Sustaining the **MOMENTUM**
Staying **RESILIENT**

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

Annual Report 2015

MISSION STATEMENT

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

SHARED VALUES

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

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

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

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

TRANSPARENCY
Clear, open and frank in all undertakings.

VISION

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

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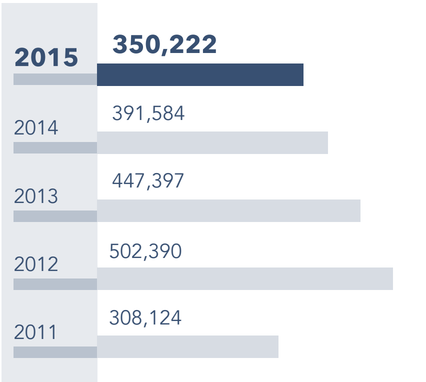
SUSTAINING THE MOMENTUM, STAYING RESILIENT

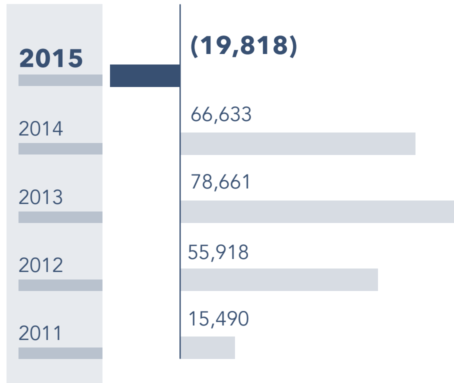
Alam Maritim Resources Berhad continues to exemplify resilience - focusing on asset and cost optimisation, while leveraging our technical capabilities and business experience to weather the current industry challenges. We will continue to unlock internal efficiencies and harness greater organisational synergy as the means to drive us forward towards becoming a more competitive and robust company. We remain on track towards becoming an integrated first-tier marine services provider to the oil and gas majors.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

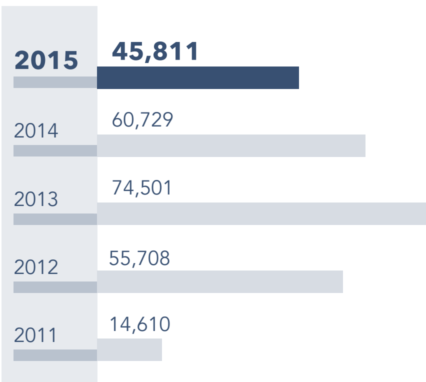
REVENUE (RM'000)



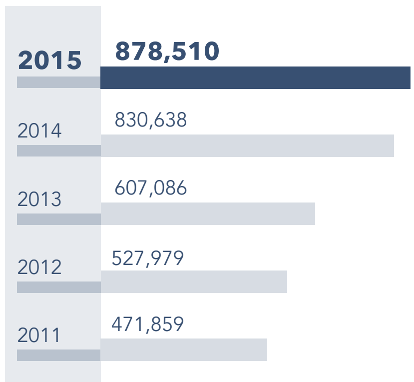
(LOSS)/PROFIT BEFORE TAXATION (RM'000)



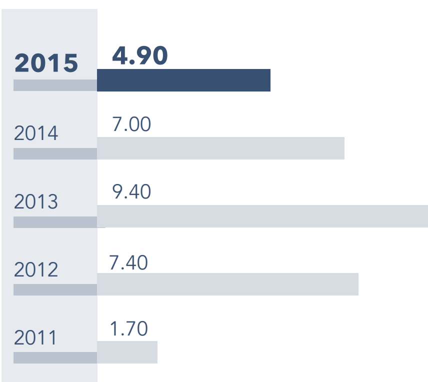
PROFIT AFTER TAXATION (RM'000)



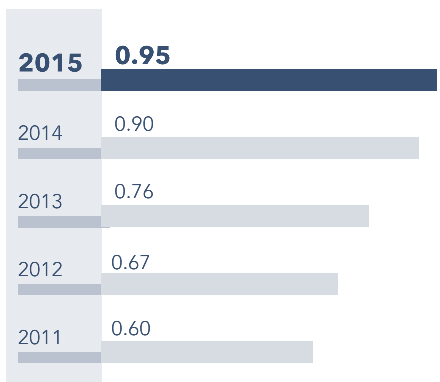
NET ASSETS (RM'000)



BASIC EARNINGS PER SHARE (SEN)



NET ASSETS PER SHARE (RM)



REVENUE BREAKDOWN FOR FINANCIAL YEAR 2015

* All in RM'000

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2015		RM 350,222
CHARTER HIRE	50.6%	RM 177,200
OFFSHORE INSTALLATION & CONSTRUCTION	0.7%	RM 2,608
DIVING AND SUBSEA SERVICES	22.7%	RM 79,647
OTHER SHIPPING RELATED INCOME	14.7%	RM 51,485
VESSEL'S MANAGEMENT FEES	3.9%	RM 13,685
SHIP CATERING	0.8%	RM 2,769
RENTAL OF EQUIPMENT	6.5%	RM 22,828

OUR FLEET

1MAS-300
Type: Pipe-lay Accommodation Work Barge
Length X Breadth X Depth (in metre): 111.56 X 31.7 X 7.31
Accommodations: 300 berths
Year Built: 2010 Class: BV

SETIA STATION 1
Type: Accommodation Work Barge
Length X Breadth X
Depth (in metre): 105.58 X 31.7 X 7.31
Accommodations: 300 berths
Year Built: 2009 Class: BV

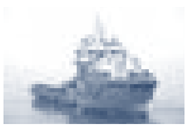
SETIA STATION 2
Type: Accommodation Work Barge
Length X Breadth X Depth (in metre): 111.56 X 31.7 X 7.31
Accommodations: 402 berths
Year Built: 2009 Class: BV

MV SETIA AMAN
Type: Accommodation Vessel / Workboat
Length X Breadth X Depth (in metre): 78 X 20 X 6.5
Accommodations: 174 berths
Year Built: 2009 Class: BV BHP: 5,220

MV SETIA SAKTI
Type: Accommodation Vessel / Workboat (DP2)
Length X Breadth X Depth (in metre): 76 X 20 X 6.1
Accommodations: 134 berths
Year Built: 2008 Class: BV BHP: 5,150

MV SETIA ULUNG
Type: Accommodation Vessel / Workboat
Length X Breadth X Depth (in metre): 78 X 20 X 6.5
Accommodations: 174 berths
Year Built: 2009 Class: BV BHP: 5,220

MV SETIA HIJRAH
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breadth X Depth (in metre): 76 X 18 X 8.0
Accommodations: 50 berths
Year Built: 2013 Class: BV BHP: 12,240

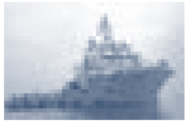


MV SETIA JIHAD
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breadth X Depth (in metre): 76 X 18 X 8.0
Accommodations: 50 berths
Year Built: 2013 Class: BV BHP: 12,240

MV SETIA JAGUH
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 64 X 15 X 6.8
Accommodations: 31 berths
Year Built: 1999 Class: BV BHP: 8,920

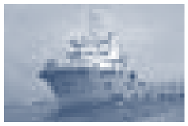
MV SETIA ERAT
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

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



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

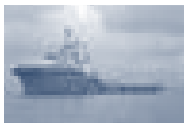
MV SETIA QASEH
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X
Depth (in metre): 58.70 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2010 Class: BV BHP: 5,150



MV SETIA TEGUH
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2008 Class: BV BHP: 5,150

MV SETIA WANGSA
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

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



MV SETIA NURANI
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 59 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 5,150

MV SETIA PADU
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2006 Class: BV BHP: 5,150

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

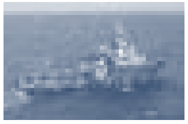
MV SETIA TANGKAS
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

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

MV SETIA HEBAT
Type: Anchor Handling Tug Supply Vessel (DP1)
Length X Breath X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 50 berths
Year Built: 2008 Class: BV BHP: 5,000

OUR FLEET

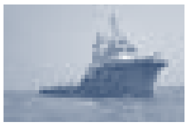
MV SETIA TEGAP
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2008 Class: BV BHP: 5,000



MV SETIA EMAS
Type: Anchor Handling Tug
Length X Breadth X
Depth (in metre): 48 X 13.2 X 5.2
Accommodations: 24 berths
Year Built: 2004 Class: BV BHP: 4,750

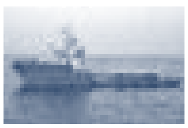
MV SETIA DERAS
Type: Crew / Utility Vessel
Length X Breadth X Depth (in metre): 40.38 X 7.80 X 3.40
Seating: 80 pax
Year Built: 2009 Class: BV BHP: 4,200

MV SETIA KILAS
Type: Crew Utility Vessel
Length X Breadth X Depth (in metre): 40.38 X 7.80 X 3.40
Seating: 80 pax
Year Built: 2009 Class: BV BHP: 4,200

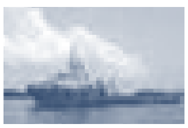


MV SETIA GIGIH
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220

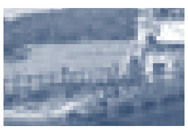
MV SETIA KENTAL
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220



MV SETIA INDAH
Type: Supply Vessel
Length X Breadth X Depth (in metre): 57.5 X 13.8 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 4,750



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



MV SETIA KASTURI
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre):60 X 13.3 X 6.0
Accommodations: 24 berths
Year Built: 2005 Class: NKK BHP: 4,750

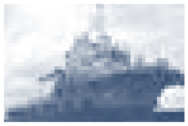
MV SETIA LESTARI
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 4,750

MV SETIA CEKAL
Type: Workboat / Diving Support Vessel
Length X Breadth X Depth (in metre): 57.38 X 12.8 X 4.88
Accommodations: 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 11.8 X 4.6
Accommodations: 20 berths
Year Built: 2007 Class: NKK BHP: 3,880

MV SETIA WIRA
Type: Tug / Utility Vessel
Length X Breadth X
Depth (in metre): 48 X 11.8 X 4.6
Accommodations: 28 berths
Year Built: 2007 Class: BV BHP: 3,500

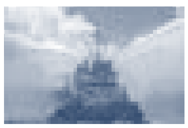
MV SETIA CEKAP
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 45 X 11 X 4.0
Accommodations: 20 berths
Year Built: 2005 Class: BV BHP: 3,500



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

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

MV SETIA BUDI
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 40 X 11.8 X 4.6
Accommodations: 20 berths
Year Built: 2008 Class: NKK BHP: 2,400

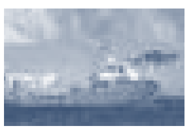


MV SETIA ZAMAN
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 40 X 11.8 X 4.6
Accommodations: 26 berths
Year Built: 2008 Class: NKK BHP: 2,400

ALAM 281
Type: 280 ft Deck Cargo Barge
Length X Breadth X Depth (in metre): 85.38 X 24.38 X 4.88
Year Built: 2006 Class: BV

ALAM 251
Type: 250 ft Deck Cargo Barge
Length X Breadth X Depth (in metre): 76.20 X 24.38 X 4.88
Year Built: 2010 Class: ABS

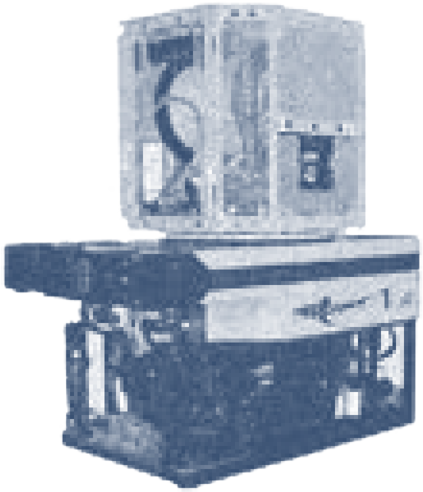
ALAM 252
Type: 250 ft Deck Cargo Barge
Length X Breadth X Depth (in metre): 76.30 X 24.38 X 4.88
Year Built: 2010 Class: ABS



OLV VENTURE1
Type: DP2 Diving Support & Maintenance Vessel
Length X Breadth X Depth (In Metre): 85 X 22 X 8
Accommodation: 125 Men
Year Built: 2016 Class: ABS BHP: 6000

UNDERWATER MAJOR ASSETS

JERUNG SERIES (3000 MSW) C/W
160HP Work-Class ROV



Type
3,000m (TMS)

Dimensions
Length x Width x Height
3,100mm x 1,600mm x 2,000mm

TMS Diameter x Height
1,800mm x’2,000mm

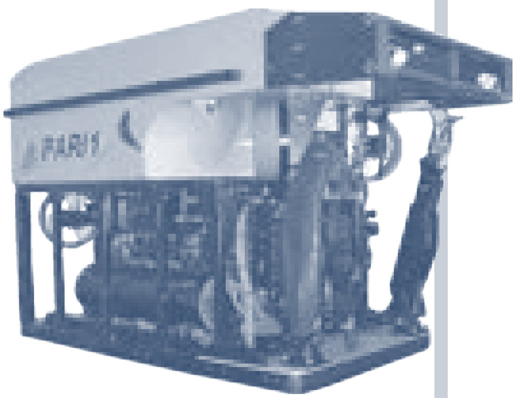
Weight in Air
2,400kg

TMS
2,400kg

Performance
Forward 700kgf 2.5 knots
Lateral 550kgf 2.5 knots
Vertical 500kgf 1.5 knots

Work Capabilities
- Marine and subsea construction support
- Drilling, production & work-over support
- Facility inspection, maintenance and repair support

PARI SERIES
125HP Work-Class ROV



Type
1,500m (Free-swimming)

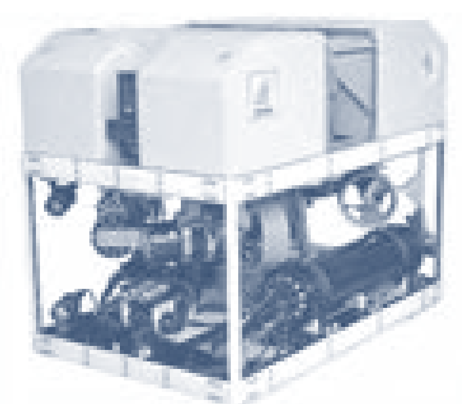
Dimensions
Length x Width x Height
2,500mm x 1,450mm x 1,800mm

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

Dimensions
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

UNDERWATER MAJOR ASSETS

50M AIR/MIXED GAS DIVING SYSTEM

General Specification

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

- 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.
- 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.
- Launching and Recovery System - a skid mounted complete with a 2 tonne A-Frame, a dive stage, clump weight, man riding winch.

UNDERWATER MAJOR ASSETS

50M AIR/MIXED GAS DIVING ABS CLASS SYSTEM

Dive Control Container

Classed Dive Spread (Air/Mixed Gas) System is offered in a standard 20FT ABS/DNV 2.7-1 Container Completes with Offshore Lifting Pad eyes and DNV certified 4 legged lifting slings with master link

- Insulated inside to 50mm with metal finishing
- Power rating 220V, 32 amp
- Contained 3 men air/mixed gas Dive Panel complete with Analox 101D2 Oxygen analyzer.
- Contained Amron Dive radios and Commax Master station with six slave station communications
- Contained 1 unit of CCTV/underwater TV System complete with Flat 19" Flat Screen Monitors, 250 GB DVD Recorder, Quad splitter and Weather Proof Surveillance Camera
- Contained 2 units of 18000 BTU220V 50/60Hz Recessed air-con split unit
- Contained safety features such as DP alarm/light, first aid kit & fire emergency safety equipment.

Deck Decompression Chamber Container

Classed Dive Spread (Air/Mixed Gas) System is offered in a standard 20FT ABS/DNV 2.7-1 Container Completes with Offshore Lifting Pad eyes and DNV certified 4 legged lifting slings with master link

- Insulated inside to 50mm with metal finishing
- Power rating 220V, 32 amp
- Contained 1 unit of 60" Twin Lock Deck Decompression Chamber with Double Medical Lock and interlocking complied with ABS, ASME VIII, PVHO code.
- Contained Deck Decompression Chamber Panel complete with Analox 101D2 Oxygen Analyzer
- Contained 1 unit of Commax Slave station
- Contained 2 unit of 18000 BTU220V 50/60Hz Recessed air-con split unit
- Contained safety features such as DMAC 15 kit, first aid kit & fire emergency safety equipment.

UNDERWATER MAJOR ASSETS

Machinery Container

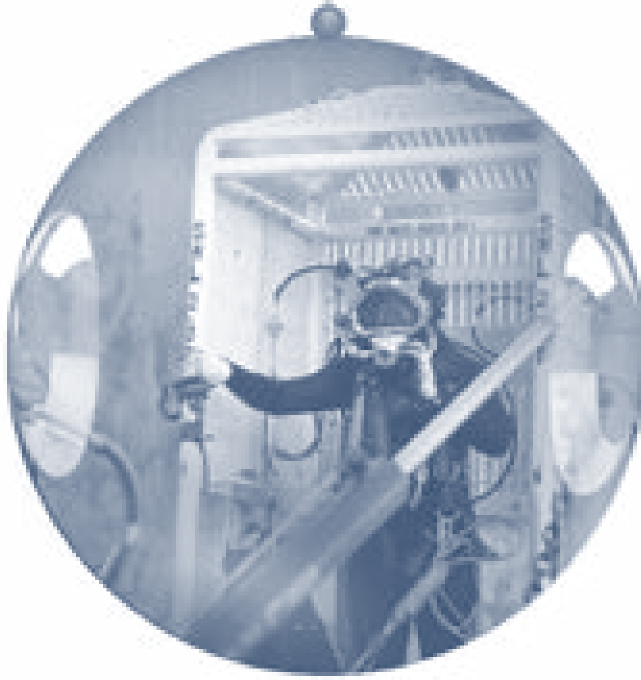
Launching And Recovery System (LARS) - 2 units

Classed Dive Spread (Air/Mixed Gas) System is offered in a standard 20FT ABS/DNV 2.7-1 Container Completes with Offshore Lifting Pad eyes and DNV certified 4 legged lifting slings with master link

- Container comes with 440v Electrical junction box, 440v/220v Step Down Transformer, Exhaust Ventilation Fan, First Aid Kit, and Fire Emergency safety equipment
- Contained 2 units of 440v 50/60Hz electrical driven Quincy 5120 LP Compressor with 120 gallons volume tank and Hankison Filters
- Contained 2 units of 440v 50/60Hz Electric driven Bauer Mariner 320 HP Compressor with output capacity of 11.3 cfm
- Contained 1 unit electric driven tooling hydraulic power pack with capacity of 18-20 GPM

This unit is comprised of a steel base skid with flush mounted grating, a hydraulically operated A-frame with sheaves mounted on the cross bar complete with DNV certified 4 legged lifting slings with master link

- Contained A-Frame complete with 2 units of hydraulic cylinder for A-Frame operation
- Contained Diving stage with ABS approved Engineering Design for main & secondary lifting pad eyes complete with certified 1.5 meter secondary recovery strops, 2 units of 50liters air cylinder with content indication as per IMCAD023, manifold and regulators.
- Contained 2 units of Man Riding Winch with capacity of 1.4ton SWL complete with 160/100m non rotating wire (Galv Grade 1960 MPa)
- Contained 1 unit electric driven weather proof hydraulic power pack complete with 42 gallons steel tank and accumulator



Reach & Reputation

Drawing from our financial strengths and our proven track records, we sail forward to grow our business presence both locally and abroad. We remain aggressive in building our order book and innovative in unearthing new opportunities for growth and success.

CHAIRMAN'S Statement

Importantly, we remain on track towards harnessing greater operational synergy within the Group and consolidating our position as a tier-one offshore service provider to the oil and gas majors.

On behalf of the Board of Directors, I hereby present the annual report and audited financial statements of Alam Maritim Resources Berhad ("The Group" or "Alam Maritim") for the financial year ended 31 December 2015.

FY2015 was certainly a very challenging year for the oil and gas industry. Despite sluggish global economic conditions, crude oil production particularly from OPEC member nations remained ample – placing further downward pressure on oil prices during a market downturn. As a result, in FY2015, crude oil prices continued to fall for the most part of the year, before settling at around USD30 per barrel in December 2015.

Given the scenario of low industry prices and oversupply of crude oil, the oil and gas industry worldwide experienced a significant slowdown, particularly in upstream activities. The ensuing effects were felt across the industry value chain with no players or segments insulated from the industry downturn. This included offshore support vessel ("OSV") providers such as Alam Maritim. OSV players certainly felt the impact of the industry downturn, given the nature of our operations which is closely linked to exploration and production activities.

The Group's strategy during the financial year was reflective of market realities. Our focus was to execute the contracts in hand while riding out the challenging year under review. Alam Maritim continued to make steady progress towards the Group's long-term business goals and aspirations while ensuring business sustainability and maintaining our ability to compete effectively and win contracts amidst turbulent market and economic conditions.

Importantly, we remain on track towards harnessing greater operational synergy within the Group and consolidating our position as a tier-one offshore service provider to the oil and gas majors.

FINANCIAL PERFORMANCE

In FY2015, Group revenue was recorded at RM350 million, a decrease of 11% compared to FY2014's RM392 million. The Group reported a net profit of RM46 million for financial year 2015. However, the Group posted a loss before tax of RM20 million due to provision for impairment loss of assets and trade receivables amounting to RM16 million and RM12 million respectively.

CONTINUED PROGRESS & GROWTH

While the external operating environment faced in FY2015 was beyond our control, Alam Maritim was pro-active to respond swiftly and strategically to counter the effects of the slowdown as best possible.

CHAIRMAN'S STATEMENT

During a year marked by considerable industry turbulence and general economic sluggishness, Alam Maritim focused on internal improvements – conducting a comprehensive audit of its operations throughout the year. The slowdown in FY2015, presented a good opportunity to find ways to strengthen our business model; to become more robust and resilient. The ensuing exercise has helped the Group to harness greater efficiency, eliminate certain processes or procedures where possible and to increase speed to market.

The Group's efforts have yielded significant results where we have made further inroads in realising asset and cost optimisation, improving the Group's overall cost structure while enhancing our branding as a strategic partner to the oil and gas majors.

One of these achievements is in the area of Quality, Health, Safety and the Environment, with the Group setting a new benchmark of 7 million manhours without a Lost Time Injury ("LTI"). This marks a significant accomplishment for the Group.

Quality, Health, Safety, and the Environment ("QHSE"), has become a key factor for securing contracts. Achieving excellent standards in these areas gives Alam Maritim an edge as oil and gas majors increasingly view these parameters as a key deciding factor in the awarding of contracts to OSV players. By continuing to excel in safety and setting new benchmarks for performance, we have further strengthened our ability to compete going forward.

More importantly, we are able to push through our agenda of a safe workplace where nobody gets hurt and aim to achieve a zero defect culture at the workplace through continuous improvement.

Projects in hand were successfully completed including some ahead of time and our good work has continued to earn the confidence of clients to award us further contracts. Our work on the Pedu and Talisman projects saw us garner enough recognition and satisfaction from clients that within the same year we were requested to provide an extension to our work scope.

Our order book size stood at RM508 million as at December 31 2015. It is a decent size that will keep us busy for the next 2-3 years. Our projects in hand will contribute significantly towards the earnings and net tangible assets of the Group irrespective of economic conditions, barring any unforeseen deferments or delays by clients.

PROSPECTS & OUTLOOK

Looking ahead, in light of deteriorating sentiment and confidence in the major global economies and commodities markets, we see little room for a rebound in crude oil prices in FY2016. The various conditions that have impacted the oil and gas industry last year continue to persist in the market with the industry consensus being that present conditions may continue for another 2-3 years.

We hope that going forward there would be resolutions by OPEC member countries to cut back on crude oil production as a step towards addressing the situation of low crude oil prices.

However, regardless of the external circumstances which are beyond our control, Alam Maritim is well poised to weather the storm. Given our strong fundamentals, growing order book and established reputation among the oil and gas majors both in Malaysia and internationally, we are ready to face the year ahead and will continue to strive for another year of profitability and progress.

No doubt, the year ahead looks daunting, but we have put in place all necessary measures to mitigate the risks as best possible to continue moving forward. Ultimately, we remain on track to becoming a first-tier offshore service provider to the oil and gas majors.

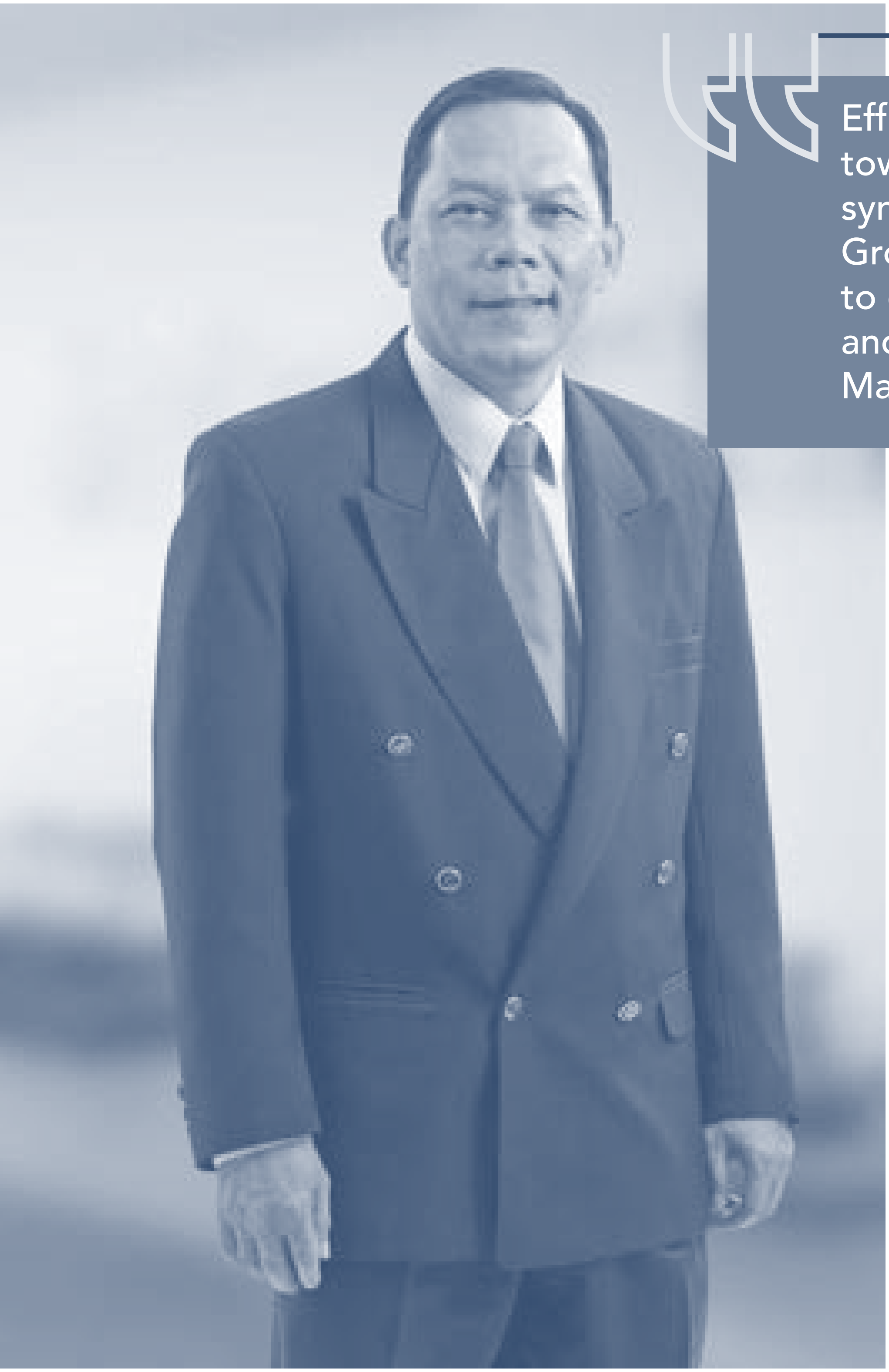
ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to firstly thank the dedicated staff and management of Alam Maritim Resources Berhad who during a turbulent year, have distinguished themselves with their tireless dedication and contribution to the Group. Their performance has been second to none and has been a key factor in our ability to register a 5th year of consecutive profit despite the difficult operating environment.

I also wish to express our appreciation to the members of the relevant Board Committees for their leadership and professionalism; our business partners, clients, regulatory and government authorities for their steadfast support and last but not least, our shareholders for their continued confidence in us during the year under review.

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN
Chairman

OPERATIONAL Review



> Efforts were also emphasised towards unlocking greater synergistic value across the Group's business divisions to deliver a more integrated and business focussed Alam Maritim.

The year under review saw crude oil prices plummet to a 11-year low of USD30 per barrel amidst record global output levels which resulted in supply outpacing demand.

Global demand for crude oil did not keep pace with supply due to various factors. These included slower than expected recoveries in key economies such as China, Europe and the US, as well as socio-political turbulence in certain parts of the world. Against a backdrop of falling crude oil prices, ample supply, moderating demand and growing stockpiles of inventory, the oil and gas industry experienced a significant downturn in FY2015.

In Malaysia, oil and gas majors have opted to defer or cancel contracts as well as cut back on capital and operational expenditures, particularly for exploration and production activities. Contracts awarded within the domestic upstream segment had decreased significantly with downward price negotiations putting further pressure on contract margins, particularly contracts related to upstream exploration and production activities. This included the niche segments of offshore support vessels ("OSVs") and offshore installation and construction ("OIC") and subsea works, the key business activities of Alam Maritim Resources Berhad ("Alam Maritim" or "the Group").

OPERATIONAL REVIEW

However, despite the most challenging conditions in FY2015, our business and operational performance during the year reflected our continued ability to win contracts and to execute all jobs in hand in a timely manner, delivering the required operational quality and assurance to the oil and gas majors. We continued to exemplify a high level of professionalism throughout our operations and have further strengthened our reputation as a leading service provider to the oil and gas industry despite the many difficulties faced in FY2015.

In particular, we remained competitive in the bidding for and winning of tenders, despite reduced industry demand, falling charter rates and contract margins coming under pressure. Alam Maritim was still successful in winning jobs against more established rivals, which speaks positively for the Group's credibility and brand reputation in the marketplace.

