earnings from associates:				
- realised	57,694,245	35,199,647	-	-
- unrealised	(86,551)	69,251	-	-
Total share of retained earnings from joint ventures:				
- realised	100,033,545	71,906,748	-	-
- unrealised	13,079,843	5,360,889	-	-
	441,570,968	415,920,900	1,135,483	4,804,987
Less: consolidation adjustments	(65,360,502)	(112,018,432)	-	-
Retained earnings as per financial statements	376,210,466	303,902,468	1,135,483	4,804,987

Analysis of Shareholdings

AS AT 30 APRIL 2014

ANALYSIS OF SHAREHOLDINGS BY SIZE

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	115	1.847	5,246	0.000
100 - 1,000	548	8.804	426,243	0.053
1,001 - 10,000	3,908	62.789	20,653,296	2.576
10,001 - 100,000	1,321	21.224	42,345,760	5.283
100,001 - 40,073,045 (*)	329	5.285	309,783,640	38.652
40,073,046 and above (**)	3	0.048	428,246,736	53.433
Total	**6,224**	**100.00**	**801,460,921**	**100.00**

Notes :
(*) Less than 5% of issued shares
(**) 5% and above of issued shares

DIRECTORS' SHAREHOLDING

Name of Directors	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
DATUK AZMI BIN AHMAD	2,292,748	**0.284**	348,581,061[1]	43.492
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	**0.001**	348,415,436[2]	43.472
MOHD ABD RAHMAN BIN MOHD HASHIM	-	**-**	348,415,436[2]	43.472
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	**(*)**	123,750[3]	0.015
DATO' HAJI AB WAHAB BIN HAJI IBRAHIM	1,500	**(*)**	-	-
FINA NORHIZAH BINTI HJ 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	348,415,436	43.472
3	LEMBAGA TABUNG HAJI	79,831,300	9.960

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	30.333
2	SAR VENTURE HOLDINGS (M) SDN BHD	105,306,239	13.139
3	LEMBAGA TABUNG HAJI	79,831,300	9.960
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	19,594,350	2.444
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK NATIONAL ASSOCIATION (NORGES BK)	14,976,000	1.868
6	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	12,010,873	1.498
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	7,462,600	0.931
8	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	7,352,786	0.917
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	6,965,300	0.869
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	6,512,586	0.812
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK NATIONAL ASSOCIATION (NORGES BK LEND)	6,135,150	0.765
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	5,506,400	0.687
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	5,237,900	0.653
14	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	5,000,000	0.623
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD SYARIKAT TAKAFUL MALAYSIA BERHAD (ORD PA)	4,937,200	0.616

No	Name	Holdings	%
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,739,000	0.591
17	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR LEGG MASON WESTERN ASSET SOUTHEAST ASIA SPECIAL SITUATIONS TRUST (201061)	4,662,300	0.581
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) SA	4,500,000	0.561
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD SYARIKAT TAKAFUL MALAYSIA BERHAD (TKTK-280349)	4,413,400	0.550
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	4,021,900	0.501
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KAF FM)	4,000,000	0.499
22	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	4,000,000	0.499
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	3,741,100	0.466
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,625,700	0.452
25	HSBC NOMINEES (ASING) SDN BHD SMTBUSA FOR DAIWA EMERGING ASEAN MID-SMALL CAP EQUITY FUND - FIVE SPROUTS -	3,500,000	0.436
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,300,800	0.411
27	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	3,083,000	0.384
28	DANIEL LIM HWA YEW	3,050,000	0.380
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (RHB INV)	2,894,600	0.361
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	2,817,000	0.351

Notice of 9th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Alam Maritim Resources Berhad will be held on Friday, 27 June 2014 at 10.00 a.m., at the Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur for the transaction of the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**

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

   (i) Encik Shaharuddin bin Warno @ Rahmad; and **(Ordinary Resolution 2)**

   (ii) Encik Ahmad Hassanudin bin Ahmad Kamaluddin **(Ordinary Resolution 3)**

3. To approve the payment of Directors' Fees for the Financial Year ended 31 December 2013. **(Ordinary Resolution 4)**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 5)**

