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

Embracing Change Towards Sustainability

annual report 2017

VISION

To be the Preferred Offshore Services Partner in Oil & Gas Industry

MISSION STATEMENT

- Promoting Health, Safety, Environment and Security Practices
- Developing Human Capital Capabilities
- Delivering Operational Excellence
- 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.

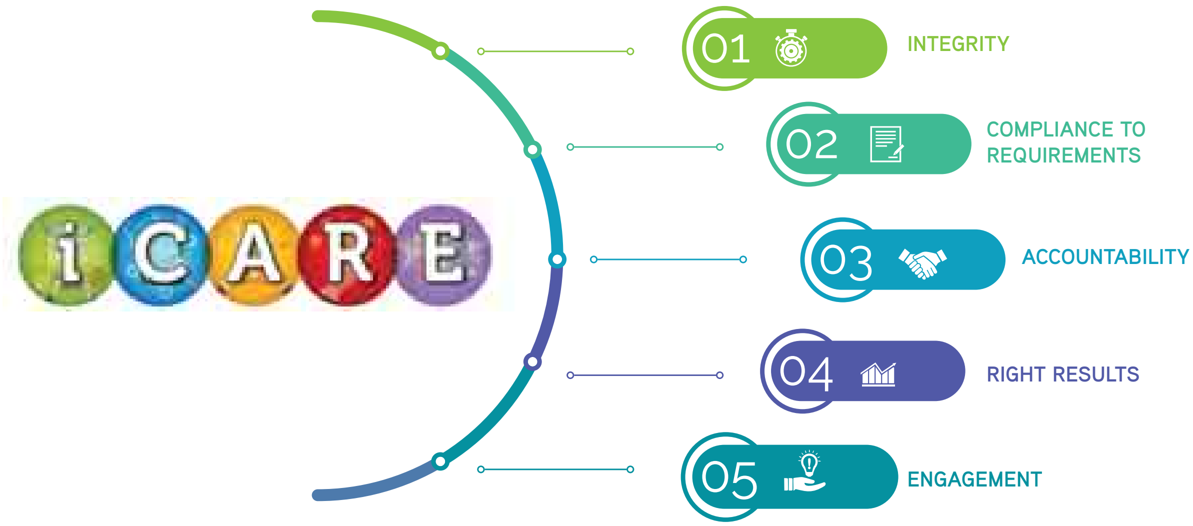
TENACITY
Keeps a firm hold of organisational goals and persistently exerts all efforts to bring about the desired results.

TRANSPARENCY
Clear, open and frank in all undertakings.

CONTENTS

pg.6
OUR FLEET

CORPORATE PHILOSOPHY



INTEGRITY

I act with honesty, am upright with high moral values

Integrity is about being ethically and morally correct in one's personal and professional conduct. It is to practise a high standard of behavior based on sound values in all aspects of one's job performance including interaction with colleagues, customers, vendors, suppliers and other stakeholders.

COMPLIANCE TO REQUIREMENTS

I perform and deliver the required results with discipline

Compliance to Requirements is to produce quality work and results as per set rules, regulations and standards premised on customers' requirements. It is to ensure customer satisfaction by adhering to standard operating procedures and best practices. The goal is to meet and exceed customers' needs and to produce the best performance possible to deliver confidence and assurance to both internal and external customers.

ACCOUNTABILITY

I take full responsibility of the results I produced

Accountability is to take full ownership of one's actions and decisions as per one's role in the organisation. To eliminate a culture of blame and embrace a culture of responsibility where and when warranted. Rather than who, to focus on why and how we can learn and continuously improve. This includes work performance, instructions and information relayed to colleagues and stakeholders.

RIGHT RESULTS

I plan and do my job correctly to avoid mistakes and repeat work

To obtain and deliver right results is to execute one's work with perfection; to eliminate error and to avoid repeat work by delivering the most accurate and precise job output possible right from the start. To ensure initial work produced has the highest degree of accuracy to facilitate better decision making and optimal productivity.

ENGAGEMENT

I engage all levels and be committed in what I do

Engagement is to always seek out constructive feedback and input from others in an open manner; to constantly engage in two-way communication to exchange ideas and opinions and to seek out the views of other process owners for an inclusive and more robust work result or solution.

ALAM MARITIM AT A GLANCE

A LEADING

OFFSHORE VESSELS SUPPORT COMPANY

ALAM MARITIM GROUP is an integrated service provider of marine transportation support services, offshore installation and construction; underwater and subsea services to the activities in the oil and gas industry.

CUSTOMERS CONSIST OF
MAJOR INDEPENDENT OIL COMPANIES,
STATE-OWNED OIL COMPANIES,
OIL TRADERS AND REFINERS

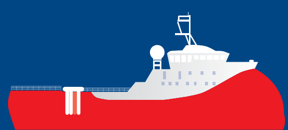
ALAM MARITIM RESOURCES BERHAD IS LISTED ON

BURSA
KUALA LUMPUR

20
YEARS OF TRACK RECORD

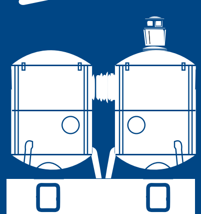
434
SEAFARERS

185
LAND-BASED EMPLOYEES

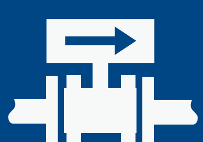


VESSELS & BARGES 42

ROVs 6



SATURATION DIVING SYSTEMS 1



AIR SPREAD 9

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2017

RM161,074,596

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2017

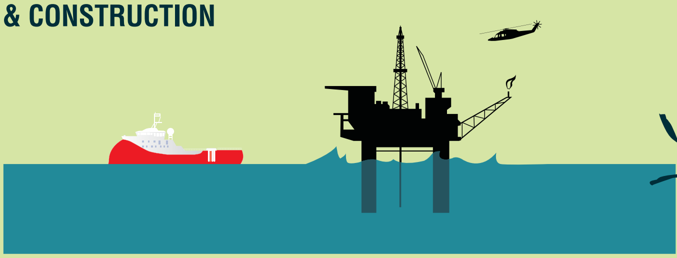
CHARTER HIRE

43%

RM69,228,391

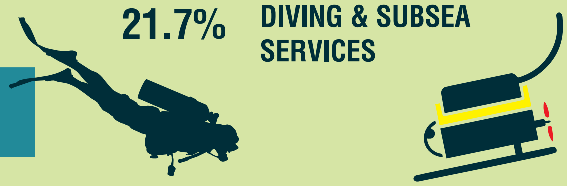
21.8% RM35,152,031

OFFSHORE INSTALLATION & CONSTRUCTION



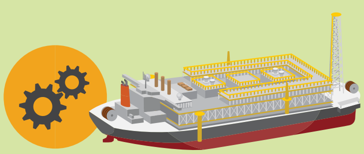
RM35,032,270

21.7% DIVING & SUBSEA SERVICES



5.4% RM8,753,130

VESSELS' MANAGEMENT FEES



1.2% RM1,948,408

SHIP CATERING

5.7% RM9,197,110

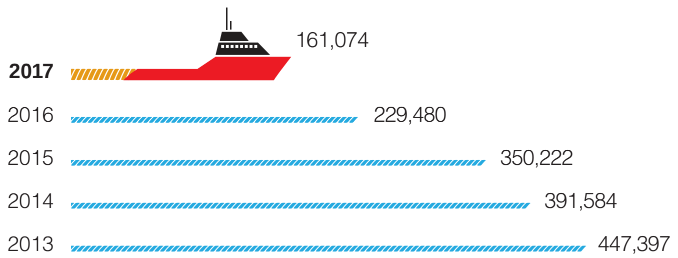
RENTAL OF EQUIPMENT

1.1% RM1,763,256

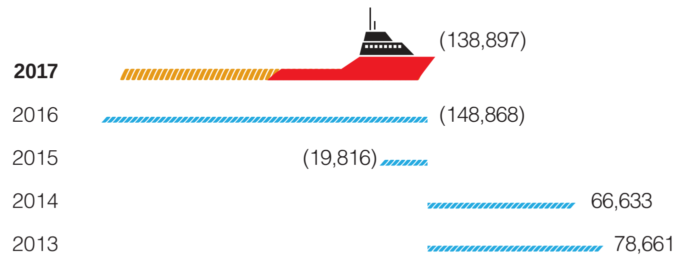
OTHER SHIPPING RELATED INCOME

5-YEAR GROUP FINANCIAL HIGHLIGHTS

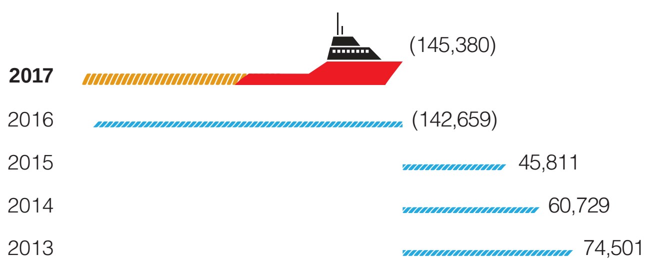
REVENUE
(RM'000)



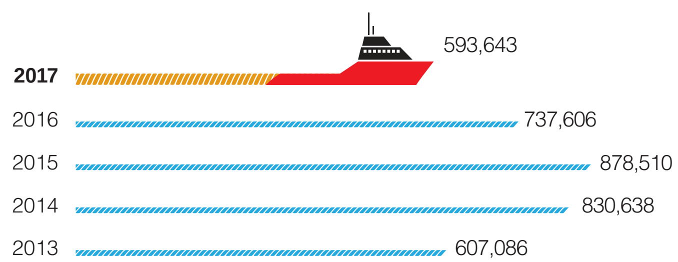
PROFIT /(LOSS) BEFORE TAX
(RM'000)



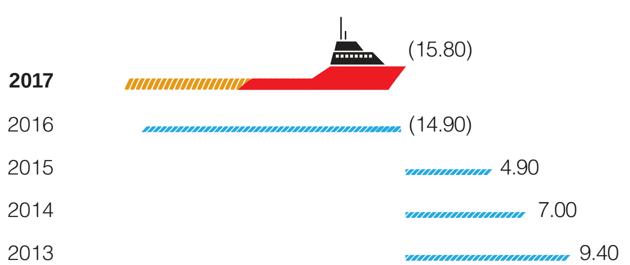
PROFIT /(LOSS) AFTER TAX
(RM'000)



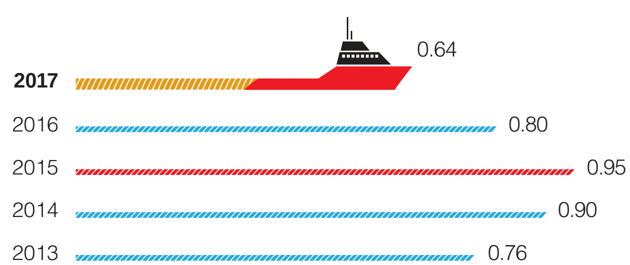
NET ASSETS
(RM'000)



BASIC EARNINGS PER SHARE
(SEN)

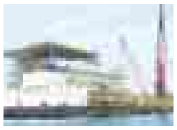


NET ASSETS PER SHARE
(SEN)

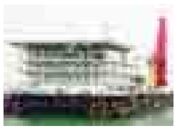


OUR FLEET

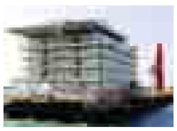
as at 31 March 2018



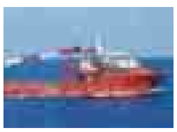
1MAS-300
Type: Pipe-lay Accommodation Work Barge
Length X Breadth X Depth (in metre): 111.56 X 31.7 X 7.31
Accommodations: 300 berths
Year Built: 2010 Class: ABS



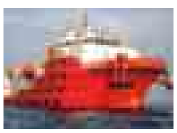
SETIA STATION 1
Type: Accommodation Work Barge
Length X Breadth X Depth (in metre): 100.58 X 31.7 X 7.31
Accommodations: 350 berths
Year Built: 2008 Class: BV



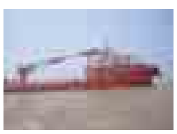
SETIA STATION 2
Type: Accommodation Work Barge
Length X Breadth X Depth (in metre): 111.56 X 31.7 X 7.31
Accommodations: 402 berths
Year Built: 2009 Class: BV



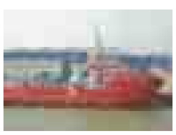
MV SETIA AMAN
Type: Accommodation Vessel / Workboat
Length X Breadth X Depth (in metre): 78 X 20 X 6.5
Accommodations: 180 berths
Year Built: 2009 Class: BV BHP: 5,220



MV SETIA SAKTI
Type: Accommodation Vessel / Workboat (DP2)
Length X Breadth X Depth (in metre): 76 X 20 X 6.1
Accommodations: 138 berths
Year Built: 2008 Class: BV BHP: 5,150

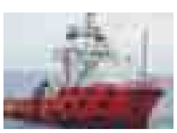


MV SETIA ULUNG
Type: Accommodation Vessel / Workboat
Length X Breadth X Depth (in metre): 78 X 20 X 6.5
Accommodations: 180 berths
Year Built: 2009 Class: BV BHP: 5,220

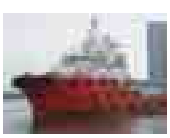


MV SETIA HIJRAH
Type: Anchor Handling Tug Supply Vessel (DP 2)
Length X Breadth X Depth (in metre): 76 X 18 X 8.0
Accommodations: 50 berths
Year Built: 2013 Class: BV BHP: 12,240

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

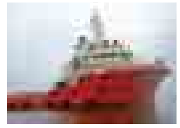


MV SETIA JAGUH
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 64 X 15 X 6.8
Accommodations: 31 berths
Year Built: 1999 Class: BV BHP: 8,920

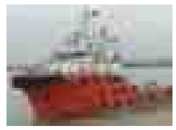


MV SETIA ERAT
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

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

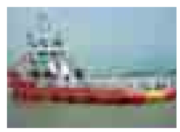


MV SETIA LUHUR
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

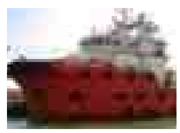


MV SETIA QASEH
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 58.70 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

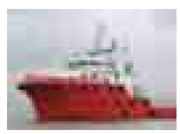
MV SETIA TEGUH
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2008 Class: BV BHP: 5,150



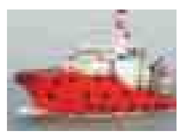
MV SETIA WANGSA
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150



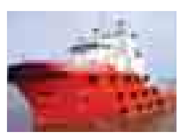
MV SETIA FAJAR
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 5,150



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

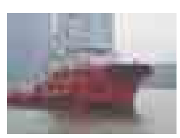


MV SETIA PADU
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2006 Class: BV BHP: 5,150

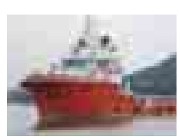


MV SETIA RENTAS
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

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

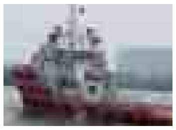


MV SETIA UNGGUL
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

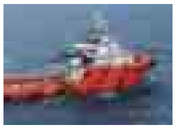


MV SETIA HEBAT
Type: Anchor Handling Tug Supply Vessel (DP1)
Length X Breath X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 50 berths
Year Built: 2008 Class: BV BHP: 5,000

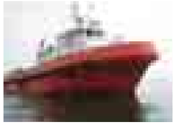
OUR FLEET
as at 31 March 2018



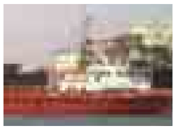
MV SETIA TEGAP
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2008 Class: BV BHP: 5,000



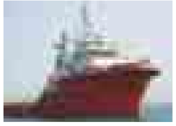
MV SETIA EMAS
Type: Anchor Handling Tug
Length X Breadth X Depth (in metre): 48 X 13.2 X 5.2
Accommodations: 24 berths
Year Built: 2004 Class: BV BHP: 4,750



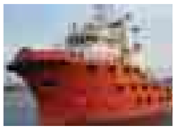
CB SETIA DERAS
Type: Crew / Utility Vessel
Length X Breadth X Depth (in metre): 40.38 X 7.80 X 3.40
Seating: 80 pax
Year Built: 2009 Class: BV BHP: 4,200



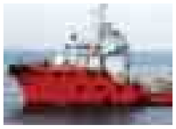
CB SETIA KILAS
Type: Crew / Utility Vessel
Length X Breadth X Depth (in metre): 40.38 X 7.80 X 3.40
Seating: 80 pax
Year Built: 2009 Class: BV BHP: 4,200



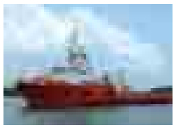
MV SETIA GIGIH
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220



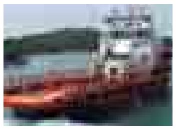
MV SETIA KENTAL
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220



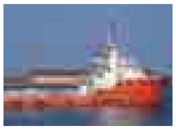
MV SETIA INDAH
Type: Supply Vessel / Utility
Length X Breadth X Depth (in metre): 57.5 X 13.8 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 4,750



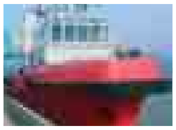
MV SETIA GAGAH
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 23 berths
Year Built: 2003 Class: NKK BHP: 4,750



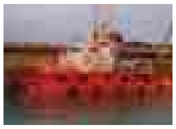
MV SETIA KASTURI
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre):60 X 13.3 X 6.0
Accommodations: 24 berths
Year Built: 2005 Class: NKK BHP: 4,750



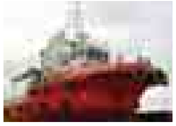
MV SETIA LESTARI
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 4,750



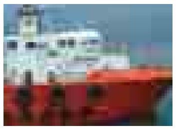
MV SETIA WIRA
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 48 X 11.8 X 4.6
Accommodations: 28 berths
Year Built: 2007 Class: BV BHP: 3,500



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

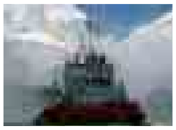


MV SETIA YAKIN
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 45 X 11 X 4.0
Accommodations: 28 berths
Year Built: 2008 Class: NKK BHP: 3,200

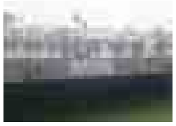


MV SETIA HANDAL
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 50 X 11.58 X 4.2
Accommodations: 22 berths
Year Built: 2003 Class: BV BHP: 3,000

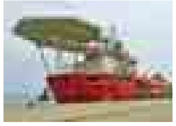
MV SETIA BUDI
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 40 X 11.8 X 4.6
Accommodations: 20 berths
Year Built: 2008 Class: NKK BHP: 2,400



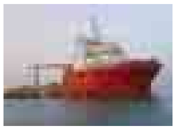
MV SETIA ZAMAN
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 40 X 11.8 X 4.6
Accommodations: 26 berths
Year Built: 2008 Class: NKK BHP: 2,400



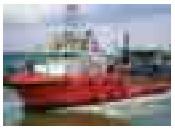
ALAM 251
Type: 250 ft Deck Cargo Barge
Length X Breadth X Depth (in metre): 76.2 X 24.38 X 4.88
Year Built: 2010 Class: BV



OLV VENTURE1
Type: DP2 Diving Support & Maintenance Vessel
Length X Breadth X Depth (In Metre): 85 X 22 X 8
Accommodation: 155 Men
Year Built: 2015 Class: ABS BHP: 6000



WBI TRINITY
Type: Anchor Handling Tug Supply Vessel
Accommodation Vessel
Length X Breadth X Depth (In Metre): 52.80 X 13.20 X 5.20
Year Built: 2008 Class: ABS



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: BV BHP: 3,880

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
1500m (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

UNDERWATER MAJOR ASSETS

50M AIR/MIXED GAS DIVING SYSTEM (NON-CLASS)

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 MIXER GAS DIVING SYSTEM (CLASS)

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 Analyser.
- 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 and 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 Analyser.
- 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 and fire emergency safety equipment.

UNDERWATER MAJOR ASSETS

MACHINERY 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

- 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.

LAUNCHING AND RECOVERY SYSTEM (LARS) - SET OF 2 UNITS

This unit 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 and 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 regulator.
- 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.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I PRESENT TO YOU THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF ALAM MARITIM RESOURCES BERHAD ("THE GROUP" OR "AMRB") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017.

Since the start of the oil and gas industry downturn in year 2015, the Group has responded proactively and to the best of its capabilities in dealing with the ensuing crisis. The plummet in crude oil prices, followed by declining charter rates amidst a shrinking market pie were beyond the control of any party across the oil and gas value chain. Everyone, from oil and gas majors to support service providers were adversely impacted.

Indeed, crude oil prices have improved in year 2017, with Brent crude, averaging USD54.25/bbl during the year, higher than the USD43.55/bbl seen in year 2016. However, the industry is still reeling from debt overhang, tight credit facilities, write-downs and wealth erosion. All of which, have dampened the impact of recovery across the value chain. Credit remains tight and specifically, the industry is still suffering from lack of investments in new production capacity. Thus, under the circumstances, you find many companies unable to sustain their operations.

In comparison, your Company has taken bold steps to restructure and rebuild the organisation and, along the way, made some painful decisions in pursuit of cost optimisation measures. We made several hard calls - re-phasing our major projects on dry-docking and lay-up of vessels, and focussing our efforts to cut costs by relocating key enabler functions such as Finance, Health, Safety, Security and Environment ("HSSE"), Human Resource Management and Offshore Support Vessel ("OSV") Management and operations to centralized hubs. At the same time, we take steps and work on the units to elevate their status to Centres of Excellence and create a culture of workplace responsibility and accountability for results. We restructured our organisation to eliminate inefficiencies, stem value leakages, improve the line of sight and accelerate decision making. We orchestrated our efforts to increase productivity aimed at doing more with less and yet continued to deliver results. In our efforts to create a high-performance work culture, we have made some necessary changes to our workforce and personnel in order to steer the Group through the headwinds of crisis.

These transformation measures taken in response to the industry's downturn and the hard work undertaken by the staff to accept and relentlessly pushed for changes have positively impacted our sustainability efforts. Thus, we are able to continue to operate and, although not yet able to register a strong financial performance due to impairments and other factors, have made AMRB to stay the course and not lose sight of its True North. We have remained operational and have continued to retain our position as one of the leading support service providers to the oil and gas sector.

CHAIRMAN'S STATEMENT

Rather than simply yielding to circumstances, we have exemplified determination to rise against the turbulence and to weather the storm. We have proactively responded to the difficult conditions with determination, strategic thinking and unwavering resolve. Admittedly, many painful lessons have been well learnt during this downturn period. Applying the lessons learnt, we have progressed in transforming AMRB and the tireless efforts of the Board, Management and staff across year 2015-2017 are beginning to bear fruits. The various transformation initiatives and measures implemented are progressively taking hold within AMRB and are delivering the required organisational change in rationalising our organisational culture, our processes and systems as well as our overall business approach towards achieving excellence amidst the low crude oil price environment. While we saw achievements and progress in year 2017, we are not out of the woods yet. I feel it is important for us to reflect on areas we have fallen short of targets. The performance in the 3rd and 4th quarter of the year reflects this sentiment. We must use the setbacks as an opportunity to learn from our shortcomings and improve our execution the next time around.

ACHIEVEMENTS AMIDST ADVERSITY

Currently, we have been continuously receiving invitation to participate in tenders within and outside the country. We will continue to participate in these tender exercises on our own or in collaboration with third parties. Our credibility and reputation among oil and gas majors as a first-tier solutions and service provider remain intact. This has helped us to successfully bid and secured several new contract awards. We have also made inroads into the Middle East and are in the midst of finalising bareboat chartering arrangement for our four (4) vessels in the United Arab Emirates.

We have also successfully restructured our debt position which signifies a vote of confidence from financiers. We wish to thank all parties involved in the debt restructuring exercise for their continued trust, confidence and support in AMRB.

Our track record for project execution and HSSE has been maintained at excellent levels, on par or exceeding industry benchmarks. However, regrettably, this year, there has been a single fatality case, the first in the Group's 20-year history, which came after the Group registered 11.5 million man-hours without a loss time incident ("LTI").

We will continue to strive for a safe working environment and culture and practice a zero tolerance approach to behaviours or attitudes that would undermine our HSSE efforts or the well-being of our people. AMRB has always adopted the philosophy that HSSE is our license to operate and our competitive advantage and I am proud to say that we have upheld this philosophy even during the most difficult periods for the Group.

We will continue to enhance our HSSE efforts to reinforce the safety culture. We will also heighten the consequence management for non-compliance to reflect the Board's and Management's no-compromise approach to HSSE.

PEOPLE AND CULTURE

Additionally, we have developed a greater awareness that one of the key attributes of a successful organisation is its ability to cope with challenging issues and to quickly bounce back from a crisis. The capability of an organisation to do this effectively is largely dictated by the resilience of its people. With this in mind, I am pleased to report that we are now in the process of building and developing our people in line with this strategy.

Within the three (3) years of our transformation journey, we have achieved some measures of success in promoting the right cultures and mindset change. The buy-in, unfortunately, is not total yet. There are still gaps which we need to close. I believe that one of the reasons for this is that the dissemination of our corporate values, like the "Shared Values" and "I Care" beliefs, which we have been promoting over the last two (2) years or so, have not reached critical mass in the organisation. In order to achieve optimum operational excellence, the buy-in must be pervasive across the organisation. While we have developed the required processes, systems and structure to drive operational excellence perhaps the 'soft factors' of culture and mind-set change must be brought up to par and be more aggressively pursued.

While we take pride in our staff resilience to overcome the challenges, our rebuilding process is far from over. The journey remains long and arduous. But we believe that a more sustainable and competitive company is emerging from all these efforts and we are positive about the future.

CHAIRMAN'S STATEMENT

OUTLOOK AND PROSPECTS

With quota discipline being maintained by participating Organisation of the Petroleum Exporting Countries ("OPEC") members and non-OPEC members, we foresee oil prices hovering between USD60-USD65 per barrel. However, while upward movement is welcome, prices must also remain stable for oil and gas majors to confidently make a final investment decision. We hope the cascading effect from all these will spur activities within the OSV sector and the overall upstream segment of the oil and gas value chain.

Going forward, our focus is to secure more contracts, both short and long-term, to provide revenue and earnings visibility. We are quite confident of our prospects given AMRB's ability to tap into its OSV, subsea and offshore installation and construction divisions to offer comprehensive solutions to oil and gas majors. We have established a credible project execution and management track record with our clients, and together with our HSSE performance, will strengthen our bids for contracts going forward.

As we aggressively pursue contracts, we will look to achieve a strong and steady cash flow which will provide a stronger base for the Group to register improved financial performance going forward. Cash flow and our earnings will improve progressively by pursuing the path of cost reduction via existing and new initiatives. We will continue to sweat our assets towards achieving optimum utility and value from our vessels and other resources. We will ensure that no compromises are made in the area of project management and execution, HSSE and quality.

Maintaining our austerity mind-set is essential so that our hard-earned cost and operational efficiencies achieved are not lost amidst the present recovery in crude oil prices. Complacency must be avoided and this will be addressed through our various organisational cultural and people focussed initiatives. We will continue to impress to all stakeholders that while AMRB has come through one of its worst crisis, the journey to full recovery remains long and arduous.

Moving forward, it is important for us to look at the impending challenges, threats and potential opportunities that lie beyond the crisis. We must brace ourselves to operate in an environment that is fraught with greater uncertainties and be quicker to respond to changing circumstances.

Undoubtedly, the future will be fluid and highly volatile, but it is in such a scenario that the best opportunities may emerge and we must be poised to seize them. There is no better time than now for us to position ourselves for it, while the environment is in a state of constant flux and almost everyone is still coming to terms with the new normal.

Driven by this realisation, we are taking various initiatives to ensure AMRB, your Company is now better prepared to face the uncertain future and manage the challenges in a more pro-active and coordinated manner. Ultimately, we remain on track towards operational and financial sustainability.

Enhancing Corporate Governance

The Group has always prioritised Corporate Governance and internal controls as part of its long-term business sustainability strategy. Towards this end, in line with the new Malaysian Code of Corporate Governance ("Principles") launched in April 2017, the Group will continue to work towards ensuring compliance with the recommended practices within the Principles. These include strengthening the processes for risk management and procurement, enhancing audit functions and facilitating greater transparency, accountability and check and balances within the Group.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank the staff and management of AMRB, who have steadfastly remained with the Group during these most difficult of times. Your continued loyalty, dedication and professional contributions are most appreciated as we weather the present storm and transform AMRB into a better company.

In the same vein, I wish to convey my gratitude to the various members of the relevant board committees for their wise leadership and support, to our business partners, clients, regulatory and government authorities as well as financiers for their continued vote of confidence. I also extend the same to our shareholders. Thank you for your continued patience and belief and together, we will progress forward to better times, hopefully in the year ahead.

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

WE MUST ADMIT THAT THE LAST THREE (3) YEARS HAVE BEEN CHALLENGING; BUT AT THE SAME TIME FULFILLING FOR ALAM MARITIM RESOURCES BERHAD ("AMRB" OR "THE GROUP"). THE ACHIEVEMENTS ACCOMPLISHED ON THE VARIOUS INITIATIVES UNDERTAKEN BY US IN THE LAST THREE (3) YEARS REFLECT THE RESILIENCE OF THE GROUP TO STAY RELEVANT DESPITE THE UNCERTAINTY AND RESTRUCTURING OF THE OIL AND GAS INDUSTRY WE HAD TO ENDURE IN A LOW OIL PRICE ENVIRONMENT.