A hallmark of our success has been our unwavering commitment to the quality and delivery on all projects undertaken for clients. This includes successfully executing all projects on time, within budget and meeting and even exceeding clients' expectations. As such, we will continue to focus on implementing effective project management and cost optimisation efforts across our business to support our growth and future success.

Throughout the course of FY2015, we improved overall cost competitiveness, pared down our debt position and set new benchmarks for Quality, Health, Safety & the Environment ("QHSE"). This includes a company record of 7 million man-hours without a Lost Time Injury (LTI) and several award commendations and recognitions for outstanding QHSE performance from principal clients such as Talisman, Carigali Hess, PETRONAS, ExxonMobil and Murphy Sarawak. We believe that superior QHSE performance is the foundation for operational excellence.

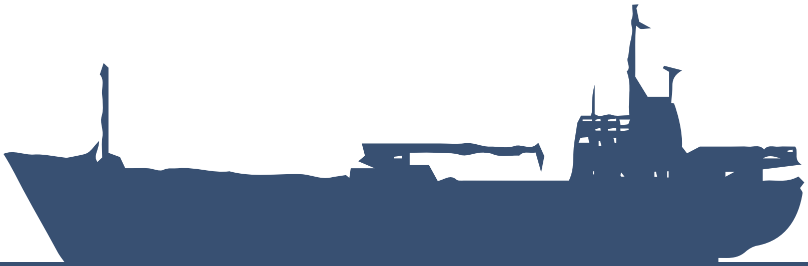
In a year of great challenges and difficulties, the inherent qualities of the Group have shone through to prevail in the face of adversity and to emerge a stronger, better and more robust organisation. It is with this sentiment and spirit that I am pleased to provide an account of the Group's performance in FY2015.

FINANCIAL PERFORMANCE

In FY2015, Group revenue was recorded at RM350 million, a decrease of 11% compared to FY2014's RM391 million. The Group reported a net profit of RM46 million for financial year 2015. However, the Group posted a loss before tax of RM20 million due to provision for impairment loss of assets and trade receivables amounting to RM16 million and RM12 million respectively.

	2015 (RM'000)	2014 (RM'000)
Group Revenue	350,222	391,584
Net profit	45,811	60,729
Group (Loss)/Profit Before Tax	(19,818)	66,633
Vessel Utilisation	63%	71%
Charter Rates/BHP	USD1.4-1.8	USD1.6 – USD 2.2
Debt To Equity Ratio	0.22x	0.38x

OPERATIONAL REVIEW



During the year under review, Alam Maritim also pared down its 2015 Sukuk commitment of RM115 million, mainly through proceeds from a private placement exercise and several internally generated activities. Accordingly, the Group's debt to equity ratio was reduced to 0.22 times as at year ended 31 December 2015 compared to 0.38 times in the previous financial year.

REALISING INTERNAL IMPROVEMENTS & OPERATIONAL EFFICIENCY

The industry slowdown during FY2015 presented an excellent opportunity for Alam Maritim to review, streamline and consolidate business operations. In essence, the Group sought to unlock further operational efficiency and excellence while implementing various project management strategies for existing contracts.

Efforts were also emphasised towards unlocking greater synergistic value across the Group's business divisions to deliver a more integrated and business focussed Alam Maritim.

One of the strategies pursued diligently was cost and asset optimisation, whereby the Group leveraged on existing vessels to service contracts rather than to lease or procure new ones. Status and readiness of vessels were also carefully ascertained based on contract availability to ensure optimum use of resources. Vessels were selectively placed under cold or warm lay-up to meet this purpose. During the year, we also undertook training of crews to further enhance the operational effectiveness and productivity of our maritime personnel on board vessels.

Through these various efforts, the Group has managed to reduce overall vessel operating cost, reduced vessel to crew ratios as well as other associated costs, providing better management of overall Group assets, capital and cash flow. All of which, will boost our competitiveness going forward.

During the Year, Alam Maritim continued to pursue new and varied business development opportunities, both locally and abroad. Our initial inroads made into dam diving in FY2014 beginning with the Pedu Dam project, has enabled us to further expand our presence in this new business area. In FY2015, the Pedu Dam contract was renewed for an additional year and we continued to offer services to dam operators across the country.

ORDER BOOK

In FY2015, the Group's order book stood at RM508million as at 31 December 2015. We are also happy to report that about 15% of our order book consists of contracts with tenures for one year or longer. Our order book will keep the Group busy for the next two years, providing some measure of confidence against the current slowdown in the oil and gas industry.

CONTRACT AWARDS

In FY2015, Alam Maritim continued to secure contracts from the oil and gas majors. Of import, the awarded contracts were and will be serviced almost exclusively by wholly owned vessels of Alam Maritim.

In January 2015, we secured a RM10 million contract for the provision of air / saturation diving services for an inshore repair and maintenance project for the Pedu Dam in Kedah. The project commenced on February 2015 and was successfully completed within a month with Alam Maritim utilising its full air saturation system in the servicing of the contract.

In January 2015, Alam Maritim was awarded a contract by ExxonMobil Exploration and Production Malaysia Inc ("EMEPMI") to provide one accommodation work

OPERATIONAL REVIEW

barge - Setia Station 2 for the Tapis EOR Brownfield Modifications and Retrofits project. The contract is valued at RM9.92 million and commenced from January 2015 till April 2015.

In March 2015, Alam Maritim was awarded the PETRONAS Carigali Sdn Bhd ("PCSB") Umbrella Contract for Spot Charter Marine Services under multiple categories. These categories included Anchor Handling Tug and Supply Vessels (*Setia Iman, Setia Luhur, Setia Hijrah, Setia Jihad*), Straight Supply Vessels (*Setia Iman, Setia Luhur*),Fast Crew Boats (*Setia Deras, Setia Kilas*), Workboats (*Setia Aman & Setia Ulung*), Work Barges (*Setia Station 1 & Setia Station 2*), General Purpose / Utility Vessels (*Setia Cekap & Setia Gagah*) and Platform Supply Vessel (*WM Natural*).

The contract is for two years with an option to extend for an additional year and has commenced in January 2015 with expiry in January 28, 2018, including the extension period. The value of the contract is based on the call-out exercise undertaken by PCSB.

The significance of this award is that PCSB had only selected a handful of OSV players, which is approximately 20% out of the total number of OSV players in Malaysia for provision of Spot Charter Marine Services of which Alam Maritim is one of them. For the next three years including the one year option period, all spot contracts from PETRONAS will only be awarded to these 21 players, providing us with opportunities for better earnings visibility going forward.

In May 2015, Alam Maritim received a Letter of Award from PETRONAS Floating LNG 1 (L) Ltd ("PFLL") for provision of subcontract works consisting of engineering, procurement, installation and related activities for the Floating Liquefied Natural Gas ("FLNG") Offshore Works – Mooring System Installation (Package No. 1). The contract, valued at RM49.0 million runs from 20 May 2015 until 15 September 2015. Importantly, in servicing these contracts, we utilised our wholly owned vessels - *Setia Gagah, Setia Fajar, 1MAS- 300, Setia Hijrah, Setia Qaseh, Setia Padu, Setia Iman* and *Alam 251*; whilst our wholly owned ROVs used were *Pari 1* and *Pari 2*.

In June 2015, we entered into an agreement with Chevron Malaysia Limited for installation works contract for the replacement of a subsea pipeline at Chevron's Prai Terminal. The total contract value was some RM22.0 million with work having commenced in August 2015 and completed in December 2015. *1MAS-300* and Air Diving System, *AS #1* were utilised in the execution of this contract.

In June the same year, Alam Maritim received a Letter of Award from PCSB for the Provision of Splash Zone Structural Repair and Maintenance offshore Terengganu, Malaysia. The estimated contract value is RM6 million and is for a confirmed period of two years with an option to extend for an additional year. The contract runs from 8 June 2015 to 7 June 2018, including the extension period.

Also in June 2015, we received another Letter of Award from PETRONAS for the PETRONAS Floating LNG-1 Project Package Two. The contract works entails final positioning and mooring system hook-up of a Floating Liquefied Natural Gas (FLNG) Plant which includes flexible riser installation, pre-commissioning and commissioning of pipeline, pipe-line ends terminal and riser from KAKG to FLNG.

Valued at RM53.5 million, the contract commenced on June 15, 2015 and will run till completion, tentatively till July 2016. In servicing this contract, Alam Maritim will utilise its own vessels and subsea offerings with additional services and support rendered by its strategic business partners.

OPERATIONAL REVIEW

In December 2015, Alam received a Letter of Award by PCSB for the Provision of Engineering, Procurement, Construction, Installation and Commissioning of a 10" X 1km Pipeline for the TCOT Effluent Discharge Line Extension Project. The approximately RM26 million project has been temporarily suspended by PCSB in line with its capex reduction measures. However, Alam Maritim will be compensated for work done thus far.

Outside of Malaysia, Alam entered into a Charter Party Agreement with Allianz Middle East Ship Management LLC, a company incorporated in United Arab Emirates for the provision of one unit Safety Standby Rescue Vessel, which is our *MV Setia Emas*. The vessel charter contract valued at RM40.7 million inclusive of the extension period is for a primary period of three years with an extension option of another two years.

FLEET RENEWAL PROGRAMME

The Group remains committed to operating a young, modern, environmentally safe and cost effective fleet in line with the requirements of oil and gas majors.

As such, during the year, we acquired a new diving support vessel ("DSV") in March 2015 – the OLV Venture 1 for US$60 million (RM218.76 million). The acquisition was done via our Joint-Venture company MDSV 1 (L) Inc. The vessel is young having been built only in 2014 and has 85M DP2 6000 brake horse power (BHP) and classed under the American Bureau of Shipping Classification Society.

The vessel is to be deployed in the operational waters of Malaysia and Southeast Asia to support the exploration and production activities in the region. The acquisition is in line with the fleet expansion plan of Alam Maritim in providing marine support services to the offshore oil and gas facilities.

The vessel purchased was financed partly by proceeds from our new share issuance exercise during the year and banks borrowing, with a staggered payment structure.

CONTRIBUTION FROM BUSINESS DIVISIONS – OFFSHORE SUPPORT VESSELS ("OSV")

Business Divisions	Revenue (RM)	Profit (RM)
OSV	228million	58million
Subsea/OIC	161 million	9 million

Offshore Support Vessels ("OSVs") remained the biggest contributor to Group's revenue and earnings. The OSV Division accounted for 60% of the Group's overall business.

The Division essentially provides vessels either on contract or call-out basis (spot charter) to support the requirements of oil and gas players, particularly for the upstream segment of the industry. The OSV Division is able to provide vessel support for development, exploration, appraisal, decommissioning, production, operations and maintenance jobs.

Alam Maritim is one of few OSV players in Malaysia that owns and operates its own vessels. Vessels include anchor handling tug supply, tug / utility, straight supply, diving support, workboat, work barge, crew boat and pipe lay barges.

During the financial year, the OSV Division was impacted due to lower demand for OSVs by the oil and gas majors resulting in a lower vessel utilisation rate. With the reduced demand for OSVs, contributions from the Division were also lower with a number of vessels placed under warm and cold lay-up.

SUBSEA / OIC

Subsea and OIC accounted for 18% of contracts awarded in FY2015. The Division handles offshore subsea works and underwater and engineering services. These include provision of various diving services, Remotely Operated Vehicles ("ROVs"), saturation systems and other related systems.

The Offshore Installation & Construction (OIC) Division is responsible for heavy lifting works as well as provision of pipeline laying services for both offshore and onshore requirements. It also focusses on works related to mooring & subsea facilities.

Divisional highlights include successful completion of several projects. These are the Chevron pipeline replacement in Prai Terminal, Penang, mooring systems installation for the PFLNG project offshore Bintulu, Sarawak and the provision of two deep-water platform installations, jacket and topside for the SK-316 project also located offshore Bintulu, Sarawak.

With regards to subsea, the main highlight was the Pedu Dam project – which was successfully completed to client's satisfaction in FY2015. Given the circumstances of the workscope, there were numerous high risks involved and specialities needed to complete it. We

OPERATIONAL REVIEW

managed to complete these jobs safe and ahead of time. The project has now been extended into its 3rd phase and contributed significantly to the Group's QHSE achievement of 7 million manhours without LTI.

Contributions from The Group's OIC business Division saw a reduction due to the lack of demand for such services during FY2015. The declining ringgit also had an impact on the OIC segment as spares have to be procured in USD, while costs for docking of vessels are also in USD.

However, the Division continued to stay busy focussing on existing contracts. This involved asset maintenance jobs on offshore rigs, pipelines and other marine installations. The Division also successfully participated in the earlier mentioned Chevron pipeline replacement contract lending its expertise which was a key component of showcasing the Group's synergistic capabilities.

During the year, the Group acquired additional assets particularly the Diving Support Vessel ("DSV") to further strengthen our offerings of subsea services to the oil and gas industry. It will provide the Group with better leverage to bid for local and international contracts. The vessel is expected to be ready by Q2 2016.

OUTLOOK & PROSPECTS

Given the current conditions in the global economy as well as the oil and gas industry, we foresee FY2016 to be equally challenging as FY2015, if not more. The fall in oil prices in January 2016 underscores that today's oil price downturn could last for a few years.

Crude oil prices are expected to remain low with no indication of a cut back in production by key oil producing economies. The lack of strong growth signals from US, China and Europe points to supply continuing to outpace global demand.

Locally, there is the possibility of further reductions in capex and opex by the oil and gas majors. The domestic economy is also expected to register lower GDP growth, a further indication that Malaysia too continues to feel the sluggishness of the global economy as well as domestic factors such as reduced domestic spending and injection of foreign direct investment ("FDI").

Given these macro indicators, we believe that the best approach going forward is one of prudence. Yet, we remain quietly confident that despite the slowing market, there is still potential for growth and progress, given the Group's strong business fundamentals, its operational track record and credible reputation as a proven and reliable top OSV player in Malaysia and the region.

Despite the present downturn, there will not be a major reduction in subsea services and OIC works by oil and gas majors as a safe oilfield operating environment must be maintained. The Group will look to capitalise on repairs and maintenance contracts which must be serviced regardless of market conditions.

In addition, we will not discount possibilities of exploring opportunities in the downstream sector. In doing so, Alam Maritim could consider joint ventures and strategic partnerships going forward.

We remain in a healthy position financially with a stable cash reserve. Our order book as well as long term contracts provide some measure of insulation to face the industry downturn. Thus far we have tendered for contracts and given our consistent success rate over the past few years, we are optimistic of continuing to shore up our order book in FY2016.

The various operational improvements we have initiated in the past year have made us a more agile and robust company that is quicker to market and can offer better cost competitiveness to the oil and gas majors. Furthermore, our continuous effort to harness synergy between our business Divisions is bearing fruits and will allow the Group to better compete for jobs going forward. Rather than offering our service in silos, Alam Maritim is better placed to provide comprehensive solutions across the upstream segment giving us additional advantage when bidding for contracts.

Our diverse fleet will enable us to offer more value while our expansion into new business areas will give us some form of diversification from, and within the oil and gas industry. We will also continue to emphasise QHSE to be the cornerstone of our business principle as a means for significant value creation.

Last but not least, we will continue to look to foreign shores to expand our area of business operations into new waters which, apart from new businesses, is likely to offer some upside from any fluctuations in currency exchange.

We remain resolute that Alam Maritim, as it has done in the past will emerge a better, stronger and more agile company that is best positioned to capitalise on opportunities once the market recovers.

DATUK AZMI AHMAD
Group Managing Director/Group CEO

Scale & Specialism

We leverage on the integrated expertise and the strengths of our business segments to be effective in an industry that demands compliance to high standards. Our innovative solutions and professional services throughout the value chain gives us the competitive edge and resilience to adapt to this fast changing environment.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Fina Norhizah binti Haji Baharu Zaman
Chairman/Independent Non-Executive Director

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

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

Ainul Azhar bin Ainul Jamal
Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Dato' Haji Ab Wahab bin Haji Ibrahim
Chairman

Fina Norhizah binti Haji Baharu Zaman

Ainul Azhar bin Ainul Jamal

BOARD RISK MANAGEMENT COMMITTEE

Ainul Azhar bin Ainul Jamal
Chairman

Fina Norhizah binti Haji Baharu Zaman

Dato' Haji Ab Wahab bin Haji Ibrahim

Shaharuddin bin Warno @ Rahmad

Ahmad Hassanudin bin Ahmad Kamaluddin

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

BOARD NOMINATION AND REMUNERATION COMMITTEE

Fina Norhizah binti Haji Baharu Zaman
Chairman

Dato' Haji Ab Wahab bin Haji Ibrahim

Ainul Azhar bin Ainul Jamal

Datuk Azmi bin Ahmad

Shaharuddin bin Warno @ Rahmad

COMPANY SECRETARY

Fatan Hamamah binti Khalid, ACIS (MAICSA 7039265)

REGISTERED OFFICE AND CORRESPONDENCE ADDRESS

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Fax : +603 9059 6845
Website : www.alam-maritim.com.my
Email : info@alam-maritim.com.my

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50490 Kuala Lumpur
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Zul Rafique & Partners
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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 IMS approach while not neglecting addressing any potential adverse impact on human health, safety and environment in all aspects of our activities and promoting continuous improvement as ALAM way of life.

We shall ensure that this policy is communicated and inculcated throughout the 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 restrict the consumption or being under the influence of intoxicating drugs and alcohol which would impair the performance of work and a serious threat to the Health, Safety and Environment at our business operations.

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

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

STOP WORK POLICY

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

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

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

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

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

CORPORATE STRUCTURE as at 31 March 2016

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
  - **51%** 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 JV HOLDINGS [L] INC
  - **50%** WIDE GLOBAL (L) INC

CORPORATE STRUCTURE as at 31 March 2016

100%
ALAM MARITIM INVESTMENT HOLDINGS [L] INC

- **100%** ALAM MARITIM INVESTMENTS I [L] INC
- **100%** ALAM MARITIM INVESTMENTS II [L] INC
- **100%** ALAM MARITIM INVESTMENTS III [L] INC
- **100%** ALAM MARITIM INVESTMENTS IV [L] INC
- **100%** ALAM MARITIM INVESTMENTS V [L] INC
- **51%** DEEPSEA LEADER VENTURE [L] INC
  - **100%** MDSV 1 [L] INC
  - **100%** OLV OFFSHORE SERVICES (M) SDN BHD

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
- **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

100%
ALAM MARITIM GLOBAL I LTD

CORPORATE STRUCTURE as at 31 March 2016

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	RM300,000.00	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	4.09.2012 Malaysia	RM100,000.00	100%	Property owner and management.
7	Alam Subsea Pte Ltd ("ASPL")	01.01.2008 Singapore	SGD500,000.00	75%	Rental of ROV and providing ROV services.
8	Eastar Offshore Pte Ltd ("Eastar Offshore")	01.03.2006 Singapore	SGD628,203.00	75%	Designing, manufacturing and operating of remotely operated vehicle (ROV's)
9	Alam Eksplorasi (M) Sdn Bhd ("AESB")	21.11.2000 Malaysia	RM300,000.00	60%	Ship owning, ship operating and chartering
10	Alam Synergy I (L) Inc ("AS I")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00	60%	Ship owning, operating and chartering.
11	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.
12	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.
13	Workboat International DMCCO ("WBI")	03.05.2005 United Arab Emirates	AED1,000,000.00	60%	Ship management and operation, ship owning, ship maintenance and marine consultancy.
14	Alam Fast Boats (L) Inc ("AFBLI")	26.08.2008 F.T Labuan, Malaysia	USD100.00	60%	Ship owning, operating and chartering.
15	Alam Brompton (L) Inc ("ABLI")	15.06.2007 F.T Labuan, Malaysia	USD1,350,000.00	51%	Ship management & operation, ship owning, ship maintenance and marine consultancy.
16	Alam Radiance (L) Inc ("ARLI")	28.05.2009 F.T Labuan, Malaysia	USD3,500,000.00	51%	Ship owning, ship management, ship operation.
17	Alam Swiber DLB 1 (L) Inc ("ASDLB1")	14.09.2009 F.T Labuan, Malaysia	USD10,250,000.00	51%	Ship owning and ship chartering
18	YSS Alam Energy (M) Sdn Bhd ("YSS")	24.05.2011 Malaysia	RM500,000.00	50%	Ship management & operation, offshore facilities, installation, subsea engineering and underwater services and other related services.
19	Alam Radiance (M) Sdn Bhd ("ARSB")	30.11.2004 Malaysia	RM2.00	50%	Ship owning, ship management, ship operation, maintenance and consultancy.
20	Alam Swiber Offshore (M) Sdn Bhd ("ASOSB")	07.12.2009 Malaysia	RM4,392,962.00	50%	Ship operator
21	TH Alam Management (M) Sdn Bhd ("THAM")	04.05.2010 Malaysia	RM350,002.00	50%	Transportation, installation and commissioning of offshore pipelines, structure and subsea equipment

CORPORATE STRUCTURE as at 31 March 2016

NO.	COMPANY	DATE & PLACE OF INCORPORATED	ISSUED AND FULLY PAID-UP SHARE CAPITAL	EFFECTIVE EQUITY INTEREST (%)	PRINCIPAL ACTIVITY
22	Alam-PE Holdings (L) Inc (APEHL")	17.10.2008 F.T Labuan, Malaysia	USD14,000,000.00	51%	Investment holding
23	Alam-PE I (L) Inc ("Alam-PE I")	21.8.2008 F.T Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services & chartering
24	Alam-PE II (L) Inc ("Alam-PE II")	21.8.2008 F.T Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services & chartering
25	Alam-PE III (L) Inc ("Alam-PE III")	21.8.2008 F.T Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating and chartering
26	Alam-PE IV (L) Inc ("Alam-PE IV")	21.8.2008 F.T Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services & chartering
27	Alam-PE V (L) Inc ("Alam-PE V")	21.8.2008 F.T Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services & chartering
28	Alam-PE Holdings Sdn Bhd ("APEHSB")	16.09.2008 Malaysia	RM2.00	51%	Ship Management
29	TH-Alam Holdings (L) Inc ("THAL")	30.12.2009 F.T Labuan, Malaysia	USD39,314,000.00	49%	Investment holding
30	Alam-JV DP1 (L) Inc ("AJVDP1")	02.07.2009 F.T Labuan, Malaysia	USD1.00	49%	Ship owning
31	Alam-JV DP2 (L) Inc ("AJVDP2")	02.07.2009 F.T Labuan, Malaysia	USD1.00	49%	Ship owning
32	Globe Alam Marine Services Co ("Globe Alam")	06.12.2011 Kingdom of Saudi Arabia	SR500,000	40%	Ship management & operation, offshore facilities, installation, subsea engineering and underwater services and other related services
33	Alam Maritim Investment Holdings (L) Inc ("AMIH")	26.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Investment holding and ship owning
34	Alam Maritim Investments I (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
35	Alam Maritim Investments II (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
36	Alam Maritim Investments III (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
37	Alam Maritim Investments IV (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
38	Alam Maritim Investments V (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
39	Deepsea Leader Venture (L) Inc	14.11.2014 F.T Labuan, Malaysia	USD12,000,100.00	51%	Ship management and operation, ship owning, ship maintenance and marine consultancy.
40	MDSV 1 (L) Inc	14.11.2014 F.T Labuan, Malaysia	USD12,000,100.00	51%	Ship owning, ship operating and chartering
41	Alam JV Holdings (L) Inc	24.12.2014 F.T Labuan, Malaysia	USD100.00	100%	Investment holding and ship owning
42	Wide Global (L) Inc	11.11.2014 F.T Labuan, Malaysia	USD100.00	50%	Management and consultancy
43	Alam Maritim Global I Ltd	29.12.2014 British Virgin Islands	USD100.00	100%	Investment Holding
44	OLV Offshore Services (M) Sdn Bhd	29.12.2014 Malaysia	RM4.00	51%	Ship owning, ship operating and chartering

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

Safety & Sustainability

We place strong emphasis on upholding the highest standards in QHSE to ensure the safety and sustainability of our people, our assets and the environment. We are committed to deliver projects safely, on-time and on-budget to help our clients stay ahead in the industry.

PROFILE OF DIRECTORS

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN

Chairman, Independent
Non-Executive Director,
Aged 59, Malaysian

Puan Fina Norhizah binti Haji Baharu Zaman was appointed to the Board of Alam Maritim Resources Berhad on 22 October 2010 and was appointed as Chairman of the Board of Alam Maritim Resources Berhad on 21 August 2014.

She is also a member of the Board Risk Management Committee, the Board Audit Committee and is currently the Chairman of the Board Nomination and Remuneration Committee.

Puan Fina holds a Bachelor of Law degree from the University of Malaya (1980) and has had a long and successful career in the legal profession. Puan Fina also holds a Masters in Law (specialising in maritime and shipping) from the London School of Economics, University of London and has served as a lecturer with the International Islamic University, Malaysia in 1984 in the Kulliyah of Law.

She served the Malaysian Attorney General's Chambers, in the capacity of Senior Federal Counsel and Legal Advisor to the Ministry of Transport and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1986.

In 1990, she joined PETRONAS, serving in various capacities including as Head / General Manager (Legal) of the company's Logistics and Maritime Business in 2000. Thereafter, Puan Fina joined MISC Berhad as General Manager of the Legal and Corporate Secretarial Affairs Division. 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.

Puan Fina 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.

PROFILE OF DIRECTORS

DATUK AZMI BIN AHMAD

Group Managing Director/
Group Chief Executive Officer,
Non-Independent Executive Director,
Aged 57, 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 Encik Shaharuddin bin Warno @ Rahmad in the Board Risk Management Committee.

Datuk Azmi holds a Masters of Business Administration from University of Wales, Cardiff, UK. He also holds a Bachelor of Arts (Hons) in Accounting and Finance from the University of South Bank, UK. Prior to joining the corporate sector, Datuk Azmi had served as a Leftenan Udara with the Royal Malaysian Airforce in 1978 to 1984. He subsequently joined Bank Bumiputera Berhad as the Manager of its Corporate Banking Division. In 1994, he moved into the maritime industry with 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.

Datuk Azmi bin Ahmad does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company save as disclosed in the Analysis of Shareholdings section of this Annual Report.

He has not been convicted for any offences within the past 10 years.

PROFILE OF DIRECTORS

SHAHARUDDIN BIN WARNO @ RAHMAD

Group Chief Operating Officer,
Non-Independent Executive Director,
Aged 48, 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 the Board Risk Management, Board Nomination and Remuneration and ESOS Committees.

By professional qualification, he is a member of the Association of International Accountants, UK and an Accredited Fellow of the Society of International Accounting Technicians, UK.

Encik Shaharuddin began his professional career in 1988 as a Trainee with Mayban Finance Berhad before joining Faber Group Berhad as an Internal Auditor in 1990. Subsequently, he joined the International Marketing Division of PETRONAS in 1991 before moving on to join Maritime (M) Sdn Bhd in 1995 in the capacity of Finance Manager. His tenure with the company provided exposure to the offshore oil & gas industry, where he gained valuable industry knowledge and experience.

In particular, Encik Shaharuddin gained insight into the operational and commercial aspects of the offshore support vessel industry.

Encik Shaharuddin co-founded Alam Maritim (M) Sdn Bhd with several industry colleagues in 1996 and starts its operation in 1998. 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.

Encik Shaharuddin does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company save as disclosed in the Analysis of Shareholdings section of this Annual Report.

He has not been convicted for any offences within the past 10 years.

PROFILE OF DIRECTORS

Encik Ahmad Hassanudin bin Ahmad Kamaluddin, was first appointed as a Director of Alam Maritim Resources Berhad on 6 December 2006. He presently serves as a Non-Independent Executive Director of the Company and as a member of the Board Risk Management Committee.

Encik Ahmad Hassanudin holds a Bachelor of Economics (Analytical) from University of Malaya and has attended several Business and Management courses and programmes throughout his 40-year career. These include the Harvard Business School, Oxford School of Petroleum Studies and Fletcher School of Law and Diplomacy, Tufts University, USA.

His career in the oil and gas industry spans across four decades, primarily with national oil company, PETRONAS, where he served in both the Downstream and Upstream business segments in various key senior management and strategic positions for the company. Among the key positions held during his tenure includes Executive Secretary for the Fairley Baram Unitisation Scheme project. He was also a member of the working committee responsible for reviewing the Work Programme and Budget of Production Sharing Contract ("PSC") contractors as well as a member of the committee working on the PETRONAS Master Plan Study which look into the development of the oil and gas industry in Malaysia.

Encik Ahmad Hassanudin has also served in various other capacities with PETRONAS. These include Head of Business Development under Corporate Planning, Head of Property in LNG Sdn Bhd; Deputy General Manager of the International Marketing Division in PETRONAS; Managing Director of PETRONAS Trading Corporation Sdn Bhd ("PETCO"), a wholly owned subsidiary of PETRONAS; Senior General Manager of the 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 the International Fertilizer Association of East Asia in 2003. Prior to his retirement in 2003, Encik Ahmad Hassanudin 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 and has no conflict of interest with the Company. He has no conviction for any offences within the past 10 years.

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN

Non-Independent Executive Director,
Aged 70, Malaysian

PROFILE OF DIRECTORS

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM

Independent Non-Executive Director
Aged 65, Malaysian

Dato' Haji Ab Wahab bin Haji Ibrahim was appointed to the Board on 2 May 2006. He is the Chairman of the Board Audit Committee, a member of the Board Risk Management Committee and Board Nomination and Remuneration Committee.

By professional qualification, Dato' Haji Ab Wahab is a Chartered Accountant by profession and is a member of the Malaysia Institute of Accountants. He graduated with a Degree in Accountancy from MARA Institute of Technology, Malaysia in 1987. He also holds a Masters of Business Administration (Management Studies) from Rock Hampton University of USA and also holds an Honorary Doctorate Degree in Public Services awarded by the Irish International University.

Dato' Haji Ab Wahab began his career with PETRONAS in 1978 when he joined the national oil and gas company as a Management Executive before progressing to assume the role of Accountant in the Corporate Finance Division in 1982. He was later promoted to Senior Accountant before being transferred to PETRONAS Gas Berhad, a subsidiary of PETRONAS, listed on the Main Board of Bursa Securities. During his tenure with PETRONAS Gas, Dato' Haji Ab Wahab served as Senior Manager and Joint Company Secretary.

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

Aside from Alam Maritim, Dato' Haji Ab Wahab sits on the Board of Uzma Berhad as their Audit Committee Chairman.