SPECIAL BUSINESS

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

5. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 6)**

   "THAT pursuant to Section 132D of the Companies Act, 1965, Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia, the Directors be and are hereby empowered to issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares so issued does not exceed 10% of the issued capital of the Company for the time being and the Directors be and are also empowered to obtain the approval of the Bursa Malaysia for listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. **Proposed offer and grant of options to subscribe for new ordinary shares of RM0.25 each in the Company ("Shares") ("Options") under the Company's Employee Share Option Scheme ("ESOS") to the Group Managing Director/Group Chief Executive Officer of Alam Maritim Resources Berhad (AMRB).** **(Ordinary Resolution 7)**

   THAT authority be and is hereby given to the Directors of the Company to:

   (i) offer, grant and/or issue to Datuk Azmi Ahmad, Group Managing Director/Group Chief Executive Officer of the Company, at any time and from time to time, commencing from the date of the shareholders' approval ("**Approval Date**") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held ("**Mandate Period**"), Options to subscribe up to 3,309,900 new Shares (or such number of new Shares as determined pursuant to the provisions of the Company's ESOS); and

   (ii) issue and allot to him, such number of new Shares (whether during or after the Mandate Period) upon exercise by him of such Options which were offered, granted and/or issued to him during the Mandate Period.

7. **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 8)**

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

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

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

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

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

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

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

whichever is earlier; and

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

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

8. **Proposed increase in the authorised share capital of AMRB** **(Ordinary Resolution 9)**

THAT the authorised share capital of the Company be and is hereby increased from RM250,000,000 comprising 1,000,000,000 AMRB Shares to RM500,000,000 comprising 2,000,000,000 AMRB Shares by the creation of an additional 1,000,000,000 new AMRB Shares.

THAT the Board be and is hereby authorised to do all such acts and things that are necessary to give full effect to the Proposed Increase in Authorised Share Capital.

AND THAT in consequence thereof, the Memorandum & Articles of Association of the Company and all other relevant documents be and are hereby amended accordingly.

9. **Proposed amendments to the Memorandum and Articles of Association of AMRB (Proposed Amendments)** **(Special Resolution 1)**

THAT, subject to the passing of Ordinary Resolution 9 above and the approvals of the relevant authorities (where required) being obtained, approval be and is hereby given for the Memorandum & Articles of Association to be altered, modified, varied and deleted in the following manner and that any Director be and is hereby authorised to give effect to the Proposed Amendments and to take all steps and do all acts and things in any manner as they may deem necessary to complete, finalise, implement and give full effect to the Proposed Amendments:-

Memorandum of Association	**Existing**	**Proposed change**
Clause 5	The authorised share capital of the Company is Ringgit Malaysia Two Hundred Fifty Million (RM250,000,000) divided into One Billion (1,000,000,000) Ordinary Shares of RM0.25 each.	The authorised share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000) divided into Two Billion (2,000,000,000) Ordinary Shares of RM0.25 each.
Articles of Association	**Existing**	**Proposed Change**
Article 3	The authorised share capital of the Company is RM250,000,000 divided into 1,000,000,000 Ordinary Shares of RM0.25 each.	The authorised share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000) divided into 2,000,000,000 Ordinary Shares of RM0.25 each.

10. 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

Fatan Hamamah binti Khalid, ACIS
(MAICSA 7039265)
Company Secretary

Kuala Lumpur
2 June 2014

Notes:

1. Only a depositor whose name appears on the Record of Depositors (ROD) as at 20 June 2014 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. Explanatory Notes on Special Business:-

   (i) Proposed **Ordinary Resolution 6** is to seek a renewal of the general authority pursuant to Section 132D of the Companies Act, 1965 and the Main Market Listing Requirements (MMLR) for the issuance and allotment of new ordinary shares in the Company.