Our resilience allows us to cope effectively with challenging issues, and bounce back when things go wrong. The capability of the Group to do this successfully ensures our ability to sustain our operation under very challenging environment.

Alam Maritim is and will continue to be a first-tier service provider to the oil and gas industry. The Group's principal business activities currently are providing offshore support vessels ("OSVs"), executing and managing of offshore installation and construction ("OIC") projects and providing subsea services.

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 / accommodation, multipurpose support vessels and pipe lay barges.

The OSV segment 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of revenue contribution, the Subsea and OIC divisions contributed 49.2% while the OSV division contributed 43%. The OIC and Subsea services segments are responsible for heavy lifting works as well as the provision of pipeline laying services for both offshore and onshore requirements. It also focuses on works related to mooring and subsea facilities.

These activities include but are not limited to offshore facilities construction and installation services, such as marine construction related services; sub-sea engineering services and offshore pipeline construction related services, and designing, manufacturing and operating of remotely operated vehicles ("ROVs"). This also includes provision of various diving services, ROVs, saturation diving systems and other related systems.

GROUP OBJECTIVES AND STRATEGIES

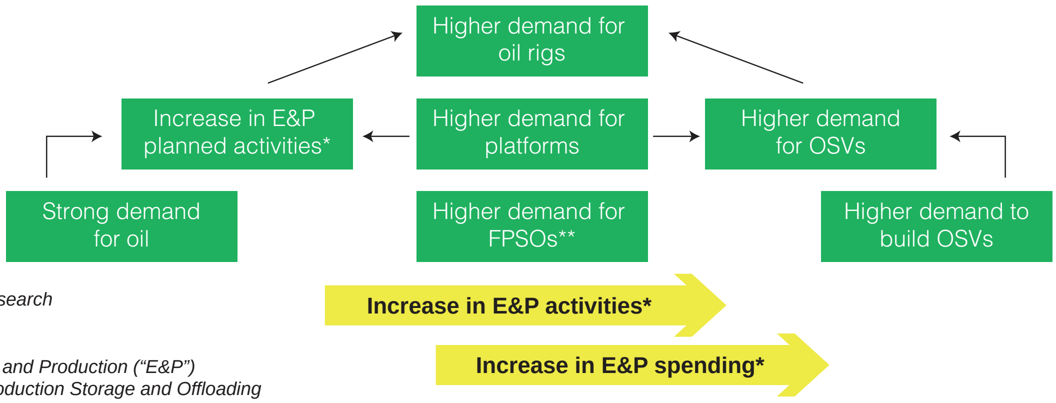
The Group's strategy is to ensure the sustainability of its business operations by securing more significant contracts going forward while continuing to rationalise its business model and organisational structure to harness operational synergy and improved cost efficiency. The Group has taken various measures to ensure its business viability as a going concern amidst the present operating environment and on-going industry consolidation within the support services value chain. Sustainable development is thus a prerequisite for us to operate under current market condition of uncertainties and make it an integral part of our value proposition. This is the only way for us to progress and stay the course.

With our current integrated business model and through a strategy of synergy - tapping on the resources and capabilities of its various business divisions, AMRB is able to deliver a comprehensive value proposition to oil and gas majors beyond just OSV services. This will enable AMRB to bid more competitively for contracts. Together with a respectable track record for Health, Safety, Security and Environment ("HSSE") and operational excellence, the Group maintains a strong competitive positioning when bidding for contracts.

The Group remains committed, in the long term, to operating a young, modern, environmentally safe and cost effective fleet in line with the requirements of oil and gas majors. Our fleet currently comprises of 19 anchor handling tug and supply ("AHTS") vessels; one (1) smaller anchor handling tug ("AHT") vessels; six (6) utility tug vessels; five (5) accommodation vessels/work barge; one (1) pipe lay barge; one (1) diving support vessel; two (2) fast crew boats; six (6) tug supply vessels; one (1) dumb barge. This brings the fleet's total strength to 42 vessels.

Given the nature of the Group's business, this is a good number for us to operate on as such fleet strength will allow us to provide uninterrupted services to our clients who operate on 24/7 (round-the-clock) service. It will allow for quick replacement vessels if there is any unplanned breakdown on the operating vessels as well as minimise our reliance on third party vessels. This point will certainly appeal to the sentiment of our clients.

OSV Market Demand Drivers



Source : Pareto Research

Note:
* *Exploration and Production ("E&P")*
** *Floating Production Storage and Offloading ("FPSOM)*

At present, Malaysia provides the bulk of the Group's OSV's business with some exposure in the Middle East. We are currently, understandably, looking beyond our shores and venture into other regions as part of our growth and development strategy.

KEY OPERATIONAL HIGHLIGHTS

Indicators	2017	2016	2015
Vessel Utilisation rates	47%	52%	63%
Order book	RM197,759,641	RM223,697,828	RM534,460,805
Number of employees	185	235	274
Man-hours without LTI (as at financial year-end)	190,376*	2,688,243	4,903,013
Cumulative man-hours without LTI (as at financial year-end)	11,515,453 million LTI free man hours as at October 2017. Reset on 1 November 2017	9,103,793	6,418,550

** From 1 December 2017 to 31 December 2017*

FINANCIAL HIGHLIGHTS

(RM'000)	FYE 31/12/2017	FYE 31/12/2016	FYE 31/12/2015	FYE 31/12/2014	FYE 31/12/2013
Revenue	161,074	229,480	350,222	391,584	447,397
Operating profit/loss	(76,337)	(72,807)	14,521	46,486	56,376
Finance cost	(6,654)	(9,152)	12,345	24,006	30,238
Net profit / loss after taxation	(145,380)	(142,659)	45,811	60,729	74,501
Shareholders' equity	597,127	735,876	878,510	830,638	607,086
Total assets	870,890	957,368	1,191,858	1,409,071	1,486,713
Total Liabilities	277,247	219,762	313,348	578,433	879,627
Borrowings	151,297	154,760	194,029	320,418	562,343
Debt/ equity	0.25	0.21	0.22	0.39	0.93
Earnings per share	(15.80)	(14.90)	4.90	7.00	9.40
Net asset per share	0.64	0.80	0.95	0.90	0.76
Market capitalisation as at financial year ended	203,381	295,827	406,763	582,410	1,258,037

Indeed, as a company, with the plans, strategies and the high performing culture that we have been pursuing, our financial and operational result for the year did not seem to commensurate with the efforts put in. It has been a difficult year for us. As can be seen from the above tables, the Group recorded a turnover of RM161.07 million for financial year ended 31 December 2017 as compared to RM229.48 million in year 2016 largely attributed to a lower utilisation rate of chartered vessels and daily charter rates as well as reduced contract work for subsea services and OIC projects. On the back of declining revenue, the Group registered a loss before tax position for the financial year to RM138.897 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's financial performance was impacted by high direct cost incurred mainly due to high depreciation cost and other direct cost. Margin contraction was primarily due to the need to incur repair and maintenance, fuel (for idle vessels) and other costs despite vessels not operating and contributing to revenue. With vessels being idle, there were higher costs incurred to ensure vessel readiness to service contracts when called upon.

However, our overall revenue and earnings position was cushioned by gains on disposal of properties amounting to RM18.3 million. Payroll has also decreased during the year due to realignment and rationalising activities undertaken in pursuit of right sizing initiatives which has reduced headcount, created a flexible working week and other related and supporting arrangements.

	OSV Segment RM'000	Subsea/ OIC Segment RM'000	Others/ Elimination RM'000	Consolidated Total RM'000
(Loss/Profit Before Tax - YTD2017	(140,623)	4,716	(2,990)	(138,897)
(Loss/Profit Before Tax - YTD2016	(88,988)	(57,967)	(1,915)	(148,870)
Variance (%)	(58.0%)	100%		6.7%

Despite the gains benefitted from all of the above exercises within other business segments, losses from the OSV segment ultimately impacted overall earnings. Notwithstanding, the Group still retains a healthy cash position to continue to pursue with our growth strategies.

CAPITAL STRUCTURE, ASSETS AND LIABILITIES

The economic crisis created by the downturn and instability of the oil and gas industry as a whole affected all the players involved in the industry, especially those who have invested heavily at high cost into the business. With oil prices and global demand felt, so were all the related support activities along the whole value chain leading to project deferments, cancellations and manpower optimisation of the upstream sector of the oil and gas industry. We are affected and so are a few of our joint venture ("JV") partners. And, to some extent this has produced a sort of cascading failure effect on our JV efforts. This consequently rendered our partners incapable of delivering strategic, financial or operational expectations and eventually leading to the collapse of the joint undertaking. This is especially burdensome to our Group as being the surviving party we will have to carry the liabilities incurred by the JV and other related consequences.

Despite the above, the Group remains in operation and in a healthy asset position with current assets far exceeding current liabilities. Management believes that the Group is capable of realising its assets and discharging its liabilities going forward.

On 24 May 2017, the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia, approved AMRB's application for assistance to mediate between the Company and certain of its subsidiaries, joint-venture companies and associated companies (collectively, the "Affected Companies") and its respective financiers.

Management is pleased to report that the Group's debt restructuring proposal had received a requisite approval-in-principle by the respective financiers and this is subject to (i) the award of contracts, (ii) consent of shareholders of the Affected Companies, and (iii) completion of the bilateral settlement documentation within 60 days from the effective date, 30 March 2018. Upon completion, AMRB's restructured financing facilities will be set at a reasonable rate and within a practical tenure.

Through the restructuring, the Group is able to monitor its liquidity position more effectively, with an affordable capital structure to deliver long-term value to all of its stakeholders. We also note that during this period of moratorium, cash outflow of RM160.8 million has been deferred to year 2018 and beyond, thereby reducing commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

With the restructuring exercise, the Group has looked to reduce capital expenditure. This includes deferring plans to acquire new vessels within the next five (5) years. While the Group is cognisant for the need to maintain a young, best-in-class fleet, Management believes that given the present under-utilisation of vessels and depressed charter rates, it would be more financially prudent to only acquire vessels at a later stage.

Within the period, the Group has increased its trade receivables to RM97.4 million from RM55.3 million in FY2016. However, the significant increased amounts, which are attributed to OIC and Subsea projects, will only be accounted based on milestone achieved. Our trade payables and other payables have also increased to RM121.4 million (2016: RM60.5 million) due to the increase in intra-group transactions.

CASH FLOW MANAGEMENT

In year 2017, anticipating cash flow issues, the Group has proactively taken measures to address any shortfalls which could materially affect its business operations. Essentially, we have worked towards ensuring that we are not hampered by a liquidity crunch and are able to meet all financial commitments and debt obligations.

Apart from the earlier mentioned debt restructuring exercise, the Group has also implemented measures to manage its cash flow prudently and sustainably. These include implementation of our Invoice Monitoring portal system via portal to ensure timely billings to client and prompt collection. There is also a Credit Management Committee chaired by the Group Managing Director ("GMD") monitoring the management of all credit and payable matters of the Group. As a consequent, this has improved our receivable collection period from 120 days to 82 days. Throughout the year, we have also negotiated for, and achieved better payment terms with vendors.

We have also disposed a few property assets and ageing vessels to improve our cash position. The latter includes our flat top barges known as Alam 252 and Alam 281. Going forward, we will continue to dispose vessels exceeding 15 years in age as part of our fleet renewal program.

KNOWN TRENDS AND EVENTS

Year 2017 proved to be another challenging year for the support services sector of the oil and gas industry. Despite crude oil prices recovering in the latter part of the year, the instability price trend of Brent and West Texas Intermediate crude prices recorded for the 1st half of 2017 had impacted overall recovery. Brent crude price still hovered between USD45-USD48 / bbl. in the first half of the year. Without price stability, oil and gas majors remained reluctant to invest in upstream exploration, production and development activities.

Only in the second half of the year was there a better measure of price stability with Brent averaging USD55 / bbl. by 31 December 2017. While this sparked a nascent recovery, the OSV segment, being at the tail end of the value chain did not fully feel the effects of the uptake in activity.

OSV players continued to experience lower charter rates of around USD0.80-USD1.00 per BHP for the most part of year 2017. This, coupled with a smaller contract pie due to oil and gas majors and national oil companies still choosing to be cautious with operating expenditures ("OPEX") and capital expenditures ("CAPEX"),made for a most challenging year 2017 for OSV players as well as the larger support services sector.

As such, all OSV players including AMRB continued to face the effects of excess supply, dampened charter rates and stiff competition for a limited number of tenders.

Throughout year 2017, contracts awarded to the Group were executed within scope and budget reflecting the continued professionalism of the Group and its people. Essentially, good project management with sound project execution methodology reduced project error and risk, eliminated unnecessary down time and optimised the utilisation of the Group assets and expertise. This is necessary as we are operating in an environment where competition is stiff and margins severely squeezed. Such a tight environment needs us to be truly efficient and innovative in order to optimise costs and to survive. Additionally, such approach and performance will endear the clients to us. Such commendable performance has helped the Group to achieve a subsea spread utilisation of 40% as targeted.

In response to the challenging oil and gas business environment, the Group continued to diligently pursue its strategy of business sustainability driven by a strong focus on asset and cost optimisation, project execution excellence, financial prudence, operational synergy, cash flow and debt management. Towards this end, we focussed our strategy on strengthening our cash generators. To achieve this, we continued to focus our efforts in sweating our valuable assets, i.e. to do more with less. In this way, we have managed to shorten the turnaround time for replacement vessels where needed and expedited project execution. Thus, what is critical here, moving forward, is to ensure that momentum is sustained and we continue to 'push the boundary' forward in our performance and delivery. The challenge, of course, is in

MANAGEMENT DISCUSSION AND ANALYSIS

implementation and flawless project execution. This means tip-top operational discipline strong leadership at our operations; and individual ownership and accountability at every level.

In the face of various challenges encountered in year 2017, the Group continued to finalise bareboat chartering arrangement for our four (4) vessels in the United Arab Emirates.

Concurrently, the Group also implemented various other cost cutting measures across its operations such as departmental restructuring, manpower rightsizing, energy conservation and deferring non-urgent and non-productive variable costs.

In conjunction with this thrust then we need to continue driving organisational cultural change towards cultivating the desired mind-set and behaviour among our staff towards achieving greater operational excellence. The Group transformation journey will continue to be sustained with focus on work culture that can support a high performing organisation and guided by the Group's Shared Values and Cultural Beliefs. However, based on the financial results, the diffusion of the Group Corporate Values has yet to reach critical mass in the organisation. Thus, more need to be done to enhance the internalisation process to deliver the impact intended on the organisation.

With regard to HSSE, we suffered one (1) fatality in our record after successfully achieving 11.5 million man-hours of operation without LTI. This is the only fatality we experienced in our 20 years operation record. Although not entirely pleased, we are relieved that this number did not increase till now. Still, it is a setback considering that we aspire to make Quality and HSSE, apart from risk management, second nature to us in our operations. Our aim for HSSE stays at zero tolerance to non-compliance to record zero major HSSE KPIs. This is only achievable when every single person being truly accountable to this commitment. We need to up our game and ensure that we uphold our reputation as a safe and reliable operator and service provider. This means tip-top operational discipline; strong leadership at our operations; and individual ownership and accountability at every level. Having said the above, it is worth our while to mention that our ability to achieve respectable HSSE performance while servicing our contracts has earned us appreciation, awards and other accolades from the various oil and gas major clients. Further details of our achievements in this area are given in our Sustainability Statement of this annual report.

VESSEL UTILISATION AND COST OPTIMISATION

The Group is currently undertaking a consolidation exercise of its fleet. The intent is to only own vessels that are in demand while disposing of the rest and adopting a strategy of "sweating existing assets" to derive optimal utility and value while delivering strong and steady cash flows. In addition to this, efforts are made to ensure the optimal ratio of vessel readiness by carefully selecting vessels for cold or warm lay-up. In year 2017, the Group achieved vessel readiness (excluding lay-up OSVs) of 53%.

Similar to last year, vessels placed under cold lay-up only received essential maintenance to pare down our maintenance bill. When vessels are not in operation, satellite communication is deactivated to reduce usage costs. The number of crews mobilised on board the vessels are also reduced to the minimum to ensure normal housekeeping and repair and maintenance works are carried out. These are all part of our cost cutting measures while putting the vessels in a state of readiness for mobilisation. We must brace ourselves to operate in an environment that is fraught with greater uncertainties and be quick to respond to changing circumstances.

As part of its integrated business model, the Group endeavour to use only its own vessels without having to procure or lease from external parties, thus further saving on costs and driving up asset utilisation.

CHANGE MANAGEMENT

One of the key challenges we faced was the achievement of key milestones under its re-organisation exercise. Management is pleased to report that we have made considerable headway in this regard. This included the restructuring of key business support functions and centralisation of resources and processes in order to ensure greater alignment, efficiency and elimination of bureaucracy for faster decision making.

Subsequently, we have adjusted our workforce in the last three (3) years, and are now in the process of building the team in line with our strategy.

BUSINESS RISK MITIGATION

Risk management needs to be elevated and embedded as part of our culture. We cannot have all sorts of frameworks or processes in risk management but not practise them in a manner that they become second nature to us. Risk management is similar to HSSE management and practices. It is everybody's business and must become an integral part of our culture and everyday life. As we are operating and intend to operate in different countries with different political regimes, legislations, economic models and societal values, we must be aware and think about risks that we face in our business, and finds ways and means to manage and mitigate these risks. At present the Group has clearly identified its operational and financial risks and maintains a risk register. Details of our risk mitigation and internal controls are given in length within the Statement of Risk Management and Internal Control of this annual report.

Equally important on this issue of risk is our exposure to and management of our credit risk. We are cognisant that the Group, like other OSV providers, is heavily affected by prevailing crude oil prices which impact overall demand for upstream activity and the demand for OSVs. The Group continues to look towards securing long-term contracts with locked-in vessel charter rates and to explore diversification into the downstream segment of the oil and gas value chain.

In mitigating our reliance on the OSV segment as the main revenue contributor, the Group continues to expand its subsea / OIC business divisions. With the restructuring of our debt, we have reduced our financial risk, but remain cognisant going forward of the need to progressively pare down our borrowings while improving cash flows to ensure business sustainability.

Following is a detailed identification of the Group's principal risk factors:

RISK	MITIGATION MEASURES
Potential volatility in crude oil prices, which may impact demand for OSVs and vessel charter rates.	• AMRB continues to hedge itself between long-term charter contracts with fixed rates and shorter ones that provide quick revenue recognition and cash flow. • Maintain and enhance working relationships with existing and potential clients leveraging on performance and QHSSE track records. • Continue assessing new tender opportunities and incorporating risk assessment in evaluating new opportunities in addition to commercial project feasibility. • Continue rigorous OSV marketing and competitive DCR ("OSV business") in overseas markets. • Diversify operational base into regional and international markets, especially the Middle East.
Reliance on upstream segment of the oil and gas value chain	• Continue to seek opportunities for downstream diversification as well as other alternative business opportunities.
Fluctuations in FOREX	• While the Group's FOREX exposure is minimal, we will continue to closely monitor market developments while engaging our panel bankers if necessary to take appropriate measures. This may include hedging if required, going forward.
Risks associated with downtime due to accidents, vessel breakdowns, and HSSE incidents. etc.	• Close monitoring of vessels repair works based on clients demand to ensure readiness and avoid downtime. • Improve Preventive Maintenance Schedule efforts. • Regular Inspection and Management Visits by HSSE and ISM team.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND GROUP STRATEGIES GOING FORWARD

The present recovery in crude oil prices is well received and the full effects of the increase in upstream activity are gradually being felt across the value chain. Barring any major geo-political circumstances in FY2017 and in the medium term, crude oil prices should remain stable - an opportune environment for oil and gas major to continue investing in risk sharing and production sharing contracts. Still, we need to be cautious moving forward. It is important for us to look at the impending challenges, threats and potential opportunities that come with the recovery in oil and gas prices. As the Malay saying goes, *"ribut mungkin telah berlalu, tetapi laut masih bergelora"* which can be broadly translated as "while the storm may have passed, the sea remains rough and choppy". Thus, as mentioned earlier, we must brace ourselves to operate in such an environment. The key to our success is in understanding what major challenges loom ahead and how should we respond to these challenges and remain resilient.

To achieve this we need to look from within. We need to get the foundation right to enhance the robustness of the organisation to steer it through the headwinds of crisis and ensure our survival. We have had our fair share of ups and downs in line with vagaries of the market. But over the years we have grown steadily and have become an organisation that is respected and admired by many. What is even more meaningful is the fact the success was born by our internal strength irrespective of prevailing market condition. Whether we will continue with this momentum of growth or continue to be successful and sustainable as a business entity will to a very large extent depend on us. It is about our capability and capacity to pursue excellence, to face challenges and adversity, to rally behind a common cause and to galvanise the whole organisation that will make us stronger and more resilient. We must be prepared to embrace change and continue to transform and rejuvenate to ensure the sustainability of our business.

We have gained some momentum in the transformation journey towards embracing this high performance culture. This means we are now more prepared to focus more of our efforts on the pursuit of business growth going into year 2018 and beyond. Our priority here is to focus on strengthening our cash generators. To achieve this, it must be reiterated that we need to be more focussed in sweating our assets to deliver strong and steady cash flows to provide a solid base for the organisation's profitability. We must continue with our cost discipline; it is critical that we do not abandon the austerity mind-set, and continue to ensure we keep cost under control. This will help us to generate value and greater savings. This is where all staff across-the-board need to work closely, collaborate and share ideas to strategise on cost optimisation initiatives.

As part of our growth strategy, we will also be looking at expanding our core business, horizontally and vertically, and enhance our resource base. This will mean selective entry into selected maritime based business and selected geographical concentrations supported by our proven integrated business model. In line with this strategy we also plan to invest further to strengthen our global portfolio, particularly in South East Asia and the Middle East. We have recently formed a strategic team to review our current business portfolio such as examining the possibility of pursuing consolidation and reduce the number of vessels we have, and selectively, replace some with better equipped vessels. We will also consider collaboration and leverage on strategic partnership with key and influential partners.

This consideration for collaboration and joint ventures brings us to the Group's third thrust of venturing into new business areas which have long term growth potential. This means to look further outside our conventional business to prepare for impending disruptions and future-proof our business in the face of a rapidly changing external environment. At the moment we are evaluating our options before deciding on the business area and the space within the value chain we want to participate in. Understandably, these growth strategies will take us into unfamiliar territory and will require us to be agile and embrace a new mind-set to build the capability to succeed. Guided by our strong work culture, and through strong and effective collaboration and partnership, the Group is confident to deliver these strategies and ensure AMRB's sustainability in the years to come.

MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding the above, our thrust in moving forward is still on our OSV business. Based on studies undertaken by oil majors such as BP and the recent report by the International Energy Agency as well as looking at current scenario, it is believed that the economy will, to a large extent, still rely on fossil fuels with oil and gas representing about 50% of the global energy mix in the long term. In fact the oil and gas consumption is projected to expand by 30% between today and year 2040. This is the equivalent of adding another China and India to today's global demand. This means exploration and production activities will continue for years to come which, in return, will provide opportunities for deployment of OSVs. Additionally, as reported by the Edge Markets, PETRONAS will spend around RM55 billion this year on CAPEX with a higher commitment to upstream development. This certainly augurs well for the support industry and provided optimism for its future. Still, there is a need to be cautious here as the recovery in oil prices is supported by OPEC and Non-OPEC voluntary production cuts. And, the sustainability of these price levels remains to be seen. Additionally, PETRONAS will certainly adhere to any production cuts committed under the voluntary agreement, which amounts to about 20,000 bpd for Malaysia.

There are also positive developments in Malaysia in the oil and gas industry. One key area is power generation which is likely to see continued use of fossil fuels. While Malaysia has a target of achieving 30% of its power generation to be derived from renewable energy, at present, about 45% of Malaysia's power needs are met through natural gas with the rest from coal. With gas being a more eco-friendly option than coal, we foresee the former experiencing stronger demand going forward which will spur exploration and production activities.

The on-going consolidation within the domestic oil and gas sector may continue to pose a challenge going forward. We see this as a painful, but positive and necessary phase that will help to shape a more efficient and competitive oil and gas support services sector with fewer players.

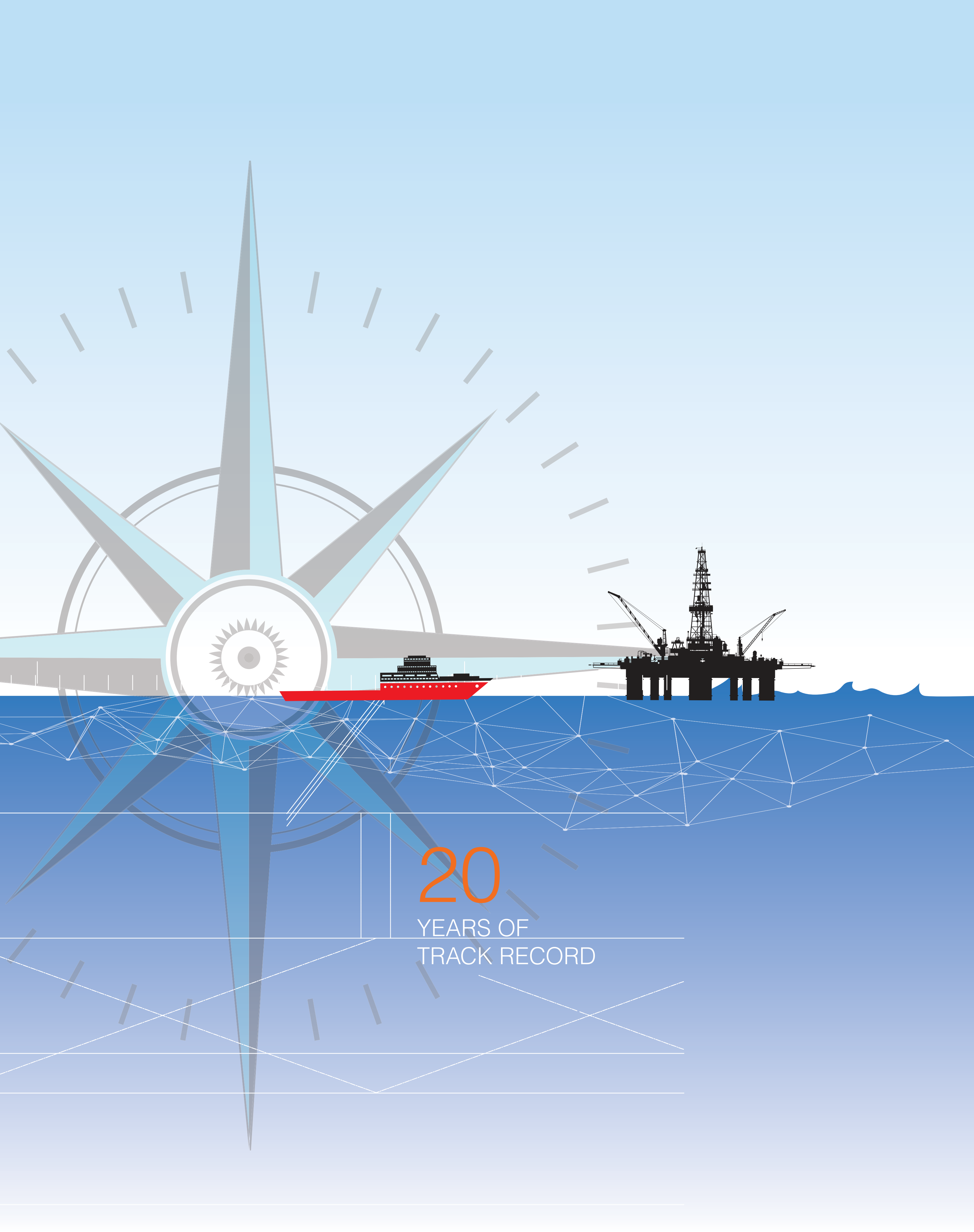
AMRB, through its transformation initiatives, will continue to showcase its resilience - continuing to win contracts, improving its CAPEX and OPEX, showcasing excellence in our performance and project delivery, and demonstrating our commitment to achieve zero non-compliance KPIs in all areas of HSSE. Despite the difficulties encountered, we will continue to operate as one of the country's leading, first-tier solutions providers in the oil and gas sector.

We will rely on our inherent strengths and experience to operate sustainably going forward. This will include project management, asset and cost optimisation and cash flow management. Through these measures and others, we look forward to a better FY2018 for AMRB.

DATUK AZMI AHMAD
GROUP MANAGING DIRECTOR/
GROUP CHIEF EXECUTIVE DIRECTOR

ADVANCING WITH RESILIENCE

Our resolute corporate spirit stems from the unity that flourishes throughout our organisation. All our employees share a common vision of the future, and we are striving in unison to fulfil our true potential.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YEARS OF
TRACK RECORD

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

COMPANY SECRETARIES

Nuranisma binti Ahmad, MIA, ACIS
(MAICSA 7067610)
(CA 24553)

Nur Aznita binti Taip, ACIS
(MAICSA 7067607)
(Appointed on 8 March 2017)

REGISTERED OFFICE AND CORRESPONDENCE ADDRESS

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

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
MALAYSIA
Tel : + 603-2783 9299
Fax : + 603-2783 9222

AUDITORS

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

LEGAL ADVISOR

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

PRINCIPAL BANKERS

- Malayan Banking Berhad
- Maybank International (L) Ltd

STOCK EXCHANGE LISTING

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

WEBSITE

www.alam-maritim.com.my

CORPORATE POLICY

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, Security & Environment Management System ("QHSSEMS") to become a preferred offshore services partner in the Oil & Gas Industry.