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

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

PROFILE OF DIRECTORS

AINUL AZHAR BIN AINUL JAMAL

Independent Non-Executive Director
Aged 56, Malaysian

Encik Ainul Azhar bin Ainul Jamal was appointed as Independent Non-Executive Director of Alam Maritim Resources Berhad on 1 October 2014. He is the member of the Board Audit Committee, Board Risk Management Committee and the Board Nomination and Remuneration Committee. On 1 March 2015, he was appointed as the Chairman of the Board Risk Management Committee.

He is a member of the Institute of Electrical and Electronic Engineers, UK, the Malaysian Institute of Electrical Engineers and the Society of Petroleum Engineers. Encik Jamal is also a member of the Students Development Advisory Council of the Universiti Teknologi PETRONAS (UTP), the Oil & Gas Advisory Council for InvestKL, the Industry Advisory for the Malaysian Petroleum Resources Corporation and the board of directors of iCEP (www.icep.com.my)

Encik Jamal graduated from the University of Sussex, UK in 1983 with a Bachelor's Degree in Electrical Engineering. He is also a graduate of Daniel's Business School, University of Denver, USA and the IMD Business School in Switzerland in 2007.

Encik Jamal's career as an engineer commenced with a stint as team member and lead Engineer responsible for radar installations with the Malaysian Armed Forces at the Jabatan Kerja Raya, Cawangan Tentera in 1983 to 1984. Subsequently, he joined Schlumberger and has gone on to hold various positions and to serve in different capacities throughout a successful engineering career. This includes working with a specific focus on field engineering on land-based and offshore rigs in Australia, New Zealand and Indonesia from 1984 to 1989. He has also served as Training Instructor for junior engineers in the Schlumberger Indonesia Training Center as well as Country Manager for Malaysia, Technical Engineer in France and General Manager in Canada from 1990 to 1999.

Rising through the ranks, Encik Jamal subsequently went on to hold senior management positions within Schlumberger. This included serving as Managing Director for Schlumberger South East Asia between 1999 and 2004, Global HR Director for Schlumberger's seismic business, WesterGeco and as Group HR Director based in London, UK from 2004 to 2009. He was the Vice President of Global Accounts in Asia from 2009 to 2010.

Presently, Encik Jamal is the Chairman of Schlumberger Malaysia based in Kuala Lumpur. He is also the Executive Director at Hirex Petroleum Sdn Bhd, an oil and gas exploration & production company.

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.

SENIOR MANAGEMENT TEAM

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

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 QHSE,
Executive Chairman of Alam Hidro (M) Sdn Bhd

MD NASIR BIN NOH
Group Chief Financial Officer,
Alam Maritim Group

FATAN HAMAMAH BINTI KHALID
Group Company Secretary,
Alam Maritim Group

MOHD ZAINON SAMINGUN
Head,
Group Internal Audit

CAPTAIN MOHD NUHAIRI BIN MUHAMMAD
Chief Operating Officer,
Offshore Support Vessel Business Operations

SAIFUL FAIZ BIN MOHD AZIZ @ AHMAD LATFI
Chief Operating Officer
Offshore Installation Construction Business Operations

NOOR AMRAN BIN ABD MANAN
General Manager,
Subsea & Underwater Business Operations

SENIOR MANAGEMENT TEAM

AZMAN BIN ABBAS
Chief Executive Officer,
TH Alam Group

SUFAHMI HADI BIN SJAFII
Chief Executive Officer,
Workboat International DMCCO

WU QIONG
Managing Director,
Eastar Offshore,
Alam Subsea

CAPTAIN ZAINOL ABIDDIN BIN JOHARI
Head,
Group Risk Management

MOHD NOOR BIN OSMAN
Head,
Group Human Resource Management

MUHAMAD ZAIRUL BIN ISMAIL
Head,
Group QHSE

ALINAH BINTI ALIMIN
Head,
Corporate Legal

SITI ZUBAIDAH BINTI ISMAIL
Head,
Information, Communication & Technology Department

CORPORATE SUSTAINABILITY

Corporate sustainability is a vital consideration for creating long-term consumer and employee value while also ensuring a company's long-term business position. At Alam Maritim, we have incorporated Health, Safety and the Environment (HSE) at the core of our business. In working towards providing energy to meet global demands, we are aware of our responsibility to accomplish this in an efficient and responsible manner as well as to manage its impact on the environment.

HSE at Alam Maritim extends not just to ensuring the health and safety of its employees but to also inculcate and create a pioneering HSE leadership mindset. We are essentially a people-driven organisation and we continue to be developed and propagated with all stakeholders placed at the very heart of all that we do.

The quality and HSE management systems share similar fundamental and elements of the management system that is a set of processes defined and implemented to enable an organisation to satisfy the needs of its customers. It is defined and documented in Integrated Management System (IMS) that guides all levels of management, all departments of Alam Maritim's organisation as well as all subcontractors and suppliers in working towards a common goal – understanding customer needs and requirements, and delivering products and services that cater to their needs.

There are significant synergies to be gained from merging the two management systems and creating a consolidated IMS. This merger enables us to offer our customers added value through additional capacity and flexibility.

IMS allows us the opportunity to optimise and triangulate both system elements and hence provide greater options and flexibility for our customers. We believe we can achieve much higher elements utilisation with this management system integration by having access to a greater achievement pool as well as supporting the ability to secure opportunistic fixtures for our customers.

Our customers have already come to expect high levels of quality, health, safety, environment and customer service from Alam Maritim. We are nonetheless confident of surpassing this expectation and delivering enhanced levels of service to our customers.

AMRB's Quality, Health, Safety and the Environment (QHSE) Work Culture

The management of AMRB is committed to doing the utmost to protect its personnel, onshore and offshore, and the environment in which we live and work. The enhancement of the quality of our services, the health, security of our assets, safety of our employees, our clients, our customers, our contractors and third parties as well as the protection of the environment are an integral part of our daily operations.

The success of our operations depends on the continuous improvement of our services, the control of hazards, the mitigation of risks and a pro-active approach of all personnel towards a zero defect culture. The objective is to deliver superior results on a sustainable basis. Operational excellence undoubtedly is one of the key elements to achieve this aspiration and the foundation for this is superior QHSE performance. In aspiring to be among the best in class, it is not merely sufficient for us to achieve good financial results; QHSE must take equal priority, if not more.

While striving to achieve these ambitious goals, we have systems in place to improve the quality of our services, identify hazards, assess risks and introduce appropriate prevention. A continuous audit and review programme conducted by line management ensures the effectiveness of our Management System.

With the active commitment of all employees, the 'no blame' culture and the QHSE responsibility of our line management, we strive to deliver high quality service while protecting the health and safety of our personnel and the environment in which we live and work.

CORPORATE SUSTAINABILITY

QHSE, a cornerstone at Alam Maritim

Alam Maritim has in place time-tested, comprehensive policies, systems and processes of our QHSE and has ensured these are well cascaded throughout the entire organisation. Not one to rest on our laurels, we provide quality-related refresher courses and other avenues to update our knowledge and to constantly challenge ourselves to further improve our systems and processes. Staff engagement and feedback from Clients are key features to further enhance our services.

Besides the coverage on health and safety of the individual and the environment, Alam Maritim also focuses attention on the security of its assets. This goes beyond the security of its many equipment and personnel, to even include vigilance of its vessels amidst concerns on piracy. In this, Alam Maritim is constantly working closely with the relevant authorities to enhance awareness on possible threats and adopt additional precautions where advised.

A systematic approach is in place for monitoring all the QHSE plans which are discussed and documented through the Annual Group QHSE Plan and its progress reported in the mandatory meeting platforms i.e. Group HSE Practitioners Meeting, Group QHSE Steering Committee Meeting and Group QHSE Working Committee Meeting.

To further strengthen the QHSE governance, Alam Maritim's Group IMS policies are strictly regulated by the IMS international standards, which comprise:

i. ISO 9001:2008 (Quality Management)
ii. ISO 14001:2004 (Environmental Management) and
iii. OHSAS 18001:2007 (Occupational Health and Safety Management)

This IMS certification was achieved in 2012 from Bureau Veritas, a classification body which has more than 10 accreditations including the United Kingdom Accreditation System (UKAS). It is also recognised by more than 40 national and international accreditation bodies across the world. The Group IMS provides governance for clear requirements on quality, health, safety and environment for consistent and effective Group-wide implementation.

In FY2015, Alam Maritim chartered its third year of maintaining its IMS certification for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007, having successfully passed the Group-wide surveillance audit conducted in August 2015 by Bureau Veritas. This audit covered the following business units within the Alam Maritim Group of Companies (AMGC):

1. Alam Maritim (M) Sdn Bhd
2. Alam Hidro (M) Sdn Bhd
3. Alam Offshore Logistics Services
4. Alam Food Industries (M) Sdn Bhd
5. KJ Waja Engineering (M) Sdn Bhd
6. TH Alam Management (M) Sdn Bhd
7. Alam Subsea Pte Ltd

The objectives of the recertification Audit was to verify that representative areas and functions covered by the IMS scope were being monitored on a regular basis and that the implementation was properly executed in accordance with the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. It was also to validate that any change to the documentation and implementation of the IMS during its execution was properly recorded.

Alam Maritim's Flagship Quality Initiative

One of the established methods of determining an organisation's approach to its business is to evaluate its workplace organisation capability and visual management system. This is embodied in the Japanese management practice of *'Seiri, Seiton, Seiso, Seiketsu* and *Shitsuke* ('Sort, Set in Order, Shine, Standardise and Sustain'), better known worldwide simply as the 5S system.

CORPORATE SUSTAINABILITY

In 2015, Alam Maritim collaborated with the Malaysian Productivity Corporation (MPC) to embark on a 5S certification as its flagship activity, amongst its various campaigns and initiatives relating to quality.

5S is not just about housekeeping; rather, it encourages people to focus on maintaining the 'Standards and Discipline' in order to manage the organisation. This is achieved by upholding and showing respect for the workplace every day.

The 5S system benefits an organisation through:
1) Workplace safety improvements,
2) Fundamental business measure and key driver for *Kaizen*, a practice of continuous improvement,
3) Formation of a solid foundation upon which to build continuous improvement,
4) Employees gaining a sense of ownership, involvement and responsibility,
5) Reduction in waste, and
6) Improved performance in productivity, quality and morale which leads to increased profitability.

We are proud to announce that Alam Maritim had successfully completed Phase 1 of this 5S certification programme on 8 March 2016 and is targeted to attain certification of completion in December 2016.

QUALITY-RELATED INITIATIVES

While we have made some encouraging progress since we first embarked on our Quality journey in 2012, we acknowledge additional efforts need to be put in place to realise our desired Quality Culture – which is premised on meeting our customers' requirements as the basis for the way we work, where prevention is the norm and recognition that non-conformances at the work place could lead to accidents, unplanned downtime, and many other wasteful incidents which are costly practices to be avoided and eliminated.

It is critical that our Quality culture be fully inculcated throughout the organisation to prevent the recurrence of such incidents which not only could tarnish our reputation as a safe and reliable company but also jeopardise our aspiration, '*To be the preferred offshore services partner in oil and gas industry*', as enshrined in our Vision Statement. We have now gone beyond rhetoric and applied the Quality principles where it matters most – in every area of our work as well as at home.

In order to build a strong Quality culture, we feel that it is important that Quality is appreciated, buy-in secured and practiced across all levels of the organisation. Towards this end, the following initiatives were extensively undertaken in FY2015:

Date	Activity	Detail
June 2014 - August 2015	External partnership programme	Worked closely with the following external parties with regard to the latest updates of the Management System and Standards as well as to tap or share new ideas to improve the current IMS implementation: 1) Protagsoft local software database provider / Recommended by BV Malaysia 2) Neville Clarke – Training provider in specialised / customised for IMS procedures and Guidelines 3) Danaos SA Greece – Software Database Proposal 4) Lloyds Register – Technical Leadership Programme 5) '5S' Implementation by MPC
February 2015	Quality Day 2015	Launching of Alam Maritim's Quality Day FY2015 with the theme, 'IMS Towards Achieving a Pragmatic Approach'. Bureau Veritas presented the new ISO 9001:2015 guideline. The event also saw Protagsoft Malaysia sharing on the IMS database system to promote greater staff awareness.

CORPORATE SUSTAINABILITY

Date	Activity	Detail
March 2015	Procedures, Guidelines and Checklists review and revision exercise	Conducted a comprehensive review and revision on the operational procedures for each of the following: 1) HSE – MS 2) TH Alam Management (M) Sdn Bhd 3) Alam Offshore Logistics & Services Sdn Bhd 4) Alam Subsea Pte Ltd
March -October 2015	Training for staff	Various training courses conducted by the Quality Department included: 1) Management Of Change (March 2015) 2) Root Cause Analysis Training (May 2015) 3) Awareness of IMS Internal Audit training (August 2015) 4) Understanding Quality, Environmental, Health & Safety Management System [ISO 9001:2015, ISO 14001:2015; OHSAS 18001:2007] (October 2015)
April 2015 -on going	'5S' Implementation	Collaboration with the MPC on '5S' implementation. Activities organised included: 1) Talk on '5S' by MPC at Alam Maritim's HQ 2) Survey to gauge awareness, understanding and acceptance of '5'S' 3) Appointment of '5S' Champions and Facilitators from all departments 4) Training for Department Champions and Facilitators to lead '5S' within their respective departments
August 2015	IMS Recertification Audit	IMS recertification audit conducted by Bureau Veritas on all Alam Maritim's business entities. The results were encouraging as AMSB, AHSB, AOLS, AFI, KJ Waja and TH Alam Management had successfully met IMS's requirement and achieved 'Zero Non-Conformity".

Health, Safety and the Environment (HSE)

Alam Maritim Group believes that HSE is the foundation for good operational performance. In matters of safety and pollution prevention, it is commitment, competence, attitudes and motivation of all individuals and at all levels that determine the end result.

'Target Zero', an aspiration of achieving zero in Lost Time Injury (LTI), is rather like the horizon – it can be seen, it can become tantalisingly close - but unlike the horizon, Target Zero is reachable by managing HSE in such a way that it reduces risk to what is termed "as low as reasonably practical (ALARP)" with the objective of achieving risk elimination in total.

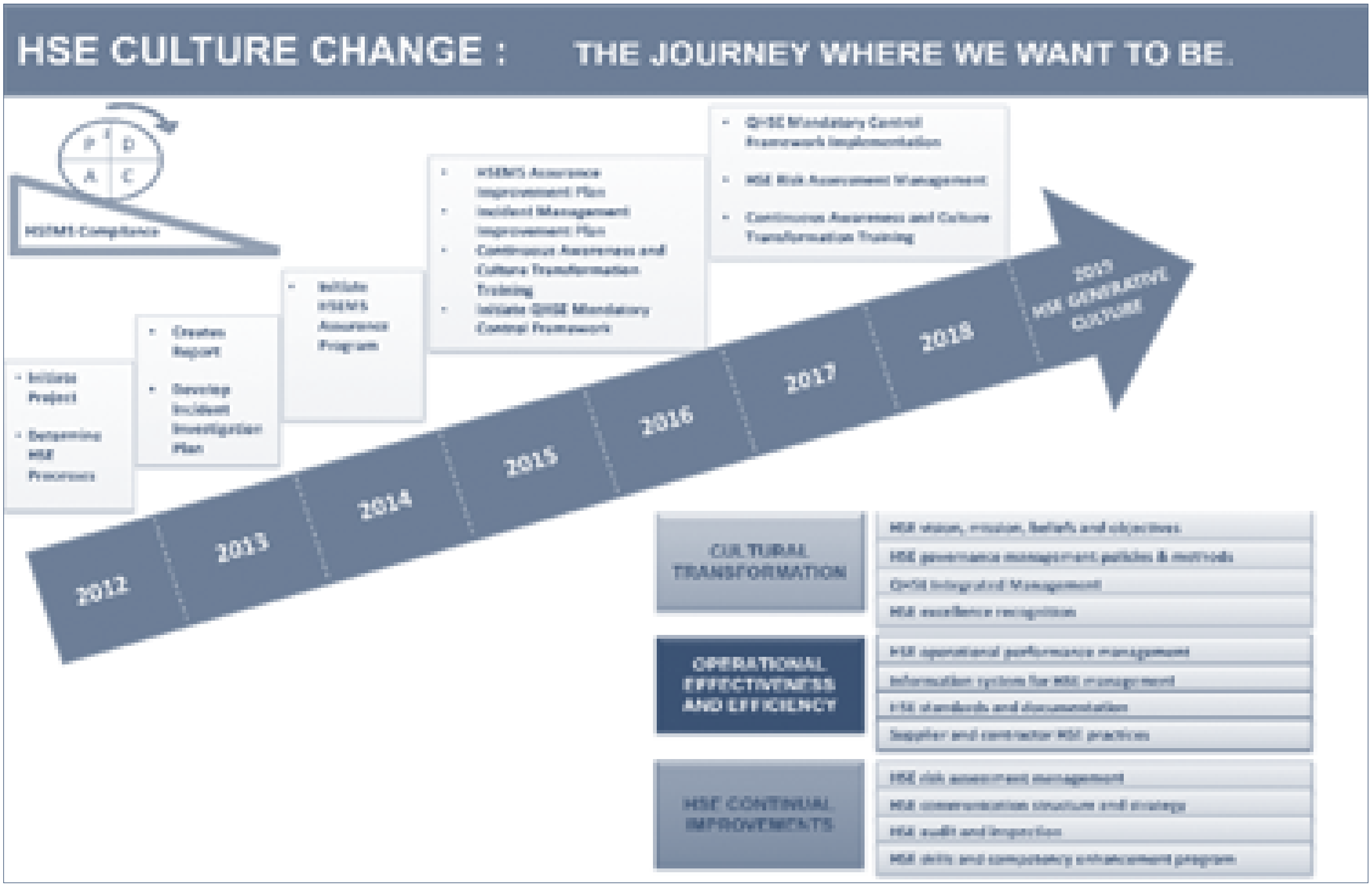
Within Alam Maritim, the Group IMS policies are supported by the IMS – ISO 9001:2008/ ISO 14001:2004 and OHSAS 18001/ 2007 with one of the core objectives being to strengthen the HSE governance within the Group. Key HSE focus areas include operational safety and capability development.

HSE assurance is carried out to provide independent review on the effectiveness of HSE controls. This is contained in HSE assurance reports which are presented to the HSE Working and Steering Committees. The Working Committee meets on a monthly basis to oversee operational matters while the Steering Committee, which meets every quarter, is responsible for policy-making and major decisions governing HSE. Group HSE performance is regularly presented to the Alam Maritim Board of Directors for oversight.

Improvement in organisational culture and best practices.

At Alam Maritim, we are not only implementing a culture of HSE but in addition, we embrace it wholeheartedly. HSE has a special place in the hearts and minds of all those who work at Alam Maritim. HSE management is not only about complying with legislative requirements, our procedures and safe practices but also by convincing all employees that it is both necessary and non-negotiable.

CORPORATE SUSTAINABILITY



The HSE culture at Alam Maritim is based on 'leadership by example'. This is seen in Management's HSE visits and the results being shared across the Group using various meeting platforms and sharing sessions. The aim is not simply to disseminate information via a top-down approach but to also engage staff, solicit their input and feedback, and to create greater accountability and involvement among all levels of employees. This ultimately leads to greater understanding and implementation of HSE initiatives across the organisation.

Alam Maritim recognises the importance of improving the HSE culture and adopting best practices in enabling strong contribution towards meeting Alam Group's business performance expectation. We have established a robust 5-year HSE Road Map with a Cultural Transformation Plan built into this, supported with the consistent implementation of the HSE - MS elements.

HSE CAMPAIGNS

The overarching HSE campaign for FY2015 was themed, "*Safe Jobs, Save Lives, Keep the Promise Alive*". Launched in May 2015, the tagline for its main campaign was, "*Eliminate Incident, Protect Property*", incorporating 'Zero Property Damage', 'Shared Best Practices', 'Enhance Competency', 'Develop Right Crew' and 'Improve Positive Work Behaviour'. Besides this, Alam Maritim had launched three other campaigns, namely 'Right Weight, Right Height', 'Road Safety Campaign' and 'Hand Safety Campaign'.

These campaigns and programmes were carefully designed and implemented, having a clear, detailed plan of the target areas as well as report on status of implementation. Amongst the various programmes implemented at Alam Maritim, the HSE Key Action Plan for Incident Management Improvement Programme in particular drew strong commendation from our clients. Alam Maritim requires all staff to adhere to and comply with all the necessary HSE elements and controls whilst carrying out their duties.

CORPORATE SUSTAINABILITY

Focus Area 1	Objectives	Element	Program	Subprogramme (Existing/New)
Increase performance Handling of Vessel Navigation / Critical Equipment.	Target ZERO Property Damage. Share Best Practices. Enhance Competancy. Develop Right Crew. Observe Positive Work Behaviour.	Leadership	1.MHSEV 2.Engagement Session 3.OSVBO Transformation Plan	1.Mentor Mentee. 2.Crew Worksite Engagement Session.
		System Framework	1.PMS Compliance. 2.Inspection / Certification. 3.Incident Management Improvement Plan.	1.PMS Analysis. 2.Inspection / Certification Result Analysis. 3.Incident Action Items Status of Implementation, SOI Tracking. 4. Risk Assesment Workshop – HIRADC. 5.Incident Investigation Training
		Competancy	1.Competency Improvement Trainings & Assessments. 2.Back to Back Crew Change System Improvement.	1.Simulator Trainings. 2.Top 4 Written Assesment. 3.Structured Induction Session. 4.Subprogramme develop by Bus.
		Culture and Behaviour	1.Unsafe Condition Unsafe Act reporting. 2.Stop Work Policy implementation. 3.Behaviour Observation.	1.ALAM BOT Video Guidelines. 2.Letter of Undertaking – Consequence Management. 3.Vessels / Business Units Performance Reward & Recognition. 4.Alam 24/7 Rules. 5.Stop & Think Safe.

Source: Fictitious data, for illustration purposes only

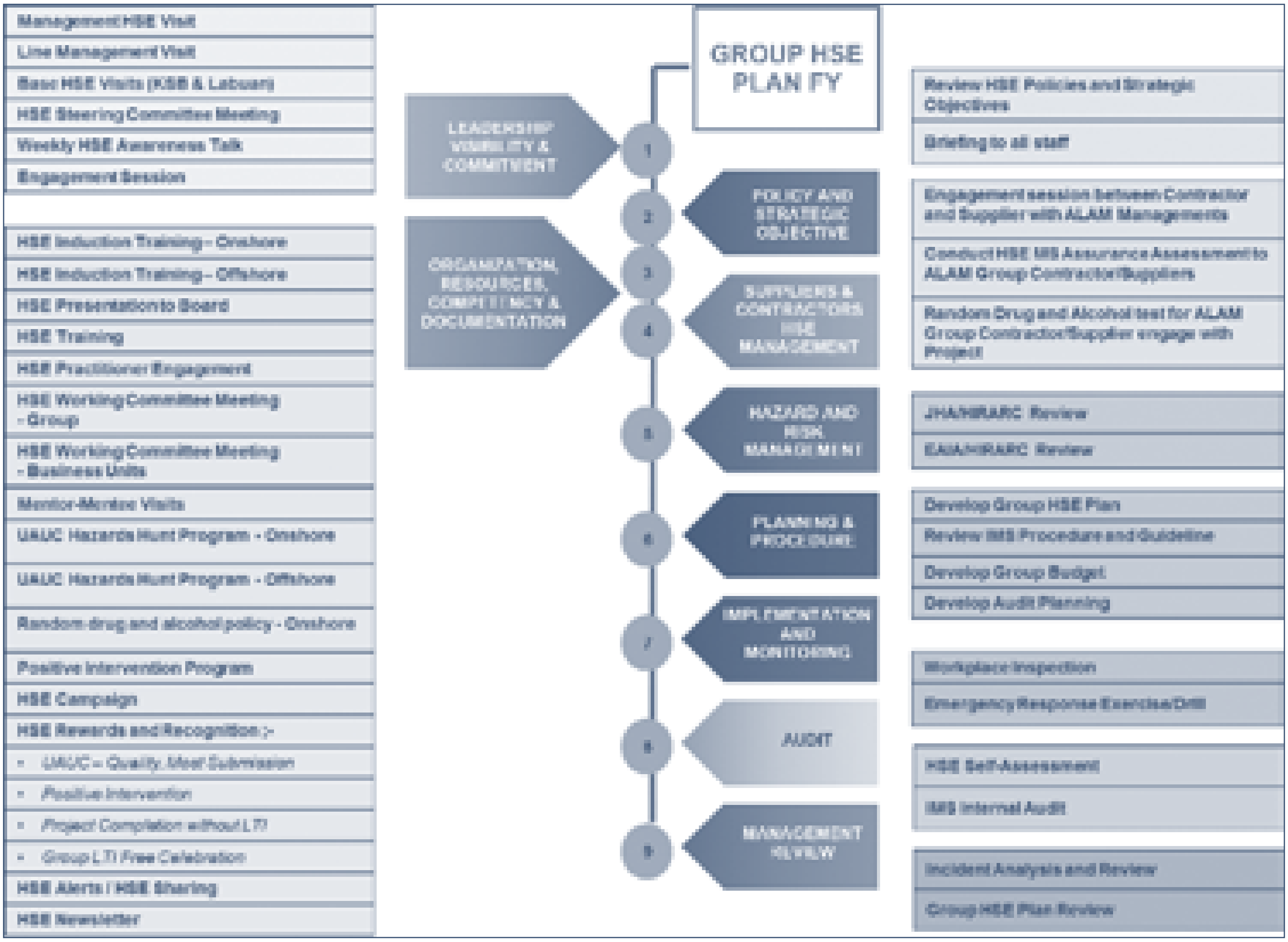
This requirement is encapsulated in a Letter of Undertaking signed by all staff, including fleet vessel crews, in which it addresses consequence management for non-conformity where applicable.

Alam Maritim actively collaborates with clients for synergistic outcomes; one such collaboration was with PETRONAS Carigali Sdn Bhd (PCSB) in piloting a module of simulator training as part of PCSB's future improvement for Vessel's Crew Competency.

Another collaboration with PCSB was the Tripod Beta Incident Investigation Training for all PCSB Marine Contractors. Conducted in October 2015, participants were made to understand better the various marine hazards, causes of incidents, safety barriers and aspects of human behaviour with hands-on opportunity in building Tripod Beta diagrams.

CORPORATE SUSTAINABILITY

Apart from the Incident Management Improvement Plan, which was covered in the main campaign, '*Eliminate Incident, Protect Property*', consistent sharing of latest updates were being implemented through integrated communication channels such as structured QHSE Updates, Alerts or Lessons Learnt & Advisories notification to all staff and fleet vessels, Weekly HSE Talks at Alam Maritim's Headquarters and Base Offices, regular Senior Management HSE visit and HSE Walkabouts, Mentor-Mentee Programme, Crew Engagement Sessions and others as illustrated in the Group HSE Plan FY2015.



A refresher on the Risk Action Plan was also conducted to enable users to reassess their individual areas of responsibility and where necessary, initiate action to effectively manage any associated hazard or threat.

CORPORATE SUSTAINABILITY

Quarterly Safety and Health Campaigns and Programmes

Campaigns and programmes were meticulously developed with detailed plans of target focused areas and status of implementation before being carefully implemented.

Date	Campaign	Details
2015/ 2016	Right Weight, Right Height	Campaign to promote healthy lifestyle, motivate and raise self-confidence as well as avoid chronic sickness
May 2015	Eliminate Incident, Protect Property	The first and main Group HSE Campaign FY2015, aiming for a safe and incident-free work environment
1 – 31 July 2015	Road Safety Campaign	A month-long campaign to inculcate in employees that road safety is everyone's responsibility
December 2015 – December 2016	Hand Safety Campaign	This year-long campaign was launched with the objective to: 1) Increase safety awareness of potential hand-related injury 2) Identify potential hazards relating to hands at the work area, and 3) Reduce the incidence and severity of hand-related injuries

HSE Initiatives and Programmes

A systematic approach was made for monitoring all the elements which had been documented in the Annual HSE Plan. Corporate HSE then identified the appropriate initiative and programme which, following approval, was implemented throughout 2015. Such initiatives and programmes are listed below:

Initiatives and Programmes	Details
Monsoon Safety Stand Down	Briefing and refresher to all Marine Crews on monsoon safety awareness and precautions
Weather Forecast and Alert on Heavy Seas	Daily monitoring on information from the Malaysian Meteorological Department and subsequent advice to vessels
Alam 24/7 Rules	Ensure safety of high-risk activities carried out by employees and contractors
HSE Management Visit	Reiterate top management's involvement and commitment towards HSE
HSE Roving and Audit	Onboard visits by HSE Marine team to audit HSE compliance as per company's procedures and clients' requirements
UAUC, BOT and JHA Programme	Motivation via appreciation and recognition of best UAUC, BOT and JHA reports submitted from vessels on a weekly basis
Weekly HSE Awareness Talks	Talks on relevant HSE topics conducted every Wednesday for onshore as well as offshore staff
HSE Mentor-Mentee	Programme to bridge the gap between onshore and offshore staff on the understanding of HSE requirements
In-house Crew Induction	Brief marine crews on ISM, Operational, Technical, Manning, HSE, sharing on accident lessons learnt and personal responsibility towards HSE
Specialised Training for Staff and Officers	Training based on requirement by OSHAS 18001, ISO 14001, ISM and ISPS
Emergency Response Plan and Drill	Drills conducted to ensure shore personnel and marine crew can respond effectively in emergency situations
Management Engagement with Marine Crews	Sessions to review performance challenges and seek resolution

CORPORATE SUSTAINABILITY

Weekly HSE Awareness Talks

To reinforce the importance of HSE amongst staff, Alam Maritim conducts weekly HSE Awareness Talks at its headquarters and base offices. A wide range of topics are selected to facilitate comprehensive understanding on requirements of HSE and compliance. Departments take turns to conduct these talks, which are then disseminated to staff at Alam Maritim's vessels.

HSE TRAINING PROGRAMMES

Alam Maritim has in place an extensive HSE Training Programme designed for both onshore and offshore staff. To ensure its structured implementation, an annual HSE Training Matrix was also developed to ensure consistent training provision for staff and crew. In addition to this, a regular ISM Training on board Alam Maritim's vessels is also specially provided for crew members to ensure understanding and consistency of training across the length and breadth of the organisation.