   As at 20 January 2014, the Company has issued 14,251,661 new shares from the exercise of options by employees under the ESOS pursuant to the previous mandate. The proceeds from the issuance of the shares of RM3,562,915 were used for working capital purposes. The previous mandate will expire at the conclusion of the 9th AGM to be held on 27 June 2014.

   Proposed **Ordinary Resolution 6**, if passed, will enable Directors to issue and allot new ordinary shares up to an amount not exceeding ten per centum (10%) of the Company's issued share capital from time to time pursuant to exercise of any options under the Company's ESOS as well as provide them the flexibility to raise funds, including but not limited to further placement of shares for purposes of funding future investment project(s), working capital and/or acquisitions without convening a general meeting which will be both time and cost consuming. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

   At this juncture, there is no decision to issue any new shares other than any such shares that may be issued pursuant to exercising options under the ESOS. Should there be a decision to issue new shares other than pursuant to the ESOS, after the said authority has been given, the Company will make the appropriate announcement on the purpose and/or utilisation of proceeds arising from such issuance and allotment.

   (ii) The proposed offer and grant of options to subscribe for new ordinary shares of RM0.25 each in the Company

("Shares") ("Options") under the Employee Share Option Scheme ("ESOS") to the Group Managing Director/Group Chief Executive Officer of Alam Maritim Resources Berhad.

The proposed **Ordinary Resolution 7** is to seek authority in respect of the offer and grant of options to subscribe for new Shares in the Company under the ESOS to the Group Managing Director/Group Chief Executive Officer of the Company.

The ESOS was established for the grant of Options to eligible employees of our Group and our Executive Directors to subscribe for new Shares, not exceeding in aggregate 10% of the issued and paid-up share capital of our Company at any time during the subsistence of the ESOS.

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

The proposed **Ordinary Resolution 8**, 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 2 June 2014, circulated together with the Annual Report.

(iv) Proposed increase in the authorised share capital of AMRB

The Proposed Increase in Authorised Share Capital is to facilitate future corporate exercises involving the issuance of new AMRB Shares that may be undertaken by AMRB.

(v) Proposed amendments to the Memorandum and Articles of Association of AMRB

The Proposed Amendments is to accommodate the implementation of the Proposed Changes in Authorised Share Capital.

Statement Accompanying Notice of Annual General Meeting

PURSUANT TO PARAGRAPH 8.27 (2) OF THE MAIN MARKET LISTING REQUIREMENTS

The details of Directors who are standing for re-election are as set out on page 25 and 26 of this Annual Report and the Directors' interest in the securities of the Company and/or its related companies are disclosed on page 69 and 156 of this Annual Report.

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

FORM OF PROXY

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

I/We ____
(Block Letters)

of ____

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

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

THE CHAIRMAN OF THE MEETING as my/our* proxy(ies) to vote for me/us* and on my/our* behalf at the Ninth Annual General Meeting of the Company to be held at 10.00 a.m. on Friday, 27 June 2014 at the Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur and at any adjournment thereof, in the manner indicated below:

No	Resolutions	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.		
2	To re-elect Encik Shaharuddin bin Warno @ Rahmad pursuant to Article 94.		
3	To re-elect Encik Ahmad Hassanudin bin Ahmad Kamaluddin pursuant to Article 94.		
4	To approve the payment of Directors' Fees for the financial year ended 31 December 2013.		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to determine their remuneration.		
6	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7	To authorise the Directors to offer, grant and/or issue to Datuk Azmi Ahmad, Group Managing Director/Group Chief Executive Officer of the Company, during the Mandate Period, Options to subscribe up to 3,309,900 new shares (or such number of new Shares as determined pursuant to the provisions of the Company's ESOS) and to issue such number of new Shares arising from the exercise of the said Options.		
8	To approve the proposed renewal of authority for the Company to purchase its own shares.		
9	To increase the authorised share capital of AMRB		
10	To amend the Memorandum and Articles of Association of AMRB		

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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