In order to realise this, we shall provide optimum resources to adopt the Integrated Management System approach while not neglecting in addressing any potential adverse impact on human health, safety, security 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 QHSSEMS 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, Security and Environment at our business operations.

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

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

STOP WORK POLICY

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

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

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

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

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

CORPORATE STRUCTURE

as at 31 March 2018

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 2018

- **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 HIDRO (L) INC
  - 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 RADIANCE [M] SDN BHD
  - 50% YSS ALAM ENERGY [M] SDN BHD
  - 50% ALAM SWIBER OFFSHORE (M) SDN BHD (in liquidation)
- **100% ALAM MARITIM GLOBAL I LTD** (in liquidation)

CORPORATE STRUCTURE
as at 31 March 2018

NO.	COMPANY	DATE & PLACE OF INCORPORATION	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 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 (“AMP”)	4.09.2012 Malaysia	RM100,000.00	100%	Property owner and management.
7	Alam Hidro (L) Inc (“AHLI”)	14.09.2016 F.T. Labuan, Malaysia	USD100.00	100%	Offshore facilities construction, subsea engineering and underwater services.
8	Alam Subsea Pte Ltd (“ASPL”)	01.01.2008 Singapore	SGD500,000.00	75%	Rental of ROV and providing ROV services.
9	Eastar Offshore Pte Ltd (“Eastar”)	01.03.2006 Singapore	SGD628,203.00	75%	Designing, manufacturing and operating of remotely operated vehicle (ROV’s)
10	Alam Eksplorasi (M) Sdn Bhd (“AESB”)	21.11.2000 Malaysia	RM300,000.00	60%	Ship owning, ship operating and chartering
11	Alam Synergy I (L) Inc (“AS I”)	18.09.2006 F.T. Labuan, Malaysia	USD1,050,000.00	60%	Ship owning, operating and chartering.
12	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.
13	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.
14	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.
15	Alam Fast Boats (L) Inc. (“AFBLI”)	26.08.2008 F.T. Labuan, Malaysia	USD100.00	60%	Ship owning, operating and chartering.
16	Alam Brompton (L) Inc. (“ABLI”)	15.06.2007 F.T. Labuan, Malaysia	USD1,350,000.00	51%	Ship management & operation, ship owning, ship maintenance and marine consultancy
17	Alam Radiance (L) Inc. (“ARLI”)	28.05.2009 F.T. Labuan, Malaysia	USD3,500,000.00	51%	Ship owning, ship management, ship operation.
18	Alam Swiber DLB 1 (L) Inc (“ASDLB1”)	14.09.2009 F.T. Labuan, Malaysia	USD10,250,000.00	51%	Ship owning and ship chartering

CORPORATE STRUCTURE

as at 31 March 2018

NO.	COMPANY	DATE & PLACE OF INCORPORATION	ISSUED AND FULLY PAID-UP SHARE CAPITAL	EFFECTIVE EQUITY INTEREST (%)	PRINCIPAL ACTIVITY
19	YSS Alam Energy (M) Sdn Bhd ("YSS")	24.05.2011 Malaysia	RM500,000.00	50%	Ship management and operation, offshore facilities, installation, subsea engineering and underwater services and other related services.
20	Alam Radiance (M) Sdn Bhd ("ARSB")	30.11.2004 Malaysia	RM2.00	50%	Ship owning, ship management, ship operation, maintenance and consultancy.
21	Alam Swiber Offshore (M) Sdn Bhd ("ASOSB") (in liquidation)	07.12.2009 Malaysia	RM4,392,962.00	50%	Ship operator
22	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
23	Alam-PE Holdings (L) Inc. ("APEHL")	17.10.2008 F.T. Labuan, Malaysia	USD14,000,000.00	51%	Investment holding
24	Alam-PE I (L) Inc ("Alam-PE I")	21.8.2008 F.T. Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services and chartering
25	Alam-PE II (L) Inc ("Alam-PE II")	21.8.2008 F.T. Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services and chartering
26	Alam-PE III (L) Inc ("Alam-PE III")	21.8.2008 F.T. Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating and chartering
27	Alam-PE IV (L) Inc ("Alam-PE IV")	21.8.2008 F.T. Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services and chartering
28	Alam-PE V (L) Inc ("Alam-PE V")	21.8.2008 Labuan, Malaysia	USD100.00	51%	Ship owning, ship operating services and chartering
29	Alam-PE Holdings Sdn Bhd ("APEHSB")	16.09.2008, Malaysia	RM2.00	51%	Ship Management
30	TH-Alam Holdings (L) Inc ("THAL")	30.12.2009 F.T. Labuan, Malaysia	USD39,314,000.00	49%	Investment holding
31	Alam-JV DP1 (L) Inc ("AJVDP1")	02.07.2009 F.T. Labuan, Malaysia	USD1.00	49%	Ship owning
32	Alam-JV DP2 (L) Inc ("AJVDP2")	02.07.2009 F.T. Labuan, Malaysia	USD1.00	49%	Ship owning
33	Globe Alam 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
34	Alam Maritim Investment Holdings (L) Inc ("AMIH")	26.11.2014 F.T. Labuan, Malaysia	USD100.00	100%	Investment holding and ship owning
35	Alam Maritim Investments I (L) Inc	27.11.2014 F.T. Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
36	Alam Maritim Investments II (L) Inc	27.11.2014 F.T. Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering

CORPORATE STRUCTURE
as at 31 March 2018

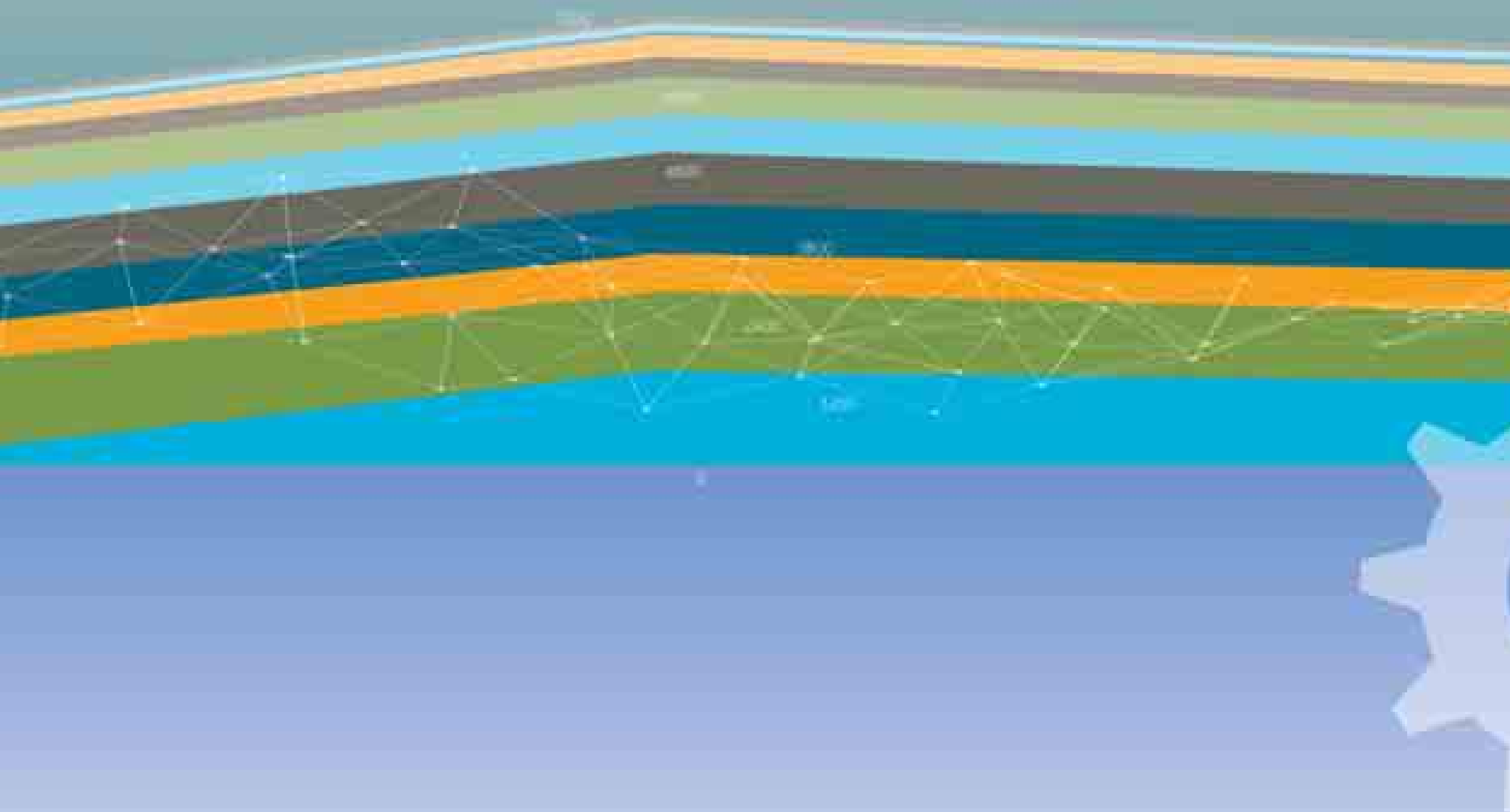
NO.	COMPANY	DATE & PLACE OF INCORPORATION	ISSUED AND FULLY PAID-UP SHARE CAPITAL	EFFECTIVE EQUITY INTEREST (%)	PRINCIPAL ACTIVITY
37	Alam Maritim Investments III (L) Inc	27.11.2014 F.T. Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
38	Alam Maritim Investments IV (L) Inc	27.11.2014 F.T. Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
39	Alam Maritim Investments V (L) Inc	27.11.2014 F.T. Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
40	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.
41	MDSV 1 (L) Inc	14.11.2014 F.T. Labuan, Malaysia	USD12,000,100.00	51%	Ship owning, ship operating and chartering
42	Alam JV Holdings (L) Inc	24.12.2014 F.T. Labuan, Malaysia	USD100.00	100%	Investment holding and ship owning
43	Wide Global (L) Inc	11.11.2014 F.T. Labuan, Malaysia	USD100.00	50%	Management and consultancy
44	Alam Maritim Global I Ltd (in liquidation)	29.12.2014 British Virgin Islands	USD100.00	100%	Investment holding
45	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*

EMBRACING CHANGE TOWARDS SUSTAINABILITY

NAVIGATING THROUGH CHALLENGES

Due to the guidance our visionary management team, we have been able to rise above our industry's challenges. The strong expertise and experience of our leaders are now inspiring our organisation to strive towards a vibrant future.



A LEADING

OFFSHORE VESSELS
SUPPORT COMPANY

PROFILE OF DIRECTORS

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN

Chairman and
Independent Non-Executive Director,
aged 60, Malaysian

Fina Norhizah binti Haji Baharu Zaman, was appointed to the Board of Alam Maritim Resources Berhad on 22 October 2010 and was later appointed as Chairman on 21 August 2014. She has attended eight (8) of the eight (8) board meetings held in the financial year 2017.

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

Fina holds a Bachelor of Law degree from the University of Malaya and a Masters in Law (specialising in maritime and shipping) from the London School of Economics, University of London.

She had served the Malaysian Attorney General's Chambers as Senior Federal Counsel and Legal Advisor to the Ministry of Transport Malaysia. In 1984, she served as a lecturer at the International Islamic University, Malaysia Kulliyah of Law. Fina was admitted as an Advocate and Solicitor of the High Court of Malaya in 1986. Her entry into the oil and gas industry was with PETRONAS, where she had held several senior positions until her retirement as Head/Senior General Manager of the Legal and Corporate Secretarial Affairs Division and the Company Secretary.

Fina is also a director of BIB Insurance Brokers Sdn Bhd. 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 not been convicted of any offence within the past five (5) years.

PROFILE OF DIRECTORS

DATUK AZMI BIN AHMAD

Group Managing Director/
Group Chief Executive Officer,
Non-Independent Executive Director,
Aged 59, 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 Employees' Share Option Scheme ("ESOS") Committee as well as an alternate member to Shaharuddin bin Warno @ Rahmad on the Board Risk Management Committee. He has attended eight (8) of eight (8) board meetings held in the financial year 2017.

Datuk Azmi holds an MBA from the University of Wales, Cardiff, UK as well as 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 before joining Bank Bumiputera Berhad as the Corporate Banking Division Manager. He later moved into the maritime industry with Nepline Berhad, a shipping company providing tanker services, serving as General Manager, Finance Administration and Human Resources Division before co-founding Alam Maritim (M) Sdn Bhd.

Datuk Azmi 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 of any offence within the past five (5) years.

PROFILE OF DIRECTORS

SHAHARUDDIN BIN WARNO @ RAHMAD

Group Chief Operating Officer,
Non-Independent Executive Director,
Aged 49, Malaysian

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 and Employees' Share Option Scheme (ESOS) Committee. He has attended eight (8) of eight (8) board meetings held in the financial year 2016.

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

Shaharuddin began his career in Maybank Finance Berhad before joining Faber Group Berhad as an Internal Auditor. Subsequently, he joined the International Marketing Division of PETRONAS before moving on to join Maritime (M) Sdn Bhd as Finance Manager. Shortly after, in 1996, he co-founded Alam Maritim (M) Sdn Bhd.

As a measure of his business acumen, he was selected as one of the top three finalists for the Ernst & Young Entrepreneur of the Year® Malaysia 2007, Master Category Award.

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 of any offence within the past five (5) years.

PROFILE OF DIRECTORS

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN

Non-Independent Executive Director,
Aged 72, Malaysian

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. He has attended eight (8) of eight (8) board meetings held in the financial year 2017.

Ahmad holds a Bachelor Degree of Economics (Analytical) from the University of Malaya and has to-date attended a number of business and management courses, some of which were at the renown 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 four decades, primarily with the national oil company, PETRONAS, where he served in both the downstream and upstream business segments in various senior management positions such as the 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 Fertiliser Association of East Asia as well as CEO of ASEAN Bintulu Fertiliser Sdn Bhd, a joint venture company between Malaysia, Thailand, Philippines and Singapore. Following his retirement, he joined Alam Maritim (M) Sdn Bhd in 2004.

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 not been convicted of any offence within the past five (5) years.

PROFILE OF DIRECTORS

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM

Independent Non-Executive Director,
Aged 67, Malaysian

Dato' Haji Ab Wahab bin Haji Ibrahim was appointed to the Board of Alam Maritim Resources Berhad as Independent Non-Executive Director 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. He has attended seven (7) of eight (8) board meetings held in the financial year 2017.

Dato' Haji Ab Wahab is a qualified Chartered Accountant and a member of the Malaysia Institute of Accountants (Membership No. 5179). He obtained his Diploma in Accountancy and Degree in Accounting, both from the MARA Institute of Technology, Malaysia. He holds an MBA (Management Studies) from Rock Hampton University of USA and was honoured with an Honorary Doctorate Degree in Public Services, awarded by the Irish International University.

Dato' Haji Ab Wahab began his career with the national oil and gas company PETRONAS and worked his way in various accounting roles of increasing scope and responsibility. He also served as Senior Manager Finance and Account, and Joint Company Secretary whilst in PETRONAS Gas, a subsidiary of PETRONAS. Later, in another subsidiary, OGP Technical Services, he assumed the position of Head Finance Division Head and Company Secretary.

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

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 not been convicted of any offence within the past five (5) years.

PROFILE OF DIRECTORS

AINUL AZHAR BIN AINUL JAMAL

Independent Non-Executive Director,
Aged 57, Malaysian

Ainul Azhar bin Ainul Jamal was appointed as Independent Non-Executive Director of Alam Maritim Resources Berhad on 1 October 2014 and as the Chairman of the Board Risk Management Committee on 1 March 2015. He is a member of the Board Audit Committee, Board Risk Management Committee and the Board Nomination and Remuneration Committee. He has attended five (5) of eight (8) board meetings held in the financial year 2017.

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

He is a member of a number of bodies, namely the Institute of Electrical and Electronic Engineers, UK, the Malaysian Institute of Electrical Engineers, the Society of Petroleum Engineers, the Students' Development Advisory Council of Universiti Teknologi PETRONAS, the Oil and Gas Advisory Council for Invest KL, the Industry Advisory for the Malaysian Petroleum Resources Corporation and the Board of Director of International Conference & Exhibitions Professionals (iCEP).

Ainul began his career as an engineer at the Public Works Department of Malaysia in the Military Installations Division. Subsequently, he joined Schlumberger, focusing on land-based and offshore rigs in Australia and New Zealand and as a Training Instructor in Indonesia. He was also the Country Manager for Malaysia, Technical Engineer in France and General Manager in Canada.

Within Schlumberger, Ainul held various roles of increasing responsibility, including Managing Director for Schlumberger South East Asia, Global HR Director for Schlumberger's seismic business, WesterGeco and as Group HR Director based in London, UK, as well as Vice President of Global Accounts in Asia. Presently, Ainul presides as Chairman of Schlumberger Malaysia.

SENIOR MANAGEMENT TEAM

as at 31 March 2018

DATUK AZMI BIN AHMAD

Group Managing Director /
Group Chief Executive Director.
Male, Malaysian, 59 years old.
(Key Personnel)

Datuk Azmi bin Ahmad was appointed as Group Managing Director/ Group Chief Executive Officer ("GMD/GCEO") of Alam Maritim Resources Berhad ("AMRB") on 2 May 2006. He also serves on the Board of Directors of AMRB as a Non-Independent Executive Director ("NIED").

Datuk Azmi obtained his Diploma in Accountancy from MARA Institute of Technology in year 1990, and subsequently, in year 1992, graduated with a Bachelor of Arts (Hons) in Accounting and Finance from the University of South Bank, UK. In year 1998, he secured his Masters of Business Administration from University of Wales, Cardiff, UK. Datuk Azmi also initially served in the military as a Leftenan Udara with the Royal Malaysian Airforce in year 1978 to year 1992.

Datuk Azmi, as the GMD, is responsible and accountable for the overall success of the entire organisation. He has the ultimate authority to make the final decision for the Group. He can have as many working committees as he deems fit to support him in his decision making but the authority to make the final call rests with him. His actions, however, is guided by the terms spelled out in the Financial Limit of Authority of the organisation which has been approved by the Board of AMRB.

Since the GMD has overall responsibility for creating, planning, implementing and integrating the strategic direction of the Group, to ensure that he is able to carry out his responsibilities effectively, he is made Chairman and /or Director of most of the subsidiaries and joint controlled entities some of which on rotation basis.

Apart from the above appointments, the GMD have other specific responsibilities which he is directly in charge of. The following Divisions/Departments/Operating units are under his direct report, which amongst others, include: Offshore Support Vessel Business Operations; Finance and Accounts; Human Resource and Administration; Information and Communication Technology; Corporate Services; International Safety Management/ International Ship Port Security ("ISM/ISPS"); and Supply Chain Management.

In carrying his various responsibilities, including the daily supervision and monitoring of performance, the GMD is ably supported by the various persons-in-charge. Working committees, comprising of relevant Heads of Departments, were set up as platforms for discussions, feedback and deliberation of issues as well as for presentation of progress reports.

Towards this end, the following working committees have been formed which are chaired by the GMD: Senior Management Meeting; Health, Security, Safety and Environment ("HSSE") Steering Committee; Credit Management Committee; and Employee Share Option Scheme ("ESOS") Committee. He is also a member of the Group Risk Management Working Committee.

In carrying out his wide responsibilities, the GMD also has the support of the two (2) NIEDs to manage the overall operation of the organisation. In fact, the GMD together with the NIEDs made up the Top Management Team which is tasked with reviewing and discussing the Group's Annual Planning and Budget matters, Group's strategic planning direction, Human Resource development initiatives, as well as addressing critical issues faced by the Group from time to time.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

SHAHARUDDIN BIN WARNO @ RAHMAD

Group Chief Operating Officer ("GCOO").
Male, Malaysian, 50 years old.
(Key Personnel)

Shaharuddin bin Warno @ Rahmad was appointed as Group Chief Operating Officer ("GCOO") on 2 May 2006. He also sits on the Board of Directors and serves as a member of the Board Risk Management Committee and ESOS Committee.

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

Shaharuddin, apart from being an NIED, and as the GCOO, is responsible for designing and implementing business operations and oversees the operations and work processes as well as performance of the various Divisions/Departments/ Operating Units within the organisation as well as that of the joint venture partners. He oversees daily operations and the performance of the senior staff to ensure they meet set goals for performance and growth. Shaharuddin is also responsible for all initiatives relating to the business development of the Group. In this regards he has the following Divisions/Departments and Operating Units reporting to him directly: Strategic Business Planning and Operations; Project Contract Administration and Business Development; Subsea and Offshore Installation and Construction Segments.

The GCOO is the second-in-command in the organisation's hierarchy. Apart from the Main Board, the GCOO reports only to the GMD.Thus, apart from the above duties, the GCOO also deputise for the GMD in meetings with clients and chairs meetings when the latter is not available. The GCOO handles relationships with all partners, clients and vendors and is responsible for investors' relations.

Shaharuddin is a Director of all of the subsidiaries and joint controlled entities.

SENIOR MANAGEMENT TEAM

as at 31 March 2018

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN

Non-Independent Executive Director.
Male. Malaysian. 72 years old.

Ahmad Hassanudin bin Ahmad Kamaluddin, was appointed as NIED on 6 December 2006. He serves on the Group's Board of Directors and is a member of the Board Risk Management Committee.

Ahmad Hassanuddin holds a Bachelor Degree of Economics (Analytical) from the University of Malaya. He also attended courses from the renown Harvard Business School, Oxford School of Petroleum Studies and Fletcher School of Law and Diplomacy, Tuffs University, USA.

Apart from the AMRB Board, Ahmad Hassanudin reports directly to the GMD. He is tasked with the responsibility of managing the Corporate Affairs of the organisation as well the Group's Risk, Quality and HSSE matters. He is responsible for policies that promote company's corporate agenda, corporate culture, mission and vision. In furtherance thereof, he has to oversee and supervise the preparation of the Annual Report. In executing his above functions he chaired the following working committees: Group HSSE Working Committee; Group HSSE Practitioners Committee; Group Risk Management Working Committee; Human Resource Planning Committee; and Management Review Meeting.

Ahmad Hassanudin also chairs meetings with external audit parties like the certification bodies and clients who come to audit, undertake assessment and on-site verification exercises on the organisation's management systems and work processes. For this purpose, he has to ensure adequate preparation is made to avoid any non-conformance and non-compliance and that all requirements are fulfilled, including making available the right documents for these auditors.

The Group has been certified with:

i) IMS standards of ISO 9001:2015 (Quality Management)
ii) ISO 14001:2015 (Environmental Management)
iii) OHSAS 18001:2007

Ahmad Hassanudin is also a member of the Credit Management Committee; Group HSSE Steering Committee; and ESOS Committee which are all chaired by the GMD.

Apart from the above, Ahmad Hassanudin is also the Chairman of Alam Hidro (M) Sdn Bhd as well a Board member of ALAM Food Industries (M) Sdn Bhd, Alam Offshore Logistics & Services (M) Sdn Bhd.

SENIOR MANAGEMENT TEAM

as at 31 March 2018

MD NASIR BIN NOH

Chief Financial Officer.
Male, Malaysian, 51 years old.
(Key Personnel)

Md Nasir Bin Noh was appointed as Chief Financial Officer on 2 January 2015. He is responsible for Group Finance functions, and he brought with him over 20 years of experience in the areas of auditing, financial accounting and management and corporate finance.

Prior to joining the Group, Md Nasir served in different financial related positions within the banking, telecommunications, automotive, property and construction, aviation and maritime industries. He holds a professional accounting qualification from the Association of Chartered Certified Accountants, UK. He is a chartered accountant registered with the Malaysian Institute of Accountants (MIA No. 12015).

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

NUR AZNITA BINTI TAIP

General Manager,
Group Corporate Services
& Joint Company Secretary.
Female, Malaysian, 44 years old.
(Key Personnel)

Nur Aznita Binti Taip was appointed as General Manager of Group Corporate Services in January 2017 and Joint Company Secretary with effect from 8 March 2017.

She is responsible for managing corporate secretarial, legal, insurance and corporate licensing matters for the Group. She has 20 years of experience in legal, corporate governance and related industry and had worked in various capacities with legal firms, PETRONAS, bank, university and state government. She has wide exposures in various legal aspects and jurisdiction, project management, risk management, compliance and corporate governance matters.

She graduated with a law degree from Universiti Kebangsaan Malaysia and subsequently, was admitted as an Advocate and Solicitor of the High Court of Malaya in 1998. She also holds an MBA majoring in Corporate Governance from Putra Business School, Universiti Putra Malaysia and is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA 7067607).

She has no directorship in other public companies and listed issuers. She does not have any family relationship with any other director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

NURANISMA BINTI AHMAD

Assistant General Manager,
Group Accounts & Finance Division
& Joint Company Secretary.
Female, Malaysian, 43 years old.
(Key Personnel)

Nuranisma Binti Ahmad initial career as an accountant commenced when she joined AMRB in 1998. Climbing through the ranks to her present position, Nuranisma was appointed as Joint Company Secretary on 1 September 2016. She is responsible for the financial operations, financial reporting, budgeting and forecasting, treasury, tax compliance and quality governance within the Group.

Nuranisma graduated with a Degree in Accountancy from Mara University of Technology and is a Registered Chartered Accountant with the Malaysian Institute of Accountants (CA 24553). She has wide exposures in various due diligence exercises during acquisitions, listing exercise on Main Board, Bursa Malaysia and various road shows prior to listing.

Nuranisma acquired her MBA specializing in Corporate Governance from Putra Business School, University Putra Malaysia. Overseeing integrity, financial risk, compliance management and other corporate secretarial matters, Nuranisma is also a registered member of the Malaysian Institute of Chartered Secretaries and Administrator (MAICSA 7067610).

She has no directorship in other public companies and listed issuers. She does not have any family relationship with any other director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

CAPTAIN ZAINOL ABIDDIN BIN JOHARI

Chief Operating Officer,
Offshore Support Vessel Business Operator.
Male, Malaysian, 55 years old.

Captain Zainol Abiddin Bin Johari was appointed Chief Operating Officer, Offshore Support Vessel Business Operator on 1 February 2017. He is an industry recognised advisor for underwater projects. Captain Zainol is a veteran mariner having served in a wide range of marine related capacities over the past 33 years. Specifically, Captain Zainol has spent the last 33 years working within the oil and gas industry for Esso Malaysia Berhad, Murphy Oil, THHE, SAPKEN, NOBLE DENTON, ADNOC and others.

He is ranked a Master Mariner Class 1 (FG) by Akademi Laut Malaysia and a Marine Navigational Aids Lecturer by Malaysia Maritime Academy Malaysia.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

NOOR AMRAN BIN ABD MANAN

Chief Operating Officer,
Subsea and Underwater Operations.
Male, Malaysian, 44 years old.

Chief Operating Officer of Subsea and Underwater Business Operations with effect from 1 March 2017. He is responsible for the successful and effective management of the awarded and assigned contracts to this Division. These completed projects have garnered growth in profits and revenue and good reputation within the industry.

Noor Amran Abdul Manan, has been in the Underwater Industry since 2001. His humble beginning as a Base Manager, MCOT Pipeline Project in Miri Sarawak leading up to now has built character, gained experienced, making him one of the longest serving proactive employee. He made his way up steadily within the company, both acknowledging the demand for this business within the industry.

He has almost 14 years of experience mainly in the installation of oil and gas pipelines, FSO/FPSO, SBMs, direct involvement in underwater diving and ROV works and repair maintenance of oil and gas facilities servicing TOTAL Fina Min Hai, CUEL Thailand, Repsol, PCSB, SARAWAK SHELL, ESSO Malaysia, CHEVRON and others. In 2013, he was able to lead the division to winning the elite IRM Campaign and then once again this year in 2017.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

SAIFUL FAIZ BIN MOHD AZIZ @ AHMAD LATFI

General Manager,
Offshore Installation and
Construction Business Operations.
Male, Malaysian, 54 years old.

Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi appointment as General Manager of Offshore Installation and Construction Business Operations was with effect from 10 October 2016.

Prior to this, he served as Head of Project Services of Offshore Installation and Construction. His extensive experience for over 28 years in the Petrochemical and oil and gas industries includes working on projects execution for refineries, oil terminal, gas plant, fabrication of jackets and topside as well as transportation and installation works for offshore pipeline and platforms.

Saiful graduated from University of Technology Malaysia in Diploma of Mechanical Engineering (Marine) Marine Engineering. He has previously worked in Crest Petroleum and TL Offshore Sdn Bhd, and has worked as contractor to Malaysia Marine and Heavy Engineering and Sime Sembawang Engineering.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SUFAHMI HADI BIN SJAFII

Chief Executive Officer -
Workboat International DMCCO.
Male, Malaysian, 43 years old.

Sufahmi Hadi Bin Sjafii was appointed as Chief Executive Officer of Workboat International DMCCO on 1st October 2015. He contributes his long standing expertise and experience in finance and admin related matters for the Group. This includes business analysis and strategy and fiscal reporting, as well as vessel rationalisation, cost convictions for any offences within the past five control and other initiatives.