Beyond Alam Maritim Group's identified training structure, collaborations were made with clients to provide specialised training with the aim of improving competency among marine contractors and users.

To learn best practices from industry and implement where possible within our organisation, we had also actively participated in major oil and gas service providers' conferences and seminars as well as engagement sessions hosted by our clients such as ExxonMobil Exploration and Production Malaysia Inc (EMEPMI) Senior Management Forum and Quarterly Engagement Sessions, PCSB HSE Logistics Quarterly Engagement Sessions with Marine Contractors as well as with Talisman Marine Limited (TML) Monthly Performance sessions.

The list of HSE training for 2015 is as below:

Date	Training
28 - 30 January	Accident Investigation – Tripod Beta Methodology
9 February	Behavioural Based Safety Management
9 -10 March	Safety Leadership for Supervisors (KSB)
19 - 20 March	Safety Leadership for Supervisors (HQ)
16 April	Workplace Inspection for Safety and Health Auditor
19 May	CPR and AED for Lay Rescuer
16 June	Ergonomics and Manual Handling in the Workplace
30 July	How to attain Zero Accident
25 August and 7 September	Hazard Identification, Risk Assessment and Determine Control (HIRADC)
12 - 13 October	Accident Investigation – Tripod Beta Methodology
29 December	Defensive Driving

CORPORATE SUSTAINABILITY

HSE Activities Involving External Parties

Date (2015)	Training	Client
17 June	Contractor Performance Scorecard (CPS) Audit with improved rating and score as compared to CPS FY2014	EMEPMI
1 – 3 September	Marine Contractor Performance Assessment to measure and improve Ship Owner/ Manager on safety management systems	CHESS
29 September	Contractor Performance Assurance Checklist (CPAC) Exercise	PCSB
12 - 13 October	Joint collaboration training by Alam Maritim and PCSB for 'Incident Investigation Tripod Beta Awareness' for staff and PCSB Marine Contractors	PCSB
17 - 18 November	Contractor HSE Management System Assessment	TML

HSE PERFORMANCE: SUCCESS STORIES

In the period under review, Alam Maritim has continuously upheld the tenets of health, safety and the environment in which we operate. In this endeavour, we are indeed proud to have chalked up milestones and awards as a testimony to our strong HSE efforts.

Lost Time Injury (LTI) Free Milestone

We are proud to announce that as at 31 March 2016, the Alam Maritim Group achieved 7 million manhours or 610 days without any Lost Time Injury (LTI), making this the highest ever in the history of Alam Group.

Alam Maritim's diligence in this area was responsible for further achievement by business unit AMSB in 'Contribution by SS2 towards achievement of 5 million LTI free manhours for Tapis EAOR Brownfield Project'.

In addition, one of our vessels, MV Setia Tegap, was recognised by SHELL and PETRONAS in the EORC Wells Project to have successfully chalked up 1 million manhours LTI free.

HSE Awards conferred by our Clients

In addition to this, PCSB has accorded 'Active Contribution Towards Near Miss Reporting FY2015' to three of Alam Maritim's vessels, namely MV Setia Rentas, MV Setia Gigih and MV Setia Qaseh in October. Another vessel, the MV Setia Yakin secured an award from PCSB for 'The Most Performed Vessel in 2015 Serving at PCSB-PMO Water'.

Another notable client, EMEPMI, had also recognised Alam Maritim's commitment to HSE in 2015 and awarded us the 'Gold Award 2015 for Safety Recognition for Hurt-Free Operations Exceeding 100,000 Manhours' in addition to another recognition for 'Marine Safety and Performance for 2015' as well as 'Personnel Recognition Award on Marine Safety and Performance for 3Q 2015'. Our vessel MV Setia Aman picked up an award in February 2015, being selected as 'KSB Marine Intervention of the Week'.

Alam Maritim, through our business unit Alam Hidro, has received an appreciation letter from Shared Materials & Services Organisation, SMSO (Bintulu Hub) PCSB in March 2016. It was a significant achievement made by Alam Hidro, having scored the highest rating – an 'A' with 80% of CPE rating category under PCSB Contractor Performance Assessment exercise on the contract for the Provision of Underwater Services for PETRONAS Chemicals Methanol Plant 2 Shutdown 2015.

CORPORATE SUSTAINABILITY

Besides all the above awards, Alam Maritim had also been awarded 'UAUC Best Card for Crew – MV Setia Zaman' by Murphy Sarawak. In addition, a special certificate of recognition was presented in February 2016 to Alam Hidro in recognition of 'Safe contribution for intervention campaign for Lundin Petroleum provision of Remotely Operated Vehicle (ROV) and Diving Spread for a Search and Rescue Operation'.

These are major achievements chartered by Alam Group, reflecting the strong understanding and commitment to HSE from each and every staff in our organisation. In order to achieve these, significant changes and improvements were made whilst at the same time managing our clients' requirements.

Despite the Group's strong HSE performance during this period, we are nonetheless cognisant of the need for constant vigilance and continuous improvement. There is simply no room for risks and errors to ensure a safe workplace environment.

Environment

Alam Maritim is strongly committed to environment protection and has a robust plan in place to ensure adherence to statutory requirements such as the International Maritime Organisation and International Safety Management (ISM) Code and the IMS – ISO 14001:2004.

Alam Group recognises the significance of climate change, along with the role energy plays in helping people achieve and maintain a good quality of life. Alam Group has long recognised the climate challenge and the role of energy in enabling a decent quality of life. We believe that while technological developments will emerge, effective policy and cultural change are essential to drive low carbon businesses.

In FY2015, various energy efficient initiatives were carried out. This included the implementation of continuous monitoring of the Ship Energy Efficiency Management Plan (SEEMP) for all fleet vessels in compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL) Regulation on SEEMP.

Alam Maritim continued our successful partnership through staff participation with TML in the Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG) Oil Spill Response and Recovery training. Formed in December 1993, PIMMAG was established to enhance the protection of the environment through the provision of pooled resources in responding to oil spill contingencies arising in Malaysia and Malaysian waters, including the Exclusive Economic Zone (EEZ).

Harnessing the commitment and passion of Alam Maritim's staff, various activities were organised to support the environment we work in. Such activities included the 'Spruce Up Rhu Day' and 'Coastal Clean Up Day' (refer to the Corporate Social Responsibility section for further details).

CORPORATE SUSTAINABILITY

Risk

Risk is an inherent element of any commercial venture; the key to sustainability of any organisation is to manage such risks and at all levels within the organisation. Thus, risk management is made an integral part of the company's strategy. Recognising this, the Board of Directors at Alam Maritim, having the responsibility of directing and managing the company's business, have assumed a more crucial role, instituting good corporate governance and risk management as the core of their priorities. Managing risk is a key element for sustaining our business success.

Aligning with this priority, Alam Group had developed a clear Risk Management framework to mitigate risk. This framework is the bedrock in managing risk and is cascaded down from the Board of Directors and Management at Alam Group to all business entities, cutting across all departments to cover our entire workforce.

At operational level, we perform continuous assessment and mitigation of risk across the length and breadth of our operations. This process is documented via a Risk Registry which is maintained by all risk owners at Alam Group. The purpose of the risk register is to access, identify and propose measures to control or mitigate risks. The Board Risk Management Committee and the Group Risk Working Committee are jointly tasked with the role of continuously reviewing all such registries, deep-dive into the more critical ones and updating the Group Risk Register.

Alam Maritim Resources Berhad (AMRB) has further embarked on a new risk management format to enhance and evaluate risk to as low as reasonably possible in order to cover all aspects of operations, investment and partnership risk. In this regard, we work towards a balanced approach to managing value preservation whilst ensuring value enhancement and the creation of shareholders value.

Alam Maritim recognises the importance of instilling a strong culture of risk awareness throughout the organisation. In doing so, we have to continually reinforce this risk culture to stay relevant as the Group evolves to meet the demands of the business environment. This is demonstrated in Alam Maritim's regular briefing sessions on awareness and mitigation of risks and also through risk-related workshops and training sessions.

Training and People Development

In the face of high technology systems, cost-efficient processes and advanced equipment, people still remain the single most valued asset at Alam Group. Hence the importance to nurture and develop human capital, commencing from recruitment stage itself.

The focus on human capital has been placed largely on the manpower optimisation initiative through the manpower multitasking approach. In its effort to strive for the right size of the manpower, vacancies arising from staff resignations were not replaced with external candidates. Instead, the tasks were distributed among the remaining staff under a multitasking approach.

CORPORATE SUSTAINABILITY

We recognise the importance of developing talent for seamless succession, particularly for key positions. As part of Alam Group's succession plan framework, a 360 Degree Leadership Competency Assessment was conducted to assess and identify staff with leadership potential.

Alam Group has further embarked on a comprehensive staff development programme called the 'Professional Intelligence at Work', an initiative to identify and enhance staff leadership competencies. This novel leadership programme, facilitated by an external training provider, is to be carried out in four phases: Capability to drive performance through teamwork, Self-impactful leaders, Result-driven as well as Visionary and Strategist. A total of 126 executive staff have attended the first module of this programme. From this, those with strong leadership potential will proceed on to Module II, to be conducted in FY2016.

In order to reinforce the effectiveness of the staff performance management system, the concept of the Service Performance Contract was established between departments to enhance service delivery. This would also serve to improve interdepartmental communication and interfacing for service excellence.

We have strengthened our Staff Performance Management System to ensure staff are aware of our company's objectives and are strongly committed to contribute to the company's overall performance. Staff's training needs and career development are identified and reflected in their training and development plan to ensure their career progresses in line with the company's operational requirement.

These initiatives are aligned to our corporate mission to develop human capital capabilities and are a reflection of our shared values of trust, tact, teamwork, tenacity and transparency.

Staff Welfare

Whilst the various aspects of staff training and development have been looked into, spiritual nourishment is also provided for at Alam Maritim. Religious talks given by the company's Ustaz are regularly conducted during lunch breaks in the Surau at Alam Maritim's headquarters and on occasions, external religious speakers are invited to present a fresh perspective to reinforce religious learnings.

To ensure information is cascaded company-wide and not just focused on onshore staff, we are strongly supporting our ongoing 'Mentor - Mentee' programme. In this, campaigns launched at our Headquarters are in turn disseminated to all crew members at Alam Maritim's 44 vessels. Teams of five, comprising staff from various subsidiaries and departments as 'Mentors', are assigned a particular vessel and take it upon themselves to personally visit and deliver key messages and information to the crew members or 'Mentees'. This programme also strengthens bonding and interpersonal relationship between onshore and offshore staff, and sensitises them to the complexities of their respective working environment.

The importance of communication can never be overemphasised. Alam Maritim conducts weekly HSE Awareness Talks with a monthly Group Managing Director engagement session where the latest company developments are shared. Quarterly townhalls are also held to provide updates on the company's performance.

Such engagements provide yet another opportunity for sharing and securing valuable feedback, personal experiences and suggested recommendations, all conducted with the intention to reinforce a safer and more productive working environment at Alam Maritim.

CORPORATE SOCIAL RESPONSIBILITY

The Government of Malaysia has encouraged the involvement of the private sector towards creating a positive CSR environment which, under the Ninth and Tenth Malaysia Plan, outlined plans for achieving a truly progressive and inclusive society.

Alam Maritim is proud to contribute wholeheartedly towards this altruistic cause, with a snapshot below of its CSR initiatives organised in 2015, strongly supported by its enthusiastic and committed employees:

1 Alam Kita Bantu (Humanitarian Assistance) - Kemaman, 10 January 2015

The annual flood at the East Coast brings hardship to the population in Kemaman; this includes Alam Maritim's own employees based there. Understanding their plight, Alam Maritim issued a company-wide call for donations and in record time, raised a commendable RM17,000. Employees based at Alam Maritim's headquarters organised the purchase of basic household necessities, repacked them into 'Family Care packages' and arranged for delivery to employees at the affected areas. This was not the first time Alam Maritim initiated a humanitarian donation, having done so at the previous year's occurrence.

Shopping Bersama Anak Yatim (Shopping for Charity) - Kajang, 27 June 2015

Prior to this event, employees launched a Kempen Amal Ramadan (Ramadan Charity Campaign) to raise adequate funds for underprivileged children. Employees then took time off to organise a day of shopping with the children, procuring necessities to brighten up their celebration of the upcoming festival. It was an inspiring day for employees and children alike, with smiles and laughter creating a merry and joyous atmosphere.

Kasih Ramadhan (Iftar Ramadhan) - Kuala Lumpur, 4 July 2015

In reaching out to the needy and less fortunate during the month of Ramadhan, Alam Maritim Group organised its annual Breaking of Fast (Iftar) event as one of several corporate social responsibility ("CSR") initiatives for society. The event was well supported by both Alam Maritim staff and various charitable organisations. Importantly, it allowed us to reach out to the underprivileged – to show that we care for others while bringing some joy into their lives during the holy month of Ramadhan.

As has been our practice in the past for the same event, a donation box was passed around among our guests & the staff as a way to get them involved and participate to raise funds for the needy. Rising to the spirit of the Ramadhan month, both guests and staff generously opened both their hearts and wallets to bring the total collection to RM10,000. It was a most fulfilling event that allowed staff to express their "mahabbah" and goodwill while bringing a greater meaning to their Ramadhan month. It served as the platform for bonds of goodwill and closer ties to be fostered among Alam Maritim guests and staff and needy members of the community; to count our own blessings in a spirit of gratefulness and despite our busy lives to not forget those less fortunate than us.

Response from staff was indeed positive showing compassion and expressing happiness and satisfaction in having shared food and made donations to needy members of the community.

Kasih Ramadhan

1 Alam Kita Bantu

Society of Petroleum Engineers (SPE) Coastal Clean Up Day

CORPORATE SOCIAL RESPONSIBILITY

'Spruce Up Rhu' Day - Pantai Penunjuk Kijal, Terengganu, 22 August 2015

Over 70 employees, including top management, donned their familiar Health, Safety and the Environment ("HSE") green campaign T-shirts and convened at a popular beachside in Kemaman, Terengganu, to spruce up a site where 300 Casuarina (Rhu) trees had been planted. In 2012, Alam Maritim's employees had planted these trees to contain and control erosion and drifting sand. Since then, annual events have been organised to spruce up the site and nurture healthy growth of these 'adopted' coastal trees.

Society of Petroleum Engineers (SPE) Coastal Clean Up Day - Terengganu, 23 August 2015

A total of 70 Alam Maritim employees participated in a multi-organisation effort to clean up the beach at Pantai Kemasik, Terengganu. This inspiring inaugural event was organised by Yayasan Diraja Sultan Mizan, the Terengganu State Office, PETRONAS and the SPE Kuala Lumpur Section, involving local school students and other volunteers.

'Beriadah Sambil Berbakti' (Social Service through Recreation) - Madrasah Tahfiz Firdaus Al-Warisi, Tapah, 31 October – 1 November 2015

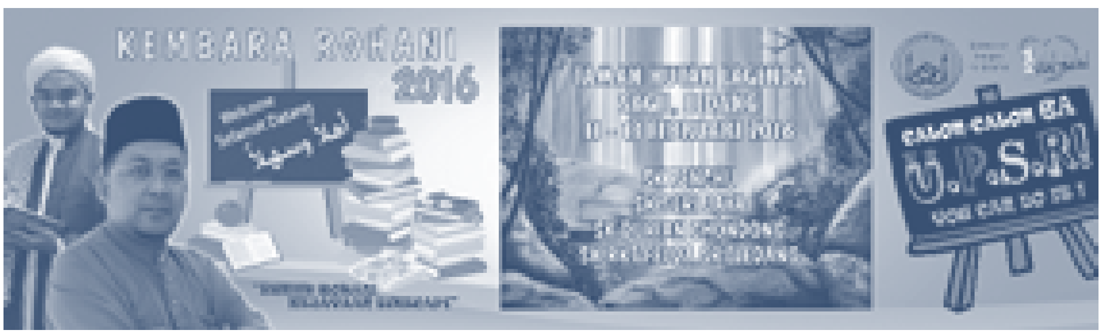
40 employees gave up their weekend to spend quality time with around 40 underprivileged children. Each Alam Maritim employee was assigned a foster child and undertook activities ranging from painting and cleaning up the premise to gardening, cooking and just simply playing games with the children. Hearing their laughter and squeals of excitement was reward enough for the time and effort spent by employees. Our employees further motivated the children by also conducting religious activities for them.

Motivation Camp for UPSR Students – Taman Hutan Lagenda Sagil, Ledang, Johor, 11 - 13 February 2016

Alam Maritim organised a 3-day motivational camp, themed "*Kukuh Rohani Kejayaan Dikecapi*" (Spiritual Strength Ensures Success), to help prepare students in their upcoming UPSR examination. A total of 100 students from 4 schools in Johor participated, namely from SK Penchu, SK Seri Jaya, SK Durian Chondong and SK RKT Felda Sri Ledang. Facilitated by Alam Maritim's Ustaz and other capable assistants, the students were exposed to various aspects of religion, methods to 'study smart', importance of mental and physical strength as well as building their self-confidence.

Beriadah sambil Berbakti

1 Alam Health Day



Motivation Camp for UPSR Students

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE ACTIVITIES

1 Alam Health Day: Cycling and Aerobics (Prescint 2, Putrajaya, 16 January 2016)

A total of 161 employees took part in Alam Maritim's inaugural event held at Putrajaya. It was a day to promote fitness amongst staff and to highlight the issue of global warming. Bicycles were provided for the enthusiastic cyclists and an aerobics session, 'Zumba', was organised simultaneously. Judging by the laughter, sweat and excitement generated, it also served to build stronger rapport amongst colleagues across the various departments. All in all, participants had a memorable and calorie-burning experience in the heart of the nation's administrative capital. Looking at the successful event and positive feedback from participants, we would consider making this a regular activity for staff.

Activities organised by Alam Maritim's Sports, Recreation and Welfare Club

Alam Maritim's Sports, Recreation and Welfare Club was set up with the objective to motivate staff to adopt a healthy lifestyle, increase camaraderie and enhance teamwork in the process. Activities organised were as follows:

- **Group Bowling Tournament - Bandar Baru Sri Petaling, 18 April 2015**

  This eagerly awaited annual event gives employees an opportunity to pit their skills against each other in the spirit of healthy competition. More importantly, it provides an opportunity to network on a social basis and forge stronger rapport and understanding. A total of 120 staff took part in this tournament and winners went home with tokens for their achievements.

Group Bowling Tournament

- In addition to this, the Sports, Recreation and Welfare Club of Alam Maritim also organises weekly Aerobic, Badminton, Football and Futsal sessions for interested staff members. Held once a week, the response to these activities is encouraging with increasing participants keen to prioritise health.

Raikan Aidilfitri (Aidilfitri Celebration) - HQ, 14 August 2015

After a month of fasting during Ramadhan and to celebrate the month of Syawal, Alam Maritim staff came together to rejoice Hari Raya Aidilfitri as one organisation. The event is an occasion for staff to seek forgiveness from each other, to foster closer ties and to rekindle the bond of friendship and goodwill and at the same time instill the essence of our shared values.

Aside from enjoying the festivities and merriment, the event saw staff making a sincere effort to come together as one. Differences were set aside, misgivings forgiven and everyone with smiles on their faces looked to share and further enhances the joyous atmosphere of the celebrations. It is on occasions such as these that we become closer, stronger and more united as one Alam Maritim – a community and family that fosters understanding, caring and forgiveness, whose greatest strength its people and the close cooperation and mutual respect shown throughout the Group for each other.

Raikan Aidilfitri

LIST OF HSE AWARDS & RECOGNITIONS

YEAR	CERTIFICATE TITLE	AWARDED BY
2001	CONTRACTOR SAFETY AWARD PROGRAM: CERTIFICATE OF RECOGNITION IN RECOGNITION OF EXCELLENT SAFETY PERFORMANCE IN 2001	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2001	EXXONMOBIL EMEPMI PRESENTED TO ALAM MARITIM IN RECOGNITION OF SAFETY ACHIEVEMENTS FOR 2001	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2002	CONTRACTOR SAFETY AWARD PROGRAM: 'GOLDEN STAR AWARD' CERTIFICATE OF RECOGNITION OF SAFETY EXCELLENT IN 2002	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2003	CERTIFICATE OF ACHIEVEMENT 2.4 MILLION MAN-HOURS WITHOUT LOSS TIME INJURY	TL OFFSHORE (M) SDN BHD
2003/ 2004	CONTRACTOR SAFETY RECOGNITION: "GOLD AWARD": IN RECOGNITION OF SAFETY EXCELLENCE IN 2003/2004	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2004	CONTRACTOR SAFETY RECOGNITION: "GOLD AWARD": IN RECOGNITION OF SAFETY EXCELLENCE IN 2004	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2005	"GOLD AWARD": IN RECOGNITION OF EXCELLENCE HSE PERFORMANCE FOR FY 2004/2005	PMO, PCSB
2006	PMO HSE AWARD 2006-CONTRACTOR HSE AWARD: IN RECOGNITION OF EXCELLENCE ACHIEVEMENT BY ALAM MARITIM (M) SDN BHD	PMO, PCSB
2006	CONTRACTOR SAFETY RECOGNITION:"GOLD AWARD": IN RECOGNITION OF SAFETY EXCELLENCE IN 2006	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2006	GOLD AWARD IN RECOGNITION OF SAFETY EXCELLENCE IN 2006 PRESENTED TO ALAM MARITIM (M) SDN BHD	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2007	CERTIFICATE OF APPRECIATION FOR THE CONTRIBUTION AND COMMITMENT DEMONSTRATED TOWARDS ACHIEVING EXCELLENT HSE PERFORMANCE FOR 2007	PMO, PCSB
2007	HSE AWARDED 2007: CERTIFICATE OF RECOGNITION OF EXCELLENT PERFORMANCE "ZERO TRCF" IN EXECUTING PCSB PROJECT	PCSB CONSTRUCTION ENGINEERING
2008	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	BUREAU VERITAS CERTIFICATION (M) SDN BHD
2008	SAFETY RECOGNITION AWARDED TO ALAM MARITIM BY EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2009	CONTRACTOR'S SAFETY RECOGNITION BY EXXONMOBIL – INJURY FREE FOR CONTRACTOR RECORDING UP TO 100,000 MAN HOURS	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2009	RECOGNITION BY CARIGALI HESS FOR MV SETIA WANGSA – COMPLETION OF 1 YEAR CONTRACT WITHOUT ANY LOSS TIME INJURY (LTI)	CARIGALI HESS
2009	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"	PETRONAS CARIGALI SDN BHD

LIST OF HSE AWARDS & RECOGNITIONS

YEAR	CERTIFICATE TITLE	AWARDED BY
2010	HSE SPECIAL AWARD TO ALAM MARITIM RESOURCES BERHAD IN RECOGNITION OF 250 DAYS FREE OF TOTAL RECORDABLE CASE (TRC)	PETRONAS DRILLING DEPARTMENT DEVELOPMENT DIVISION PETRONAS CARIGALI SDN BHD
2010	CERTIFICATE OF APPRECIATION FOR SUCCESSFULLY CONTRIBUTED AS CO-HOST IN PMOCHSEOC AWAY DAY IN JULY 2010	PMO, PCSB
2010	IN RECOGNITION TO HSE AWARENESS PROJECT ‘MENTOR MENTEE PROGRAMME’ IN CONJUCTION WITH WORLD MARITIME DAY CELEBRATION 2010: NATIONAL LEVEL	MINISTRY OF TRANSPORT (MOT)
2010	CERTIFICATE OF APPRECIATION PRESENTED TO ALAM MARITIM FOR PARTICIPATION IN THE PROGRAMME TITLE PMO HSE WEEK 2010	PMO, PCSB
2011	HSE ACHIEVEMENT AWARD (ENVIRONMENT CATEGORY) – GOLD AWARD RECOGNITION OF HSE ACHIEVEMENT AWARDED TO ALAM MARITIM RESOURCES BERHAD FOR THE HSE INITIATIVE OF “GREEN THE EARTH”	PMO, PCSB
2011	PETRONAS CARIGALI SDN BHD PENINSULAR MALAYSIA OPERATIONS PRESENTED TO MV SETIA BUDI OF ALAM MARITIM (M) SDN BHD IN APPRECIATION FOR ASSISTING TIONG PLATFORM DURING FWP INCIDENT 26TH OCTOBER 2010	PMO, PCSB
2011	CONTRACTOR SAFETY AWARD PROGRAM: MARINE CONTRACTOR OF THE QUARTER AWARD 1Q 2011 IN RECOGNITION OF OUTSTANDING CONTRIBUTION TO SAFETY	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2011	CONTRACTOR SAFETY AWARD PROGRAM: VESSEL OF THE QUARTER AWARD 4Q 2010 IN RECOGNITION OF OUTSTANDING CONTRIBUTION IN SAFETY AWARDED TO MV SETIA TEGUH OF ALAM MARITIM (M) SDN BHD	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2011	CONTRACTOR SAFETY AWARD PROGRAM: VESSEL OF THE QUARTER AWARD 1Q 2011 IN RECOGNITION OF OUTSTANDING CONTRIBUTION IN SAFETY AWARDED TO MV SETIA FAJAR OF ALAM MARITIM (M) SDN BHD	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2011	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	PETRONAS DRILLING DEPARTMENT DEVELOPMENT DIVISION PETRONAS CARIGALI SDN BHD
2011	2010 CONTRACTOR’S SAFETY RECOGNITION BY EXXONMOBIL - HURT FREE OPERATION < 100,000 MAN HOURS	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2012	2011 CONTRACTOR’S SAFETY RECOGNITION BY EXXONMOBIL - HURT FREE OPERATION < 100,000 MAN HOURS	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2012	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	CARIGALI HESS
2012	ACHIEVEMENT OF ONE MILLION MANHOURS WITHOUT LTI AND ZERO TOTAL RECORDABLE CASE FREQUENCY FOR KNPG-B MSF & MODULES INSTALLATION AND SKP PIPELINE REPLACEMENT PROJECT	TL OFFSHORE (M) SDN BHD

LIST OF HSE AWARDS & RECOGNITIONS

YEAR	CERTIFICATE TITLE	AWARDED BY
2012	2011 CONTRACTOR'S SAFETY RECOGNITION BY TALISMAN ENERGY - MARINE HSSE & OPERATIONAL EXCELLENCE FOR MV SETIA HANDAL	TALISMAN ENERGY
2012	CERTIFICATE OF APPRECIATION PRESENTED TO MV SETIA DERAS FOR THEIR VALUABLE CONTRIBUTION TO CUEL ACHIEVING 6 MILLION MAN HOURS FOR OFFSHORE OPERATIONS WITHOUT A DAY AWAY FROM WORK INCIDENT	CUEL
2013	2013 SAFETY AWARD FOR EXCELLENCE (S.A.F.E) - SILVER CATEGORY PRESENTED TO ALAM MARITIM (M) SDN BHD	CARIGALI HESS
2013	HSE AWARDS AND RECOGNITION 2012 CERTIFICATE OF APPRECIATION PRESENTED TO ALAM MARITIM (M) SDN BHD FOR MARINE VESSEL SERVICES PROVIDER	PROJECT & ENGINEERING DIVISION, PCSB
2013	HSE AWARDS AND RECOGNITION 2012 CERTIFICATE OF APPRECIATION PRESENTED TO ALAM MARITIM (M) SDN BHD FOR HOSTING P&E 2012 HSE CONTRACTOR CONFERENCE	PROJECT & ENGINEERING DIVISION, PCSB
2014	IN APPRECIATION FOR COMMITMENT IN IMPLEMENTING STOP WORK POLICY FOR MV SETIA ZAMAN	PETRONAS CARIGALI SDN BHD
2014	2014 SAFETY AWARD FOR EXCELLENT (S.A.F.E) – GOLD CATEGORY FOR SETIA WANGSA	CARIGALI HESS
2014	BOOSTER COMPRESSION BROWNFIELD PROJECT; 3RD HSE DAY CELEBRATION - PROUDLY CELEBRATING THE ACHIEVEMENTS OF 1.5 MILLIONS SAFE MANHOURS IN APPRECIATION OF MANAGEMENT & EMPLOYEES' FULL SUPPORT & COMMITMENT TOWARDS THE SUCCESS OF BCBF PROJECT	CARIGALI HESS
2014	1ST QUARTER 2014 MARINE BUSINESS PARTNERS IN RECOGNITION OF SAFETY RELIABLE OPERATIONS AWARDED TO ALAM MARITIM (M) SDN BHD	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2015	EORC WELLS 1,000,000 MAN-HOURS LTI FREE TO ALAM MARITIM RESOURCES BERHAD	SHELL & PETRONAS COLLABORATION
2015	ACTIVE CONTRIBUTION TOWARDS NEAR MISS REPORTING FY2015 FOR SETIA RENTAS	PETRONAS CARIGALI SDN BHD
2015	ACTIVE CONTRIBUTION TOWARDS NEAR MISS REPORTING FY2015 FOR SETIA GIGIH	PETRONAS CARIGALI SDN BHD
2016	THE MOST PERFORMED VESSEL IN 2015 SERVING AT PCSB-PMO WATER FOR MV SETIA YAKIN	PETRONAS CARIGALI SDN BHD
2016	GOLD AWARD 2015 SAFETY RECOGNITION FOR HURT FREE OPERATIONS EXCEEDING 100,000 MANHOURS AWARDED TO ALAM MARITIM (M) SDN BHD	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2016	IN RECOGNITION OF MARINE SAFETY AND PERFORMANCE FOR YEAR 2015 SPECIAL RECOGNITION AWARD OF THE YEAR ALAM MARITIM (M) SDN BHD	EXXONMOBIL EXPLORATION AND PRODUCTION MALAYSIA INC
2016	CERTIFICATE OF APPRECIATION PRESENTED TO ALAM HIDRO (M) SDN BHD IN RECOGNITION OF SAFE CONTRIBUTION FOR INTERVENTION CAMPAIGN FOR LUNDIN PETROLEUM PROVISION OF ROV AND DIVING SPREAD FOR SEARCH AND RESCUE OPERATION.	LUNDIN PETROLEUM

FINANCIAL CALENDAR

15 MAY 2015

Notice of Tenth Annual General Meeting.

18 MAY 2015

Annual Report 2014.