He brings more than 12 years of related industry experience with several tenures in maritime and oil and gas companies. Sufahmi Hadi holds a MBA in Finance and Banking from Lim Kok Wing University of Creative Technology.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

WU, QIONG

Managing Director.
Eastar Offshore Pte Ltd.
Male, Singaporean, 51 years old.

Wu Qiong brings over 21 years of maritime industry experience having served in various technical and managerial capacities. In particular he has undertaken extensive research and development work in the area of remote operated vehicles.

He holds a M.Sc from the Department of Electrical & Computer Engineering, University of Calgary, Canada. He also graduated with a B.Sc from the Department of Engineering, Shanghai Jiao Tong University China. Wu Qiong also has a Graduate Diploma in Business Administration from the Singapore Institute of Management.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

MOHD NOOR BIN OSMAN

General Manager,
Group Human Resource.
Male, Malaysian, 65 years old.

Mohd Noor Bin Osman was appointed as General Manager - Group Human Resource on 21 November 2010. He is responsible for managing overall Human Resource and talent related initiatives as well as supporting business planning and quality initiatives.

Mohd Noor has served previously in various Human Resource capacities for PETRONAS including, but not limited to Senior Manager HRM & Admin PETRONAS GAS and General Manager HRM & Admin PETRONAS CARIGALI.

He holds a Bachelor Degree in Economics from University of Malaya and Master of Science in Human Resource from Strathclyde University, UK.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

ROSMAN BIN NORDIN

Assistant General Manager,
Group Internal Audit & Risk Management.
Male, Malaysian, 44 years old.

Rosman Bin Nordin's appointment as Assistant General Manager of Group Internal Audit was with effect from 10 April 2017.

He has 20 years of insights and valuable experience, covering a range of fields: Internal Audit Controls, Risk Management, Compliance, Finance, Projects, JV Accounting and Strategic Planning. Predominantly, he acquired his experience from his 15 years of exposure in PETRONAS Carigali where he was the Senior Audit Manager for the upstream & downstream ventures, covering domestic and international regions.

During his tenure, he has conducted numerous audits in international major Oil & Gas companies, Joint Operated Companies, Joint Operated Blocks, EPC Contractors and involved in several Due Diligence, Operatorship take overs and farm in equities. He was also Finance Head in Diyarbekir Oil and Gas project based in Ashgabat, Turkmenistan from year 2003 to year 2006 during exploration and EPCIC phase until the 1st oil production commenced under the USD2 Billion of project investment.

His commendable journey continued in ADCO, the prominent National Oil Company of UAE based in Abu Dhabi as the Audit Senior for 2 years before he joined Puncak Oil and Gas Sdn Bhd as their Senior Manager, Audit, Risk & Compliance for 3 years prior to joining Alam Maritim Group.

He is also the trainer with PETRONAS Learning Centre ("PLC") where he has conducted finance and audit skill group training within Finance fraternity.

Rosman qualified as an Accountant from the Universiti Utara Malaysia in 1997 and acquired his MBA from the Open University of Malaysia in 2015. He is a Chartered Accountant of the Malaysia Institute of Accountants (CA 20326) and a Member of the Institute of Internal Auditors, United Arab Emirates (UAE).

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

SENIOR MANAGEMENT TEAM
as at 31 March 2018

SITI HAJAR BINTI ABDUL RANI

Group Head, Health, Security, Safety and Environment
Female, Malaysian, 35 years old.

Siti Hajar binti Abdul Rani was appointed as Group Head of HSSE on 1 September 2017. She is responsible for AMRB Group's Health, Safety, Security and Environment (HSSE) Management System performance, the development of Integrated Security and Safety Management System (ISSMS) and implementation of various HSSE initiatives to support business operation excellence.

She has been with the company since 2005 and has more than 10 years of broad-based HSSE experience in Offshore Support Vessel (OSV), subsea and offshore installation and construction (OIC) segment of the industry. She has played an important role to lead the Company's effort towards the achievement of Corporate HSE objectives. She holds an MBA specialised in Strategic Management from University of Technology Malaysia (UTM) and Bachelor Degree in Maritime Management from University of Malaysia Terengganu (UMT). She is also a certified IRCA OHSAS 18001 Lead Auditor and has attended Safety and Health Officer course (SHO).

She has no directorship in other public companies and listed issuer. She does not have any family relationship with any other director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has no convictions for any offences within the past five (5) years.

CORPORATE SUSTAINABILITY STATEMENT

EMBRACING CHANGE TOWARDS SUSTAINABILITY

Alam Maritim Resources Berhad ("AMRB") continues to advocate a strategy of sustainability in navigating through this challenging period of volatility while driving the Group's continued transformation into one of the country's leading service providers to the oil and gas industry.

Sustainability is by no means a new concept for us. It has been a founding principle of the Group and is embedded at the very core of our organisation as reflected by our vision, mission and corporate values.

While our sustainability agenda has been mainly driven by an unwavering focus to Health, Security, Safety and Environment ("HSSE"), over the years we have progressively embraced an expanded approach to sustainability which now includes rationalisation of our business model, improving organisation efficiency, asset optimisation and cost reduction, risk management, talent management and equally important, cultivating an enhanced organisational culture based on a mind-set of developing a high performance organisation.

We believe that beyond driving HSSE, sustainability is the catalyst for organisational transformation that will unlock the fullest potential of the Group to compete and operate effectively in the present external environment.

Management is of the view that by pursuing our sustainability goals, we will ultimately strengthen our brand reputation, reduce risk exposure, attract more investors and create greater value for stakeholders while ensuring long-term business relevance and a return to profitability, more so with the present recovery in crude oil prices.

In year 2017, despite the many difficulties encountered, AMRB has remained steadfast in the pursuit of its sustainability agenda and goals. We have also achieved many notable milestones while discovering key insights and lessons which will fuel further improvements.

MATERIAL SCOPE AND BOUNDARY

Our year 2017 Sustainability Statement ("Statement") has been developed in accordance with Bursa Malaysia's Sustainability Reporting Guide for companies listed on the Main Market - Practice Note 9 Article 6.

Unless stated otherwise, the scope of this Statement is focussed on the Group's most pertinent projects, initiatives and activities rather than every aspect of operations. It covers AMRB's corporate office as well as its onshore and offshore operations.

In ensuring consistency in reporting and to continue enhancing its present sustainability agenda and initiatives, the Group has retained its present scope of work for the financial year. Progressively, we will endeavour towards providing more comprehensive disclosure going forward.

REPORTING PERIOD	1 January 2017 to 31 December 2017
REPORTING CYCLE	Annually
PRINCIPAL GUIDELINES	Bursa Securities' Main Market Listing Requirement Practice

GOVERNANCE

Taking cognisance of the increasing demands from stakeholders brings to light the importance of integrity, governance and trust. While we can put in place legislations, the ultimate defender and the strongest shield is trust. It is important that we do not only carry out our duties to the best of our abilities but we must also be seen to uphold them to the highest degree; by our shareholders, the public and other interested parties. To consider ourselves the best for this function is not the same as being perceived as the best. It is for this reason that we have intensified our efforts in enhancing integrity and build trust.

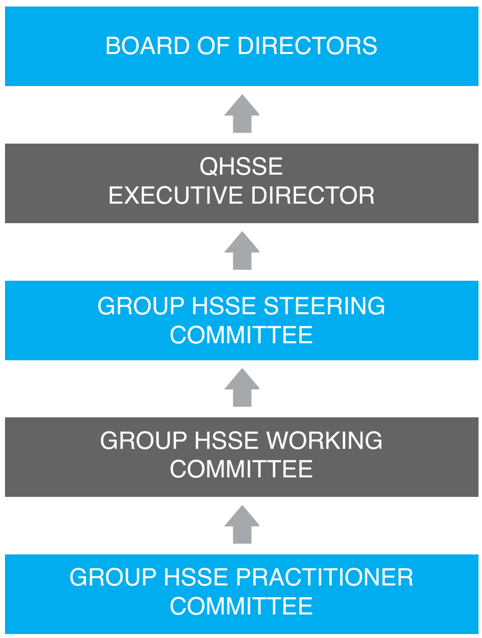
A critical component in gaining public trust is governance, as it provides assurance to stakeholders that we have a good structure, the right policies and procedures as well as standards to perform and deliver good results. We have made the necessary adjustments to strengthen ourselves in this regard, and our current practice is at par with international standards. Again, all could go to waste if the perception is otherwise.

The Group has put in place a robust governance structure and clear lines of responsibility to drive its sustainability agenda and strategies across AMRB. At the highest level, Sustainability is given due consideration by the Board, where materiality issues are discussed and deliberated upon.

CORPORATE SUSTAINABILITY STATEMENT

The management team holds executive power to conduct business, and must be seen independent to continue doing so. The Board, as representatives of the shareholders, must not give the impression that they hold executive power, with influence over business operations and decisions.

In line with our expanded scope to develop a high performance organisation, the governance structure revolves around the Group's existing Quality, Health, Safety, Security and Environment ("QHSSE") structure and encompasses risk management and other "soft" elements such as quality, corporate affairs, human resources and other related business functions. Each is responsible for developing necessary campaigns, employee engagement sessions and communication strategies.



Working Level	Responsibilities
Board of Directors	• Reviews the information provided by the QHSSE Director together with other sustainability related divisions such as Risk, Audit, and Human Resources and so on. • Implements changes in policies which include reviewing the Board Charter as well as Terms of Reference for the Group's respective Board Committees.
QHSSE Executive Director	• Reports to the Board on all HSSE related matters • Shares reports on performance, key findings and advices with Board on recommended strategies for improvement
Group HSSE Steering Committee	• Consists of top management, head of division and head of departments • Set and establishes the Company's HSSE policy, goals and expectations • Ensures Company's HSSE procedures, Project HSSE Plan and safe systems of work are in place. • Meets on a quarterly basis • Chaired by GMD

CORPORATE SUSTAINABILITY STATEMENT

Working Level	Responsibilities
Group HSSE Working Committee	• Consist of employer and employee representatives. • Initiates and participates in HSSE development, training and / or continuous improvement programs. • Conducts management site visits and HSSE talks at the work place. • Monitors and reviews the implementation and performance of HSSE's plan. • Meets on a monthly basis.
Group HSSE Practitioner Committee	• Consists of all Group HSSE Personnel from each division (Marine, Offshore Installation and Construction ("OIC'), Subsea, Logistics, etc.) • Reviews the effectiveness of Alam Maritim Sdn Bhd's ("AMSB") HSSE programs. • Reviews AMSB's HSSE Policy and makes recommendations for improvement, where necessary. • Participate in studies on trends of accidents, near - miss incident, dangerous occurrence, occupational poisoning or occupational disease, which occurs at the place of work. • Meets on a monthly basis.

The Group's governance structure is further enhanced through the Group's Integrated Management System (IMS) and Safety Management System (SMS). The Group is also certified with the following certifications:

- IMS standards of ISO 9001:2015 (Quality Management)
- ISO 14001:2015 (Environmental Management)
- OHSAS 18001:2007

During the year, Group Managing Director's ("GMD") Engagement Sessions were held monthly, to update on the Group's operational and financial performance. During these sessions, GMD also addressed all issues and concerns raised by employees.

In addition to the above, GMD also chaired monthly Senior Management Meeting ("SMM") to deliberate on our management approach to sustainability issues, objectives and targets. During these meetings, the following were discussed: the Group's sustainability governance matters including reporting structures, talent development initiatives, sustainability policies and strategies, the Group's sustainability performance in relation to set targets and key performance indexes ("KPIs") and future strategies moving forward.

STAKEHOLDER ENGAGEMENT

As part of its sustainability efforts, the Group has sought to engage stakeholders. The views and perspectives of stakeholders are essential in developing a more accurate and inclusive management approach to sustainability, notably in the identification and prioritisation of materiality issues, aspects and matters.

CORPORATE SUSTAINABILITY STATEMENT

Following is the Group's various formal and informal stakeholder engagement activities undertaken in year 2017:

Stakeholder Group	Engagement Approach	Frequency
Customers	Contractor's Client Engagement Sessions Senior Management Engagement with Client Client Evaluation Assessment Project Contract Administrator Tactical Events and Road Shows	Monthly Quarterly Regular Regular Regular
Employees	MD engagement sessions Intranet/Newsletters Engagement Events Employee Satisfaction Survey	Monthly Regular Annually
Shareholders, Investors and Analysts	Annual Report Annual General Meeting Financial Reports and Investor Briefings Investor Road Shows/Events Media Releases Shareholder Updates / Bursa Announcements Investors Relations Page (Website)	Annually Annually Quarterly Periodic Periodic Regular Periodic
Government and Regulators	Meetings and Visits Reports Participation in Government and Regulatory Events	Regular Periodic Ad-hoc
Community and General Public	Corporate Social Responsibility Activities Social Media	Regular Daily

As a testament of our professionalism in dealing with investors, AMRB was selected as one (1) of the top ten (10) companies (under small company) by the Malaysian Investor Relations Association of Bursa Malaysia. AMRB was placed sixth for year 2017.

Identification and Prioritisation of Materiality and Materiality Matters

Drawing from our internal perspectives as well as the feedback garnered from stakeholders, the Group was able to identify its materiality matters for the financial year.

We believe that these identified materiality matters are of relatively equal importance to the Group given the interdependence and co-relation of impact and significance between each other.

- Organisational Culture Development
- Health and Safety
- Security
- Talent Management and Development
- Waste Management
- Vessel and Fuel Management
- Spiritual Growth
- Community Outreach and Engagement

CORPORATE SUSTAINABILITY STATEMENT

ECONOMIC

Organisational Culture Development

Crucial to our sustainability efforts is the development of a cohesive organisational culture that is centred on driving excellent operations and behaviour. In year 2017, the Group continued to drive cultural change across its subsidiaries and associate companies.

The importance of enhancing this positive organisational culture during these most challenging times cannot be overstated. The present low-oil price environment necessitates an all-embracing change in terms of how we think and operate, and thus, engaging our people and encouraging them to develop a fresh mind-set is imperative towards long-term success.

While we have developed the required processes, systems and structure to drive sustainability within the organisation and have been relatively successful, we are cognisant that a culture of ownership, accountability and delivering excellence needs to be further emphasised among staff.

Early in year 2017, we have launched iCARE - a group-wide initiative aimed at reaching out to employees and engaging them on the cultural beliefs desired by Management. iCARE is still in its first year of implementation, yet we have seen encouraging buy-in from employees.

In essence, iCARE governs and propagates excellence, which fuels excellence in the critical areas of sustainability such as HSSE, Quality and Performance. In driving iCARE, various activities were held throughout the year. iCARE is also mentioned or highlighted at all Company's events as well as training sessions.

Health, Safety, Security and Environment ("HSSE")

Our commitment and practice of sustainability is well reflected in our HSSE track record. Essentially, HSSE is our license to operate and AMRB has consistently set industry benchmarks for HSSE excellence, which has been recognised time and again by oil and gas majors since the Group's involvement in the industry.

By progressively building a respectable reputation for HSSE, the Group has not only bolstered its reputation as a professional first-tier service provider but has also strengthened its competitive capability when bidding for contracts.

The Group is guided by its annual HSSE Plan. The HSSE Plan is developed based on the nine (9) HSSE Management System Elements. It outlines strategies, key initiatives and plans that have been laid out towards achieving corporate business targets; as well as HSSE performance targets. These initiatives were derived from the Group's strategic direction as well as based on prevalent HSSE issues, concerns and industry requirements.

CORPORATE SUSTAINABILITY STATEMENT

Up to October 2017, the Group accumulated up to 11.5 million man-hours without a loss time incident ("LTI"). This is an encouraging achievement as we have achieved the target set for the Group in year 2016.

We continue to make progress in the realisation of our step-up or expanded aspiration of *Zero Target*, which is to achieve zero non-compliance, no harm or similar incidents across all types of our operations including zero machinery break-downs.

The Group has also earned the recognition of oil and gas majors for safe operations during the financial year.

The Group's efforts and determination to achieve the *Zero Target* has earned the recognition of oil and gas majors for safe operations during the financial year.

HSSE is not all about rules and regulations. It is about creating and developing a culture.

No	Date	Details Of Achievement / Contribution	Client
1	02 February 2017	Appreciation card "PETRONAS Culture Belief Recognition" from SKO for MV Setia Aman excellent HSE performance despite of having minor management issues and good support has been observed during our PE activities throughout 2016 without any LTI/LTA.	PETRONAS (SKO)
2	22 February 2017	Appreciation card "PETRONAS Culture Belief Recognition" from PWL for achieving high performance in maintaining safe operation, no injuries and fatality.	PETRONAS (PD&T)
3	29 March 2017	Certificate of Appreciation awarded to Alam Maritim's Captain for Implementing Stop Work in Q1 2017 (MV Setia Azam, MV Setia Wira and MV Setia Kental).	PETRONAS (PD&T)
4	02 February 2017	Certificate of Appreciation awarded to Alam Maritim (M) Sdn Bhd from PFLNG1 Project Sponsor and Management Team for company's Contribution and Dedication to Ensure A Safe Delivery of The Project - Focused Recognition for achieving One Million Safe Man Hours during PFLNG SATU Project Commissioning.	PETRONAS (Development and Production Petronas)
5	09 May 2017	Certificate of Appreciation awarded to Alam Maritim Resources Berhad from Petroliam Nasional Berhad (PETRONAS) in Recognition and Sincere Appreciation on the Successful Completion of the First Floating LNG Facility in The World, PFLNG Satu.	PETRONAS (LNG Assets and PNW LNG Project)
6	16 May 2017	Appreciation card "PETRONAS Culture Belief Recognition" from PWL Marine Logistics Operation for Contribution towards Safe PWL Marine Logistic Operation and PWL recorded over 3 years free LTI equivalent to 3.7 million safe manhours since 25.04.2014.	PETRONAS (PD&T)
7	21 June 2017	Token of appreciation awarded to MV Setia Fajar crew for safe delivery during 1st mobilisation of D21 HUC Operation.	Roc Oil Malaysia
8	04 October 2017	Certificate of Appreciation awarded to MV Setia Tegap for Best Unsafe Action Submission in June during REPSOL 2017 Marine Safety Observation Program.	REPSOL Oil & Gas Malaysia Limited (REPSOL)

CORPORATE SUSTAINABILITY STATEMENT

However, during the year, it is with deep regret that we report on one (1) fatality case which occurred in November 2017.

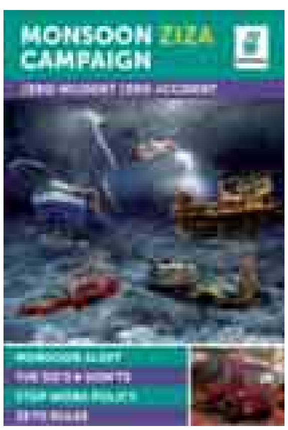
The incident has led to the resetting of the Group's LTI record. For the rest of the financial year, there were no other fatalities or other LTI cases. The Group has expressed its deepest sympathies and has extended financial and other forms of assistance to the family members of the deceased.

Learning from this incident, the Group has further refined its HSSE practices, practically in the cascading of information to offshore workers and the need for this segment of our workforce community to not neglect HSSE in the course of their work.

Health and Safety Campaigns

During the financial year, the Group initiated several HSSE campaigns:

	Campaign	Details
Q1 and Q2	1 Alam Zero Is Hero	5 elements under the campaign: Zero Incident, Zero Machinery Breakdown, Zero Housekeeping & Hygiene Issue, Zero Major Non Conformance and Zero Complain from client.
Q3	Hand and Finger Injury Campaign	Soft launch of the Hand and Finger Injury campaign which is held annually. The goal is to reduce hand and finger related injuries among crews.
Q4	1 Alam Monsoon Campaign (Zero Incident Zero Accident)	Emphasising on the dos and don'ts given the annual north east monsoon season as well as the role of Masters' respective to their overriding authority regarding Stop Work orders. Also highlighted are the requirements for cargo securing prior to departure of vessels from port; and the need to implement clear deck practices and others precautions whenever vessel is moored at the anchorage.



Launched by Petronas, the Monsoon Zero Incidents Zero Accidents ("ZIZA") campaign covered key dos and don'ts for crews to stay safe and operate sustainably during the designated monsoon months of October to February.

During these months, all work activities are exposed to higher risks conditions, hence heightened awareness and precautionary measures are warranted. The ZIZA campaign called on relevant stakeholders to take action as given below:

- All Masters to cascade campaign posters to vessels, assets and premises i.e. putting material up posters in high visibility areas on board vessels as a reminder to staff.
- Masters are also required to snap photos of the pinned up posters as confirmation that they have affected the necessary action.
- To reinforce best practices for dos and don'ts and include emphasis on ZIZA in all crew briefings.
- To strictly implement Marine Offshore Permitted Operation ("MOPO") when required.
- To conduct vessel visits
- To exercise Master Overriding Authority appropriately when required.
- To exercise Stop Work Policy in a timely manner.
- To conduct DRILLS in preparation of any eventualities i.e. man overboard, power failure, etc.; and to share photos of conducted drills as confirmation that the required has been conducted.

CORPORATE SUSTAINABILITY STATEMENT

Other activities held in year 2017 include the Marine Crew Engagement Session 2016/2017. Under the theme of “Maritime Leadership in Age of Uncertainty for Emerging Leaders”, the engagement session was held over 3 days and 2 nights for marine crews, in collaboration with Malaysia Maritime Academy.

The Group also marked its 10.0 Million LTI Free Manhours and 1000 days Free from LTI from 30 June 2014 until 27 April 2017 and 16 May 2017 respectively. This was followed later in October 2017 with a majlis bacaan doa when AMRB reached 11.5 million hours without LTI.

1 Alam Away Day

The 1 Alam Away Day serves as a HSSE initiative as well as a retreat for staff. It is an opportunity to get together away from the office and demands of work while having all staff from our headquarters, Kemaman and Labuan congregate in a single location.

It is meant for staff to network, enhance their appreciation of our shared values, and to rejuvenate our 1 Alam entrepreneurial spirit. Staff was encouraged to participate and to learn how to impact others through culture-changing conversation and explore new ideas that can contribute to the success of our transformation journey. They have to take additional efforts and initiatives to inculcate the appreciation and the respect for our corporate culture and instill the values of teamwork and the true meaning of 1 Alam, as propagated, by our shared values and culture beliefs of iCare.

The interpersonal engagement is all about internalisation of people behavior. It can lead to a change in mind set and the advancement of our cultural transformation.

In the spirit of get-together under 1 Alam, we also commemorated our 20th anniversary of the Group.

CORPORATE SUSTAINABILITY STATEMENT

Vessel Visits

As part of its HSSE commitment, management personnel continued to visit vessels across the year. Visits by Senior Management to the "shop floor" are now routinely accepted as a defining characteristic found in organisations with a more mature safety culture. The number of site visits completed by Senior Management has become a de facto HSSE "leading indicator" for safety culture in many organisations. Visible ("senior and line") management commitment, leadership and involvement in improving health and safety performance is vital for building a positive safety culture.

SENIOR MANAGEMENT HSSE VISITS 2017

Date	Visit
01 & 02 February 2017	1. Visit conducted by GMD/CEO, COO OSVBO and Head of HSSE onboard *MV Setia Aman*
14 April 2017	2. Visit conducted by COO OSVBO, Head of HSSE, Technical Superintendent, Base HSSE Personnel and Base HSSE Manager onboard *MV Setia Gigih* for Management Visit, Pre-Mob briefing for TCOT project, *Gotong Royong* and *Majlis Doa Selamat*
17 May 2017	3. Visit conducted by Head of HSSE and Technical Manager onboard *MV Setia Cekap* at KSB
03 - 04 July 2017	4. Visit conducted by GM, OSVBO - Mr Yuzaidi onboard *MV Setia Hebat* at KSB.
20 July 2017	5. Visit conducted by Group Managing Director and COO OSVBO onboard *Setia Station 2* and *OLV 1*.
22 July 2017	6. Visit conducted by GM, OSVBO - Mr Yuzaidi onboard *MV Setia Aman* at Labuan.
07 August 2017	7. Visit conducted by GM OIC Division - Mr Saiful Faiz together with En Zulkarnain Saim and En Yacob Ibrahim to Lifting Frame Fabrication Yard in Kemaman.
07 August 2017	8. Visit conducted by GM OIC Division - Mr Saiful Faiz together with En Zulkarnain Saim and En Yacob Ibrahim to AMSB Yard in Kemaman.
14 September 2017	9. Visit conducted by GM OIC Division - Mr Saiful Faiz and En Yacob Ibrahim to Kamelia FPSO, offshore.
03 October 2017	10. Visit conducted by GCOO, En Shaharuddin and COO Subsea - Mr Noor Amran onboard *MV Setia Kental* at KSB.
03 October 2017	11. Visit conducted by COO Subsea at Alam Hidro Warehouse.
21 October 2017	12. Visit conducted by AGM PSD, En Azmin Shah and AGM Operation, En Muhammad Zairul onboard *MV Setia Ulung*.
26 October 2017	13. Visit conducted by GMD / CEO, Datuk Azmi bin Ahmad and COO OIC, En Saiful Faiz onboard Setia Station 2.
11 November 2017	14. Visit conducted by SM ISM/ISPS, Capt Ramli Bujang onboard *Setia Kental* at Kemaman Anchorage.
16 November 2017	15. Visit conducted by Head of Operation & Technical, En Mahizan onboard *Setia Tegap* at KSB.
20 November 2017	16. Visit conducted by Head of Operation & Technical, En Mahizan onboard *Setia Zaman* at KSB.

CORPORATE SUSTAINABILITY STATEMENT

In year 2017, there was a total of 14 Management HSSE visits and 22 Line Management HSSE visits conducted onboard various vessels on our fleet.

The list of training attended by both our offshore and onshore starff during the year 2017, are as stated at page 73 of this Annual Report.

In addition to the above classroom type of training, we also conducted informal training on board vessels by our technical roving staff. The roving staffs also undertake other functions such as vessel audit and inspection, availability of up-to-date vessel documentation and certification and vessel hygiene and housekeeping. This is one of the requirements of certain clients. In year 2017, we have satisfactorily met the requirements of one visit per vessel a year.

Security

The Group has made progress in the development of its security guideline which now covers both onshore / office and offshore operational areas.

With regards to offshore, we continue to comply with the International Ship and Port Facility Security (“ISPS”) Code. The ISPS is an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on minimum security arrangements for ships, ports and government agencies. It prescribes responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade.

During the year there were no cases recorded of security breach.

CORPORATE SUSTAINABILITY STATEMENT

Unannounced / Random Drug and Alcohol Testing

We continued to hold random tests for substance abuse among crews and staff. We are happy to report that AMRB continues to maintain a 100% record of zero positive cases for drug and alcohol use. In year 2017,171 crew and 61 staff were tested.

OFFSHORE

Date	Vessel	No of pax selected for test
01 February 2017	MV Setia Wangsa	6
08 February 2017	MV Setia Wira	5
21 March 2017	MV Setia Gigih	6
21 March 2017	MV Setia Tangkas	7
25 March 2017	MV Setia Cekap	4
25 March 2017	MV Setia Gagah	3
25 March 2017	MV Setia Station 2	7
09 April 2017	MV Setia Zaman	6
15 April 2017	MV Setia Azam	6
17 April 2017	MV Setia Tegap	7
08 May 2017	MV Setia Budi	4
11 May 2017	MV Setia Ulung	8
21 May 2017	MV Setia Kental	7
21 June 2017	MV Setia Iman	6
03 July 2017	MV Setia Hebat	7
02 August 2017	MV Setia Cekap	12
07 August 2017	MV Setia Ulung	15
27 August 2017	MV Setia Hijrah	7
03 October 2017	MV Setia Kental	35
01 November 2017	MV Setia Jihad	8
30 November 2017	MV Setia Budi	5
		171

SHORE

Date	Division	No of test conducted
17 January 2017	Subsea	3
15 May 2017	OIC	4
11 July 2017	Alam Maritim	23
17 August 2017	Alam Maritim	25
26 December 2017	Alam Offshore, Logistic & Services	6
TOTAL		61

Talent Management and Development

The Group continues to place importance on the capability developments of both its onshore and offshore staff. In particular, staff development is vital to ensure that our workforce has the necessary competence to undertake their jobs and to deliver excellence. Equipping them with the knowledge needed is essential to improve efficiency and productivity.

The training attended by the onshore staff in year 2017 is listed below.

Month	Training/Course Attended	Organizer	Date
January	Board-Balancing Trust and Constructive Tension	Malaysian Institute of Corporate Governance	17 January 2017
February	Understanding of ISO 9001:2015	SQC Management	6 and 7 February 2017
	Tropical Boseit	SEQU Offshore	20 February 2017
March	1st Aid 2.0	Academy Of Safety & Emergency Care	10 and 11 March 2017
	Tropical Boseit	SEQU Offshore	27 and 29 March 17
	Tropical Boseit	SEQU Offshore	29 and 30 March17
	HSSE Management System	Certificate Academy Sdn Bhd	13 and 14 March 2017
	Asme Ix Welding Qualification Code Simplified	IDC Training House Sdn Bhd	28 - 30 March 2017
	SAP Financial Accounting	Abeam Consulting (Malaysia) Sdn Bhd	4 - 7 March 2017
April	Tropical Boseit	SEQU Offshore	12 April 2017
	Team Building	Irshad Consulting	20 - 22 April 2017
May	High Performance Computing	Azure Blitz	30 May 2017
	Disaster Recovery	Azure Blitz	29 May 2017
June	Malaysian Case Study On Material Deviation	Aram Global Sdn Bhd	15 June 2017
July	Implementing A Risk Management & Internal Code Control	Aram Global Sdn Bhd	26 July 2017
	ISO 9001/ISO14001 Management System	SQC Management Sdn Bhd	28 and 31 July 17

CORPORATE SUSTAINABILITY STATEMENT

Month	Training/Course Attended	Organizer	Date
August	Kursus Ejen Kastam	Kastam Diraja Malaysia	26 - 28 August 17
September	Refresher Ar Module	Rizam Solution & Services	8 September 2017
October	Malaysian Code Of Corporate Governance	MAICSA	6 October 2017
	ISO Awareness	SQC Management Sdn Bhd	12 - 13 October 2017
November	IMS Internal Audit - New Transition	SQC Management Sdn Bhd	15 - 16 November 2017
	SAP Fico Training	Rizam Solution & Services	24 November 2017

As part of its talent management initiatives, in year 2017 AMRB continued to provide opportunities for career growth and enrichment via its Self-Development Pipeline ("SDP"). The pipeline provides identified, high calibre employees to progress up the career path to ultimately assume leadership positions within AMRB.

Essentially, the SDP framework helps talents progress on three core competencies areas: attitude, skills and knowledge via four key transitions, or "phases as given below:

Four Self Leadership Module Flag

CORPORATE SUSTAINABILITY STATEMENT

In each phase, talents will go through six transition objectives to help them progress across their learning experience:

1	**DISCOVER** potential challanges. Examine the internal and external drivers of the problem.
2	**DIAGNOSE** potential learning need. Connect organisational challange with underlying issues.
3	**DESIGN** potential learning solution. Draw the blueprint towards learning solution.
4	**DEVELOP** the initiative. Build the learning solution to potential specification.
5	**DELIVER** potential solution. Exceed the learning expectations.
6	**DISCERN** the impact. Evaluate the impact and continuosly improve.

Our training initiatives are also targeted at upgrading the skills and capabilities of offshore staff. In this regards, the Group has retained its collaborative relationship with the Malaysian Maritime Academy ("MMA") to provide a *structured Senior Officers and Senior Engineers Leadership Assessment Programme.*

Succession Planning

It is the Group's policy to ensure a continuous and ready supply of competent successors to man all key managerial positions in the organisation. In line with this policy the Group has embarked on the succession planning which objective is to have a systematic approach and process to identify and plan the development of the candidates with potential to fill key managerial positions for short and long term continuity of organisation operations.

The current pool of qualified candidates is the main source of the succession planning. The external candidates for critical positions are only sourced if there is no qualified staff internally.

Succession Planning Progress

Input → **Process** → **Output**

Input

Position Requirement

- Identify value chain and business process.
- Identify key or critical positions.
- Key responsibilities and man specification for each positions.
- Job Grade.
- Core Managerial Competencies.
- Differentiating Competencies.
- Additional attributes required by the position.

Successor Requirement

Personal Profile
- Salary grade- 2 grades lower than position.
- Personal grade potential higher than job grade or at least equivalent.
- Performance- minimum rating 2 for past 3 years.
- Work experience.
- Additional personal characteristics such as positive attitude right caliber, trainable, mobile etc.

Process

MATCHING MAN TO POSITION

Step 1 - Confirm positions & Org Chart.

Step 2 - List & Identify candidates.

Step 3 - Match positions with candidates.

Step 4 - Review list and identify development needs.

Step 5 - Approval by MD.

Step 6 - Implement Succession planning.

Step 7 - Follow up and evaluate the effectiveness of development plan.

Output

POOL OF CANDIDATES
That are competent and capable to perform the job

- Immediate Candidate

  Candidate who is ready to assume the position immediately within 0-1 years
- Medium-Term Candidate

  Candidate who could be ready to assume the position concerned in 2-3 years through relevant training and job exposure.
- Long-Term Candidate

  Candidate who could be groomed through relevant/necessary training and development programmed and ready to assume position after 5 years - High Potential Staff.

CORPORATE SUSTAINABILITY STATEMENT

The identified candidates have to undergo structured staff development programme in line with their readiness timeframe of one (1) year, three (3) years and five (5) years focussing on:

i. Leadership Quality Enhancement;
ii. Generic Competencies on Teamwork, Communication and General Management;
iii. Core Technical Knowledge and Competencies of The Respective Functions

At the current moment, the identified candidates are already being exposed to their respective functions "on the job training" basis. The succession planning will be reviewed by the Human Resource Planning Committee on half yearly basis and present it to the Board for deliberation and endorsement.

ENVIRONMENT

Waste Management

Waste management is governed by the Marine Pollution (MARPOL) 73/78, an International Convention for the Prevention of Pollution from Ships. It mandates that all vessels should have a garbage management plan for disposal of plastic, paper and glass.

On a related note, AMRB's environmental performance efforts are captured via our Ship Energy Efficiency Management Plan ("SEEMP"). We are happy to report that all vessels are in compliance with SEEMP requirements.

Vessel and Fuel Management

The Group fuel cost has increased to RM2.11 million compared to RM375,591 in year 2016 due to higher number of vessels not in operations. In addition, we have resorted to using low sulphur fuel oil instead of the cheaper high sulphur fuel oil in vessels to help preserve the air quality. Fuel consumption is also continuously monitored to ensure optimal use of fuel in vessel operation. At office we continue to implement energy saving initiatives and recycling of paper usage, car-pooling and etc.

On 14 April 2017, AMRB received a visit by the Marine Department for an evaluation of documents and a review of our Ship Energy Efficiency Management Plan ("SEEMP") records. The evaluation showed that Alam Maritim's SEEMP and its implementation was as per regulatory requirements.

SOCIAL

Mentor-Mentee

Due to the challenging nature of the business environment, the Group was not able to proceed with its mentor-mentee initiative for most part of year 2017. However, given the improved economic conditions towards the end of the year, the mentor-mentee initiative was resumed in year 2018.

AMRB's Mentor-Mentee program serves both as a staff welfare and QHSSE initiatives. The program allows active involvement and information sharing between shore teams and vessel crews especially in the vessels' day-to-day operations and crew affairs.

The mentor-mentee programme comprises of onshore staff serving as mentor for a particular vessel and its crew (mentees). These sessions allow onshore staff to better understand the offshore working environment such as the challenges faced and addressing concerns of the crews, as well as enhancing relationship between onshore and offshore staff.

Community Outreach and Engagement

In fulfilling our corporate social responsibility ("CSR") role, we continued to reach out to communities that require assistance. CSR is a means to reflect our commitment of building a better tomorrow for various segments of society. Hence, despite the most challenging financial year, we have persisted with CSR efforts, which have delivered a positive perceptions to stakeholders.

Our CSR initiatives are not only exercises in public relations but it is our genuine efforts to uplift the conditions of those who need help especially the unfortunates such as *"asnaf"*, orphanages, single mothers and *"mualaf"*.

Our CSR efforts in year 2017 include proven successful programmes from previous years such as the Kembara Rohani outreach initiative for students as well as ad-hoc donations or contributions for needy causes.

CORPORATE SUSTAINABILITY STATEMENT

Following is a list of CSR activities undertaken during the year:

2017 CSR Activities			
No	**Event**	**Date**	**Venue**
1	Kembara Rohani 3.0 (Motivation Camp)	18 March 2017	Sekolah Kebangsaan Gersek, Johor
2	Kembara Rohani 4.0 (Motivation Camp)	12 & 13 May 2017	Sekolah Kebangsaan Rakyat Sri Ledang, Johor
3	Jejak Muallaf 2.0	20 May 2017	Seremban
4	Beriadah Sambil Beribadat 3.0 (BSB)	18 February 2017	Tahfiz Al-Fateh Home - Bangi Lama
5	Penyerahan Sumbangan Kepada Darul Quran Ittifaqiah (Tahfiz Terbakar)	31 October 2017	Kampung Dato Keramat
6	Projek Gerobok Amal 1 Alam Kita Kongsi Rezeki	17 January 2018	Alam Maritim Group

The full details of our CSR activities are given in the Corporate Social Responsibility Statement of this Annual Report.

MOVING FORWARD

Sustainability remains a corner stone of our operations and will continue to be an integral part of our future. Management is resolute in its view that sustainability is the best way forward for the Group. Beyond compliance with regulators and industry standards, adopting a sustainability based business strategy is the best course of action to pursue in ensuring the long-term evolution and progress of the Group in its present competitive and consolidating operating environment.

The best part of year 2016 and 2017 was spent on building resilience and preparing the organisation for challenges in the ensuing years. During all those times, the Group has tried to introduce an effective work culture, structure and system to be put in place for the staff to adopt and make as way of life. Towards this end, the Group has achieved some success; but limited. The buy-in is not pervasive throughout the organisation. There are still gaps which need to be improved in order to be more successful. One of the reasons is that the diffusion of our corporate values, like the shared values and iCare beliefs have not reached critical mass in the organisation as evidenced in the results of our performance, both operational and financial.

To achieve high performance culture, the values expounded by iCare, should be by now naturally embedded in day-to-day behaviors among ourselves and in interaction with clients. Although our ecosystem is conducive for supporting a high performing organisation, unfortunately, as proven, this has not been the case. In the numerous interactions between the management and staff, it can be concluded that one area identified that need enhancement is the development of the staff core competencies which is an essential prerequisite towards delivering the Group's mission and vision. Certainly, there are gaps and areas of competencies that need to be addressed. This can be effectively done by the Senior Management Team and the Heads of Departments. They have to undertake more engagement sessions with their staffs, and create a culture of workplace responsibility and accountability for results. They need to further articulate and communicate the Board's expectations in relation to their respective areas of business. This will drive the staff to do what is necessary to contribute to the success of the Group.

We remain cognisant that rather than a goal to be achieved, sustainability is an on-going, continuous journey and the Group remains committed to this agenda in the creation of a more robust and dynamic AMRB in the future. Towards this end, the transformation of the Group towards a high performance culture need to be pursued more aggressively to embrace the transformation and changes that are needed to place the Group as the clients' preferred offshore service partner in the oil and gas industry, as we envisioned it. With this transformation, we will endeavor to stay the course and deliver the growth that will sustain the Group in years to come.

CORPORATE SOCIAL RESPONSIBILITY

BSB 3.0 Beriadah Sambil Berbakti 2017

Alam Maritim Resources Bhd ("AMRB" or "the Group") is fully committed to giving back to society in line with its Corporate Social Responsibility ("CSR") commitments. This has been a key ethos of the Group since its inception.

We believe that as a business entity, we not only contribute to the development of the economy but can and should do our part to improve the lives of stakeholders, especially vulnerable and underprivileged segments of society. In doing so, we will be able to contribute and make a positive and meaningful difference as a corporate citizen via our business presence.

Despite year 2017 being the most challenging operating year, we have persisted with our CSR efforts. Our approach to CSR is holistic, in that it contributes both to the physical and material needs of people, as well as spiritual and mental health and development. The Group's activities are geared towards both the community around us as well as our own staff, especially those who work offshore.

Working with the Community

Our community projects for the year started with a day spent with the children from the Al Fateh Home for Orphans and Poor Children. AMRB staff from the HQ and Kemaman branch, and their children, came together on 18 February 2017 to spend a day with the staff and children of the home.

We distributed food and drinks and various other items for the comfort and convenience of residents. We also organised a gotong-royong, games, a barbecue lunch and prayer sessions. A cash donation was also made to support the home financially. It was a day of bonding and caring that greatly improved the morale and spirits of both the residents of the home and the staff of AMRB.

Our *Kembara Rohani Motivation Camp 3.0* and 4.0 were held on 18 March 2017 and 12-13 May 2017 respectively. They were held at Sekolah Kebangsaan Gerek, Johor and Sekolah Kebangsaan Rendah Rakyat Sri Ledang, Johor, mainly for the children of Primary 6 to help them prepare for their UPSR examination.

CORPORATE SOCIAL RESPONSIBILITY

The sessions were organised to promote Islamic religious knowledge and understanding among the attending children and to promote character development and personal motivation. The day consisted of fun games, learning exercises, a Treasure Hunt and ice breaking activities to provide a stimulating learning experience and environment. The programme also included lectures and talks as well as team building activities.

The Group's second *Jejak Mualaf* event on 20 May 2017 saw seven individuals and families receiving aid in cash and kind. These recipients live in houses around Temiang, Sikamat, Ampangan, Lobak & Mantin in Negeri Sembilan. AMRB gifted each family with food and household groceries as well as in cash. These families are very needy families with various unfortunate circumstances and helping them was also a way for AMRB staff to fulfil their Zakat and *Fidyah* responsibilities for the 2017 Ramadhan period.

Jejak Mualaf

Jejak Mualaf

The Group's second Jejak Mualaf event on 20 May 2017 saw seven individuals and families receiving aid in cash and kind.

CORPORATE SOCIAL RESPONSIBILITY

Our Kembara Rohani Motivation Camp 3.0 and 4.0 were held on 18 March 2017 and 12-13 May 2017.

Kembara Rohani 4.0

Kembara Rohani 3.0

Kembara Rohani 3.0

On 31 October 2017, AMRB staff also generously donated towards a fund set up for DARUL QURAN ITTIFAQIAH which was damaged by fire.

Taking Care of Our Own

Meanwhile, AMRB also continued to care for its staff with targeted CSR activities to assist various employees, as one of its shareholders.

A major project of the year was the “Gerobok Amal” - organised in January 2018. Staff generously donated various staple food items such as oil, rice, flour, coconut milk, canned food, milk and etc. which were then portioned out and given to various needy employees. Married and single employees with household incomes of below RM4,000 and RM3,000 per month respectively are eligible to participate in this programme.

CORPORATE SOCIAL RESPONSIBILITY

The “Gerobok Amal” initiative raised a consciousness among AMRB employees that despite the difficulties encountered during the past year, they should still be thankful for the blessings they have and that there should continue to reach out and assist the less fortunate. It also helped to foster closer camaraderie among participating AMRB staff.

Other CSR activities that continued throughout year 2017 for AMRB employees include various communication skills building programmes, dialogues and sharing sessions, team building and character building courses and other activities. The Group also concertedly made efforts to maintain the morale, spirits and motivation of offshore crew members who were working and living far away from their families.

BSB 3.0 Beriadah Sambil Berbakti 2017

Penyerahan sumbangan kepada Darul Quran Ittifaqiah

GROUP HSSE AWARDS AND ACHIEVEMENT FOR YEAR 2017

NO	DATE	DETAILS OF ACHIEVEMENT / CONTRIBUTION	CLIENT
1	02 February 2017	Appreciation card "PETRONAS Culture Belief Recognition" from SKO for MV Setia Aman excellent HSE performance despite of having minor management issues and good support has been observed during our PE activities throughout 2016 without any LTI/LTA.	PETRONAS (SKO)
2	22 February 2017	Appreciation card "PETRONAS Culture Belief Recognition" from PWL for achieving high performance in maintaining safe operation, no injuries and fatality.	PETRONAS (PD&T)
3	29 March 2017	Certificate of Appreciation awarded to Alam Maritim's Captain for Implementing Stop Work in Q1 2017 (MV Setia Azam, MV Setia Wira and MV Setia Kental).	PETRONAS (PD&T)
4	02 February 2017	Certificate of Appreciation awarded to Alam Maritim (M) Sdn Bhd from PFLNG1 Project Sponsor and Management Team for company's Contribution and Dedication to Ensure A Safe Delivery Of The Project - Focused Recognition for achieving One Million Safe Man Hours during PFLNG SATU Project Commissioning.	PETRONAS (Development and Production Petronas)
5	09 May 2017	Certificate of Appreciation awarded to Alam Maritim Resources Berhad from Petroliam Nasional Berhad (PETRONAS) in Recognition and Sincere Appreciation on The Successful Completion of The First Floating LNG Facility in The World, PFLNG Satu.	PETRONAS (LNG Assets and PNW LNG Project)
6	16 May 2017	Appreciation card "PETRONAS Culture Belief Recognition" from PWL Marine Logistics Operation for Contribution towards Safe PWL Marine Logistic Operation and PWL recorded over 3 years free LTI equivalent to 3.7 million safe manhours since 25.04.2014.	PETRONAS (PD&T)
7	21 June 2017	Token of appreciation awarded to MV Setia Fajar crew for safe delivery during 1st mobilisation of D21 HUC Operation.	Roc Oil Malaysia
8	04 October 2017	Certificate of Appreciation awarded to MV Setia Tegap for Best Unsafe Action Submission in June during REPSOL 2017 Marine Safety Observation Program.	REPSOL Oil & Gas Malaysia Limited (REPSOL)

HSSE TRAINING FOR YEAR 2017


Basic Chemical Spill Control Training


Emergency Response Combined Drill


HSSE Committee

NO	TRAINING TITLE	DATE OF TRAINING
1	Basic Chemical Spill Control Training	11 & 12 January 2017
2	Effective Root Cause Analysis	21 & 22 February 2017
3	Solap, Selap & Lifting And Deck Handling Safety	28 February 2017
4	Job Hazard Analysis	1 March 2017
5	Best Practises; Stop Work Implementation	1 March 2017
6	Business Activity Risk Assessment (Bara)	1 March 2017
7	Best Practise Of Cargo Securing For Offshore Operations	28 & 29 March 2017
8	Occupational First Aid And CPR + AED	10 & 11 April 2017
9	Effective Health & Safety Committee	25 April 2017
10	Emergency Response Combined Drill (Part 1)	22 May 2017
11	Emergency Response Combined Drill (Part 2)	27 July 2017
12	Basic Fire Fighting	17 October 2017
13	Business Continuity Planning	23 August 2017

FINANCIAL CALENDAR

28 APRIL 2017

Notice of Twelfth Annual General Meeting.

28 APRIL 2017

Annual Report 2016.

30 MAY 2017

First Quarter Report on consolidated results for the financial period ended 31 March 2016.

26 MAY 2017

Twelfth Annual General Meeting.

25 AUGUST 2017

Second Quarter Report on consolidated results for the financial period ended 30 June 2017.

24 NOVEMBER 2017

Third Quarter Report on consolidated results for the financial period ended 30 September 2017.

28 FEBRUARY 2018

Fourth Quarter Report on consolidated results for the financial period ended 31 December 2017.

27 APRIL 2018

Annual Audited Accounts for the year results for the financial period ended 31 December 2017.

STATEMENT OF CORPORATE GOVERNANCE

The Statement of Corporate Governance ("Statement") of Alam Maritim Resources Berhad ("Alam Maritim" or "Company") aims to provide an insight of the Corporate Governance practices of the Company under the leadership of the Board of Directors ("Board").

The Board remains fully committed to maintaining high standards of corporate governance and ensuring that the Company and its subsidiaries' ("Group") business and affairs strictly adhere to the doctrine and principles of good corporate governance to safeguard the Group's assets, enable sustainable performance and ultimately enhance shareholders' value.

The Board acknowledges the significance of maintaining good corporate governance practices and plays an active role in advising, reviewing and evaluating the Group's governance framework and continues to reinforce the existing corporate governance practices in order to remain relevant with developments in market practice and regulations.

The Group's corporate governance framework is built on the following pertinent requirements and guidelines:-

- Companies Act, 2016;
- The corporate governance requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- The principles and recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by Securities Commission Malaysia;
- Corporate Governance Guide: Towards Boardroom Excellence, 2nd Edition issued by Bursa); and
- Minority Shareholders Watchdog Group ("MSWG")'s Malaysia-ASEAN Corporate Governance Scorecard.

The Board is pleased to disclose the extent of the Group's compliance with the principles and recommendations set out in the MCCG 2017 during the financial year ended 31 December 2017, as set out hereunder.

BOARD OF DIRECTORS

The Group continues to be led and controlled by an active, engaged and experienced Board. Throughout the year, the Board continued to drive and effectively steer the Company with strategic direction through active engagement with the Management.

Board Charter

Since its adoption, Alam Maritim's Board Charter ("Board Charter") serves as a guide for good corporate governance within the Group. The Board Charter provides reference for the Directors in relation to the Board's role, powers, duties and functions and is set out not only in accordance with applicable rules and regulations but also guided by the MCCG 2017 and best practices. The Board Charter aims to ensure that Board members are aware of their roles and responsibilities and also serves as a clear source of reference to all stakeholders. The Board Charter covers inter-alia, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman, Group Chief Executive Officer ("GCEO") and Non-Independent Executive Directors ("NIEDs") and Independent Non-Executive Directors ("INEDs"). It will be reviewed from time to time to ensure that it remains relevant and consistent to current rules and regulations.

The Board Charter is accessible on the Company's official website at www.alam-maritim.com.my.

Roles and Responsibilities of the Board

The Board has the collective responsibility for the overall conduct and performance of the Group's business and affairs by maintaining effective control over management oversight, setting the strategic direction of the Group and promoting ethical conduct in its business dealings. In discharging its roles and responsibilities, the Board is mindful of the need to safeguard the interests of all stakeholders.

STATEMENT OF CORPORATE GOVERNANCE

The Board assumes the following core responsibilities which serve as guiding principles:-

- **Review and Adopt a Strategic Direction of the Company**
  The Board reviews and approves the proposed strategies and the annual budget for the ensuing year and sets the targets and action plans for the Company which will be tabled and deliberated to the Board on quarterly basis. A periodic monitoring and reporting system is in place which highlights significant variances of key performance indicators against actual and budget to monitor the Company's performance.

  A Board session with senior management was held in December 2017 for the Board to thoroughly review, deliberate and approve on the 2018 annual budget, financial targets and strategic direction on the Group.

- **Oversee and Evaluate the Conduct of the Company's businesses**
  The Board has empowered the Board Nomination and Remuneration Committee ("BNRC") to deliberate on the results of FY2017 Directors and Board Committee Performance Evaluation ("DBCPE") before this is tabled for its approval by the Board.

  Upon approval by the Board, the Group's balance score cards were monitored on quarterly basis by the NIEDs at the Senior Management Meeting together with the Head of Business Units and Departments.

  It is mandatory for the Business Performance Report to be presented to the Board at every Board meeting. Performance is measured and tracked against the approved annual budget.

- **Identify and Manage Principal Risks**
  The Group Risk Management Working Committee ("GRMWC") monitors any risk that the business of the Group as a whole might face. The Board Risk Management Committee ("BRMC") is updated on any risk issue that could jeopardise the business, including corporate compliance matter. The Board, through the BRMC, ensures appropriate management of risks and constantly monitors the review and management of operational risks by evaluating the Group's Top 5 corporate risk appetite and tolerance level. This ensures the Company's business sustainability.

  Based on the results of FY2017 DBCPE, the Board recognises the need for a strong risk management discipline across the Company to ensure risks are effectively measured and mitigated.

  Details on the Company's risk framework are set out in the Statement on Risk Management and Internal Control as well as the Risk Management Report of this Annual Report.

- **Monitor Succession Planning**
  The BNRC is entrusted by the Board to ensure effective human capital development, talent retention and succession planning for both the Directors and key management positions in the Company to ensure business continuity.

  The BNRC also monitors the performance of the Board, reviews and evaluates the suitability of potential candidates and their experience, to fill any gaps therein.

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

  Based on the results of FY2017 DBCPE, the Board agreed that succession planning of the Board and Pivotal position is crucial moving forward. The Board concurred to give more focus on the matter, and the BNRC is to deliberate on it accordingly.

- **Monitor the Existence of Good Shareholder and Investor Relation ("IR") Strategy**
  The Board recognises that a sound IR and shareholder strategy are vital in managing investors' interest and perception of the Company. As part of effective shareholder communications strategy, the Company maintains and keeps current its corporate website and make available via its IR webpage.

STATEMENT OF CORPORATE GOVERNANCE

- **Review the Adequacy and Integrity of the Company's Internal Control Systems.**
  The Board is ultimately responsible for the adequacy of the Company's internal control system. Internal control systems throughout the Company are managed by the Group Internal Audit Department ("IAD"). IAD has jurisdiction to audit any division or subsidiary of Alam Maritim and to report its findings directly to members of the Board Audit Committee ("BAC"). Significant findings from the audit reports were highlighted and deliberated on at the BAC meeting. Details of the Company's internal control system and the review of its effectiveness are respectively set out in the Statement on Risk Management and Internal Control and Risk Management Report of this Annual Report.

Beyond the main responsibility of maximising shareholders' value, the Board has also 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 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, Security, Safety and Environment ("HSSE") 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. A more detailed report on the Group's Corporate Sustainability and Corporate Social Responsibility initiatives, involvements and activities are set out on page 52 to 71 of this Annual Report.

Separation of Power between the Board and the Management

The functions of the Board, the Chairman, the NIED and the INEDs are distinguished to ensure the smooth running of the Company's business and operations. Although the respective principles, roles and responsibilities of the Chairman, NIEDs and INEDs are segregated, their functions are mutually co-dependent, ensuring effective and efficient execution of their duties and responsibilities. INEDs play a leading role in the Board Committees, whilst management and third parties are co-opted into the Board Committees as and when required.

The Chairman of the Company is an INED 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.

The GCEO, Datuk Azmi bin Ahmad will assist the Chairman in the effective 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 responsibilities.

Whereas, the NIEDs 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.

To facilitate the discharge of the Board's responsibility and oversight role, the Board has delegated specific tasks to Board and Management Committees of which operates within defined terms of reference. These Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with their recommendations.

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Committees prior to submission as agenda items for deliberation at the meetings of the Board. The ultimate responsibility for the final decision however lies with the Board.

STATEMENT OF CORPORATE GOVERNANCE

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 the Group. The schedule of matters reserved for the collective decision of the Board is also enshrined in the FLOA. The FLOA is reviewed from time to time to ensure that they are relevant and up to date. The FLOA was last reviewed in January 2016.

In accordance with the FLOA, operational issues are delegated to the 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 the Group. At the senior management level, various working committees such as HSSE Working Committees, Senior Management Committee, Quality Committee, Group Risk Management Working Committee, are established to assist the Board and Board Committees in the Company's decision-making process, implementation and control.

Board Composition and Balance

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 Directors. The Board currently consists of six (6) members comprising of three (3) NIEDs and three (3) INEDs. Currently, 50% of the Board members are INEDs, complying with the Paragraph 15.02 of the MMLR of Bursa Securities.

The three (3) INEDS the Company, namely Puan Fina Norhizah binti Haji Baharu Zaman, Dato' Haji Ab Wahab bin Haji Ibrahim and Encik Ainul Azhar bin Ainul Jamal were not former employees of the Company. They 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. These values are most clearly illustrated in the Board Committees chaired by the INEDs, namely the BAC, BRMC and BNRC.

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

The Board 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 the Group. The profiles of the respective Directors are set out on pages 36 to 41 of this Annual Report.

Tenure of Independent Directors

The Company has not established term limits for the INEDs as the Board believes that term limit does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. Moreover, the term limit has the disadvantage of causing to lose the contributions from the experienced INEDs.

Diversity

The Board acknowledges the importance of boardroom diversity. The Board has always been in support of non-discrimination in their selection of Directors and in the process of recruitment. Nevertheless, the Board believes that the selection criteria of a Director, guided by the competencies, skills, experience and knowledge of the individual candidate, still remain a priority as well as 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.

Currently, the Company has one (1) female representation on the Board. The Board is committed in ensuring that its composition reflects the diversity in line with gender diversity agenda as recommended by the MCCG 2017.

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.

Independence of the Board of Directors

During the financial year under review, the Board of Directors assessed the independence of its INEDs based on criteria set out in Paragraph 1.01 of the MMLR of Bursa Securities. To date, all three (3) INEDs satisfy the following independence criteria:-

- independence from Management and free from any business or other new relationship which could interfere with independent judgement of the ability to act in the best interests of the Company;
- not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement;
- declare their interest or any possible conflict on any matter tabled prior to the commencement of the Board meetings. In the case of conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased discussion and decision.

The INEDs' respective backgrounds, experience and understanding of good governance enable them to exercise objective judgement. They are not easily influenced by non-related matters and able to act in the best interest of the Company and safeguard the stakeholders interests.

Apart from the above criteria, the independence of the all the Company's Directors including the NIEDs is assessed annually through the DBCPE Survey. This exercise involves questionnaires that cover principles, perspective and personal insights of the respective directors and are completed by all directors on themselves and on their peers.

The Board has taken note on the MCCG 2017's recommendations on the tenure of an independent director that should not exceed a cumulative term of nine (9) years. However, an INED may continue to serve the Board of Directors upon reaching the nine (9) year limit subject to the INED'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 BNRC is entrusted to assess the candidate's suitability to continue as an INED based on the criteria on independence.

At the coming 13th Annual General Meeting ("AGM"), the Company will seek its shareholders' mandate to retain Dato' Haji Ab Wahab bin Haji Ibrahim as an INED of the Company. He has served the Company as an INED since 2 May 2006, for a cumulative period of over nine (9) years.

The BNRC, as part of its Terms of Reference ("ToR") 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 judgment 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 BAC, including but not limited to attendance at Board and Board Committees' meetings. This proposed resolution is in line with the recommendation under the MCCG 2017 and this would allow him to continue to serve as Chairman of the BAC, pursuant to the requirement of Paragraph 15.10 of the MMLR of Bursa Securities.