21 MAY 2015

First Quarter report on consolidated results for the financial period ended 31 March 2015.

12 JUNE 2015

Tenth Annual General Meeting.

25 AUGUST 2015

Second Quarter report on consolidated results for the financial period ended 30 June 2015.

25 NOVEMBER 2015

Third Quarter report on consolidated results for the financial period ended 30 September 2015.

29 FEBRUARY 2016

Fourth Quarter report on consolidated results for the financial period ended 31 December 2015.

29 APRIL 2016

Annual Audited Accounts for the year ended 31 December 2015.

BOARD AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Board Audit Committee (BAC) members and the record of their attendance at the Audit Committee meetings held during the Financial Year 2015 are as follows:

Member	Number of Meetings Attended
Dato' Haji Ab Wahab bin Haji Ibrahim Chairman (Independent Non-Executive Director and a Chartered Accountant)	6/6
Fina Norhizah binti Haji Baharu Zaman (Independent Non-Executive Director)	6/6
Ainul Azhar bin Ainul Jamal (Independent Non-Executive Director)	4/6

Composition

Conforming to the requirements of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), all of the BAC members 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 (1) member of the Audit Committee must be a qualified accountant.

Attendance

In terms of attendance at the BAC meetings, the quorum requirement for all six meetings held during FY2015 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 representatives of the External Auditors attended BAC meetings.

Time was also set aside for the External Auditors to have private discussions with the BAC without the presence of management. Three (3) 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 are kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The secretary of the Committee is the Group Company Secretary.

TERMS OF REFERENCE OF 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.

BOARD AUDIT COMMITTEE REPORT

(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 analyse 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 (1) 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 (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

In the event of any vacancy in the 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 (3) 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. 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.

The Group Chief Financial Officer and Head Group Internal Audit will normally be in attendance at the BAC meetings. 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 Group 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.

BOARD AUDIT COMMITTEE REPORT

(e) Authority

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

The BAC is authorised 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 authorised by the Board to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

In the event that any member of the 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 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.

BOARD AUDIT COMMITTEE REPORT

(d) Risk Management and Internal Control

- To consider annually the Risk Management Framework adopted within the Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities;

- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;

- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Group Policies & Authorities;

- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and

- To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the 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;

BOARD AUDIT COMMITTEE REPORT

- 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 summarised as follows:

- Review of the Internal Audit plans and scope for the Company and the Group prepared by the Internal Auditors and the External Auditors respectively;
- Review of the reports for the Company and the Group prepared by Internal Auditors and the External Auditors and consideration of the major findings by the auditors and management's responses thereto;
- Review of the quarterly 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 performance of the external auditors and made recommendations to the Board for their re-appointment and remuneration;
- Review of the BAC Report, Statement on Risk Management and Internal Control and Corporate Governance Statement 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.

BOARD AUDIT COMMITTEE REPORT

STATEMENT ON INTERNAL AUDIT FUNCTION

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

The Head, Group Internal Audit reports directly to the BAC 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 Audit has direct access to the Chairman of the BAC on all matters of control and audit. Any inappropriate restrictions on audit scope is to be reported to the BAC.

The Head, Group Internal Audit is assisted by the audit executive. The BAC approves the Group Internal Audit's annual audit plan, financial budget and human resource requirements to ensure the function is adequately resourced by competent and proficient internal auditors.

During the FY2015, a total of approximately RM457,342 was incurred as part of resource allocation for the GIAD, covering mainly on manpower and incidental costs such as travelling and training costs.

The GIAD has adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its internal control systems. The audits completed for year 2015 include offshore vessels project monitoring, project cost control (subsea), offshore logistic support services, finance and human resources.

The main activities performed by the GIAD 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 with established policies, procedures and statutory requirements;
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses of all kinds;
- Appraising the integrity and reliability 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 updated in the subsequent audits.

This report is made in accordance with a resolution of the Board dated 30 March 2016.

STATEMENT OF CORPORATE GOVERNANCE

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

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities"), the Board is pleased to present the Company's Statement of Corporate Governance for the financial year ended 31 December 2015, 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").

THE 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 ("Articles"), the Companies Act, 1965 and Companies (Amendment) Act 2007 (collectively the "Companies Act"), the MMLR of Bursa Securities and other relevant laws, rules and regulatory guidelines that are in force.

The Non-Executive Directors are involved in deliberation and discussion policies and strategies formulated and proposed by Management with the view of the long-term interests of all stakeholders. They contributed to the formulation of policies, and decision-making using their expertise and experience. They also provide guidance and promote professionalism to the Management.

The functions and power 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"). 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 GCEO supported by the Management Team, implements the Group's FLOA as adopted by the Board of Directors, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies. The GCEO is responsible for the stewardship of the Group's direction and the day-to-day management of the Group.

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, Quality 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.

Chairman and Managing Director

In line with Recommendation 3.5 of the MCCG 2012, the Chairman of the Company is an Independent Non-Executive Director who assumed the position as Chairman on 21 August 2014. As the Chairman, Puan Fina Norhizah binti Haji Baharu Zaman, is primarily responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator and consults the Board promptly over any matter that gives her cause for concern. The Chairman of the Board is responsible for representing the Board to the shareholders. 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 ensures 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.

STATEMENT OF CORPORATE GOVERNANCE

The GCEO, Datuk Azmi bin Ahmad will assist the Chairman in the effectiveness of implementation of Board policies, making operational decisions and monitoring the day-to-day running of the business, including defining the limits of the Management's authorities.

Whereas, the Executive Directors are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and also to formulate operational strategies.

Board Charter

The Board had 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 MCCG 2012 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. 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 Charter is published on the Company's corporate website at www.alam-maritim.com.my.

Board Balance and Composition

Article 93 of the Company's Articles of Association states that the total number of Directors shall not be less than two (2) and not more than twelve (12) Directors. The Board currently consists of six (6) members, comprising three (3) Non-Independent Executive Directors and three (3) Independent Non-Executive Directors. The Company has thus complied with the Paragraph 15.02 of the MMLR of Bursa Securities, whereby currently 50% of its Board members are Independent Non-Executive Directors.

The three (3) Independent Non-Executive Directors of the Company, namely Puan Fina Norhizah binti Haji Baharu Zaman, Dato' Haji Ab Wahab bin Haji Ibrahim and Encik Ainul Azhar bin Ainul Jamal are independent from Management and are able to exercise independent judgement and participate positively in all the Board's deliberations. They also play a pivotal role in corporate accountabilities as they provide unbiased and independent views, advice, opinions and judgement at Board and Board Committees deliberations as well as safeguard the interests of other parties such as minority shareholders and other stakeholders.

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

Strategy	-	constructively challenge and help develop proposals on strategy;
Performance	-	scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
Risk	-	be satisfied with the accuracy of financial information and that financial controls and systems of risk management are robust and defensible;
People	-	be responsible in determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing Executive Directors;
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 of any other employee or director of the Company to the Chairman.

STATEMENT OF CORPORATE GOVERNANCE

The Board is of the view that the current composition is a mix of knowledge, skills and expertise relevant to the Company's operations which provides strong and effective leadership, strategic direction and necessary governance to Alam Maritim Group. The profiles of the respective Directors are set out on pages 30 to 35 of this Annual Report.

Independence of the Board of Directors

During the financial year under review, the Board of Directors assessed the independence of its Independent Non-Executive Directors based on criteria set out in Paragraph 1.01 of the MMLR of Bursa Securities.

The Board has taken note on the MCCG 2012's recommendations on the tenure of an independent director that should not exceed a cumulative term of nine (9) years. However, an Independent Non-Executive Director may continue to serve the Board of Directors upon reaching the nine (9) year limit subject to the Independent Non-Executive Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board of Directors intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board of Directors must justify the decision and seek shareholders' approval at general meeting.

In justifying the decision, the Board Nomination and Remuneration Committee ("BNRC") is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

At the coming 11th Annual General Meeting, the Company will seek its shareholders' mandate to retain Dato' Haji Ab Wahab bin Haji Ibrahim as an Independent Non-Executive Director of the Company. He has served the Company as an Independent Non-Executive Director since 2 May 2006, for a cumulative period of over nine (9) years.

The BNRC has made the necessary assessment and recommended to the Board of Directors that Dato' Haji Ab Wahab be retained as an Independent Director of the Company based on his ability to maintain his independence of judgement and to express and maintain unbiased views without any influence. Dato' Haji Ab Wahab has a good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates. The Board values his contribution to the Company and he is also committed in performing his functions and duties as the Chairman of the Board Audit Committee, including but not limited to attendance at Board and Board Committees' meetings. This proposed resolution is in line with the recommendation under the MCCG 2012 and this would allow him to continue to serve as Chairman of the Board Audit Committee, pursuant to the requirement of Paragraph 15.10 of the MMLR of Bursa Securities.

Dato' Haji Ab Wahab would abstain from all deliberations regarding his retention.

During the FY 2015, the Board was satisfied that none of the Independent Non-Executive Directors had any relationships that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

The BNRC will continue, on an annual basis, to assess the independence of Independent Non-Executive Directors.

Tenure of Independent Directors

The Board does not impose a limit on the length of service of the Independent Non-Executive Directors as their attributes in terms of skills, experience, professionalism, integrity including core competencies in exercising their objectivity and independent judgement to discharge their responsibilities in good faith in the best interest of the Company are more critical in ascertaining the function and effectiveness of their independence than the number of years served on the Board.

STATEMENT OF CORPORATE GOVERNANCE

Board Meetings

The Company Secretary pre-schedules at least five (5) 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 & controls 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 the members of Board at the Board meetings held during the financial year ended 31 December 2015, are detailed out below:-

Board of Directors	Designation	Board Meeting Attendance	10th AGM Attendance
Fina Norhizah binti Haji Baharu Zaman (Chairman)	Independent Non-Executive Director	8/8	1/1
Datuk Azmi bin Ahmad	Non-Independent Executive Director	8/8	1/1
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	8/8	1/1
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	8/8	1/1
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	8/8	1/1
Ainul Azhar bin Ainul Jamal	Independent Non-Executive Director	5/8	1/1

The current board members have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the MMLR of Bursa Securities.

The schedule of meeting calendar which provide the tentative schedule dates for meetings of the Board, Committees and Annual General Meeting is circulated to Directors before the beginning of each calendar year.

Time Commitment

Paragraph 15.06 of MMLR of Bursa Securities provides that Directors of listed company may not hold more than five (5) directorship in listed companies. None of the Board members of the Company serve in more than five (5) listed companies.

The Executive Directors of the Company also do not serve as a Director in other listed companies.

Diversity

The Board acknowledges the importance of boardroom diversity as recommended by the MCCG 2012. The Board has always been in support of non-discrimination in their selection of Directors and in the process of recruitment. Currently, the Company has one female representation on the Board. The Board is committed in ensuring that its composition reflects the diversity in line with Recommendation 2.2 of the MCCG 2012.

The presence of Puan Fina Norhizah binti Haji Baharu Zaman on the Board since the year 2010, sends the message that the gender diversity is welcomed and appreciated by the Board.

The Board is of the view that the current composition creates positive, value-relevant impact on the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merit and the knowledge and expertise which must be relevant to the Company.

STATEMENT OF CORPORATE GOVERNANCE

Annual Assessment of Directors

At the Board's meeting on 25 February 2016, the BNRC tabled the results of the 2015 Board Performance Evaluation. The assessment considered the contribution and performance of Directors as regards to their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance Board effectiveness. The evaluation process involved peer and self-review assessments, where Directors assessed their own and also their fellow Directors' performances and was led by the Chairman of the BNRC and supported by the Company Secretary. All assessments and evaluations carried out by the BNRC in the discharge of its functions were properly documented. The overall results for the Board and Board Committees' self-evaluation were positive and received highly satisfactory advisory ratings across all areas evaluated. The key areas of evaluation, amongst others, were:

(i) Independence;
(ii) Skills and experience;
(iii) Key strength; and
(iv) Areas of improvement.

The BNRC undertook gap assessment to identify the strengths and areas for improvement to further strengthen the Board and the Board Committees.

The BNRC has adopted a questionnaire methodology for Board assessment. The criteria used, amongst others, for the assessment of individual Directors include their contribution and performance, participation, quality of input, roles, competency and time commitment whereas for the Board and Board Committees, evaluations are based on composition, functionality, mix of skills and knowledge, decision making, frequency of meetings, risk management and adequacy of information and processes.

The BNRC had also deliberated, reviewed and considered the size, structure and composition of the Board and the Board Committees, including the required mix of skills and experience, core competencies of the Directors for the effective and efficient functioning of the Board and the Board Committees and evaluated the effectiveness of each Director, Board Committee and Board as a whole. The BNRC was of the view that the current size, structure and composition facilitated good discussions and encouraged contributions and participations from all the Directors. The BNRC had recommended to the Board for the Board composition to be maintained, with the desire to achieve a balance board composition.

A separate independence assessment was carried out by the BNRC by way of Director's self assessment in order to ensure that Independent Directors are able to continue to bring independent and objective judgement to the Board. The BNRC also conducted a review on the competencies and time commitment of the Directors.

In line with the recommendations of the MCCG 2012, the BNRC has also performed an annual review of the independence of Independent Directors. In assessing the independence of Independent Directors, the BNRC will consider whether the Director has met the independence guidelines as set out in Paragraph 1.01 of the MMLR of Bursa Securities which includes a series of objective tests. The BNRC will also take into account if the Independent Director has or has had any relationship with the Company other than as a Director as well as the Independent Director's ability to exercise independent and objective judgement at all times and to act in the best interests of the Company.

For the financial year 2015, the BNRC has assessed and concluded that none of the Independent Directors have any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company.

The BNRC is also responsible to review the structure, size, balance and composition of the Board. From the assessment of the financial year under review, the BNRC is satisfied that there is an appropriate size and mix of skills, experience and core competencies in the composition of the Board as well as a balance of Executive and Independent Directors.

STATEMENT OF CORPORATE GOVERNANCE

Appointment to the Board

The BNRC is entrusted with the role of proposing and recommending new candidates to the Board and Committees of the Board. In determining the suitability of candidates, various factors are considered including diversity of skills, expertise, experience, competencies and time commitment of the candidates in discharging their roles and responsibilities through attendance at their respective meetings. The Board decides on the appointment of Directors and members to the Committees of the Board after considering the recommendations of the BNRC.

For new appointments of Independent Director, the assessment on the independence of the proposed Director, which is carried out prior to the appointment, is ascertained in accordance with the criteria set out in the MMLR of Bursa Securities.

The Board is also mindful of Recommendation 3.2 of the MCCG 2012 that the tenure of an Independent Director shall not exceed a cumulative term of nine years. An Independent Director may continue to serve the Board subject to the re-designation of the Independent Director as a Non-Independent Director.

Re-Appointment and Re-Election of Directors

The re-election of Directors is also regulated by the provision of Section 129(6) of the Companies Act, 1965, Directors who have attained or are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The Directors who is due for retirement and re-appointment in accordance to Section 129(6) of the Companies Act, 1965 at the forthcoming AGM is Encik Ahmad Hassanudin bin Ahmad Kamaluddin. His profile is set out on page 33 of this Annual Report.

The Board believes in having a healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members apart from what is prescribed under Section 129 of the Companies Act, 1965.

In accordance with Article 100 of the Company's Articles of Association, all Directors who are newly appointed to the Board shall hold office until the next AGM subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. None of the Board members of the Company were appointed during the year.

Article 94 states that one-third (1/3) of the Board of Directors for the time being, are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire each year are the Directors who have been longest in office since their appointment or re-election. The Directors due for re-election by rotation pursuant to Article 94 of the Articles of Association of the Company at the forthcoming AGM are Datuk Azmi bin Ahmad and Encik Shaharuddin bin Warno @ Rahmad. Their profiles are set out on pages 31 and 32 of this Annual Report.

The contributions and performance of the Directors who are subject to re-appointment and re-election at the AGM are assessed by the BNRC whose recommendations are submitted to the Board for the Board's decision on such proposed re-appointment and re-election of the Directors concerned, to be tabled for shareholders' approval at the AGM.

The Directors standing for re-election and re-appointment at the forthcoming AGM of the Company are as follows:-

Name	Designation	Relevant Provisions
Datuk Azmi bin Ahmad	Non-Independent Executive Director	Re-election under Article 94
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	Re-election under Article 94
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	Re-appointment under Section 129(6) of the Companies Act, 1965

Directors seeking re-election and re-appointment must abstain from all deliberations regarding their re-election and re-appointment.

STATEMENT OF CORPORATE GOVERNANCE

Directors' Training and Development

The Board is mindful of the importance for its members to undergo continuous training. The BNRC continues to evaluate and determine the training needs of the Directors to ensure continuous trainings and education in order for them to enhance their business acumen and professionalism in discharging their duties to the Group.

In addition, the Company Secretary also receive regular updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration. The Company Secretary will make the necessary arrangements for the Directors to attend the trainings.

The external auditors also continuously brief the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

Any Director appointed to the Board of Directors is required to complete the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of appointment.

In compliance with Paragraph 15.08 of the MMLR of Bursa Securities, the Directors have during the financial year ended 31 December 2015, attended the following training programmes:

Courses/Trainings	Attended by
Qualified Risk Director Program: White Belt Qualified Risk Director Program: Yellow Belt	AHK DAW AAJ
Qualified Risk Director Program: Brown Belt Qualified Risk Director Program: Green Belt Qualified Risk Director Program: Black Belt	FN AHK DAW AAJ
PCSB Tripod Beta Incident Investigation Training	DAA SR AHK
The Audit Oversight Board Conversation with Audit Committees	DAW
National Seminar on Trans-Pacific Partnership Agreement	
Corporate Board Leadership Symposium 2015	
Mandatory Accreditation Programme for Directors of Public Listed Companies	AAJ
Nominating Committee Programme 2: Effective Board Evaluations	
Corporate Governance Director's Workshop – The Interplay between Corporate Governance, Non-Financial Information and Investment Decisions	
IERP Global Conference 2015	AHK AAJ
Corporate Governance: Balancing Rules & Practices	DAA
Qualified Risk Director Programme 2015 - Series 3 (Risk Appetite, Tolerance and Board) Qualified Risk Director Programme 2015 - Series 6 (The Role of Boards in Fraud Risk Management)	AHK

STATEMENT OF CORPORATE GOVERNANCE

Courses/Trainings	Attended by
International Directors Summit 2015: "Inculcating Innovation, Catalysing Growth Through Public-Private Partnership"	FN
Board Chairman Series Part 2: Leadership Excellence from the Chair	
Duties of directors and corporate governance in international joint ventures Falling oil prices: general trends and how to protect your contractual position Fraud in the company – investigation and management	
Lead The Change: Getting Women on Boards	

FN - Puan Fina Norhizah binti Haji Baharu Zaman
DAA - Datuk Azmi bin Ahmad
SR - Encik Shaharuddin bin Warno @ Rahmad
AHK - Encik Ahmad Hassanudin bin Ahmad Kamaluddin
DAW - Dato' Haji Ab Wahab bin Haji Ibrahim
AAJ - Encik Ainul Azhar bin Ainul Jamal

The Directors will continuously undergo other relevant training programmes and 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.

Succession Planning

The BNRC took cognisance of the importance of effective human capital development, talent retention and succession planning for key management positions in the Company to ensure business continuity.

The succession planning is to ensure all candidates appointed to senior management positions are of sufficient caliber. The Board had during the year, adopted a Succession Development Plan to ensure that there are platforms in place to provide for the orderly succession of senior management.

Access to Information and Advice

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, advices and services of the Company Secretary and Senior Management.

The Board has the same right of access to all information within the Group and the duty to make further enquiries which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense.

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 and the Board Committees receive timely and up-to-date information and the Company Secretary, under the direction of the Chairman, ensures a balanced flow of information is disseminated for decisions to be made on an informed basis and for the effective discharge of the Board's responsibilities. Prior to the Board and Board Committee meetings, a formal and structured agenda, together with a set of Board and Board Committee papers, are forwarded to all Directors at least three (3) days prior to the Board and Board Committee meetings, for the Directors to be prepared to deal with matters arising from such meetings and to enable the Board and Board Committees to make decisions.

The Board firmly believes that effective deliberation and its decision making process is highly dependent on the quality of information furnished by the Management Team.

STATEMENT OF CORPORATE GOVERNANCE

From time to time, whenever the Board requires relevant information updates from any members of the Management Team, the relevant member of the Management Team is invited to attend meetings of the Board and its Committees to provide the Board with any such relevant information or updates. External advisers may also be invited to attend Board and Board Committee meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.

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 Board Risk Management Committee. Additionally status report on Health, Safety, Environment activities and performance is submitted and discussed at every board meeting. In addition, a more detailed report on the Group's Corporate Sustainability and Corporate Social Responsibility initiatives, involvements and activities are set out on page 38 to 53 of this Annual Report.

Company Secretary

The Board is supported by the Company Secretary in discharging its duties and functions. The Directors have unrestricted access to the advice and services of the Company Secretary to enable the Directors to discharge their duties effectively. The Company Secretary ensures that the Board is regularly updated on relevant regulatory requirements, codes or new statutes from time to time. The Company Secretary attends and ensures that all Board and Committee meetings are properly convened and all deliberations and decisions made at the meetings are properly minuted and kept.

Minutes of proceedings and resolutions passed at each Board and Board Committee meetings are kept in the statutory books at the registered office of the Company and are accessible to all Directors.

BOARD COMMITTEES

In ensuring the effectiveness of the Board's function in shaping the Company's strategic direction and providing advice to management, the Board has delegated specific responsibilities to three (3) Board's Committees, namely Board Audit Committee, Board Nomination and 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 58 to 63 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 Key Personnel;
- 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 Group Chief Executive Officer and Group 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.

STATEMENT OF CORPORATE GOVERNANCE

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. For a good corporate governance practice, the BNRC agreed each committee to be chaired by different Independent Director. The BNRC took cognisance of the importance of effective human capital development, talent retention and succession planning for key management positions in the Company to ensure business continuity.

The members of the BNRC are as follow:

Board of Directors	Designation	Meeting Attendance
Fina Norhizah binti Haji Baharu Zaman (Chairman)	Independent Non-Executive Director	2/2
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	2/2
Ainul Azhar bin Ainul Jamal	Independent Non-Executive Director	2/2
Datuk Azmi bin Ahmad	Non-Independent Executive Director	2/2
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	2/2

Activities of BNRC

During the year, the BNRC met two (2) times and deliberated on the following key activities:

- Reviewed the annual assessment/evaluation forms of the Board and Board Committees;
- Deliberated on the findings of the Board's and Committees' assessment and reported the findings in Board meeting;
- Deliberated the appointment and retirement of Directors; and
- Review the Succession Planning of Executive Directors and Senior Management of Alam Maritim Group.

(iii) Board Risk Management Committee ("BRMC")

In the Group, risk management is dealt with at two (2) levels. At the Board level, the BRMC is chaired by Encik Ainul Azhar bin Ainul Jamal, Independent Non-Executive Director and at the working level, Group Risk Management Working Committee ("GRMWC") is chaired by Encik Ahmad Hassanudin bin Ahmad Kamaluddin, 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 follow:

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

STATEMENT OF CORPORATE GOVERNANCE

The members of the BRMC are as follow:

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

Good corporate governance and risk management rest firmly with the Board. Following this, the Group Risk Department has also arranged Risk Away Day meeting on 27 July 2015 which was attended by the Board together with the Senior Management team and being chaired by the Chairman of BRMC in deliberating Alam Maritim Group's business risks in detail.

The BRMC works closely with the 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 quarterly report is then shared with the Board Members for information and feedback.

Over and above the BRMC and GRMWC, the Board has acknowledges that under Internal Audit function which report directly to BAC plays complimenting role to support the BRMC and GRMWC in areas of conducting regular reviews and appraisals of the effectiveness of the risk management and internal controls and governance system in the Group. Further details of the Internal Audit function and activities are set out in the Statement on Risk Management and Internal Control 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 remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group successfully.

The remuneration of the Executive Directors is structured to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and performance of the Group.

The BNRC is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of the Executive Directors.

The BNRC and Board review the remuneration of the Executive Directors annually whereby the respective Executive Directors are required to abstain themselves from discussions and decisions on their own remuneration.

STATEMENT OF CORPORATE GOVERNANCE

As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of Board Committees. In addition, meeting allowance is paid in accordance with the number of Board and Committee Meetings attended by each of them. The remuneration of the Non-Executive Directors will be reviewed by the BNRC and recommended to the Board thereafter. The Directors' fees are approved by the shareholders at the Annual General Meeting in accordance with the Company's Articles of Association.

The determination of remuneration for each Director is a matter for the Board as a whole and all the Directors concerned shall not participate in the decisions regarding their own remuneration.

The aggregate remuneration of Directors for the financial year ended 31 December 2015 is as follows:-

Description	Executive Directors	Non-Executive Directors	Total
Basic Salary & Other emoluments	3,895,629	91,000	3,986,629
Fees	-	315,499	315,499
Total	3,895,629	406,499	4,302,128

Remuneration Band	Executive	Non-Executive
RM100,000 – RM150,000	-	2
RM150,000 – RM200,000	-	1
RM1,000,000 - RM1,050,000	1	-
RM1,250,000 - RM1,300,000	1	-
RM1,550,000 - RM1,600,000	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. Details of the Company and the Group financial statements for the financial year ended 31 December 2015 are set out on pages 82 to 176 of this Annual Report.

The BAC upon recommendation by the External Auditors has mandated the Management to continuously 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. The BAC had convened three (3) meetings with the External Auditors without the presence of Executive Directors and officers to discuss the audit findings for financial year ended 2015.

STATEMENT OF CORPORATE GOVERNANCE

The Board's obligation to establish formal and transparent arrangements in considering how it should apply financial reporting and internal controls, and maintaining an appropriate relationship with the Group's External Auditors is met through the BAC.

An assessment of the objectivity, independence and quality of service delivery of the Group's External Auditors was conducted in March 2015, facilitated by the Internal Audit Department and no major gaps have been identified.

The BAC has obtained the assurance from External Auditors confirming their independence.

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, 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.

STATEMENT OF CORPORATE GOVERNANCE

OTHER DISCLOSURE REQUIREMENTS

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

Status of Utilisation of Proceeds raised from any Corporate Proposal

As at 25 August 2015, the Group has fully utilised the proceeds of RM166.05 million from the share placement exercise details are as follows:-

Purpose	Utilised (RM'000)
Repayment of bank borrowings (Sukuk Ijarah Facility)	95,080
Acquisition of an offshore supply vessel and general working capital	67,199
Expenses in relation to the share placement exercise	3,771
Total	166,050

Share Buybacks

There were no share buybacks exercised by the Company during the financial year ended 31 December 2015.

Options, Warrants or Convertible Securities

There were no ESOS Options exercised for the financial year ended 31 December 2015.

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

During the financial year 2015, the Company did not sponsor any ADR or GDR Programme.

Non-Audit Fees

There were non-audit fees amounting to RM32,000.00 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 within 10% variance from unaudited results announced.

Material Contracts

Save for the following contract, there were no other material contracts entered into by the Company and its subsidiaries, involving the Directors' and/or major shareholders' interests, still subsisting at the end of the financial year ended 31 December 2015:-

i) Financing Facility by MDSV 1 (L) Inc from OCBC Bank, Labuan Branch for USD48.0 million for the purchase of a diving support vessel known as MV OLV Venture 1. MDSV 1 (L) Inc is 100% owned by Deepsea Leader Venture (L) Inc whereby Alam Maritim Investment Holdings (L) Inc holds 51% of shares in Deepsea Leader Ventures (L) Inc.

This statement is made in accordance with a resolution of the Board of Directors dated 30 March 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Alam Maritim Resources Berhad ("Board") is committed to maintain a sound risk management and internal control system. Each business unit or functional group has implemented its own control processes under the leadership of the Group Managing Director (GMD)/Group Chief Executive Officer (GCEO), who is responsible for good business and regulatory governance. The following statement outlines the nature and scope of the Group's Risk Management and Internal Control in 2015.

RESPONSIBILITY

The Board asserts its overall responsibility for the Group's system of risk management and internal control and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board via the Board Audit Committee (BAC) recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance to as-low-as-reasonably-practicable established by the Board and Management. Therefore, the system provides realistic approach and solution, but not absolute against nature or Act-of-God, assurance against the occurrence of any material testimonial, forfeiture or deception.

The Board confirms that there is a continuous process of reviewing and reporting the adequacy and integrity of the Group's system of risk management and internal control 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. Minutes of the BAC meetings which recorded these deliberations were presented to the Board.

A Board Risk Management Committee ("BRMC") was established and maintained in accordance with Section 22 of the Capital Markets and Services Act 2007 (CMSA) to provide risk oversight and ensure prudent risk management of Alam Maritim's business and operations. At its meetings in 2015, the BRMC reviewed, deliberated and provided advice on matters pertaining to the key corporate risks, risk assessment of projects and operations, and develop mitigation strategies and action plans.

Risk-related and internal control matters which warranted the attention of the Board were recommended by the BAC and BRMC to the Board for its approval and matters or decisions made within the BAC and BRMC's purview were updated to the Board for its notation.

KEY INTERNAL CONTROL PROCESS

To ensure Regulatory Compliance, Transparencies, prevent Conflict-Of-Interest, Health, Safety, Security and Environment Protection, the Group's internal control system comprises the following key processes:

1. CONTROL ENVIRONMENT

1.1 Board Committees

The Board acknowledges that ensuring sound governance requires effective and direct 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, Board Nomination and Remuneration Committee (BNRC) as well as BRMC.

1.2 Independence of the Board Audit Committee

The BAC comprises 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.

1.3 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. RISK MANAGEMENT

2.1 Risk management is regarded by the Board to be an integral part of the business and operations. Management is responsible for creating a risk awareness culture, educate with the necessary knowledge of risk management and revise regularly of risk tools and procedures. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws, regulations and requirements.

2.1.1 Board Risk Management Committees

2.1.1.1 The BRMC comprised of six members (including alternate member), majority main members are Independent Non-Executive members. The Group Chief Financial Officer, Head of Group Internal Audit and Head of Group Risk Management attended BRMC meetings as invitees.