STATEMENT OF CORPORATE GOVERNANCE

INED seeking retention has abstained from all deliberations regarding his retention.

In line with the recommendations of the MCCG 2017, 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 FY2017, 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 will continue, on an annual basis, to assess the independence of INEDs.

Fostering Commitment of the Board

The Board is of the opinion that the Board Members have no issue regarding their time commitment and attention to the affairs of the Company. Such is evidenced by the attendance of directors at Board and Committee meetings. These have demonstrated high level of commitment in Board members being able to accommodate the Company according to its needs.

The schedule for the Group's Board meetings was formulated in December and shared with the directors before the beginning of the year to ensure the Directors' time commitment.

A total of eight (8) meetings were held during the year: four (4) scheduled Board meetings to deliberate and decide on quarterly financial results, performance reports, pertinent strategic matters, risk assessment and important issues raised that required the Board's input and approval and various other corporate matters based on predetermined agendas. Four (4) special meetings were held during the year; of which the adoption of audited accounts was held in early April 2018, while a 2018 Proposed Budget was held in December 2017. The Board will also attend one (1) meeting in May 2018 prior to AGM to deliberate on AGM's matters.

The Board members have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the MMLR of Bursa Securities. The attendance of the members of Board at the Board meetings and 12th Annual General Meeting for the financial year ended 31 December 2017, are as follows:-

Board of Directors	Designation	Board Meeting Attendance	12^{th} AGM Attendance	% of Attendance
Fina Norhizah binti Haji Baharu Zaman *(Chairman)*	Independent Non-Executive Director	7/8	1/1	88%
Datuk Azmi bin Ahmad	Non-Independent Executive Director	8/8	1/1	100%
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	8/8	1/1	100%
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	8/8	1/1	100%
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	7/8	1/1	88%
Ainul Azhar bin Ainul Jamal	Independent Non-Executive Director	6/8	1/1	75%

STATEMENT OF CORPORATE GOVERNANCE

Paragraph 15.06 of Main LR 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 NIEDs of the Company also do not serve as a Director on other listed companies.

Annual Assessment of Directors

At the Board's meeting on 5 April 2018, the BNRC tabled the results of the FY2017 DBCPE. 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 a peer and self-review assessment, where Directors assessed their own and also their fellow Directors' performance 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:

- independence;
- mix of skills and experience;
- key strength; and
- areas of improvements.

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 balanced board composition. 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 INEDs and NIEDs.

A separate independence assessment was carried out by the BNRC by way of Director's self-assesment in order to ensure that Independent Directors are able to continue to bring independent and objective judgment to the Board. Directors' peer evaluation result continued to be high in year 2017. This result indicates a positive level of Board dynamics for the Board to further drive its performance.

Overall, the results of FY2017 DBCPE indicate healthy Boardroom dynamics with good working relationships among the Board members.

STATEMENT OF CORPORATE GOVERNANCE

Based on the FY2017 DBCPE results, the Board will continue to focus on the followings to maintain Alam Maritim's competitiveness:

- expedite plan towards talent scouting and succession planning;
- management of key risks;
- management of human capital;
- performance of key business units, and;
- strategic planning.

Directors' Remuneration

In line with MCCG 2017, 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 effectively. 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 INEDs and NIEDs 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.

All Directors, executive and non-executive, are abstained from deliberations and voting on decisions in respect of their individual remuneration.

In the case of NIEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NIED concerned. The remuneration of the NIEDs will be reviewed by the BNRC and recommended to the Board thereafter. All NIEDs are paid directors' remuneration taking into account any additional 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 directors' fees are approved by the shareholders at the AGM in accordance with the Company's Articles of Association.

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

The aggregate remuneration of Directors for the financial year ended 31 December 2017 is as follows:-

Description	NIEDs	INEDs	Total
Salaries and other emoluments	3,274,740	-	3,274,740
Defined contribution plan	284,435	-	284,435
Estimated money value of benefits in kind	144,000	-	144,000
Fees and other emoluments	-	349,000	349,000

STATEMENT OF CORPORATE GOVERNANCE

Remuneration Band	NIEDs	INEDs
RM100,000 - RM150,000	-	3
RM900,000 - RM1,000,000	1	-
RM1,000,000 - RM1,200,000	1	-
RM1,200,000 - RM1,500,000	1	-

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 INED, 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 and MCCG 2017.

Re-Appointment and Re-election of Directors

The Board believes in having a healthy mix of age and experience and therefore does not impose a limit on the length of service of the INEDs 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.

The on-going evaluation also further ensure the effectiveness of the Board as a whole in discharging their duties and responsibilities despite the duration of service for one (1) INED has exceeded nine (9) years.

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 the 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 Encik Shaharuddin bin Warno @ Rahmad and Encik Ahmad Hassanudin bin Ahmad Kamaluddin. Their profiles are set out on pages 38 and 39 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.

STATEMENT OF CORPORATE GOVERNANCE

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

Name	Designation	Relevant Provisions
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	Re-election under Article 94
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	Re-election under Article 94
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	Retention under Recommendation 4.3 of the MCCG 2017

All of the above Directors have complied with the various statutory provisions and other regulatory matters and were recommended for re-election/re-appointment/retention by the BNRC and were subsequently approved by the Board pursuant to the respective Articles and Sections. Directors seeking re-election, re-appointment and retention have abstained from all deliberations regarding his re-election, re-appointment and retention.

BOARD COMMITTEES

Article 134 of the Company's Articles of Association provides the Board the discretion to delegate its powers to its Committees. These committees have clear defined ToR to operate and conduct broad and in depth deliberation on issues before putting up recommendation to the Board. The ToRs of the Board Committees are available on the Company's official website at www.alam-maritim.com.my

The Company has established four (4) main Board Committees which are entrusted to carry out the Board delegated tasks, namely BAC, BNRC, BRMC and Employees' Share Option ("ESOS") Committee.

The proceedings and deliberations of the Board Committees are reported to the Board at every Board Meeting. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports together with the Committee members comments and views for the Boards' deliberation and approval.

(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 93 to 97 of this Annual Report.

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

(ii) Board Nomination and Remuneration Committee ("BNRC")

The Company has a combined Nomination and Remuneration Committee and Remuneration Committee for the purpose of expediency as the same members are entrusted with the functions for both the Nomination and Remuneration Committees. The BNRC is made up exclusively of INEDs.

The key functions of BNRC amongst others, are as follows:-

- 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 INEDs, as well as the chief executive officer and chief operating officer; and
- to document and report to the Board the result of assessment for the Board's proper evaluation and identification of relevant action programmes.

The BNRC ensures that prospective candidate has the required set of personal qualities and competencies to carry out duties and responsibilities as a Director. The incumbent's professionalism, integrity, skills and expertise must be seen to contribute and complement the Board existing strengths. For a good corporate governance practice, the BNRC agreed for each committee to be chaired by different Independent Director.

The members of the BNRC are as follows:-

Board of Directors	**Designation**	**Attendance**	**% of Attendance**
Fina Norhizah binti Haji Baharu Zaman *(Chairman)*	Independent Non-Executive Director	2/2	100%
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	2/2	100%
Ainul Azhar bin Ainul Jamal	Independent Non-Executive Director	2/2	100%

Summaries of Activities

During the financial year ended 31 December 2017, the BNRC met two (2) times, and deliberated on the following key activities:-

- assessment on the effectiveness of the Board as a whole, Board Committees and contribution of individual Directors and recommend improvement plans, where applicable;
- re-election/re-appointment and retirement of Directors at AGM;
- succession planning; and
- revised corporate organisation structure.

Reports/Minutes

The approved minutes of all BNRC meetings shall be tabled to the Board for notation and kept by the Secretary as evidence that the BNRC has discharged its functions.

(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, INED, and at the working level, Group Risk Management Working Committee ("GRMWC") is chaired by Encik Ahmad Hassanudin bin Ahmad Kamaluddin, NIED.

The BRMC is set to meet quarterly to review the effectiveness of the Group's Risk Management System.

STATEMENT OF CORPORATE GOVERNANCE

The members of the BRMC are as follows:

Board of Directors	Designation	Attendance	Attendance
Ainul Azhar bin Ainul Jamal *(Chairman)*	Independent Non-Executive Director	4/4	100%
Fina Norhizah binti Haji Baharu Zaman	Independent Non-Executive Director	3/4	75%
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	4/4	100%
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	4/4	100%
Datuk Azmi bin Ahmad *(Alternate member to Shaharuddin bin Warno @ Rahmad)*	Non-Independent Executive Director	3/4	75%
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	4/4	100%

Good corporate governance and risk management rest firmly with the Board. In view thereof, the Group Risk Management Department had arranged Enterprise Risk Management Training from 5 March 2018 to 7 March 2018 which was attended by the Board together with the Senior Management Team to deliberate on the Group's risk in detail.

GRMWC is entrusted by the BRMC to develop and maintain the corporate and operational risks profiles of the Group for onward approval by the BRMC, and the update them on quarterly basis.

` The Group adopts Business Assessment Risk Activity ("BARA") as the Risk Management Framework and the Corporate Risk Register as annually approved by the BRMC. The risk profiles and any other significant risks identified by GRMWC shall be deliberated at the BRMC meeting. The agreed remedial actions and deadlines shall be acted upon by the respective Business Heads as the Risk Owners and shall be updated to the BRMC accordingly.

Reports/Minutes

The approved minutes of all BRMC meetings shall be tabled to the Board for notation and kept by the Secretary as evidence that the BRMC has discharged its functions.

(iv) Employee Share Option ("ESOS") Committee

The ESOS Committee was established on 20 July 2016 comprising the following members:-

Name	Designation
Datuk Azmi bin Ahmad *(Chairman)*	Independent Non-Executive Director
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director
Md Nasir bin Noh	Group Financial Controller
Nuranisma binti Ahmad	Group Company Secretary

The functions of the ESOS Committee is to administer the implementation of the ESOS in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon it by the Board.

The Company has one ESOS in existence during the financial year. The ESOS was approved by the shareholders of the Company at the Company's Extraordinary General Meeting held on 3 June 2016. The aggregate maximum allocation of the ESOS options applicable to the Directors and Senior Management is 50% and actual granted to the Directors and Senior Management since the announcement of the ESOS is 45%.

STATEMENT OF CORPORATE GOVERNANCE

BOARD TRAINING AND KNOWLEDGE ACQUISITION

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 for the Group.

In addition, the Company Secretary also receives 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.

In the quest for continuous learning and acquisition of relevant skills and knowledge to enhance their business expertise and professionalism, the Directors attended the following seminars, conferences and training programmes in year 2017:

Courses/Trainings	Attended by
Business Continuity Plan	AHK
Effective Health Safety Committee	AHK
Sustainability Engagement Series for Chief Financial Officers/Chief Sustainability Officers	DAW
Malaysian Case Studies on Material	AAJ
Fraud Detection	AAJ
Directors and Officer Training	AAJ
Sharing of Key Features of MCCG 2017	FZ DAW AAJ DAA SR AHK
Highlights on the Companies Act, 2016	FZ DAW AAJ DAA SR AHK

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

STATEMENT OF CORPORATE GOVERNANCE

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.

BOARD ACCESS TO INFORMATION AND ADVICE

Access to Management

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, the members of the Board in the course of performing their duties, have unlimited access to all information about the Group's business affairs, advice and services of the Senior Management. The Board firmly believes that effective deliberation and its decision making process is highly dependent on the quality of information furnished by the Management.

From time to time, whenever the Board requires relevant information updates, the relevant member of the Management is invited to attend meetings of the Board and its Committees to present or seek recommendations for the Board’s consideration on matters relating to their area of responsibility. The respective Senior Management and permanent invitees such as the Head of HSSE Department and Group Financial Officer (“GCFO”) have been invited to Board Meetings during the presentation of quarterly performance reports for effective deliberation on the Group’s financial and safety performance.

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 for 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.

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.

Access to 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 Secretaries are responsible to provide support and appropriate guidance to the Board on the policies and procedures, rules and regulations and relevant laws as well as best practices on governance. 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.

Access to External Experts

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 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. During the year, no external expert was separately sources by the Board for advice.

STATEMENT OF CORPORATE GOVERNANCE

BOARD CONDUCT

Conflict of Interest and Related Party Transactions

All directors are required to make declarations of their respective interest in transactions at every Board meeting to ensure accountability and ascertain potential or actual conflict of interest in relation to every issue deliberated. The Directors concerned shall abstain from deliberating and voting in relation to relevant resolutions or transactions in which they have conflict of interest at the Board or any general meeting convened.

A register is maintained by the Company Secretary on Directors' interests and directorships, including his/her related persons for the purpose of monitoring.

Accordingly, our Directors have updated the Company Secretary on changes in their interest and status as and when these occurred.

The Group has established procedures regarding its related party transactions of which all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public and other suppliers, and are not detrimental to the minority shareholders.

The Recurrent Related Party Transactions entered into by the Group with its related parties in FY2017 are set out on pages 189 to 190 of this Annual Report.

Trading on Insider Information

Alam Maritim's Directors and employees of the Group who have access to price sensitive information are prohibited from trading in securities based on price sensitive information and knowledge which has not been publicly announced.

Directors and employees of the Group who do not have access to price sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are strictly adhered to. Notices on the closed period for trading in the Company's listed securities are sent to Directors and principal officers on a quarterly basis.

During the year, there were no cases reported on any breach of the prohibition.

Code of Ethics

The Directors and employees of Alam Maritim are expected to behave ethically and professionally at all times and to protect the reputation of the Company. The Group communicates its code of conduct to all Directors and employees upon their appointment of employment.

The conduct of employees is governed by Code of Ethics of employees which provide clear direction on conduct of business, dealing with stakeholders and general workplace behaviours. It includes guidance on disclosure of conflict of interests, practices regarding gifts and entertainment, amongst others.

Whistle Blowing Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, fraud, health and safety violations and corruption are usually known first by the people who work in or with the Group. An early warning system such as whistle blowing policy and procedure can assist the Group to detect wrongdoings and alert the Group to take corrective actions before a problem becomes a crisis.

In order to achieve these standards, all employees and stakeholders (i.e. shareholders / suppliers / customers) are encouraged to report genuine concerns about unethical behavior , malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

STATEMENT OF CORPORATE GOVERNANCE

For this purpose, a whistle blowing hotline has been established whereby any concern in respect of Key Management/Senior Management should be reported to the Chairman of BAC, copied to GCEO of the Company using the Company's Whistle Blowing Form. Any concern in respect of other general staff should be reported to the Head of Group Human Resource Department.

All reports will be investigated promptly and the progress of investigation will be reported to the BAC at the next scheduled meeting. The identity of the whistle blower is also safeguarded at all times. Upon completion of investigation, appropriate course of action will be recommended to the BAC for their deliberation. Decision taken by the BAC will be implemented immediately. Where possible, steps will also be implemented to prevent similar situation from arising.

STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Company recognises the importance of an effective communication channel with stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance.

Annual Report and Shareholder Participation at General Meeting

The Board acknowledges the significance of maintaining transparency and accountability to the Company's shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors including minority shareholders are protected. The Company's Alam Maritim's Annual Report contains invaluable information on the Group for the shareholders and investors specifically and the public in general. As a key channel of communication between the Group and its stakeholders. It contains reports and disclosures on the Groups' directions, key activities and financial performance, the contents of which are continuously enhanced to take into account the developments amongst others, in corporate governance.

A summary of annual report is published in a printed form and posted to shareholders in a CD ROM. An electronic version of the full annual report is also available on the Company's website for download. The complete printed version of the annual report is provided to shareholders upon request.

The Company sends out the Notice of the Annual General Meeting ('AGM") and related circular to shareholders at least 21 days before the meeting as required under the Listing Requirements of Bursa, in order to facilitate full understanding and evaluation of the issues involved.

During the AGM, the GCEO or GCFO presents a review on the Group's performance which is supported by a visual and graphic presentation of the key points and financial figures.

The Board recognises a two-way communication with its shareholders at general meetings and allocates time and welcomes questions and feedback regarding directions, operations, financials and proposed resolutions from the shareholders at the general meeting. Questions raised by the Minority Shareholders Watchdog Group ("MSWG") are also addressed and shared with all shareholders during the AGM. Press conference is also held immediately after the AGM at which all the Board members and GCFO are present to clarify and explain issues raised by the media.

In the past, about 80% of the shareholders of the Company appointed proxies to attend and vote on their behalf at general meetings.

The outcome of the AGM is announced to Bursa on the same meeting day.

STATEMENT OF CORPORATE GOVERNANCE

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 2017 are set out on pages 104 to 202 of this Annual Report.

The Board, through the BAC maintains a formal and transparent relationship with the External Auditors. The BAC had convened two (2) meetings with the External Auditors without the presence of Executive Directors and officers to discuss the audit findings for financial year ended 2017.

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 early April 2018, 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.

TIMELY AND 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 and market updates

Dissemination of disclosure materials as well as corporate and related market information to the shareholders are mainly by the internet through 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. All announcements and Quarterly Reports made by the Company to Bursa Securities are on the Company’s corporate website, www.alam-maritim.com.my where shareholders can access information under the “Investor Relations” page.

As part of the Company’s commitment towards maintaining effective communication with shareholders and investors, experienced members of the NIED and the Management Team are directly involved in the Company’s investor relations activities, whose details are as follows:-

Name	:	Shaharuddin bin Warno @ Rahmad
Designation	:	Group Chief Operating Officer
Email	:	shaharuddin@alam-maritim.com.my

Name	:	Md Nasir bin Noh
Designation	:	Group Chief Financial Officer
Email	:	mdnasir@alam-maritim.com.my

The intranet and web portal are also 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.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

STATEMENT OF CORPORATE GOVERNANCE

ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2017

Share Buy-back

There were no shares buy-back exercised by the Company during the financial year ended 31 December 2017.

Options, Warrants or Convertible Securities

Alam Maritim did not issue any options, warrants or convertible securities during the financial year ended 31 December 2017, save and except for the options issued pursuant to the Employees' Share Scheme.

Non-Audit Fees

There were non-audit fees amounting to RM495,402 payable to the Independent Financial Advisor during the financial year for assisting the Group to develop a restructuring scheme.

Imposition of Sanctions and/or 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 any profit estimated forecast/projection of unaudited results announced.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2017 or, if not then subsisting, entered into since the end of the previous financial year.

Profit Guarantee

The Company did not make any profit guarantee during the financial year ended 31 December 2017.

Material Litigation

The Company did not have any material litigation during the financial year ending 31 December 2017.

COMPLIANCE STATEMENT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement. Pursuant to Paragraph 15.25 of the MMLR of Bursa Securities, the Board is pleased to report that the Board is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCCG 2017, the relevant chapters of the MMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the financial year ended 31 December 2017.

This statement was presented and approved at the meeting of the Board on 5 April 2018.

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 2017 are as follows:

Member	Number of Meetings Attended/ Meetings Held	% of Meetings Attended
Dato' Haji Ab Wahab bin Haji Ibrahim Chairman *(Independent Non-Executive Director and a Member of the Malaysian Institute of Accountants)*	5/5	100%
Fina Norhizah binti Haji Baharu Zaman *(Independent Non-Executive Director)*	5/5	100%
Ainul Azhar bin Ainul Jamal *(Independent Non-Executive Director)*	5/5	100%

Composition

Conforming to the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017), majority of the BAC members are Independent Non-Executive Directors ("INED").

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 five (5) meetings held during FY2017 as indicated in the table above was fulfilled. Upon invitation by the BAC, the Non Independent Executive Directors, Group Chief Financial Officer ("GCFO"), Head Internal Audit and representatives of the External Auditors attended all the meetings. Time was also set aside for the External Auditors to have private discussions with the BAC in the absence of Management. 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 Internal Audit.

Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The secretary of the Committee shall be the Group Secretary.

TERMS OF REFERENCE ("ToR") OF BAC

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.

The ToR of the BAC is accessible on the Company's official website at www.alam-maritim.com.my.

(a) Composition

The BAC shall comprise at least three (3) 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 INEDs.

AUDIT COMMITTEE REPORT

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

- To read and understand financial statements, including 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 MIA 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 ToR.

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 INED shall be the Chairman of the BAC.

(c) Meetings and Minutes

The BAC shall meet at least four (4) times annually. However, at least twice a year, the BAC shall meet with the External Auditors without the Non Independent Executive Directors ("NIED") being present.

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

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

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

(d) Quorum

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

(e) Authority

The BAC is authorised by the Board to review any activity within the BAC's ToR.

The BAC is authorised to seek any information the BAC requires from any Director or member of the 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.

AUDIT COMMITTEE REPORT

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 the 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 2017 for inclusion in the Annual Report.

(d) Risk Management and Internal Control

- To consider annually the Risk Management Framework adopted within the Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Group Policies and 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 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.

AUDIT COMMITTEE REPORT

- To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
- To review any appraisal or assessment of the performance of the members of the Internal Audit, approve any appointment or termination of senior staff members of Internal Audit and inform itself of any resignations of staff of Internal Audit and reasons thereof;
- To ensure Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
- To request and review any special audit which it deems necessary.

(f) External Audit

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

(g) Other Matters

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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;
- 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.
- In November 2017, the BAC approved Annual Internal Audit Plan and Budget for 2018 to be conducted by Internal Audit and Risk Management Department ("IARM"), which emphasises on risk-based approach and Committee of Sponsoring Organisation ("COSO") approach.

AUDIT COMMITTEE REPORT

- Review the past audit results for lessons learnt and improvement to the future internal audit.
- As to improvement governance, Audit and Compliance Assurance Sub Committee ("ACA") was established and meets on quarterly basis beginning March 2017. The objective is to ensure internal audits and compliance activities within the Group are shared to all Business Units. This will provide assurance to shareholders of Management accountability in effectively monitoring and implementing the audit recommendations.

STATEMENT ON INTERNAL AUDIT FUNCTION

IARM 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, IARM reports directly to the BAC on functional basis and to the GMD / GCEO 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, IARM has direct access to the Chairman of the BAC on all matters of control and audit. Any inappropriate restrictions on audit scope are to be reported to the BAC.

The Head, IARM is assisted by one 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 FY2017, a total of approximately RM233,628 was incurred as part of resource allocation for the IARM, covering mainly on manpower and incidental costs such as travelling and training costs.

IARM 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 include areas on Information Technology (IT), Human Resource, Revenue and Costs, Procurement and Vessel Documentations.

The main activities performed by IARM 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 reliability and usefulness of information developed within the Group;
- Recommending improvements to the existing systems of controls;
- Carrying out investigations and special reviews requested by the 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 IARM and the status updated in the subsequent audits.

This report is made in accordance with a resolution of the Board dated 5 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Alam Maritim Resources Berhad ("Board") is committed in maintaining 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 GMD / GCEO, who is responsible for good business and regulatory governance. The Board is pleased to provide the following statement outlines the nature and scope of Alam Maritim Resources Berhad and its subsidiaries' ("Group") risk management and internal control for the financial year ended 31 December 2017.

RESPONSIBILITY

The Board of Directors of Alam Maritim Resources Berhad (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 not only financial controls but also controls relating to operational, governance, risk management, strategy, organizational and compliance with applicable laws, regulations, rules, and guidelines. The Board, through the Board Audit Committee ("BAC") and the Board Risk Management Committee ("BRMC") recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and to identify, assess and respond to risks to achieve the organization's goals and objectives within the risk tolerance to as-low-as-reasonably-practicable ("ALARP") 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 through the BAC and accords with the guidelines for directors on internal control, the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. 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' business and operations. At its meetings in 2017, 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

In order to ensure Regulatory Compliance, Transparencies, prevent Conflict-of-Interest, Health, Safety, Security and Environment Protection, the Group's risk management framework and 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

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.

3. Board Risk Management Committees

3.1 The BRMC comprises six (6) members (including alternate member), majority main members are Independent Non-Executive members. The Group Chief Financial Officer, Head Internal Audit and Head of Group Risk Management attended BRMC meetings as invitees.

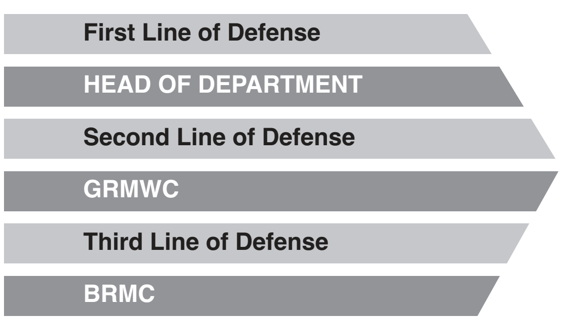
3.2 The BRMC delegates to the Group Risk Management Working Committee (“GRMWC”) the responsibility for creating a risk-aware culture and building the necessary knowledge for risk management at every level of management. The GRMWC is responsible for ensuring the effective implementation of the Group Risk 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.

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

4. Risk Management Framework (“RMF”)

4.1 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

5. Accountability and Tolerance for Risk Management

5.1 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 emphasized 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.

5.2 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.

6. Risk Reporting

6.1 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.

6.2 To ensure that our RMF and processes remain sound and are in compliance with International recognized standards, we had revised our existing Matrix and renamed Business Risk Assessment (BARA) and will incorporate into existing procedures.

CONTROL ACTIVITIES

1. Policies, Procedures and Limits of Authority

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 the Group'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.

2. Strategic Business Planning, Budgeting and Reporting

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 GMD / GCEO 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.

3. Insurance and Physical Safeguard

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.

3.2 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 the Group to assess the adequacy of the intended coverage.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INFORMATION AND COMMUNICATION

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.

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.

MONITORING

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.

2. Internal Audit Function

In order to ensure that the internal controls system is viable and robust, periodic examination of business process and the internal controls procedures and processes by the Group Internal Audit function to monitor and review the effectiveness and efficiency 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.

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 i.e. Performance and Development Appraisal ("PDA") aligned to their functions as assigned to them in which they are expected to accomplish.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Malaysia Listing Requirements, the external auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with the scope set out in 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 cause them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION

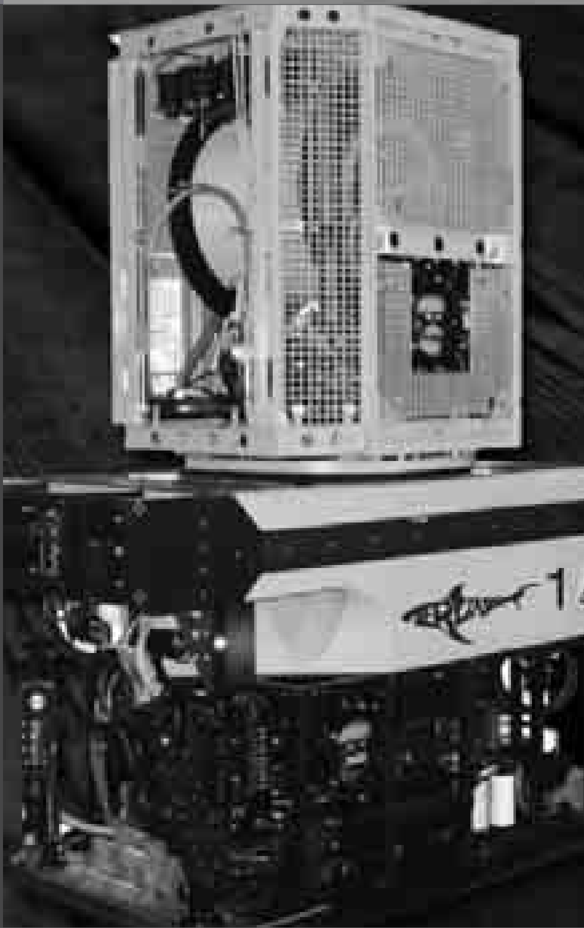
For the financial year under review, based on inquiry, information and assurance provided by the Group Managing Director and the Group Chief Financial Officer, the Board is of the opinion and to the best of its knowledge that the system of internal controls and risk management processes are adequate and sound to provide reasonable assurance in safeguarding the 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 which may resulted in any material loss or uncertainty that would require disclosure in this Annual Report.

This Statement on Risk Management and Internal Control has been prepared in accordance to the Bursa Malaysia Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This Statement has been approved by the Board at its meeting on 5 April 2018.

Enterprise Risk Management (ERM) Workshop with Senior Management Team and Directors held on 5 - 7 March 2018

Applied ERM Workshop with Departmental Representative held on 21 - 22 March 2018

FINANCIAL STATEMENTS



DIRECTORS' REPORT

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The principal activity of the Company is investment holding.

The principal activities and other information relating to the subsidiaries, associates and joint ventures are disclosed in Notes 15, 16 and 17 to the financial statements respectively.

Results

	Group RM	Company RM
Loss for the year	(145,380,551)	(1,974,661)
Attributable to:		
Owners of the parent	(145,971,075)	(1,974,661)
Non-controlling interests	590,524	-
	(145,380,551)	(1,974,661)

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 except other than disclosed in the financial statements.

Dividend

The directors do not recommend payment of any dividend for the financial year ended 31 December 2017.

DIRECTORS' REPORT

Directors

The names of the directors of the Company in office since the beginning of the financial year to 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

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Wu Qiong
Samuel Bernard Sassoon
Ho Kum Khuen (alternate to Samuel Bernard Sassoon)

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 below) 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.

The directors' benefits are as follows:

	Group RM	Company RM
Salaries, fees and other emoluments	3,623,740	349,000
Defined contribution plan	284,435	-
Estimated money value of benefits-in-kind	144,000	-
Insurance effected to indemnify directors and officers*	38,000	-
	4,090,175	349,000

* The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for directors and officers of the Group for the financial year amounted to RM30,000,000.

DIRECTORS' REPORT

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			
	At 1.1.2017	**Acquired**	**Sold**	**At 31.12.2017**
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
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

* Include interest by virtue of 165,625 shares held by spouse

** Interest by virtue of shares held by spouse

	Number of options over ordinary shares				
	At 1.1.2017	**Expired**	**Granted**	**Exercised**	**At 31.12.2017**
Datuk Azmi bin Ahmad	924,000	-	-	-	924,000
Shaharuddin bin Warno @ Rahmad	900,000	-	-	-	900,000
Ahmad Hassanudin bin Ahmad Kamaluddin	900,000	-	-	-	900,000

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 3 June 2016. The ESOS was implemented on 21 July 2016 and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the Employee Share Option Plans are disclosed in Note 31 to the financial statements.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Employee Share Option Plans as at 31 December 2017 are as follows:

	Weighted average exercise price RM	**Exercise period**
2020 Options	0.40	21.07.2020 to 20.07.2021
2019 Options	0.36	21.07.2019 to 20.07.2020
2018 Options	0.36	21.07.2018 to 20.07.2019
2017 Options	0.33	21.07.2017 to 20.07.2018
2016 Options	0.33	21.07.2016 to 20.07.2017

Details of options granted to directors are disclosed in the section on Directors’ interests in this report.

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; and

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

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

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

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

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

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

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

  (i) any charge on the assets of the Group 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, other than as disclosed in Note 2.2 in the financial statements:

  (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.

DIRECTORS' REPORT

Significant and subsequent events

Details of significant and subsequent events are disclosed in Note 40 to the financial statements.

Auditors and auditors' remuneration

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration are disclosed below:

	Group RM	Company RM
Ernst & Young	219,000	70,000
Other auditors	95,624	-

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 December 2017.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2018.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Haji Ab Wahab bin Haji Ibrahim and Datuk Azmi bin Ahmad, being two of the directors of Alam Maritim Resources Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 114 to 201 are drawn up, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2017 and of the financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2018.

Dato' Haji Ab Wahab bin Haji Ibrahim

Datuk Azmi bin Ahmad

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

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 114 to 201 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 27 April 2018.

Md Nasir bin Noh

Before me,

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Alam Maritim Resources Berhad, which comprise the statements of financial position as at 31 December 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 201.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2.2 of the financial statements, which indicate that the Group and the Company incurred a loss for the year of RM145,380,551 and RM1,974,661 respectively during the financial year ended 31 December 2017. These conditions, along with other matters as set forth in Note 2.2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

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

Impairment of Group's vessels and equipment

As at 31 December 2017, the Group has RM391,083,183 of property, vessels and equipment of which 95% relates to vessels and equipment with a total carrying value of RM371,314,629, being the most significant assets of the Group. This is further detailed in Note 12 to the financial statements.

Due to the continued depressed oil and gas industry, the Group has recorded a decline in revenue for the current financial year, thereby indicating that the carrying amount of the vessels and equipment may be impaired. The Group had recognised an impairment amount of RM18,611,686 in the current financial year.

The recoverable amount are determined separately as each vessel and diving equipment is able to generate cash inflows independently. Accordingly, the Group estimated the recoverable amount of the vessels and diving equipment based on the higher of fair value less costs to sell and its value in use.

The impairment review was significant to our audit because the assessment process is complex and is based on assumptions that are highly judgmental.

Our audit procedures included, amongst others:
- assessed the methodologies used by external valuers to estimate the fair value of the vessels;
- evaluated the external valuer's competency, capabilities and objectivity;
- checked, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer;
- evaluated management's cash flow forecasts where we compared these forecasts with the business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of the forecasting; and
- evaluated and challenged the assumptions made on vessels' utilisation rate, daily charter rate, budgeted gross margins and discount rate.

In addition, we also assessed the appropriateness of the disclosures in the audited financial statements in accordance with the relevant standards. We refer to Notes 3.2(c) and 12 in the notes to the financial statements.

Impairment of investments in associates and joint ventures

As at 31 December 2017, the carrying value of investments in associates and joint ventures are RM39,013,005 and RM149,094,485 respectively. This is further detailed in Notes 16 and 17 to the financial statements.

The continued depressed oil and gas industry mentioned above has raised indication of possible impairment where the directors have assessed the recoverable amount of the entities. The Group had recognised an impairment amount of RM14,561,300 in the current financial year.

Our audit procedures included amongst others:

- evaluating the assumptions and methodologies used by the Group in performing the impairment assessment;
- evaluated management's cash flow forecasts where we compared these forecasts with the business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of the forecasting;
- evaluated and challenged the assumptions made on forecasted revenue, budgeted gross margins and discount rate;
- assessed the methodologies used by external valuers to estimate the fair value of the vessels, which is the most significant assets of the entities;
- evaluated the external valuer's competency, capabilities and objectivity; and
- checked, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer.

INDEPENDENT AUDITORS' REPORT

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

Impairment of investments in associates and joint ventures (cont'd.)

In addition, we also assessed the appropriateness of the disclosures in the audited financial statements in accordance with the relevant standards. We refer to Note 3.2(d) in the notes to the financial statements.

Information other than the financial statements and the auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITORS' REPORT

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

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also (cont'd.):

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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. 01759/02/2020J
Chartered Accountant

Kuala Lumpur, Malaysia
27 April 2018

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	161,074,596	229,480,524	-	-
Cost of sales	4	(159,229,140)	(218,060,275)	-	-
Gross profit		1,845,456	11,420,249	-	-
Other income	5	44,590,904	10,972,342	4,485,703	10,639,680
Employee benefits expense	6	(21,549,497)	(26,322,906)	(315,012)	(382,760)
Other expenses		(101,223,891)	(68,877,278)	(2,816,832)	(624,421)
Operating (loss)/profit		(76,337,028)	(72,807,593)	1,353,859	9,632,499
Finance costs	8	(6,654,090)	(9,151,947)	(3,328,520)	(5,205,500)
Share of results of associates		(8,728,564)	(30,454,322)	-	-
Share of results of joint ventures		(47,177,759)	(36,454,136)	-	-
(Loss)/profit before tax	9	(138,897,441)	(148,867,998)	(1,974,661)	4,426,999
Income tax (expense)/credit	10	(6,483,110)	6,209,539	-	(22,775)
(Loss)/profit for the year		(145,380,551)	(142,658,459)	(1,974,661)	4,404,224
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent period (net of tax):					
Foreign currency translation, representing other comprehensive income for the year, net of tax		1,417,142	(353,045)	-	-
Total comprehensive (loss)/ income for the year		(143,963,409)	(143,011,504)	(1,974,661)	4,404,224
(Loss)/profit attributable to:					
Owners of the parent		(145,971,075)	(137,502,551)	(1,974,661)	4,404,224
Non-controlling interests		590,524	(5,155,908)	-	-
		(145,380,551)	(142,658,459)	(1,974,661)	4,404,224
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(144,990,731)	(136,926,411)	(1,974,661)	4,404,224
Non-controlling interests		1,027,322	(6,085,093)	-	-
		(143,963,409)	(143,011,504)	(1,974,661)	4,404,224
Loss per share attributable to owners of the parent:					
Basic (sen)	11(a)	(15.80)	(14.9)		
Diluted (sen)	11(b)	(15.80)	(14.9)		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, vessels and equipment	12	391,083,183	443,644,103	-	-
Investment properties	13	1,649,573	8,534,655	-	-
Intangible assets	14	-	-	-	-
Investments in subsidiaries	15	-	-	100,303,120	100,303,120
Investments in associates	16	39,013,005	47,741,569	-	-
Interests in joint ventures	17	149,094,485	210,040,405	-	-
Deferred tax assets	18	530,650	5,157,381	-	-
Trade receivables	20	-	581,965	-	-
		581,370,896	715,700,078	100,303,120	100,303,120
Current assets					
Inventories	19	1,513,253	2,066,265	-	-
Amounts due from subsidiaries	28	-	-	345,147,526	366,934,663
Trade receivables	20	97,416,453	55,303,574	-	-
Other receivables	21	118,087,359	132,925,189	4,823,376	192,776
Tax recoverable		5,731,432	6,248,867	162,852	352,577
Cash and bank balances	22	55,792,409	45,124,437	27,832,934	11,968,076
		278,540,906	241,668,332	377,966,688	379,448,092
Non-current asset held for sale	32	10,978,265	-	-	-
		289,519,171	241,668,332	377,966,688	379,448,092
Total assets		870,890,067	957,368,410	478,269,808	479,751,212
Equity and liabilities					
Current liabilities					
Borrowings	26	130,859,240	92,628,508	75,000,000	30,000,000
Trade payables	29	47,661,415	47,732,118	-	-
Other payables	30	72,766,137	12,842,878	1,107,010	613,753
Tax payable		94,593	256,501	-	-
		252,381,385	153,460,005	76,107,010	30,613,753

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017 (cont'd.)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Non-current liabilities					
Borrowings	26	20,438,528	62,132,470	-	45,000,000
Deferred tax liabilities	18	4,426,819	4,169,191	-	-
		24,865,347	66,301,661	-	45,000,000
Total liabilities		277,246,732	219,761,666	76,107,010	75,613,753
Net current assets		37,137,786	88,208,327	301,859,678	348,834,339
Net assets		593,643,335	737,606,744	402,162,798	404,137,459
Equity attributable to owners of the parent					
Share capital	23	396,314,966	231,115,231	396,314,966	231,115,231
Share premium	23	-	165,199,735	-	165,199,735
Other reserves	24	1,684,592	704,248	2,108,236	2,108,236
Retained earnings	25	199,127,654	345,098,729	3,739,596	5,714,257
		597,127,212	742,117,943	402,162,798	404,137,459
Non-controlling interests		(3,483,877)	(4,511,199)	-	-
Total equity		593,643,335	737,606,744	402,162,798	404,137,459
Total equity and liabilities		870,890,067	957,368,410	478,269,808	479,751,212

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	< Attributable to owners of the parent				>		
	< Non-distributable		>	Distributable			
	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 2017	231,115,231	165,199,735	704,248	345,098,729	742,117,943	(4,511,199)	737,606,744
Loss for the year	-	-	-	(145,971,075)	(145,971,075)	590,524	(145,380,551)
Other comprehensive income	-	-	980,344	-	980,344	436,798	1,417,142
Total comprehensive income	231,115,231	165,199,735	1,684,592	199,127,654	597,127,212	(3,483,877)	593,643,335
Transfer to share capital	165,199,735	(165,199,735)	-	-	-	-	-
Closing balance at 31 December 2017	396,314,966	-	1,684,592	199,127,654	597,127,212	(3,483,877)	593,643,335
Opening balance at 1 January 2016	231,115,231	165,199,735	(1,885,182)	482,506,334	876,936,118	1,573,894	878,510,012
Loss for the year	-	-	-	(137,502,551)	(137,502,551)	(5,155,908)	(142,658,459)
Other comprehensive income	-	-	576,140	-	576,140	(929,185)	(353,045)
Total comprehensive income	231,115,231	165,199,735	(1,309,042)	345,003,783	740,009,707	(4,511,199)	735,498,508
Expiry of employee share options	-	-	(94,946)	94,946	-	-	-
Issuance of employee share options	-	-	2,108,236	-	2,108,236	-	2,108,236
Closing balance at 31 December 2016	231,115,231	165,199,735	704,248	345,098,729	742,117,943	(4,511,199)	737,606,744

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	< Non-distributable		>	Distributable	
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained earnings (Note 25) RM	Total equity RM
At 1 January 2017	231,115,231	165,199,735	2,108,236	5,714,257	404,137,459
Total comprehensive income for the year	-	-	-	(1,974,661)	(1,974,661)
Transfer to share capital	165,199,735	(165,199,735)	-	-	-
At 31 December 2017	396,314,966	-	2,108,236	3,739,596	402,162,798
At 1 January 2016	231,115,231	165,199,735	94,946	1,215,087	397,624,999
Total comprehensive income for the year	-	-	-	4,404,224	4,404,224
Transactions with owners:					
Issuance of employee share options	-	-	2,108,236	-	2,108,236
Expiry of employee share options	-	-	(94,946)	94,946	-
Total transactions with owners	-	-	2,013,290	94,946	2,108,236
At 31 December 2016	231,115,231	165,199,735	2,108,236	5,714,257	404,137,459

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 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Operating activities				
(Loss)/profit before tax	(138,897,441)	(148,867,998)	(1,974,661)	4,426,999
Adjustments for:				
Interest income	(752,343)	(836,442)	(205,582)	(172,325)
Interest recharged to subsidiaries	-	-	(3,328,520)	(5,205,500)
Property, vessels and equipment:				
- Depreciation (**Note 12**)	39,263,113	44,958,897	-	-
- (Gain)/loss on disposal	(16,682,669)	60,994	-	-
- Written off (**Note 12**)	221	8,777	-	-
- Impairment (**Note 12**)	18,611,686	22,469,772	-	-
Investment properties				
- Depreciation (**Note 13**)	208,103	120,580	-	-
- Gain on disposal	(1,664,747)	-	-	-
Finance costs	6,654,090	9,151,947	3,328,520	5,205,500
Trade receivables:				
- Impairment loss (**Note 20**)	8,554,045	9,343,523	-	
- Reversal of impairment loss (**Note 20**)	(4,235,000)	(3,025,000)	-	-
Amounts due from joint ventures:				
- Impairment loss (**Note 21**)	43,311,829	7,953,167	-	-
Net unrealised foreign exchange loss/(gain)	21,156,356	9,292,038	1,420,082	(5,261,668)
Intangibles assets:				
- Impairment loss (**Note 14**)	-	1,590,456	-	-
Share of results of associates	8,728,564	30,454,322	-	-
Share of results of joint ventures	47,177,759	36,454,136	-	-
Gain on disposal of a subsidiary company (**Note 15**)	-	(1,610,095)	-	-
Impairment loss on investments in associates (**Note 16**)	-	1,236,015	-	-
Impairment loss on interests in joint ventures (**Note 17**)	14,561,300	6,334,146	-	-
Issuance of employee share options (**Note 24**)	-	2,108,236	-	-
Cash flow generated from/(used in) before working capital changes	45,994,866	27,197,471	(760,161)	(1,006,994)
Operating cash flows before working capital changes	45,994,866	27,197,471	(760,161)	(1,006,994)
Changes in working capital:				
Decrease in inventories	553,012	563,465	-	-
(Increase)/decrease in receivables	(80,217,097)	3,482,814	(4,630,600)	(163,965)
Increase/(decrease) in payables	44,796,200	(52,054,064)	493,257	(4,463,497)
Total changes in working capital	(34,867,885)	(48,007,785)	(4,137,343)	(4,627,462)
Cash flows generated from/(used in) operations	11,126,981	(20,810,314)	(4,897,504)	(5,634,456)
Income tax (paid)/refund, net	(1,159,090)	(2,176,038)	189,725	(15,050)
Interest paid	(6,654,090)	(9,151,947)	(3,328,520)	(5,205,500)
Net cash flows generated from/(used in) operating activities	3,313,801	(32,138,299)	(8,036,299)	(10,855,006)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2017 (cont'd.)

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Investing activities				
Purchase of property, vessels and equipment	(34,249,488)	(8,364,445)	-	-
Proceeds from disposal of property, vessels and equipment	31,193,593	57,905	-	-
Proceeds from disposal of investment properties	8,341,726	-	-	-
Proceeds from disposal of a subsidiary company	-	2	-	-
Decrease in amounts due from subsidiaries	-	-	20,367,055	42,522,878
Interest received	752,343	836,442	3,534,102	5,377,825
Net cash flows generated from/(used in) investing activities	6,038,174	(7,470,096)	23,901,157	47,900,703
Financing activities				
Redemption of Sukuk Ijarah Murabahah Term Notes ("MTN")	-	(40,000,000)	-	(40,000,000)
Term loans:				
- Drawdown	9,929,752	5,634,843	-	-
- Repayment	(7,451,487)	(10,798,490)	-	-
Revolving credits:				
- Drawdown	-	11,082,500	-	-
- Repayment	(2,920,182)	(6,116,500)	-	-
Hire purchase and finance lease liabilities:				
- Repayment	(708,553)	(1,418,925)	-	-
(Increase)/ decrease in cash set aside for marginal deposit	(4,563,045)	9,176,416	-	-
Movement in sinking fund	(9,982,534)	1,168,750	(16,077,257)	1,168,750
Net cash flows used in financing activities	(15,696,049)	(31,271,406)	(16,077,257)	(38,831,250)
Net decrease in cash and cash equivalents	(6,344,074)	(70,879,801)	(212,399)	(1,785,553)
Net foreign exchange difference	4,779,207	(1,512,431)	-	-
Cash and cash equivalents at beginning of the financial year	7,043,579	79,435,811	449,319	2,234,872
Cash and cash equivalents at end of the financial year (**Note 22**)	5,478,712	7,043,579	236,920	449,319

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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 of the Company is located at 38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The immediate holding company is SAR Venture Holdings (M) Sdn. Bhd., which is incorporated in Malaysia and is an investment holding company.

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, associates and joint ventures 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 27 April 2018.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 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 2017 as disclosed in Note 2.3.

The financial statements have been prepared on a historical cost basis except as disclosed in this summary of significant accounting policies.

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

2.2 Going concern assumptions

The Group incurred a net loss for the year of RM145,380,551 (2016: RM142,658,459) for the financial year ended 31 December 2017.

As disclosed in Note 40, the Group and its subsidiaries, joint venture companies and associated companies (collectively, the "Affected Companies") had approached the Corporate Debt Restructuring Committee of Bank Negara Malaysia ("CDRC") to facilitate the restructuring of their existing borrowings facilities and their repayment terms and conditions with their respective financiers (hereafter referred to as the Proposed Restructuring Scheme ("PRS")). As part of the exercise in formulating the PRS under the CDRC Participants' Code of Conduct, on 25 May 2017, the CDRC issued a Standstill Letter to the financiers of the Affected Companies as well as the trustee to the Company's Sukuk-holders. Consequently, during the year, the Group has not paid any sukuk principal repayments and loan repayments amounting to RM160.8 million at their respective payment due dates.

The Affected Companies had on 30 March 2018 received the requisite approval-in-principle for the PRS from the financiers subject to satisfaction of certain conditions, as disclosed in **Note 40**.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2.2 Going concern assumptions (cont'd.)

The ability of the Group and the Company to continue as going concerns are dependent upon the Group's ability to secure significant contracts from oil and gas majors, their successful profitable operations in the foreseeable future and their ability to comply with the terms and conditions of the PRS as detailed in **Note 26**.

The Directors have concluded that the circumstances highlighted above indicate a material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as going concerns and, if not mitigated, may result in the Group and the Company being unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors have considered the prospects of securing the contracts as prescribed by the PRS approval and are confident of its chances of securing them and of the Group's and the Company's ability to generate sufficient profitable operations in the foreseeable future. For these reasons, the Directors believe that it is appropriate to present and prepare these financial statements using the going concern basis.

2.3 Changes in accounting policies

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

On 1 January 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2017.

Description	**Effective for annual periods beginning on or after**
MFRS 107 Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual Improvements to MFRS Standards 2014–2016 Cycle Amendments to MFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12	1 January 2017

The adoption of the above new and Amendments to MFRSs did not have any significant financial impact to the Group.

2.4 Standards issued but not yet effective

The standards 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**
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018

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

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

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the standards and amendments to standards above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;

(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and

(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors do not anticipate that the application of the amendments will have a significant impact on the Group's and the Company's financial statements as the Group and the Company do not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

MFRS 9 Financial Instruments

MFRS 9 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. During 2017, the Group has performed a detailed impact assessment of all three aspects of MFRS 9 and noted no significant impact to the Group's and Company's financial statements. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

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

Based on the analysis of the Group's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the directors have assessed the impact of MFRS 9 to the Company's financial statements and the status as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity in applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 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, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Directors have assessed the effect of applying the new standard on the Group's financial statements, as follows:

- Prior to 1 January 2018, there was no outstanding contract with customer where the Company has remaining performance obligation, i.e. all promised goods or services are transferred for contracts entered prior to 31 December 2017. As such, there would be no impact to the opening retained earnings of the Company arising from the adoption of MFRS 15.

MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of change in use.

Entities can apply these amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Earlier application of the amendments is permitted and must be disclosed. The Group will apply these amendments when they become effective. However, since the Group’s current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

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

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

Annual Improvements to MFRS Standards 2014 – 2016 Cycle

The Annual Improvements to MFRS Standards 2014-2016 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

MFRS 128 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition, on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- if an entity, that is not itself an investment entity, has an interest in associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to 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. This election is made separately for each investment entity associate or joint venture, at a later date on which:

  (a) the investment entity associate or joint venture is initially recognised;
  (b) the associate or joint venture becomes an investment entity; and
  (c) the investment entity associate or joint venture first becomes a parent.

Earlier application of these amendments are permitted and must be disclosed. These amendments are not applicable to the Group as the Group is not a venture capital organisation and the Group does not have any associate or joint venture that is an investment entity.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed. The application of these amendments will not have an impact on the Group and on the Company as the Group and the Company are already accounting for transactions involving the payment or receipt of advance consideration in foreign currency in a way that is consistent with the amendments.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

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

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group has non-cancellable operating lease commitments of RM33,325,594. However, the Group has not assessed if there are any adjustments which are necessary because of the different treatment of variable lease payments, extension or termination options. It is therefore not practicable at this juncture to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of MFRS 16 and how this may affect the Group's profit or loss and classification of cash flows going forward.

MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment recognised as adjustments to the net investment in Associates and Joint Ventures.

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the directors of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

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

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

Annual Improvements to MFRS Standards 2015–2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations – Previously held interests in a joint operation	The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019.Earlier application is permitted.
MFRS 11 Joint Arrangements – Previously held interests in a joint operation	A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies these amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is 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:

(a) 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

(b) gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture 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. These amendments are not expected to have any impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group control an investee if, and only if, the Group has:

(i) Power over the investee (i.e. 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 involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee

(ii) Rights arising from other contractual arrangements

(iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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

2.6 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *MFRS 139 Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in the statement of 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 and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Economic entities in the Group

(a) Subsidiary companies

Investment in subsidiary companies are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is set out in **Note 2.12**.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2.7 Economic entities in the Group (cont'd.)

(a) Subsidiary companies (cont'd.)

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.

(b) 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.

(c) 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.

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.

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

2.7 Economic entities in the Group (cont'd.)

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

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.

2.8 Foreign currencies

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.9 Property, vessels and equipment

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 initial 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.

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%
Vessels	4%
Drydocking	20% to 40%
Diving equipment	10%
Equipment on vessel	10%
Motor vehicles	20%
Computers	33.3%
Office equipment	10%
Furniture and fittings	10%
Renovations	10%

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

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

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

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

2.10 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 2.12**.

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 either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.11 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 goodwills 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2.11 Intangible assets (cont'd.)

(b) Other intangible assets (cont'd.)

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.

2.12 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

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

2.13 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

(i) Initial recognition and measurement

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.

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

(ii) Subsequent measurement

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.

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.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

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

(a) Financial assets (cont'd.)

(iv) 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 asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of 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.

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.

(b) Financial liabilities

(i) Initial recognition and measurement

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

Financial liabilities are recognised 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 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.

(ii) Subsequent measurement

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.

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

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

(b) Financial liabilities (cont'd.)

(ii) Subsequent measurement (cont'd.)

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.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. 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 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.

Deposit with licensed banks and financial institutions with maturity profile above 3 months are excluded from cash and cash equivalents.

2.15 Construction contracts

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

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.

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

2.15 Construction contracts (cont'd.)

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

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

2.16 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis

- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

2.18 Financial guarantee contracts

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

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

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

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

(c) Employee Share Options Scheme (“ESOS”)

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2.21 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

(a) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the 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 of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income are set out in **Notes 2.22(a)** and **2.22(d)**.

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

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

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

(b) Revenue from offshore installation and construction

Revenue relating to offshore installation and construction are recognised in accordance with the policy set out in **Note 2.15**.

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

2.22 Revenue recognition (cont'd.)

(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.

2.23 Income taxes

Income tax on profit or loss for the financial year comprises current and deferred tax.

(a) Current tax

Current income 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 at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

2.23 Income taxes (cont'd.)

(b) Deferred tax

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

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, when 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, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised 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.

- 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 in 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.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

2.24 Segment reporting

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

2.25 Share capital and share issuance expenses

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

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.

2.26 Contingent liabilities and contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiary companies by the Group and the Company under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

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

2.27 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 Group classifies all other liabilities as non-current.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

2.28 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties at fair value at each reporting date.

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.

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 uses 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 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 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.

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 accompanying disclosures, 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 periods.

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**.

The expected future cash flows is depending on the ability of the Group to secure significant contracts from oil and gas majors and ability to comply with the terms and obligation under the PRS as disclosed in **Notes 2.2, 26** and **40**.

(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**.

3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(d) Impairment of investments in associates and joint ventures

The Group assesses whether there is any indication that an investment in associates and joint ventures may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in associates and joint ventures are as follows:

(i) The Group determines whether its investments are impaired following certain indications of impairment such as amongst others shortfall between Group's cost of investment and share of net assets, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and

(ii) Depending on their nature and the location in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or revised net assets value.

Once a suitable method of valuation is selected, management makes certain key assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trends.

The expected future cash flows is depending on the ability of the Group to secure significant contracts from oil and gas majors and ability to comply with the terms and obligation under the PRS as disclosed in **Notes 2.2, 26** and **40**.

<u>Sensitivity to changes in assumptions</u>

The sensitivity tests indicated that with a decrease in the vessels' utilisation rate or daily charter rate by 10%, the recoverable amount will be varied by approximately 18%.

4. Revenue and cost of sales

	Group	
	2017	**2016**
	RM	**RM**
Charter hire	69,228,391	82,011,350
Offshore installation and construction	35,152,031	105,078,125
Diving and sub-sea services	35,032,270	12,724,650
Rental of equipment	9,197,110	1,172,482
Other shipping related income	1,763,256	17,948,371
Vessel's management fees	8,753,130	8,788,701
Ship catering	1,948,408	1,756,845
	161,074,596	229,480,524

Cost of sales

Cost of sales represents cost of services provided, labour 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	
	2017	**2016**
	RM	**RM**
Wages and allowances	17,740,725	16,256,428
Contributions to defined contribution plan - EPF	1,936,353	868,232
Social security contributions	114,014	80,539
	19,791,092	17,205,199

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

5. Other income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income	752,343	836,442	205,582	172,325
Gain on foreign exchange:				
- Realised	18,914,528	1,623,002	951,601	-
- Unrealised	-	-	-	5,261,668
Rental of premises	777,091	258,744	-	-
Interest recharged to subsidiaries	-	-	3,328,520	5,205,500
Reversal of impairment loss on trade receivables (Note 20)	4,235,000	3,025,000	-	-
Gain on disposal of a subsidiary company (Note 15)	-	1,610,095	-	-
Gain on disposal of property, vessels and equipment	16,682,669	-	-	-
Gain on disposal of investment properties	1,664,747	-	-	-
Other income	1,564,526	3,619,059	-	187
	44,590,904	10,972,342	4,485,703	10,639,680

6. Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonuses and allowances	17,740,725	19,401,421	315,012	315,000
Contributions to defined contribution plan	1,936,353	1,687,558	-	-
Social security contributions	114,014	347,601	-	-
Share options granted under ESOS (Note 24)	-	2,108,236	-	-
Other staff related expenses	1,758,405	2,778,090	-	67,760
	21,549,497	26,322,906	315,012	382,760
Cost of sales (Note 4)	19,791,092	17,205,199	-	-
	41,340,589	43,528,105	315,012	382,760

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,703,175 (2016: RM3,796,175) as further disclosed in Note 7.