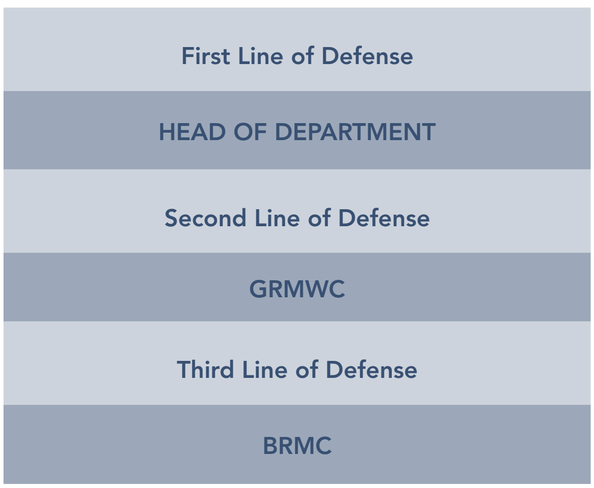
2.1.1.2 The BRMC delegates to the Group Risk Management Working Committee ("GRMWC") the responsibility for creating a risk-aware culture and building the necessary knowledge for risk management at every level of management. The GRMWC is responsible for ensuring the effective implementation of the Group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

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

2.1.2 Risk Management Framework ("RMF")

2.1.2.1 The Group 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.

Risk Management Framework



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2.1.3 Accountability and Tolerance for Risk Management

2.1.3.1 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 emphasised and reinforced through the establishment of GRMWC and group discussion together with the monitoring and facilitation exercise by the Group Internal Audit and Risk Management department.

2.1.3.2 Our level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have "exceeded risk tolerance" and those which have not. We have clear risk mitigation and action plan guidance on the actions to be taken for the relevant risks level.

2.1.4 Risk Reporting

2.1.4.1 The Risk Management Framework (RMF) provides for regular review and reporting. On continuing basis, the Group Internal Audit and the Group 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.

2.1.4.2 To ensure that our RMF and processes remain sound and are in compliance with international recognised standards, we had revised our existing matrix and renamed Business Risk Assessment and will incorporate into existing procedures.

3. CONTROL ACTIVITIES

3.1 Policies, Procedures and Limits of Authority

3.1.1 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 to ensure compliance with internal controls and relevant Laws, Regulations and Requirements and regularly updated to reflect changing risks or resolve operational deficiencies. Regular reviews are performed to ensure that documentation remains current and relevant. Common Group policies are available on Alam Maritim's intranet for easy access by employees. All policies and standards are approved by the Board and cases of non-compliance are reported to the Board by exception.

3.2 Strategic Business Planning, Budgeting and Reporting

3.2.1 Regular and comprehensive information provided by management for monitoring of performance against strategic plan, covering all key financial, investment 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. A new initiative called Cost Optimisation Programme has been launched to capture key variances and take appropriate mitigation and will be reported to the Board accordingly.

3.3 Insurance and Physical Safeguard

3.3.1 Adequate insurance and physical safeguard on major assets in place to ensure that the assets of the Group are sufficiently covered against any liabilities that will result in material damage, claim or losses to the Group.

3.3.2 A yearly policy renewal exercise is undertaken by Management to review the coverage based on the current fixed asset register and the prevailing market price for the same or similar item, where applicable. The underwriter also assists by conducting a risk assessment, which helps AM to assess the adequacy of the intended coverage.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. INFORMATION AND COMMUNICATION

4.1 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.

4.2 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.

5. MONITORING

5.1 Management Visit
Directors and Senior Management conduct regular visits to marine vessels, branch offices, project sites, customers and business partners' offices to review the Group's operations and gain better understanding to facilitate cognisant in decision making capability.

5.2 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.

5.3 Performance Management
In order to nurture the quality and competencies of employees, continuing education, training, seminar and development programs are emphasised to enable employees to discharge their duties effectively.

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

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

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

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

CONCLUSION

For the financial year under review, based on inquiry, information and assurance provided by Managing Director and 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control – Guidance for Directors of Public Listed Companies. The statement is made in accordance with a resolution of the Board dated 30 March 2016.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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	45,811,205	(778,373)
Profit/(loss) for the year attributable to:		
Owners of the parent	45,593,836	(778,373)
Non-controlling interests	217,369	–
	45,811,205	(778,373)

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 directors do not recommend any dividend in respect of the financial year ended 31 December 2015.

DIRECTORS' REPORT

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:

Fina Norhizah binti Haji Baharu Zaman
Dato' Haji Ab Wahab bin Haji Ibrahim
Datuk Azmi bin Ahmad
Shaharuddin bin Warno @ Rahmad
Ahmad Hassanudin bin Ahmad Kamaluddin
Ainul Azhar bin Ainul Jamal

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company, as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.25 each			
	At 1.1.2015	**Acquired**	**Sold**	**At 31.12.2015**
Direct interest:				
Dato' Haji Ab Wahab bin Haji Ibrahim	1,500	–	–	1,500
Datuk Azmi bin Ahmad	2,292,748	–	–	2,292,748
Shaharuddin bin Warno @ Rahmad	9,900	–	–	9,900
Ahmad Hassanudin bin Ahmad Kamaluddin	1,875	–	–	1,875
Fina Norhizah binti Haji Baharu Zaman	34,000	–	–	34,000

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares of RM0.25 each			
	At 1.1.2015	**Acquired**	**Sold**	**At 31.12.2015**
Indirect interest:				
Datuk Azmi bin Ahmad	330,581,061	–	–	330,581,061
Shaharuddin bin Warno @ Rahmad	330,415,436	–	–	330,415,436
Ahmad Hassanudin bin Ahmad Kamaluddin	123,750	–	–	123,750

	Number of options over ordinary shares of RM0.25 each			
	At 1.1.2015	**Granted**	**Exercised**	**At 31.12.2015**
Datuk Azmi bin Ahmad	3,309,900	–	–	3,309,900

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

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

(f) In the opinion of the directors:

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

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

SUBSEQUENT EVENT

On 31 March 2016, Alam Maritim (M) Sdn Bhd, a wholly-owned subsidiary company of the Group, has completed the disposal of 1,255,000 ordinary shares of RM1.00 each representing 84% of the issued and paid-up share capital of KJ Waja Engineering (M) Sdn Bhd ("KJ Waja") for a total cash consideration of RM2.00. Hence, KJ Waja shall cease to be a subsidiary company of the Group. The disposal is not expected to have any material financial effects to the Group.

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 8 April 2016.

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 90 to 175 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 39 to the financial statements on page 176 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 8 April 2016.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

STATUTORY DECLARATION

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

I, Md Nasir bin Noh, being the officer primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 90 to 175 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Md Nasir bin Noh
at Kuala Lumpur in the Federal
Territory on 8 April 2016.

Md Nasir bin Noh

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Alam Maritim Resources Berhad, which comprise the statements of financial position as at 31 December 2015 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 90 to 175.

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 2015 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 39 to the financial statements on page 176 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

Nik Rahmat Kamarulzaman bin Nik Ab Rahman
No. 1759/02/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
8 April 2016

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	**350,222,090**	391,584,354	**–**	–
Cost of sales	4	**(286,904,376)**	(320,579,813)	**–**	–
Gross profit		**63,317,714**	71,004,541	**–**	–
Other income	5	**19,738,027**	18,960,043	**8,244,846**	16,025,411
Employee benefits expense	6	**(26,889,553)**	(29,722,097)	**(414,002)**	(405,877)
Other expenses		**(41,644,716)**	(13,756,179)	**(950,827)**	(740,169)
Operating profit		**14,521,472**	46,486,308	**6,880,017**	14,879,365
Finance costs	8	**(12,345,609)**	(24,006,397)	**(7,550,483)**	(14,275,644)
Share of results of associates		**2,379,049**	21,210,352	**–**	–
Share of results of joint ventures		**(24,373,278)**	22,943,207	**–**	–
(Loss)/profit before tax	9	**(19,818,366)**	66,633,470	**(670,466)**	603,721
Income tax credit/(expense)	10	**65,629,571**	(5,904,253)	**(107,907)**	254,256
Profit/(loss) for the year		**45,811,205**	60,729,217	**(778,373)**	857,977
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation, representing other comprehensive income for the year, net of tax		**2,061,148**	102,416	**–**	–
Total comprehensive income/(expense) for the year		**47,872,353**	60,831,633	**(778,373)**	857,977
Profit/(loss) attributable to:					
Owners of the parent		**45,593,836**	60,702,032	**(778,373)**	857,977
Non-controlling interests		**217,369**	27,185	**–**	–
		45,811,205	60,729,217	**(778,373)**	857,977
Total comprehensive income/(expense) attributable to:					
Owners of the parent		**47,176,970**	60,784,304	**(778,373)**	857,977
Non-controlling interests		**695,383**	47,329	**–**	–
		47,872,353	60,831,633	**(778,373)**	857,977
Earnings per share attributable to owners of the parent:					
Basic (Sen)	11(a)	**4.9**	7.0		
Diluted (Sen)	11(b)	**4.9**	6.9		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

Group	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Property, vessels and equipment	12	**502,669,963**	528,501,444
Investment properties	13	**8,300,574**	–
Intangible assets	14	**1,559,512**	1,358,222
Investments in associates	16	**79,431,906**	73,418,025
Interests in joint ventures	17	**227,376,117**	256,400,193
Deferred tax assets	18	**7,841,327**	7,041,998
Trade receivables	20	**581,965**	1,182,638
		827,761,364	867,902,520
Current assets			
Inventories	19	**2,629,730**	4,926,661
Trade receivables	20	**100,484,306**	185,109,720
Other receivables	21	**131,330,822**	102,446,034
Tax recoverable		**4,138,802**	3,655,029
Cash and bank balances	22	**125,513,402**	245,030,608
		364,097,062	541,168,052
Total assets		**1,191,858,426**	1,409,070,572
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	26	**102,594,926**	186,214,344
Trade payables	29	**81,247,255**	156,419,895
Other payables	30	**24,921,291**	21,377,137
Tax payable		**351,771**	137,790
		209,115,243	364,149,166
Net current assets		**154,981,819**	177,018,886

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

Group (cont'd.)	Note	2015 RM	2014 RM
Non-current liabilities			
Borrowings	26	**91,434,191**	134,204,073
Deferred tax liabilities	18	**12,798,980**	80,079,674
		104,233,171	214,283,747
Total liabilities		**313,348,414**	578,432,913
Net assets		**878,510,012**	830,637,659
Equity attributable to owners of the parent			
Share capital	23	**231,115,231**	231,115,231
Share premium	23	**165,199,735**	165,199,735
Other reserves	24	**(1,885,182)**	(3,468,316)
Retained earnings		**482,506,334**	436,912,498
		876,936,118	829,759,148
Non-controlling interests		**1,573,894**	878,511
Total equity		**878,510,012**	830,637,659
Total equity and liabilities		**1,191,858,426**	1,409,070,572

Company	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Investment in subsidiaries	15	**100,303,120**	100,303,120
		100,303,120	100,303,120
Current assets			
Amounts due from subsidiaries	28	**402,087,637**	406,303,631
Other receivables	21	**28,811**	107,385
Tax recoverable		**360,302**	504,256
Cash and bank balances	22	**14,922,379**	122,098,639
		417,399,129	529,013,911
Total assets		**517,702,249**	629,317,031
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	26	**40,000,000**	115,000,000
Other payables	30	**5,077,250**	913,659
		45,077,250	115,913,659
Net current assets		**372,321,879**	413,100,252
Non-current liabilities			
Borrowings	26	**75,000,000**	115,000,000
Total liabilities		**120,077,250**	230,913,659
Net assets		**397,624,999**	398,403,372
Equity attributable to owners of the parent			
Share capital	23	**231,115,231**	231,115,231
Share premium	23	**165,199,735**	165,199,735
Employee share option reserve	24	**94,946**	94,946
Retained earnings	25	**1,215,087**	1,993,460
Total equity		**397,624,999**	398,403,372
Total equity and liabilities		**517,702,249**	629,317,031

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 2015

	<-- Attributable to owners of the parent				-->		
	<-- Non-distributable		-->	Distributable			
Group	**Share capital (Note 23) RM**	**Share premium (Note 23) RM**	**Other reserves (Note 24) RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Opening balance at 1 January 2015	**231,115,231**	**165,199,735**	**(3,468,316)**	**436,912,498**	**829,759,148**	**878,511**	**830,637,659**
Profit for the year	–	–	–	**45,593,836**	**45,593,836**	**217,369**	**45,811,205**
Other comprehensive income:							
Foreign currency translation of a subsidiary	–	–	**1,583,134**	–	**1,583,134**	**478,014**	**2,061,148**
Closing balance at 31 December 2015	**231,115,231**	**165,199,735**	**(1,885,182)**	**482,506,334**	**876,936,118**	**1,573,894**	**878,510,012**
Opening balance at 1 January 2014	200,324,434	33,206,711	(3,486,782)	376,210,466	606,254,829	831,182	607,086,011
Profit for the year	–	–	–	60,702,032	60,702,032	27,185	60,729,217
Other comprehensive income:							
Foreign currency translation of a subsidiary	–	–	82,272	–	82,272	20,144	102,416
Transactions with owners:							
Issue of ordinary shares	30,750,000	135,260,253	–	–	166,010,253	–	166,010,253
Issue of ordinary shares pursuant to employee share options	40,797	63,806	(63,806)	–	40,797	–	40,797
Share issuance expense	–	(3,331,035)	–	–	(3,331,035)	–	(3,331,035)
Total transactions with owners	30,790,797	131,993,024	(63,806)	–	162,720,015	–	162,720,015
Closing balance at 31 December 2014	231,115,231	165,199,735	(3,468,316)	436,912,498	829,759,148	878,511	830,637,659

Company	<------------------ Share capital (Note 23) RM	Non-distributable Share premium (Note 23) RM	------------------> Other reserves (Note 24) RM	Distributable Retained earnings (Note 25) RM	Total equity RM
At 1 January 2015	**231,115,231**	**165,199,735**	**94,946**	**1,993,460**	**398,403,372**
Total comprehensive expense for the year	**–**	**–**	**–**	**(778,373)**	**(778,373)**
At 31 December 2015	**231,115,231**	**165,199,735**	**94,946**	**1,215,087**	**397,624,999**
At 1 January 2014	200,324,434	33,206,711	158,752	1,135,483	234,825,380
Total comprehensive income for the year	–	–	–	857,977	857,977
Transactions with owners:					
Issue of ordinary shares	30,750,000	135,260,253	–	–	166,010,253
Issue of ordinary shares pursuant to employee share options	40,797	63,806	(63,806)	–	40,797
Share issuance expense	–	(3,331,035)	–	–	(3,331,035)
Total transactions with owners	30,790,797	131,993,024	(63,806)	–	162,720,015
At 31 December 2014	231,115,231	165,199,735	94,946	1,993,460	398,403,372

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 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
OPERATING ACTIVITIES				
(Loss)/profit before tax	**(19,818,366)**	66,633,470	**(670,466)**	603,721
Adjustments for:				
Interest income	**(3,475,745)**	(6,981,501)	**(689,795)**	(1,752,518)
Interest recharged to subsidiaries	**–**	–	**(7,550,483)**	(14,272,893)
Property, vessels and equipment:				
– Depreciation (Note 12)	**42,876,078**	39,514,378	**–**	–
– Loss/(gain) on disposal	**3,176**	(4,691,931)	**–**	33,191
– Written off (Note 12)	**2,004**	171,292	**–**	–
– Impairment (Note 12)	**16,077,838**	671,170	**–**	–
Finance costs	**12,345,609**	24,006,397	**7,550,483**	14,275,644
Trade receivables:				
– Impairment loss (Note 20)	**12,378,295**	811,062	**–**	–
– Reversal of impairment loss (Note 20)	**–**	(151,281)	**–**	–
Net unrealised foreign exchange gain	**(12,919,748)**	(1,936,703)	**–**	–
Intangibles assets:				
– Amortisation (Note 14)	**–**	66,178	**–**	–
– Impairment loss	**–**	183,878	**–**	–
Share of results of associates	**(2,379,049)**	(21,210,352)	**–**	–
Share of results of joint ventures	**24,373,278**	(22,943,207)	**–**	–
Impairment loss on interests in joint venture (Note 17)	**840,967**	417,914	**–**	–
Total adjustments	**90,122,703**	7,927,294	**(689,795)**	(1,716,576)
Operating cash flows before working capital changes	**70,304,337**	74,560,764	**(1,360,261)**	(1,112,855)
Changes in working capital:				
Decrease/(increase) in inventories	**2,296,931**	(1,174,180)	–	–
Decrease/(increase) in receivables	**57,057,751**	211,401,472	78,574	(126,777)
(Decrease)/increase in payables	**(70,231,129)**	(57,708,674)	4,163,591	(5,462,803)
Total changes in working capital	**(10,876,447)**	152,518,618	**4,242,165**	(5,589,580)
Cash flows generated from/(used in) operations	**59,427,890**	227,079,382	**2,881,904**	(6,702,435)
Income tax (paid)/refund, net	**(3,161,572)**	(3,340,362)	**36,047**	(250,000)
Interest paid	**(12,345,609)**	(24,006,397)	**(7,550,483)**	(14,275,644)
Net cash flows generated from/(used in) operating activities	**43,920,709**	199,732,623	**(4,632,532)**	(21,228,079)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
INVESTING ACTIVITIES				
Purchase of property, vessels and equipment	**(33,217,956)**	(11,516,005)	**–**	–
Proceeds from disposal of property, vessels and equipment	**–**	13,107,808	**–**	200,000
Investments in subsidiaries	**–**	–	**–**	(1,050)
Decrease in amount due from subsidiaries	**–**	–	**4,215,994**	10,066,997
Interest received	**3,475,745**	6,981,501	**8,240,278**	16,025,411
Net cash flows (used in)/from investing activities	**(29,742,211)**	8,573,304	**12,456,272**	26,291,358
FINANCING ACTIVITIES				
Repayment of Murabahah Commercial Paper ("MCP")/ Murabahah Medium Term Notes ("MMTN")	**–**	(38,008,000)	**–**	(38,008,000)
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	**(115,000,000)**	(40,000,000)	**(115,000,000)**	(40,000,000)
Term loans:				
– Drawdown	**2,734,901**	1,353,283	**–**	–
– Repayment	**(10,969,919)**	(133,636,712)	**–**	–
Revolving credits:				
– Drawdown	**6,000,000**	12,669,286	**–**	–
– Repayment	**(9,200,000)**	(40,000,000)	**–**	–
Hire purchase and finance lease liabilities:				
– Repayment	**(1,168,185)**	(24,506,823)	**–**	–
Decrease/(increase) in cash set aside for marginal deposit	**(981,110)**	(821,228)	**–**	–
Net cash set aside for sinking fund	**17,658,617**	(21,988,080)	**–**	–
Proceeds from issuance of ordinary shares	**–**	162,718,965	**–**	162,718,965
Withdrawal/(placement) in fixed deposit with maturity more than three months	**30,000,000**	(30,000,000)	**–**	–
Net cash flows (used in)/from financing activities	**(80,925,696)**	(152,219,309)	**(115,000,000)**	84,710,965
Net changes in cash and cash equivalents	**(66,747,198)**	56,086,618	**(107,176,260)**	89,774,244
Currency translation difference	**(6,179,232)**	(95,668)	**–**	–
Cash and cash equivalents at beginning of the financial year	**165,049,748**	109,058,798	**122,098,639**	32,324,395
Cash and cash equivalents at end of the financial year (Note 22)	**92,123,318**	165,049,748	**14,922,379**	122,098,639

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 March 2016.

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 the current 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 2015 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 2015, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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

2.2 Changes in accounting policies (cont'd.)

The nature and impact of the new and amended MFRS are described below:

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's financial statements.

Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

MFRS 2 Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group did not grant any awards during the second half of 2014. Thus, this amendment did not impact the Group.

MFRS 3 Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2015

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRSs 2010-2012 Cycle (cont'd.)

MFRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

– an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

– the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.

MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. This amendment did not have any impact on the Group.

MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. This amendment is not applicable to the Group as the Group does not receive any management services from other entities.

Annual Improvements to MFRSs 2011-2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Group has applied the amendments for the first time in the current year.

MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively. The Group is not a joint arrangement and thus this arrangement is not relevant to the Group.

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRSs 2011-2013 Cycle (cont'd.)

MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable). The Group does not apply the portfolio exception.

MFRS 140 Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

– the property meets the definition of investment property in terms of MFRS 140; and

– the transaction meets the definition of a business combination under MFRS 3,
to determine if the transaction is a purchase of an asset or is a business combination.

2.3 Standards 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
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2015

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

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

The Group has not completed its assessment of the financial effects of standards and intrepretations issued but not yet effective. The nature of the new and amended MFRS and IC Interpretations are described below:

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

– gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

– gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted.

Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

– Materiality
– Disaggregation and subtotals
– Notes structure
– Disclosure of accounting policies
– Presentation of items of other comprehensive income arising from equity accounted investments

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

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

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

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

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

<u>Annual Improvements to MFRSs 2012-2014 Cycle (cont'd.)</u>

MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report such as in the management commentary or risk report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

2.4 Basis of consolidation (cont'd.)

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.

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.

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

2.4 Basis of consolidation (cont'd.)

Business combinations (cont'd.)

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 previously held equity interest is remeasured at its acquisition date fair value and any resultant gain or loss is recognised in 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 2.9(a).

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent equity attributable to owners of the Company.

Changes in the Company owner's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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 operate ("the functional currency"). The consolidated financial statements are presented in 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2015

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

2.6 Foreign currencies (cont'd.)

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

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

(c) Foreign operations

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

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

2.7 Property, vessels and equipment, and depreciation

All items of property, 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 to reduce the cost of vessels to its residual value over their estimated useful lives of 25 years.

Drydocking costs are capitalised and amortised over the period of the vessel's next drydocking cycle which range approximately between 2.5 to 5 years.

Freehold land has an unlimited useful life and therefore is not depreciated.

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

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

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 building	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.

2.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses in accordance with Note 2.10.

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal of an investment property is recognised in profit or loss in the period of disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2015

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

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

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

2.10 Impairment of non-financial assets

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

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

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

2.10 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.

2.11 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.

2.12 Investment in associates and joint ventures

An associate is an entity over 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

2.12 Investment in associates and joint ventures (cont'd.)

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.13 Financial instruments – initial recognition and subsequent measurement

(a) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition. Financial assets with fixed or determinable payments that are not quoted in any active market are classified as loans and receivables. All financial assets of the Group and the Company are classified as loans and receivables.

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

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

(a) Financial assets (cont'd.)

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

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

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

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

(b) Financial liabilities

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

Financial liabilities are 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

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

(b) Financial liabilities (cont'd.)

Other financial liabilities (cont'd.)

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.14 Impairment of financial assets

The Group and the Company assess, 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.

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

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

Financial assets carried at amortised cost

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

2.15 Cash and cash equivalents

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

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

2.16 Construction contracts

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

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

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

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

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

2.17 Inventories

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

Cost is determined using the first in, first out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

2.19 Financial guarantee contracts

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

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

2.20 Borrowing costs

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

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

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

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

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

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

2.21 Employee benefits (cont'd.)

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

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.

2.22 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income are set out in Notes 2.23(a) and 2.23(d).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

2.23 Revenue recognition

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

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

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

(b) Revenue from offshore installation and construction

Revenue relating to offshore installation and construction are recognised in accordance with the policy set out in Note 2.16.

(c) Diving and sub-sea services

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

(d) Rental of equipment

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

(e) Vessel's management fees

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

(f) 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.

(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 Company's right to receive payment is established.

2.24 Income taxes

(a) Current tax

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

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

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

2.24 Income taxes (cont'd.)

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

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

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

2.27 Contingencies

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

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

2.28 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

2.29 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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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. The carrying amount of vessels and equipment on vessel is disclosed in Note 12.

(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 receivables at the reporting date is disclosed in Note 20.

(c) Impairment review of vessels' carrying value

The Group assesses at each reporting date whether there is any indication that the asset may be impaired. To determine whether there is objective evidence of impairment, the Group considers external and internal factors such as the current economic outlook, average utilisation rate as well as ability of the entity to secure long term contract. Where there is objective evidence of impairment, the amount of impairment loss is measured at the difference between the asset's carrying amount and the recoverable amount. The recoverable amount of an asset is a higher of the fair value less cost to sell and its value in use.

To determine fair value less cost to sell requires an estimation on price at which an orderly transaction to sell the asset would take place between market participants under current market condition. While to determine value in use requires estimation on the future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows. The amount of impairment on vessels, if any, is as disclosed in Note 12.

4. REVENUE AND COST OF SALES

Revenue

	Group	
	2015	**2014**
	RM	**RM**
Charter hire	**177,200,040**	178,188,445
Offshore installation and construction	**2,607,593**	45,914,395
Diving and sub-sea services	**79,647,714**	79,564,117
Rental of equipment	**22,828,190**	35,219,263
Other shipping related income	**51,484,870**	33,044,084
Vessel's management fees	**13,685,032**	11,915,960
Ship catering	**2,768,651**	7,738,090
	350,222,090	391,584,354

Cost of sales

Cost of sales represents cost of services provided, labor cost related overheads, development cost, cost of goods sold, and cost of operation.

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

	Group	
	2015	**2014**
	RM	**RM**
Wages and allowances	**48,569,476**	36,716,124
Contributions to defined contribution plan – EPF	**1,258,900**	1,795,596
Social security contributions	**95,627**	133,061
	49,924,003	38,644,781

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5. OTHER INCOME

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income	**3,475,745**	6,981,501	**689,795**	1,752,518
Gain on foreign exchange:				
– Realised	**564,759**	–	–	–
– Unrealised	**12,919,748**	1,936,703	–	–
Rental of premises	**348,666**	539,557	–	–
Gain on disposal of property, vessels and equipment	–	4,691,931	–	–
Interest recharged to subsidiaries	–	–	**7,550,483**	14,272,893
Other income	**2,429,109**	4,810,351	**4,568**	–
	19,738,027	18,960,043	**8,244,846**	16,025,411

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonuses and allowances	**19,906,223**	22,020,022	**210,507**	344,540
Contributions to defined contribution plan	**2,189,507**	2,599,579	–	–
Social security contributions	**113,549**	123,893	–	–
Other staff related expenses	**4,680,274**	4,978,603	**203,495**	61,337
	26,889,553	29,722,097	**414,002**	405,877
Cost of sales (Note 4)	**49,924,003**	38,644,781	–	–
	76,813,556	68,366,878	**414,002**	405,877

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,895,629 (2014: RM4,614,338) as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive:				
Salaries and other emoluments	**3,437,194**	3,726,153	**–**	–
Bonus	**–**	603,750	**–**	–
Defined contribution plan	**284,435**	284,435	**–**	–
Estimated money value of benefits-in-kind	**174,000**	–	**–**	–
Total executive directors' remuneration	**3,895,629**	4,614,338	**–**	–
Non-executive:				
Fees and other emoluments	**356,499**	346,040	**356,499**	346,040
Estimated money value of benefits-in-kind	**50,000**	–	**50,000**	–
Total non-executive directors' remuneration	**406,499**	346,040	**406,499**	346,040
Total directors' remuneration	**4,302,128**	4,960,378	**406,499**	346,040

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	
	2015	**2014**
Executive directors:		
RM1,000,001 – RM1,100,000	**1**	–
RM1,100,001 – RM1,200,000	**–**	1
RM1,200,001 – RM1,300,000	**1**	–
RM1,501,001 – RM1,600,000	**1**	1
RM1,901,001 – RM2,000,000	**–**	1
Non-executive directors:		
RM20,001 – RM30,000	**–**	1
RM80,001 – RM90,000	**–**	1
RM100,001 – RM110,000	**–**	2
RM110,001 – RM120,000	**2**	–
RM170,001 – RM180,000	**1**	–

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8. FINANCE COSTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Term loans	**1,679,387**	4,557,302	**–**	–
Hire purchase and finance lease liabilities	**211,397**	421,288	**–**	2,751
MCP/MMTN	**–**	1,124,800	**–**	1,124,800
Sukuk Ijarah MTN	**7,550,483**	13,148,093	**7,550,483**	13,148,093
Revolving credits	**2,527,747**	4,180,181	**–**	–
Other borrowings	**376,595**	574,733	**–**	–
	12,345,609	24,006,397	**7,550,483**	14,275,644

9. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Non-executive directors' remuneration (Note 7)	**406,499**	346,040	**406,499**	346,040
Auditors' remuneration:				
– Statutory audits	**203,000**	179,000	**70,000**	50,000
– Other services	**32,000**	30,000	**–**	–
– Other auditors	**72,800**	113,904	**–**	–
Operating leases payment:				
– premises	**1,401,196**	906,823	**–**	–
– third party vessels	**32,581,545**	104,327,183	**–**	–
Property, vessels and equipment:				
– Depreciation (Note 12)	**42,876,078**	39,514,378	**–**	–
– Loss on disposal	**3,176**	–	**–**	–
– Written off	**2,004**	171,292	**–**	–
– Impairment (Note 12)	**16,077,838**	671,170	**–**	–
Trade receivables:				
– Impairment loss (Note 20)	**12,378,295**	811,062	**–**	–
– Reversal of impairment loss (Note 20)	**–**	(151,281)	**–**	–
Intangible assets:				
– Amortisation (Note 14)	**–**	66,178	**–**	–
– Impairment loss (Note 14)	**–**	183,878	**–**	–
Net realised foreign exchange losses	**–**	758,591	**–**	–
Impairment loss on interests in joint venture (Note 17)	**840,967**	417,914	**–**	–

10. INCOME TAX (CREDIT)/EXPENSE

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	**1,615,213**	3,223,972	**–**	–
Foreign tax	**–**	111,178	**–**	–
Under/(over)provision in prior years:				
Malaysian income tax	**966,747**	(330,152)	**107,907**	(254,256)
Foreign tax	**309,820**	–	**–**	–
	2,891,780	3,004,998	**107,907**	(254,256)
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**(69,663,693)**	313,275	**–**	–
Underprovision in prior years	**1,142,342**	2,585,980	**–**	–
	(68,521,351)	2,899,255	**–**	–
Income tax (credit)/expense for the year	**(65,629,571)**	5,904,253	**107,907**	(254,256)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year.

The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. The computation of deferred tax as at the reporting date has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
(Loss)/profit before tax	**(19,818,366)**	66,633,470	**(670,466)**	603,721
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**(4,954,592)**	16,658,368	**(167,617)**	150,930
Different tax rates in other countries	**(138,716)**	(306,956)	**–**	–
Different tax rates in other tax jurisdiction	**1,278,174**	(5,330,704)	**–**	–
Effect of changes in tax rate	**(2,692,562)**	–	**–**	–
Effect of income not subject to tax	**(6,276,743)**	(1,726,478)	**–**	(353,903)
Effect of share of results of joint ventures and associates	**5,498,557**	(11,038,390)	**–**	–
Expenses non-deductible for tax purposes	**4,907,825**	5,392,585	**159,033**	202,973
Deferred tax assets not recognised on unutilised business losses	**–**	–	**8,584**	–
Deferred tax liabilities previously recognised on deductible temporary differences now unrecognised (Note 12)	**(65,670,423)**	–	**–**	–
Under/(over)provision of income tax in prior years	**1,276,567**	(330,152)	**107,907**	(254,256)
Underprovision of deferred tax in prior years	**1,142,342**	2,585,980	**–**	–
Income tax (credit)/expense for the year	**(65,629,571)**	5,904,253	**107,907**	(254,256)

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.

	2015 RM	2014 RM
Profit attributable to ordinary equity holders of the Company	**45,593,836**	60,702,032
Weighted average number of ordinary shares in issue	**924,460,921**	871,885,693
Basic earnings per share (Sen)	**4.9**	7.0

(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.

	2015 RM	2014 RM
Profit attributable to ordinary equity holders of the Company	**45,593,836**	60,702,032
Weighted average number of ordinary shares in issue	**924,460,921**	871,885,693
Effects of dilution from share options granted to employees	**419,152**	3,361,371
Adjusted weighted average number of ordinary shares in issue and issuable	**924,880,073**	875,247,064
Diluted earnings per share (Sen)	**4.9**	6.9

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12. 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 2015	12,039,510	27,795,162	587,248,045	46,598,135	99,003,488	5,326,874	8,565,050	5,295,436	14,501,400	806,373,100
Additions	–	–	–	4,992,961	23,923,230	1,127,172	399,834	8,477	3,893,454	34,345,128
Reclassification	–	3,402,944	–	–	9,521,376	–	–	764,717	(13,689,037)	–
Disposals	–	–	–	–	–	(529,398)	(110,840)	–	–	(640,238)
Transfer to investment properties (Note 13)	–	(8,410,451)	–	–	–	–	–	–	–	(8,410,451)
Written off	–	–	–	–	–	(52,750)	–	–	(443,903)	(496,653)
Exchange differences	–	1,656,948	–	–	8,135,009	–	146,289	129,124	–	10,067,370
At 31 December 2015	12,039,510	24,444,603	587,248,045	51,591,096	140,583,103	5,871,898	9,000,333	6,197,754	4,261,914	841,238,256
Accumulated depreciation and impairment										
At 1 January 2015	696,410	2,957,392	189,899,387	31,236,410	40,847,404	3,796,429	5,046,191	3,392,033	–	277,871,656
Charge for the year	85,254	693,336	20,719,550	5,845,421	13,209,959	422,643	987,954	911,961	–	42,876,078
Disposals	–	–	–	–	–	(529,398)	(107,664)	–	–	(637,062)
Impairment (Note 9)	–	–	16,077,838	–	–	–	–	–	–	16,077,838
Transfer to investment properties (Note 13)	–	(109,877)	–	–	–	–	–	–	–	(109,877)
Written off	–	–	–	–	(494,649)	–	–	–	–	(494,649)
Exchange differences	–	213,693	–	–	3,088,075	–	104,783	(422,242)	–	2,984,309
At 31 December 2015	781,664	3,754,544	226,696,775	37,081,831	56,650,789	3,689,674	6,031,264	3,881,752	–	338,568,293

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

Group (cont'd.)	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 2014	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
Additions	–	3,062,649	–	7,576,133	13,113,410	738,371	639,200	238,023	5,309,964	30,677,750
Disposals	–	–	–	–	(19,803,539)	(811,639)	(159,310)	–	–	(20,774,488)
Written off	–	–	–	–	(483,105)	–	–	–	–	(483,105)
Exchange differences	–	243,222	–	–	1,058,645	–	17,916	18,954	–	1,338,737
At 31 December 2014	12,039,510	27,795,162	587,248,045	46,598,135	99,003,488	5,326,874	8,565,050	5,295,436	14,501,400	806,373,100
Accumulated depreciation and impairment										
At 1 January 2014	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
Charge for the year	121,640	637,549	21,214,916	5,095,877	10,380,098	209,639	958,930	895,729	–	39,514,378
Disposals	–	–	–	–	(11,620,853)	(578,448)	(159,310)	–	–	(12,358,611)
Impairment (Note 9)	–	–	671,170	–	–	–	–	–	–	671,170
Written off	–	–	–	–	(311,813)	–	–	–	–	(311,813)
Exchange differences	–	25,577	–	–	219,539	–	16,638	16,054	–	277,808
At 31 December 2014	696,410	2,957,392	189,899,387	31,236,410	40,847,404	3,796,429	5,046,191	3,392,033	–	277,871,656
Net carrying amount										
At 31 December 2015	**11,257,846**	**20,690,059**	**360,551,270**	**14,509,265**	**83,932,314**	**2,182,224**	**2,969,069**	**2,316,002**	**4,261,914**	**502,669,963**
At 31 December 2014	11,343,100	24,837,770	397,348,658	15,361,725	58,156,084	1,530,445	3,518,859	1,903,403	14,501,400	528,501,444

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

Company	Motor vehicles 2015 RM	2014 RM
Cost		
At 1 January	–	451,338
Disposal	–	(451,338)
At 31 December	–	–
Accumulated depreciation		
At 1 January	–	218,147
Disposal	–	(218,147)
At 31 December	–	–
Net carrying amount		
At 31 December	–	–

(a) Included in the Group's additions for the year are property, vessels and equipment of RM1,127,172 (2014: RM19,161,745) 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 2015 RM	2014 RM
Motor vehicles	**2,182,224**	1,530,445
Computers, office equipment, and furniture and fittings	**1,441,963**	1,835,226

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

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

	Group 2015 RM	2014 RM
Leasehold buildings	**20,690,059**	24,837,770
Vessels	**360,551,270**	397,348,658
	381,241,329	422,186,428

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

(c) Included in the carrying amount of property, vessels and equipment are vessels held under control transfer between Alam Maritim (M) Sdn Berhad and Alam Maritim (L) Inc. The vessels are transferred at net book value of RM274,976,920. Deferred tax liability arose from the temporary difference between the tax base and accounting base amounted to RM65,670,423 (Note 10) is derecognised in full upon transfer due to different tax jurisdiction applied by the transferee.

13. INVESTMENT PROPERTIES

	Group	
	2015	**2014**
	RM	**RM**
Cost		
At 1 January	–	–
Transfer from property, vessels and equipment (Note 12)	**8,410,451**	–
At 31 December	**8,410,451**	–
Accumulated depreciation		
At 1 January	–	–
Transfer from property, vessels and equipment (Note 12)	**109,877**	–
At 31 December	**109,877**	–
Net carrying amount		
At 31 December	**8,300,574**	–

The Group's investment properties consist of two units of office buildings. The fair value of the investment properties were estimated at RM11,667,426 (2014: nil) by the directors based on the market value for similar properties in the same vicinity that have been transacted in the open market.

The fair value was based on level 2 of the fair value hierarchy: other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly. Sale price of comparable property in close proximity is adjusted for differences in key attributes such as propery size. The most significant input into this approach is price per square foot of comparable property. The investment properties are pledged as securities for borrowings granted to the Group as disclosed in Note 26.

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14. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Cost			
At 1 January 2015	**1,529,140**	**661,775**	**2,190,915**
Exchange differences	**214,250**	**93,811**	**308,061**
At 31 December 2015	**1,743,390**	**755,586**	**2,498,976**
At 1 January 2014	1,496,069	647,375	2,143,444
Exchange differences	33,071	14,400	47,471
At 31 December 2014	1,529,140	661,775	2,190,915
Accumulated amortisation and impairment			
At 1 January 2015	**183,878**	**648,815**	**832,693**
Exchange differences	**–**	**106,771**	**106,771**
At 31 December 2015	**183,878**	**755,586**	**939,464**
At 1 January 2014	–	630,833	630,833
Charge for the year (Note 9)	–	66,178	66,178
Impairment (Note 9)	183,878	–	183,878
Exchange differences	–	(48,196)	(48,196)
At 31 December 2014	183,878	648,815	832,693
Net carrying amount			
At 31 December 2015	**1,559,512**	**–**	**1,559,512**
At 31 December 2014	1,345,262	12,960	1,358,222

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 2015	**1,559,512**	**–**	**1,559,512**
At 31 December 2014	1,345,262	–	1,345,262

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.

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15. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost	**100,303,120**	100,303,120

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(i) Held by the Company:				
Alam Maritim (M) Sdn Bhd ("AMSB")	Malaysia	Ship owning, chartering and managing and other shipping related activities	**100**	100
Alam Maritim (L) Inc ("AMLI")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	**100**	100
Alam Maritim Investment Holdings (L) Inc ("AMIH")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	**100**	100
Alam JV Holdings (L) Inc ("ALAM JV")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	**100**	100
Alam Maritim Global I Ltd ("AMG")	British Virgin Islands	Investment holding	**100**	100
(ii) Held through AMSB:				
Alam Hidro (M) Sdn Bhd ("AHSB")	Malaysia	Offshore facilities construction and installation and sub-sea services	**100**	100
Alam Offshore Services & Logistics Sdn Bhd ("AOLSB")*	Malaysia	Transportation, ship forwarding and agent, ship chandelling and other related activities	**100**	100
Alam Food Industries (M) Sdn Bhd ("AFI")*	Malaysia	Catering and messing 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 owner and management	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(iii) Held through KJWE:				
KJ Waja Services Sdn Bhd ("KJWS")*	Malaysia	Ship spare supply and other related services	**84**	84
(iv) Held through AMLI:				
Eastar Offshore Pte Ltd ("EASTAR")*	Singapore	Designing, manufacturing and operating of remotely operated vehicles ("ROVs")	**75**	75
(v) Held through EASTAR:				
Alam Subsea Pte Ltd ("ASPL")*	Singapore	Rental of ROV and providing ROV Services	**75**	75

* Audited by firms other than Ernst & Young.

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

16. INVESTMENTS IN ASSOCIATES

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	**61,699,516**	61,699,516
Share of post-acquisition reserves	**17,732,390**	11,718,509
	79,431,906	73,418,025

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16. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %
(i) Held through AMLI:				
TH-Alam Holdings (L) Inc ("THAH")	Federal Territory of Labuan, Malaysia	Investment holding	**49**	49
(ii) Held through THAH:				
Alam-JV 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

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

	TH-Alam Holdings (L) Inc 2015 RM	TH-Alam Holdings (L) Inc 2014 RM
Assets and liabilities		
Non-current assets	**365,611,478**	373,475,999
Current assets	**61,808,354**	100,080,911
Total assets	**427,419,832**	473,556,910
Non-current liabilities	**217,303,955**	217,400,208
Current liabilities	**36,456,423**	86,467,679
Total liabilities	**253,760,378**	303,867,887
Net assets	**173,659,454**	169,689,023

16. INVESTMENTS IN ASSOCIATES (CONT'D.)

(ii) Summarised consolidated statements of comprehensive income

	Alam-PE Holdings (L) Inc		TH-Alam Holdings (L) Inc		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Revenue for the year/period	–	56,375,166	**49,168,150**	63,740,827	**49,168,150**	120,115,993
Profit for the year/period, representing total comprehensive income	–	23,964,078	**4,533,941**	19,276,501	**4,533,941**	43,240,579

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

	Alam-PE Holdings (L) Inc		TH-Alam Holdings (L) Inc		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Net assets as at 1 January	–	144,304,502	**169,689,023**	150,412,522	**169,689,023**	294,717,024
Profit for the year	–	23,964,078	**4,533,941**	19,276,501	**4,533,941**	43,240,579
Net assets as at 31 December/16 October	–	168,268,580	**174,222,964**	169,689,023	**174,222,964**	337,957,603
Transfer out to interests in joint venture (Note 17(iii))	–	(168,268,580)	–	–	–	(168,268,580)
Elimination	–	–	–	–	**(12,117,033)**	(19,856,318)
	–	–	**174,222,964**	169,689,023	**162,105,931**	149,832,705
Investments in associates	–	–	**49%**	49%	**79,431,906**	73,418,025
Carrying value of Group's investments in associates	–	–	**85,369,252**	83,147,621	**79,431,906**	73,418,025

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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.

	Group	
	2015	**2014**
	RM	**RM**
Unquoted shares, at cost	**66,995,378**	66,995,378
Share of post-acquisition reserves	**155,639,620**	183,822,729
	222,634,998	250,818,107
Redeemable preference shares	**6,000,000**	6,000,000
Less: Impairment	**(1,258,881)**	(417,914)
	227,376,117	256,400,193

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
(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 2015 %	2014 %
(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 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
Alam-PE Holdings (L) Inc ("ALAM-PE(H)")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	**51**	51
Globe Alam Marine Offshore Services Co. ("Globe Alam")	Saudi Arabia	Offshore facilities construction and installation services	**40**	40
(iii) Held through ALAM-PE(H):				
Alam-PE I (L) Inc ("ALAM-PE I")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	**51**	51
Alam-PE II (L) Inc ("ALAM-PE II")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	**51**	51
Alam-PE III (L) Inc ("ALAM-PE III")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	**51**	51
Alam-PE IV (L) Inc ("ALAM-PE IV")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	**51**	51

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

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
(iii) Held through ALAM-PE(H) (cont'd.):				
Alam-PE V (L) Inc ("ALAM-PE V")	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	**51**	51
Alam-PE Holdings Sdn Bhd ("ALAM-PE(H)SB")	Malaysia	Ship management	**51**	51
(iv) Held through AMIH:				
Deepsea Leader Venture (L) Inc ("DLV")	Federal Territory of Labuan, Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	**51**	51
(v) Held through DLV:				
MDSV 1 (L) Inc ("MDSV")	Federal Territory of Labuan, Malaysia	Ship owning, ship operating and chartering	**51**	51
OLV Offshore Services (M) Sdn Bhd ("OLV")*	Malaysia	Ship management and operation, ship owning, ship maintenance and marine consultancy	**51**	–
(vi) Held through Alam JV:				
Wide Global (L) Inc ("WG")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	**50**	50

* During the year, DLV has acquired OLV at a consideration of RM2. DLV has issued and paid up capital of RM2 comprising ordinary shares of RM1.00 each.

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

The joint ventures have no other contingent liabilities or capital commitments as at 31 December 2015 and 31 December 2014.

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

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2015				
Assets and liabilities				
Non-current assets	**215,218,117**	**63,825,095**	**199,360,608**	**168,447,585**
Cash and cash equivalent	**24,384,653**	**56,534**	**8,867,928**	**6,398,542**
Other current assets	**29,078,325**	**10,290,431**	**30,885,365**	**15,485,656**
Total assets	**268,681,095**	**74,172,060**	**239,113,901**	**190,331,783**
Non-current liabilities	**34,141,293**	**24,113,992**	**80,527,070**	**49,108,028**
Trade and other payables	**9,652,678**	**9,801,157**	**94,970,456**	**15,375,407**
Other current liabilities	**6,758,856**	**8,162,098**	**3,198,000**	**34,877,832**
Total liabilities	**50,552,827**	**42,077,247**	**178,695,526**	**99,361,267**
Net assets	**218,128,268**	**32,094,813**	**60,418,375**	**90,970,516**
2014				
Assets and liabilities				
Non-current assets	220,859,199	67,929,111	208,742,805	176,578,487
Cash and cash equivalent	20,204,029	860,540	7,844,792	8,727,896
Other current assets	31,587,454	16,635,001	23,634,900	34,593,052
Total assets	272,650,682	85,424,652	240,222,497	219,899,435
Non-current liabilities	34,141,293	28,000,421	98,239,799	70,492,326
Trade and other payables	2,619,974	5,715,845	25,153,632	8,408,511
Other current liabilities	40,194,897	10,037,629	42,835,626	37,215,735
Total liabilities	76,956,164	43,753,895	166,229,057	116,116,572
Net assets	195,694,518	41,670,757	73,993,440	103,782,863

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

(ii) Summarised statements of comprehensive income:

	ALAM-PE (H) Group RM	AS III RM	ASDLB 1 RM	ARLI RM
2015				
Revenue	**60,610,811**	**2,986,461**	**118,808,355**	**17,092,381**
Depreciation	**(12,430,584)**	**(4,187,789)**	**(9,425,759)**	**(8,728,186)**
Interest income	**105,232**	**–**	**825**	**7,538**
Interest expense	**(3,135,731)**	**(1,091,790)**	**(8,925,368)**	**(6,126,047)**
Profit/(loss) before tax	**25,396,457**	**(9,555,946)**	**(13,637,087)**	**(12,638,866)**
Income tax expense	**(102,288)**	**(20,000)**	**(20,000)**	**(20,000)**
Profit/(loss) for the year, representing total comprehensive income	**25,294,169**	**(9,575,946)**	**(13,657,087)**	**(12,658,866)**
2014				
Revenue	67,008,780	19,712,552	16,216,613	52,330,376
Depreciation	11,517,404	4,251,680	9,088,586	7,965,864
Interest income	242,888	–	8,126	244,608
Interest expense	4,962,227	1,184,323	7,895,354	7,189,708
Profit/(loss) before tax	27,590,016	9,313,706	(6,464,775)	24,962,184
Income tax expense	100,000	20,000	20,000	20,000
Profit for the year, representing total comprehensive income	27,490,016	9,293,706	(6,484,775)	24,942,184

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

	AS III RM	ASDLB 1 RM	ARLI RM
2015			
Net assets as at 1 January	**41,670,757**	**73,993,440**	**103,782,863**
Loss for the year	**(9,575,946)**	**(13,657,087)**	**(12,658,866)**
Net assets as at 31 December	**32,094,811**	**60,336,353**	**91,123,997**
Interests in joint ventures	**60%**	**51%**	**51%**
Carrying value of Group's interests in joint ventures	**19,256,887**	**30,771,540**	**46,473,239**

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 (cont'd.):

	AS III RM	ASDLB 1 RM	ARLI RM
2014			
Net assets as at 1 January	32,377,051	80,478,215	78,840,679
Profit/(loss) for the year	9,293,706	(6,484,775)	24,942,184
Net assets as at 31 December	41,670,757	73,993,440	103,782,863
Interests in joint ventures	60%	51%	51%
Carrying value of Group's interests in joint ventures	25,002,454	37,736,654	52,929,260

	Alam-PE Holdings (L) Inc	
	2015 RM	2014 RM
Net assets as at 1 January	**195,694,518**	–
Transfer from investments in associates (Note 16(ii))	**–**	168,268,580
Profit for the year/period (17 October 2014 to 31 December 2014)	**25,294,169**	3,525,938
Equity contribution reserve	**–**	23,900,000
Net assets as at 31 December	**220,988,687**	195,694,518
Elimination and adjustment	**(23,969,953)**	(23,643,722)
	197,018,734	172,050,796
Interests in joint ventures	**51%**	51%
Carrying value of Group's interests in joint ventures	**100,479,554**	87,745,906

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

	2015 RM	2014 RM
(Loss)/profit for the year, representing total comprehensive income of joint ventures	**(33,030,757)**	11,034,179
The Group's share of results, representing total comprehensive income	**(18,106,601)**	(2,370,706)

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18. DEFERRED TAXATION

	Group	
	2015	**2014**
	RM	**RM**
At 1 January	**73,037,676**	70,117,537
Recognised in profit or loss (Note 10)	**(68,521,351)**	2,899,255
Exchange differences	**441,328**	20,884
At 31 December	**4,957,653**	73,037,676

Presented after appropriate offsetting as follows:

Deferred tax assets	**(7,841,327)**	(7,041,998)
Deferred tax liabilities	**12,798,980**	80,079,674
	4,957,653	73,037,676

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2015	**80,079,674**
Recognised in profit or loss	**(67,722,022)**
Exchange differences	**441,328**
At 31 December 2015	**12,798,980**
At 1 January 2014	81,679,942
Recognised in profit or loss	(1,621,152)
Exchange differences	20,884
At 31 December 2014	80,079,674

18. DEFERRED TAXATION (CONT'D.)

Deferred tax assets of the Group:

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2015	**(1,303,385)**	**(5,738,613)**	**(7,041,998)**
Recognised in profit or loss	**(520,887)**	**(278,442)**	**(799,329)**
At 31 December 2015	**(1,824,272)**	**(6,017,055)**	**(7,841,327)**
At 1 January 2014	(1,427,803)	(10,134,602)	(11,562,405)
Recognised in profit or loss	124,418	4,395,989	4,520,407
At 31 December 2014	(1,303,385)	(5,738,613)	(7,041,998)

19. INVENTORIES

	Group	
	2015 RM	2014 RM
Cost		
Raw materials	**1,180,791**	1,762,096
Work-in-progress	**848,230**	2,705,169
Spare parts	**600,709**	459,396
	2,629,730	4,926,661

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM3,330,566 (2014: RM2,705,169).

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20. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM
Current		
Third parties	**84,189,399**	159,998,888
Accrued charter hire income	**16,954,688**	25,770,613
Less: Allowance for impairment	**(659,781)**	(659,781)
	100,484,306	185,109,720

	Group 2015 RM	Group 2014 RM
Non-current		
Third parties	**54,263,341**	42,485,719
Less: Allowance for impairment	**(53,681,376)**	(41,303,081)
	581,965	1,182,638
Trade receivables, net	**101,066,271**	186,292,358

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 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 36.

20. TRADE RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

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

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	**62,944,782**	73,639,032
1 to 30 days past due not impaired	**15,442,867**	8,189,545
31 to 60 days past due not impaired	**7,354,770**	6,515,311
61 to 90 days past due not impaired	**7,390,449**	18,535,802
91 to 120 days past due not impaired	**6,013,833**	78,230,030
More than 121 days past due not impaired	**1,919,570**	1,182,638
	38,121,489	112,653,326
Impaired	**54,341,157**	41,962,862
	155,407,428	228,255,220

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 RM38,121,489 (2014: RM112,653,326) that are past due at the reporting date but not impaired.

At the reporting date, 23% (2014: 34.6%) 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.

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20. TRADE RECEIVABLES (CONT'D.)

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	
	2015	**2014**
	RM	**RM**
Individually impaired		
Trade receivables – nominal amounts	**54,341,157**	41,962,862
Less: Allowance for impairment	**(54,341,157)**	(41,962,862)
	–	–

Movement in allowance accounts:

	Group	
	2015	**2014**
	RM	**RM**
At 1 January	**41,962,862**	41,303,081
Charge for the year **(Note 9)**	**12,378,295**	811,062
Reversal **(Note 9)**	**–**	(151,281)
At 31 December	**54,341,157**	41,962,862

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	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Amounts due from related parties:				
– Joint ventures	**114,400,647**	96,029,928	**19,496**	–
– Associates	**624**	624	**624**	–
	114,401,271	96,030,552	**20,120**	–
Deposits	**1,181,978**	1,096,963	**–**	–
Prepayments	**11,253,551**	4,827,925	**–**	104,263
Sundry receivables	**4,494,022**	490,594	**8,691**	3,122
Total other receivables	**131,330,822**	102,446,034	**28,811**	107,385
Add: Trade receivables (Note 20)	**101,066,271**	186,292,358	**–**	–
Cash and bank balances (Note 22)	**125,513,402**	245,030,608	**14,922,379**	122,098,639
Amount due from subsidiaries	**–**	–	**402,087,637**	406,303,631
Less: Prepayments	**(11,253,551)**	(4,827,925)	**–**	(104,263)
Total loans and receivables	**346,656,944**	528,941,075	**417,038,827**	528,405,392

Other information on financial risks of other receivables are disclosed in Note 36.

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22. CASH AND BANK BALANCES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash on hand and at banks	**58,500,521**	110,659,430	**14,922,379**	122,098,639
Deposits with licensed banks (a)	**67,012,881**	134,371,178	**–**	–
Cash and bank balances	**125,513,402**	245,030,608	**14,922,379**	122,098,639
Less:				
Bank overdrafts (Note 26)	**(4,342,990)**	(4,256,259)	**–**	–
Amounts set aside as sinking fund (b)	**(16,912,308)**	(34,570,925)	**–**	–
Amounts set aside as margin deposits for bank guarantee facilities (c)	**(12,134,786)**	(11,153,676)	**–**	–
Deposit with licensed bank with maturity of more than 90 days	**–**	(30,000,000)	**–**	–
Total cash and cash equivalents	**92,123,318**	165,049,748	**14,922,379**	122,098,639

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2015 are 3.00% (2014: 2.80%) and 30 days (2014: 90 days) respectively.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 26.

(c) The amount set aside as margin deposits for bank guarantee facilities are pledged to secure the borrowings as disclosed in Note 26.

Other information on financial risks of cash and bank balances are disclosed in Note 36.

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

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Ringgit Malaysia	**118,075,118**	240,831,084	**14,922,379**	122,098,639
United States Dollar	**6,036,770**	3,842,610	**–**	–
Singapore Dollar	**1,401,514**	356,914	**–**	–
	125,513,402	245,030,608	**14,922,379**	122,098,639

23. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of RM0.25 each 2015	Number of ordinary shares of RM0.25 each 2014	Amount 2015 RM	Amount 2014 RM
Authorised share capital				
At 1 January/31 December	**2,000,000,000**	2,000,000,000	**500,000,000**	500,000,000

	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 2015/31 December 2015	**924,460,921**	**231,115,231**	**165,199,735**	**396,314,966**
At 1 January 2014	801,297,734	200,324,434	33,206,711	233,531,145
Issue of ordinary shares	123,000,000	30,750,000	135,260,253	166,010,253
Issue of ordinary shares pursuant to employee share options	163,187	40,797	63,806	104,603
Share issuance expense	–	–	(3,331,035)	(3,331,035)
At 31 December 2014	924,460,921	231,115,231	165,199,735	396,314,966

During the previous financial year, the Company increased its issued and paid up ordinary share capital from RM200,324,434 to RM231,115,231 by way of issuance of 123,000,000 ordinary shares of RM0.25 each for cash at an issue price of RM1.35 per ordinary share.

The options exercised in prior financial year resulted in the issuance of 163,187 ordinary shares at the exercise price between RM0.47 and RM1.20 each. The related weighted average share price at the date of exercise was RM0.51.

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.

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24. OTHER RESERVES

Group	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
At 1 January 2015	**(4,639,834)**	**1,076,572**	**94,946**	**(3,468,316)**
Foreign currency translation, representing other comprehensive income	**–**	**1,583,134**	**–**	**1,583,134**
At 31 December 2015	**(4,639,834)**	**2,659,706**	**94,946**	**(1,885,182)**
At 1 January 2014	(4,639,834)	994,300	158,752	(3,486,782)
Foreign currency translation, representing other comprehensive income	–	82,272	–	82,272
Transaction with owners:				
Exercise of employee share options	–	–	(63,806)	(63,806)
At 31 December 2014	(4,639,834)	1,076,572	94,946	(3,468,316)

Company	Employee share option reserve/Total RM
At 1 January/31 December 2015	**94,946**
At 1 January 2014	158,752
Exercise of employee share options	(63,806)
At 31 December 2014	94,946

24. OTHER RESERVES (CONT'D.)

The nature and purpose of each category are as follows:

(i) Foreign currency translation reserve

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

(ii) Employee share option reserve

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

25. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2014 under the single tier system.

26. BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Short term borrowings				
Secured:				
Bank overdrafts (Note 22)	**4,342,990**	4,256,259	**–**	–
Term loans	**11,513,742**	17,090,742	**–**	–
Sukuk Ijarah MTN	**40,000,000**	115,000,000	**40,000,000**	115,000,000
Hire purchase and finance lease liabilities (Note 27)	**738,194**	667,343	**–**	–
	56,594,926	137,014,344	**40,000,000**	115,000,000
Unsecured:				
Revolving credits	**46,000,000**	49,200,000	**–**	–
	102,594,926	186,214,344	**40,000,000**	115,000,000

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26. BORROWINGS (CONT'D.)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Long term borrowings				
Secured:				
Term loans	**13,381,655**	16,039,673	**–**	–
Sukuk Ijarah MTN	**75,000,000**	115,000,000	**75,000,000**	115,000,000
Hire purchase and finance lease liabilities (Note 27)	**3,052,536**	3,164,400	**–**	–
	91,434,191	134,204,073	**75,000,000**	115,000,000
Total borrowings				
Bank overdrafts (Note 22)	**4,342,990**	4,256,259	**–**	–
Revolving credits	**46,000,000**	49,200,000	**–**	–
Term loans	**24,895,397**	33,130,415	**–**	–
Sukuk Ijarah MTN	**115,000,000**	230,000,000	**115,000,000**	230,000,000
Hire purchase and finance lease liabilities (Note 27)	**3,790,730**	3,831,743	**–**	–
	194,029,117	320,418,417	**115,000,000**	230,000,000

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	**101,856,732**	185,547,001	**40,000,000**	115,000,000
Later than 1 year not later than 2 years	**39,770,246**	45,082,213	**75,000,000**	115,000,000
Later than 2 years not later than 5 years	**42,984,139**	80,164,733	**–**	–
Later than 5 years	**5,627,270**	5,792,727	**–**	–
	190,238,387	316,586,674	**115,000,000**	230,000,000

26. BORROWINGS (CONT'D.)

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	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Bank overdrafts	**6.50**	6.50	**–**	–
Term loans	**6.10**	6.60	**–**	–
MCP/MMTN	**–**	4.20	**–**	4.20
Sukuk Ijarah MTN	**5.60**	4.71	**5.60**	5.00
Revolving credits	**5.69**	4.30	**–**	–

(a) Bank overdrafts:

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

(b) Term loans

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

26. BORROWINGS (CONT'D.)

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

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 in prior year. The Sukuk Ijarah MTN are issued with yield to maturity ranging from 5.2% to 5.9% per annum (2014: 4.17% to 5.21% per annum).

(d) Revolving credits

The features of revolving credits issued are as follows:

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

(ii) Required money pledged by way of sinking fund and corporate guarantee.

27. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Future minimum lease payments:				
Not later than 1 year	**930,479**	897,348	–	–
Later than 1 year and not later than 2 years	**972,861**	894,505	–	–
Later than 2 years and not later than 5 years	**1,507,468**	1,881,980	–	–
Later than 5 years	**683,344**	739,537	–	–
Total future minimum lease payments	**4,094,152**	4,413,370	–	–
Less: Future finance charges	**(303,422)**	(581,627)	–	–
Present value of finance lease liabilities (Note 26)	**3,790,730**	3,831,743	–	–

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Analysis of present value:				
Not later than 1 year	**738,194**	667,343	**–**	–
Later than 1 year and not later than 2 years	**808,877**	726,455	**–**	–
Later than 2 years and not later than 5 years	**1,375,100**	1,708,167	**–**	–
Later than 5 years	**868,559**	729,778	**–**	–
	3,790,730	3,831,743	**–**	–
Less: Amount due within 12 months (Note 26)	**(738,194)**	(667,343)	**–**	–
Amount due after 12 months (Note 26)	**3,052,536**	3,164,400	**–**	–

The Group's and the Company's hire purchase and finance lease liabilities bear flat interest rates of 2.87% (2014: 2.87%) per annum and Nil (2014: 2.73%) per annum respectively.

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 36.

28. AMOUNTS DUE FROM SUBSIDIARIES

Amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM115,000,000 (2014: RM230,000,000) which bears interest rate between 5.2% per annum and 5.9% per annum (2014: between 4.58% per annum and 5.63% per annum).

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

29. TRADE PAYABLES

	Group	
	2015	**2014**
	RM	**RM**
Third parties	**56,268,452**	54,104,368
Joint ventures	**24,978,803**	102,315,527
	81,247,255	156,419,895

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 60 days (2014: 30 to 60 days).

Other information on financial risks of trade payables is disclosed in Note 36.

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30. OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Amounts due to related parties:				
– Joint ventures	**22,500**	–	–	–
– Associates	**6,680,761**	7,215,632	–	–
	6,703,261	7,215,632		–
Accrued expenses	**3,918,408**	10,706,790	**288,371**	841,439
Deposits from customers	**514,940**	418,030	–	–
Sundry payables	**13,784,682**	3,036,685	**4,788,879**	72,220
	24,921,291	21,377,137	**5,077,250**	913,659
Add: Trade payables (Note 29)	**81,247,255**	156,419,895	–	–
Borrowings (Note 26)	**194,029,117**	320,418,417	**115,000,000**	230,000,000
Total financial liabilities carried at amortised costs	**300,197,663**	498,215,449	**120,077,250**	230,913,659

Other information on financial risks of other payables is disclosed in Note 36.

31. 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 effect from 20 July 2011 to 19 July 2016 in accordance to the existing terms of the ESOS.

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

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

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

(ii) the par value of the shares.

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

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

(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
2015				
2006 Options	**8,782,269**	–	**8,782,269**	**8,782,269**
2007 Options	**2,773,752**	–	**2,773,752**	**2,773,752**
2008 Options	**3,384,000**	–	**3,384,000**	**3,384,000**
2009 Options	**1,035,000**	–	**1,035,000**	**1,035,000**
2014				
2006 Options	8,782,269	–	8,782,269	8,782,269
2007 Options	2,915,939	(142,187)	2,773,752	2,773,752
2008 Options	3,405,000	(21,000)	3,384,000	3,384,000
2009 Options	1,035,000	–	1,035,000	1,035,000

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31. 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
2015		
2006 Options	0.47	20.07.2011 to 19.07.2016
2007 Options	1.15	20.07.2011 to 19.07.2016
2008 Options	1.20	20.07.2011 to 19.07.2016
2009 Options	1.00	20.07.2011 to 19.07.2016
2014		
2006 Options	0.47	20.07.2011 to 19.07.2016
2007 Options	1.15	20.07.2011 to 19.07.2016
2008 Options	1.20	20.07.2011 to 19.07.2016
2009 Options	1.00	20.07.2011 to 19.07.2016

(ii) Share options exercised in prior financial year

As disclosed in Note 24, options exercised in prior financial year resulted in the issuance of 163,187 ordinary shares at the exercise price between RM0.47 and RM1.20 each. The related weighted average share price at the date of exercise was RM0.51.

32. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

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

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

	2015 RM	2014 RM
Future rental payments:		
Not later than 1 year	**47,929,643**	47,929,643
Later than 1 year and not later than 5 years	**60,022,522**	108,775,802
	107,952,165	156,705,445

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

32. 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 7 years.

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:

	2015	**2014**
	RM	**RM**
Not later than 1 year	**121,643,078**	119,659,699
Later than 1 year and not later than 5 years	**148,246,488**	230,780,940
Later than 5 years	**10,215,482**	23,483,346
	280,105,048	373,923,985

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

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 RM92,500,000 (2014: RM136,500,000).

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

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34. RELATED PARTY DISCLOSURES

(a) Sales and purchase of goods and services

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

	Note	2015 RM	2014 RM
Group			
Joint ventures:			
Charter hire of vessels	(i)	**96,625,120**	170,649,502
Vessel's management fees	(ii)	**9,198,249**	11,461,364
Associates:			
Charter hire of vessels	(i)	**81,116,115**	83,094,613
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(iii)	**7,550,483**	14,272,893

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

(ii) The vessel's 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.

(iii) The interest recharged to subsidiaries on Sukuk Ijarah MTN by the Company were based on the issuance rate at respective date.

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 and 31 December 2014 are disclosed in Notes 21, 28, 29 and 30.

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

34. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short term employee benefits	**6,848,008**	7,285,203	**406,499**	346,040
Contributions to defined contribution plan	**567,101**	635,130	**–**	–

Included in the total key management personnel compensation are:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors' remuneration (Note 7)	**4,302,128**	4,960,378	**406,499**	346,040

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	
	2015	2014
	RM	RM
At 1 January/31 December	**39,880,840**	39,880,840

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

35. FAIR VALUE MEASUREMENT

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

	Group	
	Carrying amount RM	Fair value RM
2015		
Financial liabilities:		
Loans and borrowings (non-current)		
– Term loans	**(13,381,655)**	**(12,414,719)**
– Sukuk Ijarah MTN	**(75,000,000)**	**(68,353,668)**
– Hire purchase and finance lease liabilities	**(3,052,536)**	**(2,618,103)**
2014		
Financial liabilities:		
Loans and borrowings (non-current)		
– Term loans	(16,039,673)	(17,394,554)
– Sukuk Ijarah MTN	(115,000,000)	(107,735,725)
– Hire purchase and finance lease liabilities	(3,164,400)	(4,779,118)

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

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

	Note
Trade receivables (current)	20
Other receivables	21
Cash and cash equivalents	22
Borrowings (current)	26
Trade payables	29
Other payables	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

35. FAIR VALUE MEASUREMENT (CONT'D.)

Determination of fair value

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2015 are as follows:

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using inputs that are not based on observable market data.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2015 are as below:

Group	**Date of valuation**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Property, vessels and equipment **(Note 12)**				
– Vessels	31 Dec 2015	–	413,842,151	413,842,151
Investment properties **(Note 13)**	31 Dec 2015	11,667,426	–	11,667,426

Level 2 fair value

Level 2 fair values of the investment properties have been generally derived using the comparison method as described in **Note 13**.

Level 3 fair value

Level 3 fair values of the vessels have been generally derived using the method as described in **Note 3.2(c)**.

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36. 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 the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

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

<u>Exposure to credit risk</u>

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

At the reporting date, approximately:

– 44.7% (2014: 51%) of the Group's trade receivables were due from 10 (2014: 10) major customers who are located in Malaysia; and

– 49.4% (2014: 40%) of the Group's trade and other receivables were due from related parties.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade 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.

<u>Financial assets that are either past due or impaired</u>

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

36. 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 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 53% (2014: 58%) of the Group's borrowings as disclosed in Note 26 will mature in less than one year based on the carrying amount reflected in the financial statements. About 35% (2014: 50%) of the Company's 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.

2015	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities:				
Group				
Trade and other payables	**106,168,546**	**–**	**–**	**106,168,546**
Borrowings	**102,594,926**	**85,636,132**	**7,083,593**	**195,314,651**
Total undiscounted financial liabilities	**208,763,472**	**85,636,132**	**7,083,593**	**301,483,197**
Company				
Other payables	**5,077,250**	**–**	**–**	**5,077,250**
Borrowings	**40,000,000**	**80,812,500**	**–**	**120,812,500**
Total undiscounted financial liabilities	**45,077,250**	**80,812,500**	**–**	**125,889,750**

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2015

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

(b) Liquidity risk (cont'd.)

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

2014	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities:				
Group				
Trade and other payables	177,797,032	–	–	177,797,032
Borrowings	186,214,344	148,142,795	5,794,875	340,152,014
Total undiscounted financial liabilities	364,011,376	148,142,795	5,794,875	517,949,046
Company				
Other payables	913,659	–	–	913,659
Borrowings	115,000,000	126,768,083	–	241,768,083
Total undiscounted financial liabilities	115,913,659	126,768,083	–	242,681,742

(c) Interest rate risk

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

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

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 78% (2014: 82%) of the Group's borrowings are at fixed rates of interest.

36. 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 (loss)/profit before tax would have been RM46,291 (2014: RM49,939) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sources of interest rate risk

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

(d) Foreign currency risk

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

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

Approximately 3% (2014: 2%) of the Group's sales are denominated in foreign currencies whilst almost 100% (2014: 98%) 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 (loss)/profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		(Loss)/profit before tax	
		2015	**2014**
		RM	**RM**
Financial assets			
USD/RM	– strengthened 3% (2014: 3%)	**(61,164)**	(66,650)
	– weakened 3% (2014: 3%)	**61,164**	66,650
Financial liabilities			
USD/RM	– strengthened 3% (2014: 3%)	**(324,705)**	(47,727)
	– weakened 3% (2014: 3%)	**324,705**	47,727
SGD/RM	– strengthened 3% (2014: 3%)	**(5,917)**	–
	– weakened 3% (2014: 3%)	**5,917**	–

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

37. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio not exceeding 75%. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve, if any.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Borrowings	**194,029,117**	320,418,417	**115,000,000**	230,000,000
Trade and other payables	**106,168,546**	177,797,032	**5,077,250**	913,659
Less: Cash and bank balances	**(125,513,402)**	(245,030,608)	**(14,922,379)**	(122,098,639)
Net debt	**174,684,261**	253,184,841	**105,154,871**	108,815,020
Equity attributable to the owners of the parent, representing total capital	**876,936,118**	829,759,148	**397,624,999**	398,403,372
Capital and net debt	**1,051,620,379**	1,082,943,989	**502,779,870**	507,218,392
Gearing ratio	**16.6%**	23.4%	**20.9%**	21.5%

38. SEGMENTAL INFORMATION

(a) Reporting format

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

(b) Business segments

The Group comprises the following two main business segments:

– **Offshore 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

38. SEGMENTAL INFORMATION (CONT'D.)

31 December 2015	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
Revenue					
Sales to external customers	241,572,622	105,083,497	3,565,971	–	350,222,090
Inter segment sales	57,114,562	47,463,452	3,208,028	(107,786,042)	–
Total revenue	298,687,184	152,546,949	6,773,999	(107,786,042)	350,222,090
Results					
Segment results	15,875,786	(3,342,986)	7,468,190	(5,479,518)	14,521,472
Finance costs	(11,348,909)	(576,394)	(7,970,775)	7,550,469	(12,345,609)
Share of results of associates	2,379,049	–	–	–	2,379,049
Share of results of joint ventures	(12,482,195)	(11,891,083)	–	–	(24,373,278)
Loss before tax					(19,818,366)
Income tax credit					65,629,571
Profit for the year					45,811,205
Assets					
Segment assets	418,345,978	83,201,409	9,423,150	–	510,970,537
Investments in associates	61,699,516	–	–	17,732,390	79,431,906
Interests in joint ventures	70,255,327	–	–	157,120,790	227,376,117
Intangible assets	–	19,416	–	1,540,096	1,559,512
Unallocated assets	283,381,453	32,120,598	460,126,404	(403,108,101)	372,520,354
Total assets	833,682,274	115,341,423	469,549,554	(226,714,825)	1,191,858,426
Total liabilities	449,049,620	94,351,671	167,855,444	(397,908,321)	313,348,414
Other segment information:					
Capital expenditure	6,519,967	23,158,513	4,666,648	–	34,345,128
Depreciation	29,284,764	13,209,959	381,355	–	42,876,078
Other significant non-cash expenses:					
Impairment loss of trade receivables	10,473,238	1,905,057	–	–	12,378,295
Impairment loss on interests in joint ventures	840,967	–	–	–	840,967
Impairment of property, vessels and equipment	16,077,838	–	–	–	16,077,838
Property, vessels and equipment written off	2,004	–	–	–	2,004

38. SEGMENTAL INFORMATION (CONT'D.)

31 December 2014	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
Revenue					
Sales to external customers	227,544,885	160,697,775	3,341,694	–	391,584,354
Inter segment sales	62,994,306	70,220,482	738,060	(133,952,848)	–
Total revenue	290,539,191	230,918,257	4,079,754	(133,952,848)	391,584,354
Results					
Segment results	38,921,821	7,824,800	1,955,713	(2,216,026)	46,486,308
Finance costs	(22,199,587)	(1,482,940)	(323,870)	–	(24,006,397)
Share of results of associates	21,210,352	–	–	–	21,210,352
Share of results of joint ventures	20,430,155	2,513,052	–	–	22,943,207
Profit before tax	58,362,741	8,854,912	1,631,843	(2,216,026)	66,633,470
Income tax expense					(5,904,253)
Profit for the year					60,729,217
Assets					
Segment assets	455,484,694	64,396,066	8,620,684	–	528,501,444
Investments in associates	61,699,516	–	–	11,718,509	73,418,025
Interests in joint ventures	72,577,463	–	–	183,822,730	256,400,193
Intangible assets	–	12,960	–	1,345,262	1,358,222
Unallocated assets	391,759,622	25,606,948	533,744,144	(401,718,026)	549,392,688
Total assets	981,521,295	90,015,974	542,364,828	(204,831,525)	1,409,070,572
Total liabilities	676,563,016	66,848,655	243,294,538	(408,273,296)	578,432,913
Other segment information:					
Capital expenditure	12,125,541	18,423,374	128,835	–	30,677,750
Depreciation	28,626,141	10,380,098	508,139	–	39,514,378
Other significant non-cash expenses:					
Impairment loss of trade receivables	811,062	–	–	–	811,062
Impairment loss on interests in joint ventures	417,914	–	–	–	417,914
Impairment of property, vessels and equipment	671,170	–	–	–	671,170
Impairment of goodwill	183,878	–	–	–	183,878
Property, vessels and equipment written off	171,292	–	–	–	171,292

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2015

39. 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 2015 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries				
– realised	**672,707,205**	579,083,160	**1,220,541**	1,993,460
– unrealised	**(316,853,443)**	(289,454,673)	**(5,454)**	–
	355,853,762	289,628,487	**1,215,087**	1,993,460
Total share of retained earnings from associates:				
– realised	**23,173,268**	21,085,958	**–**	–
– unrealised	**39,142**	(95,180)	**–**	–
Total share of retained earnings from joint ventures:				
– realised	**157,351,063**	180,003,946	**–**	–
– unrealised	**14,507,325**	15,206,400	**–**	–
	550,924,560	505,829,611	**1,215,087**	1,993,460
Less: consolidation adjustments	**(68,418,226)**	(68,917,113)	**–**	–
Retained earnings as per financial statements	**482,506,334**	436,912,498	**1,215,087**	1,993,460

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2016

Authorised Share Capital	- RM500,000,000
Issued and Paid-Up Share Capital	- RM231,115,230
Class of Shares	- Ordinary shares of RM0.25 each fully paid
Voting Rights	- On a show of hands - One vote for every shareholder
	- On a poll - One vote for every ordinary share held
No. of Voting Shares	- 924,460,921

ANALYSIS OF SHAREHOLDINGS BY SIZE

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	116	1.241	4,909	0.000
100 - 1,000	561	6.005	431,752	0.046
1,001 - 10,000	4,930	52.778	28,982,502	3.135
10,001 - 100,000	3,246	34.750	109,890,585	11.886
100,001 - 46,223,045(*)	485	5.192	362,770,037	39.241
46,223,046 and above(**)	3	0.032	422,381,136	45.689
Total	**9,341**	**100.000**	**924,460,921**	**100.000**

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

DIRECTORS' SHAREHOLDING

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
DATUK AZMI BIN AHMAD	2,292,748	0.248	330,581,061[(1)]	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	(*)	330,415,436[(2)]	35.741
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	(*)	123,750[(3)]	0.013
FINA NORHIZAH BINTI HJ BAHARU ZAMAN	34,000	(*)	-	-
DATO' HAJI AB WAHAB BIN IBRAHIM	1,500	(*)	-	-
AINUL AZHAR BIN AINUL JAMAL	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No of Shares Held			
	Direct	%	Indirect	%
SAR VENTURE HOLDINGS (M) SDN BHD	330,415,436	35.74	-	-
LEMBAGA TABUNG HAJI	93,653,000[(4)]	10.13	-	-
POH YANG HONG	33,700,000	3.65	39,400,000[(5)]	4.26
DATUK AZMI BIN AHMAD	2,292,748	0.25	330,581,061[(1)]	35.76
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	(*)	330,415,436[(2)]	35.74

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2016

Notes:

(*) Shareholding of less than 0.01%
(1) Deemed interested by virtue of his shareholding in SAR Venture Holdings (M) Sdn Bhd and the shareholding of his spouse in AMRB pursuant to Section 6A and 134(12)(c) of the Act, respectively.
(2) Deemed interested by virtue of his shareholding in SAR Venture Holdings (M) Sdn Bhd pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of his spouse shareholding in AMRB pursuant to Section 134(12)(c) of the Act.
(4) Held through Kenanga Islamic Investors Bhd for 1,687,300 ordinary shares of RM0.25 each in AMRB.
(5) Deemed interested by virtue of his shareholding in Caprice Capital International Limited and Caprice Capital Holdings Limited pursuant to Section 6A of the Act.

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	26.297
2	LEMBAGA TABUNG HAJI	91,965,700	9.948
3	SAR VENTURE HOLDINGS (M) SDN BHD	87,306,239	9.444
4	ASSETS NOMINEES (ASING) SDN BHD GUOLINE EQUITIES LIMITED	40,600,000	4.391
5	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL INTERNATIONAL LTD	37,900,000	4.099
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	33,700,000	3.645
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	13,530,400	1.463
8	CITIGROUP NOMINEES (ASING) SDN BHD CITIGROUP GLOBAL MARKETS LIMITED	13,463,400	1.456
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (HK BR-TST-ASING)	12,010,873	1.299
10	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	7,501,900	0.811
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	6,906,750	0.747
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	6,106,300	0.660
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	5,355,000	0.579
14	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS DANA AL-ILHAM	4,354,600	0.471

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2016

No	Name	Holdings	%
15	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	4,242,900	0.458
16	DUSHYANTHI PERERA	4,000,000	0.432
17	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHING LING	3,756,000	0.406
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,679,100	0.397
19	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	2,990,000	0.323
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHAI GO	2,980,900	0.322
21	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	2,927,000	0.316
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (PACIFIC6939-407)	2,736,700	0.296
23	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND (UT-PM-DIV)	2,368,600	0.256
24	AZMI BIN AHMAD	2,278,487	0.246
25	YEO SOO JENG	2,142,000	0.231
26	ER SOON PUAY	2,035,500	0.220
27	ASSETS NOMINEES (ASING) SDN BHD KWEK LENG SENG	2,000,000	0.216
28	CHRISANTHA PRIYANGE RICHARD PERERA	2,000,000	0.216
29	LEE KEK MING	2,000,000	0.216
30	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	1,928,200	0.208

NOTICE OF 11TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of Alam Maritim Resources Berhad will be held on Friday, 3 June 2016 at 10.00 a.m., at Technology Park Malaysia Corporation Sdn Bhd, Auditorium Enterprise 4, Lebuhraya Puchong-Sungai Besi, 57000 Bukit Jalil, Kuala Lumpur for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note (i) of the Explanatory Notes on Ordinary Businesses)**

2. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association and being eligible, have offered themselves for re-election:
   (i) Datuk Azmi bin Ahmad; and **(Ordinary Resolution 1)**
   (ii) Encik Shaharuddin bin Warno @ Rahmad **(Ordinary Resolution 2)**

3. To re-appoint Encik Ahmad Hassanudin bin Ahmad Kamaluddin who retires pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 3)**

4. To approve the payment of Directors' Fees for the Financial Year ended 31 December 2015. **(Ordinary Resolution 4)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following resolutions which will be proposed as Ordinary Resolutions:

6. **Proposed Continuation in Office as Independent Non-Executive Director in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012:** **(Ordinary Resolution 6)**

   "**THAT** Dato' Haji Ab Wahab bin Haji Ibrahim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company."

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 7)**

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Company's Memorandum and Articles of Associations, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia Securities) and the approvals of the relevant governmental and/or regulatory authority (if any), 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 Securities 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."

NOTICE OF 11TH ANNUAL GENERAL MEETING

8. **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 the Companies Act, 1965, the Company's Memorandum and Articles of Associations, the Bursa Malaysia Securities and the approvals of the relevant governmental and/or regulatory authority (if any), 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 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."

9. To transact any other business of which due notice shall have been 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
29 April 2016

NOTICE OF 11TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY BUSINESSES:-

(i) **Agenda Item No. 1** – Audited Financial Statements for financial year ended 31 December 2015 - is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. As such, this item is not put forward for voting.

(ii) **Ordinary Resolutions 1 and 2 – Re-election of Directors who retire by rotation pursuant to Article 94**
Datuk Azmi bin Ahmad and Encik Shaharuddin bin Warno @ Rahmad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

(iii) **Ordinary Resolution 3 – Re-appointment of Director who has attained the age of seventy (70) years pursuant to Section 129(6) of the Companies Act, 1965**
The re-appointment of Ahmad Hassanudin bin Ahmad Kamaluddin, who has attained the age of 70 years as a Director of the Company to hold office until the conclusion of the next annual general meeting, shall take effect if the proposed Resolution 3 is passed by a majority of not less than three-fourths of such members as being entitled to vote in person or, where proxies are allowed, by proxy at this 11th AGM of which not less than 21 days' notice has been given.

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

(i) **Ordinary Resolution 6** – Proposed Continuation in Office as Independent Non-Executive Director in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

The proposed resolution is to seek shareholders' approval to retain Dato' Haji Ab Wahab bin Haji Ibrahim as an Independent Non-Executive Director of the Company. He has served the Company as an Independent Non-Executive Director since 2 May 2006 for a cumulative period of over nine (9) years. The BNRC has made the necessary assessment and recommended to the Board of Directors that he be retained as an Independent Director of the Company based on his ability to maintain his independence of judgement and to express and maintain unbiased views without any influence. Dato' Haji Wahab has a good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates. The Board values his contribution to the Company and he is also committed in performing his functions and duties as the Chairman of the Board Audit Committee, including but not limited to attendance at Board and Board Committees' meetings. This proposed resolution is in line with the recommendation under the Malaysian Code on Corporate Governance 2012 and this would allow him to continue to serve as Chairman of the Board Audit Committee, pursuant to the requirement of Paragraph 15.10 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad.

(ii) Proposed **Ordinary Resolution 7** is to seek a renewal of the general authority pursuant to Section 132D of the Companies Act, 1965 and the MMLR for the issuance and allotment of new ordinary shares in the Company.

Proposed **Ordinary Resolution 7**, 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.

(iii) 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.

Information on the Proposed renewal of authority for the Company to purchase its own shares is set out in the Statement to Shareholders dated 29 April 2016 dispatched together with the 2015 Annual Report.

NOTICE OF 11TH ANNUAL GENERAL MEETING

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 and re-appointment are as set out on page 31, 32 and 33 of this Annual Report and the Directors' interest in the securities of the Company and/or its related companies are disclosed on page 84, 85 and 177 of this Annual Report.

Notes:

1. Only members registered in the Record of Depositors (ROD) as at 27 May 2016 shall be eligible to attend the AGM or appoint proxy to attend and vote on their behalf.

2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that, where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.

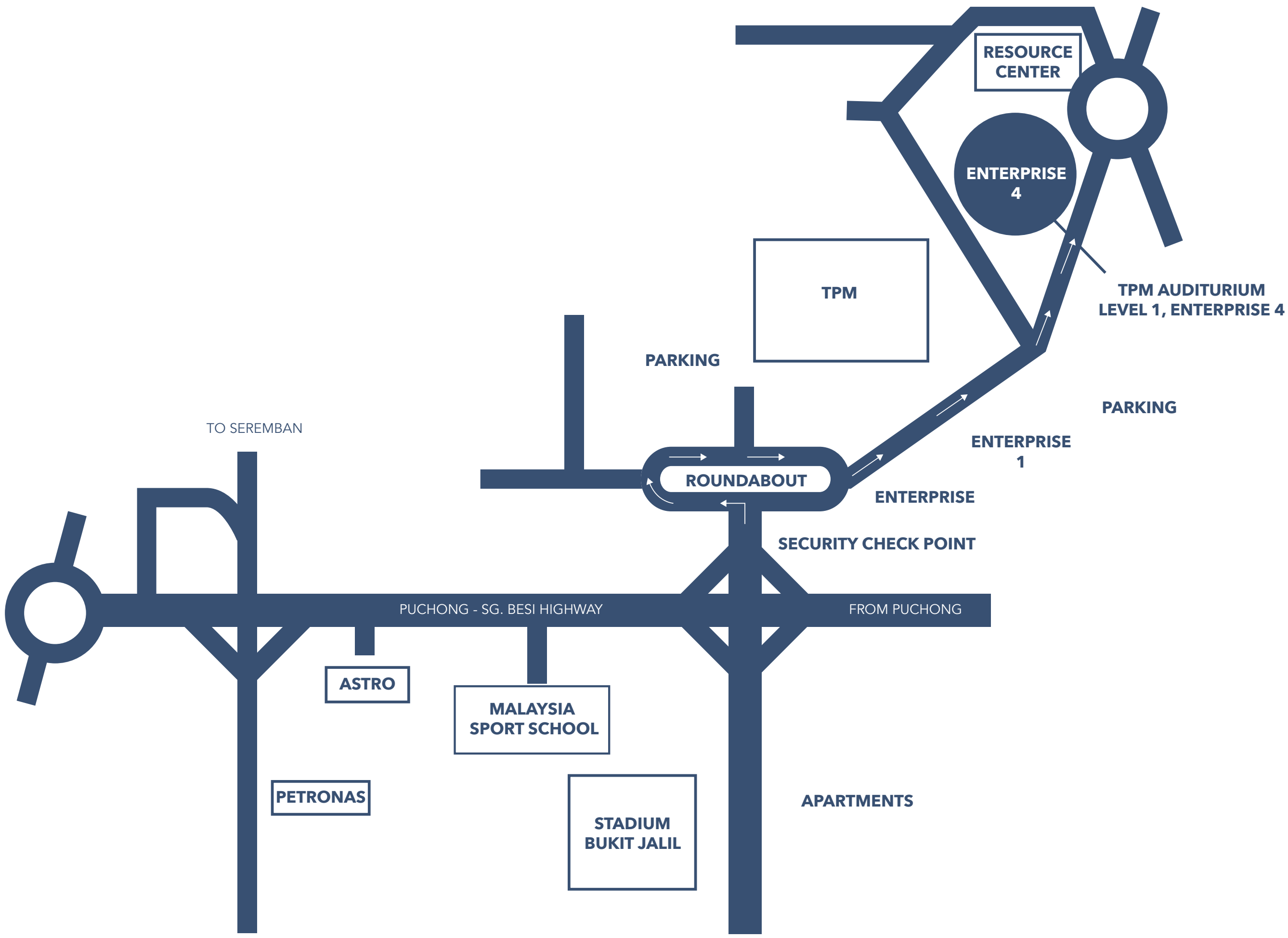
5. The instrument appointing a proxy/Proxy Form shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. Where the instrument appointing a proxy is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly appointed under a power of attorney.

6. A corporation which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 91 of the Company's Articles of Association.

7. Duly completed Proxy Form must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Meeting or **no later than 1 June 2016 at 10.00 am.**

NOTICE OF 11TH
ANNUAL GENERAL MEETING

MAP TO AUDITORIUM ENTERPRISE 4, TECHNOLOGY PARK MALAYSIA **("TPM")**



- Parking

  Please park your vehicle at Multi-Storey Parking Building located in front of the Auditorium Enterprise 4 (follow signage) and kindly produce your parking ticket during registration for validation.

Search "Technology Park Malaysia" in Waze

GPS Coordinate:
3.0479, 101.689085

ALAM MARITIM RESOURCES BERHAD
(COMPANY NO. 700849-K)

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

PROXY FORM

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 Eleventh Annual General Meeting of the Company to be held at 10.00 a.m. on Friday, 3 June 2016 at Technology Park Malaysia Corporation Sdn Bhd, Auditorium Enterprise 4, Lebuhraya Puchong-Sungai Besi, 57000 Bukit Jalil, Kuala Lumpur and at any adjournment thereof, in the manner indicated below:

No	Resolutions	For	Against
1	To re-elect Datuk Azmi bin Ahmad pursuant to Article 94.		
2	To re-elect Encik Shaharuddin bin Warno @ Rahmad pursuant to Article 94.		
3	To re-appoint Encik Ahmad Hassanudin bin Ahmad Kamaluddin pursuant to Section 129 (6) of the Companies Act, 1965.		
4	To approve the payment of Directors' Fees for the financial year ended 31 December 2015.		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6	Continuation in Office of Dato' Haji Ab Wahab bin Haji Ibrahim as Independent Non-Executive Director in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.		
7	To authorise the Directors to allot and issue new ordinary shares pursuant to Section 132D of the Companies Act, 1965.		
8	To approve the proposed renewal of authority for the Company to purchase its own shares.		

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

Date ______________________ Signature/Common Seal of Shareholder ______________________

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PLEASE FOLD HERE

AFFIX STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
(COMPANY NO. 11324-H)
UNIT 32-01, LEVEL 32, TOWER A,
VERTICAL BUSINESS SUITE, AVENUE 3,
BANGSAR SOUTH,
NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR

PLEASE FOLD HERE

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