7. Directors' remuneration

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

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Executive:				
Salaries and other emoluments	3,274,740	3,367,740	-	-
Defined contribution plan	284,435	284,435	-	-
Estimated money value of benefits-in-kind	144,000	144,000	-	-
Total executive directors' remuneration	3,703,175	3,796,175	-	-
Non-executive:				
Fees and other emoluments	349,000	348,000	349,000	348,000
Total non-executive directors' remuneration	349,000	348,000	349,000	348,000
Total directors' remuneration	4,052,175	4,144,175	349,000	348,000

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

	Number of directors	
	2017	**2016**
Executive directors:		
RM900,001 - RM1,000,000	1	1
RM1,200,001 - RM1,300,000	1	1
RM1,501,001 - RM1,600,000	1	1
Non-executive directors:		
RM100,001 - RM110,000	1	1
RM110,001 - RM120,000	1	1
RM120,001 - RM130,000	1	1

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

8. Finance costs

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Term loans	1,328,564	1,357,099	-	-
Hire purchase and finance lease liabilities	124,432	253,139	-	-
Sukuk Ijarah MTN	3,328,520	5,205,500	3,328,520	5,205,500
Revolving credits	1,301,145	1,967,499	-	-
Other borrowings	571,429	368,710	-	-
	6,654,090	9,151,947	3,328,520	5,205,500

9. (Loss)/profit before tax

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Non-executive directors' remuneration **(Note 7)**	349,000	348,000	349,000	348,000
Auditors' remuneration:				
- Statutory audits	219,000	219,000	70,000	70,000
- Other services	60,000	30,000	60,000	30,000
- Other auditors	95,624	81,250	-	-
Operating leases payment:				
- premises	1,280,790	1,815,049	-	-
- third party vessels	7,009,935	3,270,648	-	-
Property, vessels and equipment:				
- Depreciation **(Note 12)**	39,263,113	44,958,897	-	-
- Loss on disposal	-	60,994	-	-
- Written off **(Note 12)**	221	8,777	-	-
- Impairment **(Note 12)**	18,611,686	22,469,772	-	-
Investment properties				
- Depreciation **(Note 13)**	208,103	120,580		
Trade receivables:				
- Impairment loss **(Note 20)**	8,554,045	9,343,523	-	-
Amounts due from joint ventures:				
- Impairment loss **(Note 21)**	43,311,829	7,953,167	-	-
Intangible assets:				
- Impairment loss **(Note 14)**	-	1,590,456	-	-
Net unrealised foreign exchange losses	21,156,356	9,292,038	1,420,082	-
Impairment loss on investments in associates **(Note 16)**	-	1,236,015	-	-
Impairment loss on interests in joint venture **(Note 17)**	14,561,300	6,334,146	-	-

10. Income tax expense/(credit)

Major components of income tax expenses/(credit)

The major components of income tax expenses/(credit) for the years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	592,547	599,175	-	-
Under/(over) provision in prior years:				
Malaysian income tax	922,070	(628,472)	-	22,775
	1,514,617	(29,297)	-	22,775
Deferred tax **(Note 18)**:				
Relating to origination and reversal of temporary differences	3,674,607	(8,783,650)	-	-
Underprovision in prior years	1,293,886	2,603,408	-	-
	4,968,493	(6,180,242)	-	-
Income tax expense/(credit) for the year	6,483,110	(6,209,539)	-	22,775

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

10. Income tax expense/(credit) (cont'd.)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(Loss)/profit before tax	(138,897,441)	(148,867,998)	(1,974,661)	4,426,999
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(33,335,386)	(35,728,320)	(473,919)	1,062,480
Different tax rates in other countries	(233,885)	1,741,971	-	-
Different tax rates in other tax jurisdiction	8,880,050	6,220,015	-	-
Effect of changes in tax rate	-	(125,998)	-	-
Effect of income not subject to tax	(919,694)	(1,315,102)	-	-
Effect of share of results of joint ventures and associates	13,417,518	16,058,030	-	-
Expenses non-deductible for tax purposes	6,348,084	4,837,002	473,919	-
Deferred tax assets not recognised	10,110,467	127,927	-	(1,062,480)
Under/(over)provision of income tax in prior years	922,070	(628,472)	-	22,775
Underprovision of deferred tax in prior years	1,293,886	2,603,408	-	-
Income tax expense/(credit) for the year	6,483,110	(6,209,539)	-	22,775

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

	Group	
	2017 RM	2016 RM
Unutilised tax losses	6,719,103	924,805
Unabsorbed capital allowances	1,848,111	551,599
Other deductible temporary differences	35,036,136	-
	43,603,350	1,476,404

11. (Loss) per share

(a) Basic

Basic earnings per share amounts are caliculated by dividing loss for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2017 RM	2016 RM
Loss attributable to owners of the parent of the Company	(145,971,075)	(137,502,551)
Weighted average number of ordinary shares in issue	924,460,921	924,460,921
Basic loss per share (sen)	(15.8)	(14.9)

(b) Diluted

For the purpose of calculating diluted earnings per share, the loss for the year attributable to owners of the parent 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.

	2017 RM	2016 RM
Loss attributable to owners of the parent of the Company	(145,971,075)	(137,502,551)
Weighted average number of ordinary shares in issue	924,460,921	924,460,921
Effects of dilution from share options granted to employees	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	924,460,921	924,460,921
Diluted loss earnings per share (sen)	(15.8)	(14.9)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 2017	12,039,510	24,317,515	587,248,045	55,677,616	142,926,301	5,871,713	8,707,924	6,193,429	6,052,586	849,034,639
Additions	-	-	33,600,000	-	-	-	17,500	-	631,988	34,249,488
Disposals	-	(11,875,581)	(10,653,496)	(6,571,764)	(11,409,163)	-	-	(1,119,833)	-	(41,629,837)
Written off	-	-	-	-	-	(529,733)	(221)	-	-	(529,954)
Transfer to non-current asset held for sale **(Note 32)**	(12,039,510)	-	-	-	-	-	-	-	-	(12,039,510)
Exchange differences	-	(802,571)	-	-	(2,619,156)	(318,063)	(211,748)	(23,364)	-	(3,974,902)
At 31 December 2017	-	11,639,363	610,194,549	49,105,852	128,897,982	5,023,917	8,513,455	5,050,232	6,684,574	825,109,924
Accumulated depreciation and impairment										
At 1 January 2017	903,275	4,344,309	260,209,886	39,935,221	85,148,427	3,972,932	6,682,106	4,194,380	-	405,390,536
Charge for the year	157,970	979,282	20,843,737	5,646,085	10,306,768	470,583	539,164	319,524	-	39,263,113
Disposals	-	(2,774,246)	(10,534,559)	(6,571,764)	(6,241,612)	-	-	(996,732)	-	(27,118,913)
Impairment **(Note 9)**	-	-	18,015,649	66,254	529,783	-	-	-	-	18,611,686
Written off	-	-	-	-	-	(529,733)	-	-	-	(529,733)
Transfer to non-current asset held for sale **(Note 32)**	(1,061,245)	-	-	-	-	-	-	-	-	(1,061,245)
Exchange differences	-	-	-	-	(470,121)	-	(35,219)	(23,363)	-	(528,703)
At 31 December 2017	-	2,549,345	288,534,713	39,075,796	89,273,245	3,913,782	7,186,051	3,493,809	-	434,026,741

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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 2016	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
Additions	-	-	-	4,086,520	1,535,575	304,000	185,199	94,018	2,159,133	8,364,445
Disposal of a subsidiary company	-	(382,555)	-	-	-	(190,227)	(373,738)	(118,252)	(368,461)	(1,433,233)
Disposals	-	-	-	-	-	(113,958)	(127,835)	-	-	(241,793)
Written off	-	-	-	-	(588,666)	-	-	-	-	(588,666)
Exchange differences	-	255,467	-	-	1,396,289	-	23,965	19,909	-	1,695,630
At 31 December 2016	12,039,510	24,317,515	587,248,045	55,677,616	142,926,301	5,871,713	8,707,924	6,193,429	6,052,586	849,034,639
At 1 January 2016	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
Charge for the year	121,611	575,210	23,899,728	2,794,131	15,661,433	566,550	958,678	381,556	-	44,958,897
Disposal of a subsidiary company	-	(24,474)	-	-	-	(190,226)	(299,874)	(88,836)	-	(603,410)
Disposals	-	-	-	-	-	(93,066)	(29,828)	-	-	(122,894)
Impairment **(Note 9)**	-	-	9,613,383	59,259	12,797,130	-	-	-	-	22,469,772
Written off	-	-	-	-	(579,889)	-	-	-	-	(579,889)
Exchange differences	-	39,029	-	-	618,964	-	21,866	19,908	-	699,767
At 31 December 2016	903,275	4,344,309	260,209,886	39,935,221	85,148,427	3,972,932	6,682,106	4,194,380	-	405,390,536
Net carrying amount										
At 31 December 2017	-	9,090,018	321,659,836	10,030,056	39,624,737	1,110,135	1,327,404	1,556,423	6,684,574	391,083,183
At 31 December 2016	11,136,235	19,973,206	327,038,159	15,742,395	57,777,874	1,898,781	2,025,818	1,999,049	6,052,586	443,644,103

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

(a) Included in the Group's additions for the year are property, vessels and equipment of RM Nil (2016: RM304,000) 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	
	2017	**2016**
	RM	**RM**
Motor vehicles	1,110,135	1,898,781
Computers, office equipment, and furniture and fittings	489,239	841,835

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	
	2017	**2016**
	RM	**RM**
Leasehold buildings	9,090,018	19,973,206
Vessels	321,659,836	327,038,159
	330,749,854	347,011,365

(c) The Group has performed a review of the recoverable amount of the Group's vessels and diving equipment also known as Remotely Operated Vehicle ("ROV"). Impairment assessment review for each vessels and ROV were performed as those assets are able to generate its own identifiable cash inflows. The review led to the recognition of impairment losses of the Group's vessels and ROV amounting to RM18,611,686 (2016: RM22,469,772). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM360,699,955 (2016: RM397,746,805). The recoverable amount of the vessels and ROV were based on the higher of the assets' fair value less costs to sell and its value in use.

Value in use ("VIU") calculations

Estimating the VIU of the vessels involves estimates made by the directors relating to the future cash inflows and outflows that will be derived from the vessels, and discounting them at an appropriate rate.

VIU was determined by discounting the future cash flows expected to be generated from the continuing use of the vessels and ROV. The following describes each key assumption used:

(i) Revenue

Revenue are estimated based on existing order book and anticipated contracts, which affect the vessels' utilisation rate and daily charter rate.

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

(c) (cont'd.)

Value in use ("VIU") calculations (cont'd.)

VIU was determined by discounting the future cash flows expected to be generated from the continuing use of the vessels and ROV. The following describes each key assumption used (cont'd.):

(ii) Budgeted gross margins

Gross margins are estimated based on forecast margins for order book, management's expectation and past experience.

(iii) Discount rate

The discount rate reflects specific risk relating to the assets. The discount rate used is 10% (2016: 11%).

The expected future cash flows is depending on the ability of the Group to secure significant contracts from oil and gas majors and ability to comply with the terms and obligation under the PRS as disclosed in **Notes 2.2**, **26** and **40**.

Valuation judgement by an independent professional valuer

External valuer were engaged to issue valuation reports on 9 group of vessels, which was classified based on similar specification and characteristics. Further assessment performed to estimate the fair value of each vessels in reference to the valuation reports, taking into consideration of significant factors (amongst others vessels' classification, age, year built and engine capacity).

The valuation were carried out by an independent professional valuer, Maphilindo-Insight Sdn. Bhd..

The valuation judgement by the independent professional valuer was derived using the following assumptions:

(i) The type, size, main and auxiliary machinery fitted on board and other specification of the vessels.

(ii) The age of the vessels and its future economic life expectancy.

(iii) The condition of the vessels' hull, machinery and equipment are consistent with its age as noted with the normal wear and tear.

(iv) The current supply and demand for vessels of this type and size in the sales and purchase market.

Sensitivity to changes in assumptions

The sensitivity tests indicated that with a decrease in the vessels' utilisation rate or daily charter rate by 10%, the recoverable amount will be varied by approximately 18%.

13. Investment properties

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 January	8,765,112	8,410,451
Addition	-	354,661
Disposal	(6,820,253)	-
At 31 December	1,944,859	8,765,112
Accumulated depreciation		
At 1 January	230,457	109,877
Charge for the year	208,103	120,580
Disposal	(143,274)	-
At 31 December	295,286	230,457
Net carrying amount		
At 31 December	1,649,573	8,534,655

The Group's investment properties consist of one unit of office building (2016: two units of office buildings). The fair value of the investment properties were estimated at RM2,568,439 (2016: RM14,854,315) 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 property 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**.

14. Intangible assets

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2017	1,774,334	933,747	2,708,081
Exchange differences	(36,110)	(21,472)	(57,582)
At 31 December 2017	1,738,224	912,275	2,650,499
At 1 January 2016	1,743,390	755,586	2,498,976
Exchange differences	30,944	178,161	209,105
At 31 December 2016	1,774,334	933,747	2,708,081
Accumulated amortisation and impairment			
At 1 January 2017	1,774,334	933,747	2,708,081
Exchange differences	(36,110)	(21,472)	(57,582)
At 31 December 2017	1,738,224	912,275	2,650,499
At 1 January 2016	183,878	755,586	939,464
Impairment loss **(Note 9)**	1,590,456	-	1,590,456
Exchange differences	-	178,161	178,161
At 31 December 2016	1,774,334	933,747	2,708,081
Net carrying amount			
At 31 December 2017	-	-	-
At 31 December 2016	-	-	-

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

14. Intangible assets (cont'd.)

Allocation of goodwill

The carrying amount of goodwill is allocated to the Group's cash-generating unit ("CGU") that the goodwill relates to, which is the sub-sea service business.

Impairment test for goodwill

The Group undertook an annual impairment test for goodwill based on the recoverable amount of each CGU. The impairment test resulted in an impairment loss of RM Nil (2016: RM1,590,456) being booked for investment in a foreign subsidiary due to the projected recoverable amount being lower than the carrying amount of the goodwill relating to the foreign subsidiary.

Assumptions and approach used

The recoverable amount of the CGU including goodwill in this test was determined based on the value in use calculation. This value in use calculation applies a discounted cash flow model using cash flow projections covering a five year period. The projections reflect the CGU's expectations of revenue growth, operating costs and margins based on past experience and expectations of market growth and industry growth.

The following are the key assumptions used in the cash flow projections:

(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.

15. Investments in subsidiaries

	Company	
	2017 RM	**2016 RM**
Unquoted shares, at cost	100,303,120	100,303,120

15. Investments in subsidiaries (cont'd.)

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2017 %	2016 %
(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
Alam Maritim Properties (M) Sdn. Bhd. ("AMP")	Malaysia	Property owner and management	100	100
(iii) Held through AHSB:				
Alam Hidro (L) Inc. ("AHLI")	Federal Territory of Labuan, Malaysia	Offshore facilities construction and installation and sub-sea services	100	100
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd.("EASTAR") *	Singapore	Designing manufacturing and operatin of remotely operated vehicles ("ROVs")	75	75

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2017 %	2016 %
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") *	Singapore	Rental of ROV and providing ROV services	75	75
(vi) Held through AMIH				
Alam Maritim Investment I (L) Inc. ("AMI I")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment II (L) Inc. ("AMI II")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment III (L) Inc. ("AMI III")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment IV (L) Inc. ("AMI IV")	Federal Territory of Labuan, Malaysia	Ship owning	100	100
Alam Maritim Investment V (L) Inc. ("AMI V")	Federal Territory of Labuan, Malaysia	Ship owning	100	100

* 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 2017 RM	Group 2016 RM
Unquoted shares, at cost	61,699,516	61,699,516
Share of post-acquisition reserves	(21,450,496)	(12,721,932)
	40,249,020	48,977,584
Less: Impairment loss	(1,236,015)	(1,236,015)
	39,013,005	47,741,569

Summarised financial information in respect of each of the Group's material associated company 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. 2017 RM	TH-Alam Holdings (L) Inc. 2016 RM
Assets and liabilities		
Non-current assets	279,091,914	312,197,724
Current assets	5,626,566	28,750,258
Total assets	284,718,480	340,947,982
Non-current liabilities	-	131,437,883
Current liabilities	187,248,110	93,616,967
Total liabilities	187,248,110	225,054,850
Net assets	97,470,370	115,893,132

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

16. Investments in associates (cont'd.)

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc. 2017 RM	TH-Alam Holdings (L) Inc. 2016 RM
Revenue for the year	37,605,519	23,850,691
Depreciation	(18,616,696)	(18,033,376)
Impairment on property, vessels and equipment	(2,361,319)	(45,547,368)
Interest income	6,627	290,115
Interest expense	(9,510,784)	(11,780,673)
Income tax expense	(40,000)	(40,000)
Loss for the year, representing total comprehensive income	(17,813,396)	(62,151,678)

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

	TH-Alam Holdings (L) Inc. 2017 RM	TH-Alam Holdings (L) Inc. 2016 RM
Net assets as at 31 December	97,470,370	115,893,132
Loss for the year, representing total comprehensive income	(17,813,396)	(62,151,678)
Investments in associates	49%	49%
Carrying value of Group's investments in associates	47,760,481	56,787,635
Group's share of results of associates	(8,728,564)	(30,454,322)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2017 %	Group's effective interest 2016 %
(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 DP1 (L) Inc. ("AJVDP1")	Federal Territory of Labuan, Malaysia	Ship owning	49	49
Alam-JV DP2 (L) Inc. ("AJVDP2")	Federal Territory of Labuan, Malaysia	Ship owning	49	49

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	
	2017 RM	**2016 RM**
Unquoted shares, at cost	93,134,378	93,134,378
Share of post-acquisition reserves	72,114,434	118,499,054
	165,248,812	211,633,432
Redeemable preference shares	6,000,000	6,000,000
Less: Impairment loss	(22,154,327)	(7,593,027)
	149,094,485	210,040,405

The Group completed the following in the current financial year:

(a) On 6 July 2017, the Group has announced that Alam Swiber Offshore (M) Sdn Bhd, a joint venture company between Alam Maritim (M) Sdn. Bhd., a wholly owned subsidiary of the Company; and Swiber Offshore Construction Pte Ltd, a subsidiary of Swiber Holdings Limited established in Singapore, may be wound up by the Court under the provisions of the Companies Act, 2016.

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 financial statements of the joint ventures and not the Group's share of those amounts.

17. Interests in joint ventures (cont'd.)

(i) Summarised statements of financial position

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2017				
Assets and liabilities				
Non-current assets	183,728,307	41,469,311	193,364,151	145,748,138
Cash and cash equivalent	2,896,513	(349,819)	79,962	7,735,300
Other current assets	23,831,320	8,938,447	18,429,223	33,699,200
Total assets	210,456,140	50,057,939	211,873,336	187,182,638
Non-current liabilities	-	20,080,826	151,781,250	49,108,028
Trade and other payables	3,621,384	10,179,483	7,515,844	35,995,916
Other current liabilities	-	13,032,402	67,525,456	37,803,956
Total liabilities	3,621,384	43,292,711	226,822,550	122,907,900
Net assets/(liabilities)	206,834,756	6,765,228	(14,949,214)	64,274,738
2016				
Assets and liabilities				
Non-current assets	198,631,555	49,525,441	276,915,075	160,304,027
Cash and cash equivalent	7,879,418	374,480	88,625	8,158,742
Other current assets	18,214,514	2,606,681	90,725	9,182,228
Total assets	224,725,487	52,506,602	277,094,425	177,644,997
Non-current liabilities	-	13,779,401	168,225,000	1,045,190
Trade and other payables	9,376,368	1,000,813	1,552,331	5,211,904
Other current liabilities	6,449,718	22,752,616	57,798,570	88,183,717
Total liabilities	15,826,086	37,532,830	227,575,901	94,440,811
Net assets	208,899,401	14,973,772	49,518,524	83,204,186

17. Interests in joint ventures (cont'd.)

(ii) Summarised statements of comprehensive income

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2017				
Revenue	41,308,756	-	20,543,867	16,593,616
Depreciation	(11,554,074)	(2,551,980)	(1,534,233)	(8,862,431)
Impairment on property, vessels and equipment	-	(5,504,150)	(4,191,074)	(15,245,038)
Interest income	83,218	-	-	-
Interest expense	-	(742,267)	(6,515,674)	(4,533,618)
Profit/(loss) before tax	6,897,400	(8,107,691)	(59,309,215)	(18,791,044)
Income tax expense	(2,125)	(20,000)	-	(20,000)
Profit/(loss) for the year, representing total comprehensive income	6,895,275	(8,127,691)	(59,309,215)	(18,811,044)

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2016				
Revenue	31,102,902	1,068,360	-	18,345,266
Depreciation	(12,477,494)	(4,130,462)	(1,534,233)	(8,800,346)
Impairment on property, vessels and equipment	(4,457,712)	(10,169,192)	-	-
Interest income	46,100	-	-	-
Interest expense	(1,042,029)	(1,080,463)	(1,206,893)	(5,350,425)
Loss before tax	(3,547,204)	(17,084,185)	(4,070,713)	(7,852,467)
Income tax credit/(expense)	341	-	-	(20,000)
Loss for the year, representing total comprehensive income	(3,546,863)	(17,084,185)	(4,070,713)	(7,872,467)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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:

	ALAM-PE (H) Group RM	AS III RM	MDSV RM	ARLI RM
2017				
Net assets as at 31 December	206,834,756	6,765,228	(14,949,214)	64,274,738
Profit/(loss) for the year, representing total comprehensive income	6,895,275	(8,127,691)	(59,309,215)	(18,811,044)
Interests in joint ventures	51%	60%	51%	51%
Carrying value of Group's interests in joint ventures	105,485,726	4,059,137	-	32,780,116
Group's share of results of joint ventures	3,516,590	(4,876,615)	(25,254,447)	(9,593,632)
2016				
Net assets as at 31 December	208,899,401	14,973,772	49,518,524	83,204,186
Loss for the year,representing total comprehensive income	(3,546,863)	(17,084,185)	(4,070,713)	(7,872,467)
Interests in joint ventures	51%	60%	51%	51%
Carrying value of Group's interests in joint ventures	106,538,695	8,984,263	25,254,447	42,434,135
Group's share of results of joint ventures	(1,808,900)	(10,250,511)	(2,076,064)	(4,014,958)

17. Interests in joint ventures (cont'd.)

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

	2017 RM	**2016 RM**
Loss for the year, representing total comprehensive loss of joint ventures	(40,724,893)	(38,082,583)
The Group's share of results, representing total comprehensive income	(10,969,655)	(18,884,595)
Carrying value of Group's interest in joint ventures	6,769,506	23,760,077

Details of the joint ventures are as follows:

Name of joint ventures	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest 2017 %**	**2016 %**
(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 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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

17. Interests in joint ventures (cont'd.)

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
(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

17. Interests in joint ventures (cont'd.)

Name of joint ventures	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
(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	51
(vi) Held through Alam JV:				
Wide Global (L) Inc. ("WG")	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	50	50

These joint ventures have the same reporting period 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 2017 and 31 December 2016.

18. Deferred taxation

	Group	
	2017	**2016**
	RM	**RM**
At 1 January	(988,190)	4,957,653
Recognised in profit or loss **(Note 10)**	4,968,493	(6,180,242)
Exchange differences	(84,134)	234,399
At 31 December	3,896,169	(988,190)

Presented after appropriate offsetting as follows:

Deferred tax assets	(530,650)	(5,157,381)
Deferred tax liabilities	4,426,819	4,169,191
	3,896,169	(988,190)

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 2017	4,169,191
Recognised in profit or loss	768,308
Exchange differences	(84,134)
At 31 December 2017	4,853,365
At 1 January 2016	12,798,980
Recognised in profit or loss	(8,864,188)
Exchange differences	234,399
At 31 December 2016	4,169,191

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 2017	(576,245)	(4,581,136)	(5,157,381)
Recognised in profit or loss	576,245	3,623,940	4,200,185
At 31 December 2017	-	(957,196)	(957,196)
At 1 January 2016	(1,824,272)	(6,017,055)	(7,841,327)
Recognised in profit or loss	1,248,027	1,435,919	2,683,946
At 31 December 2016	(576,245)	(4,581,136)	(5,157,381)

19. Inventories

	Group 2017 RM	Group 2016 RM
Cost		
Raw materials	932,279	974,200
Work-in-progress	-	483,826
Spare parts	580,974	608,239
	1,513,253	2,066,265

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM625,715 (2016: RM176,756).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

20. Trade receivables

	Group 2017 RM	Group 2016 RM
Current		
Third parties	71,667,964	55,714,131
Accrued charter hire income	36,463,873	6,567,747
Less: Allowance for impairment	(10,715,384)	(6,978,304)
	97,416,453	55,303,574
Non-current		
Third parties	54,263,341	54,263,341
Less: Allowance for impairment	(54,263,341)	(53,681,376)
	-	581,965
Trade receivables, net	97,416,453	55,885,539

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Ageing analysis of trade receivables

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

	Group 2017 RM	Group 2016 RM
Neither past due nor impaired	37,959,181	22,143,233
1 to 30 days past due not impaired	25,697,487	9,895,817
31 to 60 days past due not impaired	11,007,195	5,743,837
61 to 90 days past due not impaired	1,837,299	4,009,820
91 to 120 days past due not impaired	17,805,317	9,384,518
More than 121 days past due not impaired	3,109,974	4,708,314
	59,457,272	33,742,306
Impaired	64,978,725	60,659,680
	162,395,178	116,545,219

20. Trade receivables (cont'd.)

Trade receivables that are neither past due nor impaired

As at 31 December 2017, the Group has trade receivables amounting to RM37,959,181 (2016: RM22,143,233) that were 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.

Trade receivables that are past due but not impaired

As at 31 December 2017, the Group has trade receivables amounting to RM59,457,272 (2016: RM33,742,306) that are past due at the reporting date but not impaired.

At the reporting date, 40% (2016: 47%) 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.

Trade receivables that are impaired

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

The reconciliation of movement in the impairment loss of trade receivables is as follows:

	Group	
	2017	**2016**
	RM	**RM**
At 1 January	60,659,680	54,341,157
Charge for the year **(Note 9)**	8,554,045	9,343,523
Reversal of impairment **(Note 5)**	(4,235,000)	(3,025,000)
At 31 December	64,978,725	60,659,680

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

21. Other receivables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Amounts due from related parties:				
- Joint ventures	119,614,683	134,983,392	4,822,752	-
- Associates	3,992,884	1,966,307	624	192,776
	123,607,567	136,949,699	4,823,376	192,776
Less: Impairment loss	(51,264,996)	(7,953,167)	-	-
	72,342,571	128,996,532	4,823,376	192,776
Deposits	908,614	1,070,957	-	-
Prepayments	11,178,125	2,655,035	-	-
Sundry receivables	33,658,049	202,665	-	-
Total other receivables	118,087,359	132,925,189	4,823,376	192,776
Add: Trade receivables **(Note 20)**	97,416,453	55,885,539	-	-
Cash and bank balances **(Note 22)**	55,792,409	45,124,437	27,832,934	11,968,076
Amount due from subsidiaries	-	-	345,147,526	366,934,663
Less: Prepayments	(11,178,125)	(2,655,035)	-	-
Total loans and receivables	260,118,096	231,280,130	377,803,836	379,095,515

Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

The reconciliation movement in the impairment loss of other receivables is as follows:

	Group 2017 RM	Group 2016 RM
At 1 January	7,953,167	-
Charge for the year **(Note 9)**	43,311,829	7,953,167
At 31 December	51,264,996	7,953,167

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

22. Cash and bank balances

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash on hand and at banks	7,988,787	13,735,002	171,715	449,319
Deposits with licensed banks (a)	47,803,622	31,389,435	27,661,219	11,518,757
Cash and bank balances	55,792,409	45,124,437	27,832,934	11,968,076
Less: Bank overdrafts **(Note 26)**	(4,378,683)	(6,691,423)	-	-
Amounts set aside as sinking fund (b)	(38,413,599)	(28,431,065)	(27,596,014)	(11,518,757)
Amounts set aside as margin deposits for bank guarantee facilities (c)	(7,521,415)	(2,958,370)	-	-
Total cash and cash equivalents	5,478,712	7,043,579	236,920	449,319

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2017 are 2.4% (2016: 2.00%) and 36 days (2016: 38 days) respectively.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in **Note 26**.

(c) Guarantee to third parties for the performance obligations by the subsidiaries. No liability is expected to arise.

Other information on financial risks of cash and bank balances are disclosed in **Note 37**.

The currency exposure profile of cash and bank balances as at end of the reporting period is as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Ringgit Malaysia	51,667,023	43,250,477	27,832,934	11,968,076
United States Dollar	3,390,696	1,061,441	-	-
Singapore Dollar	734,690	812,519	-	-
	55,792,409	45,124,437	27,832,934	11,968,076

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

23. Share capital and share premium

	Number of ordinary shares 2017	Number of ordinary shares 2016	Amount 2017 RM	Amount 2016 RM
Authorised share capital				
At 1 January/31 December	-	2,000,000,000	-	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	Amount: Share premium RM	Amount: Total RM
At 1 January 2017	924,460,921	231,115,231	165,199,735	396,314,966
Transfer non-par value regime	-	165,199,735	(165,199,735)	-
At 31 December 2017	924,460,921	396,314,966	-	396,314,966
At 1 January 2016/31 December 2016	924,460,921	231,115,231	165,199,735	396,314,966

The new Companies Act, 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. However, the Company has yet to utilise the credit amount transferred from share premium accounts of the Company.

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.

24. Other reserves

	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2017	(4,639,834)	3,235,846	2,108,236	704,248
Foreign currency translation	-	980,344	-	980,344
At 31 December 2017	(4,639,834)	4,216,190	2,108,236	1,684,592

24. Other reserves (cont'd.)

	Premium paid on acquisition of non-controlling interests RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2016	(4,639,834)	2,659,706	94,946	(1,885,182)
Foreign currency translation	-	576,140	-	576,140
Expiry of employee share options	-	-	(94,946)	(94,946)
Issuance of employee share options	-	-	2,108,236	2,108,236
At 31 December 2016	(4,639,834)	3,235,846	2,108,236	704,248

	Employee share option reserve/Total RM
Company	
At 1 January 2017/31 December 2017	2,108,236
At 1 January 2016	94,946
Pursuant to employee share options expired	(94,946)
Fair value of employee share options	2,108,236
At 31 December 2016	2,108,236

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

25. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2017 and 31 December 2016 under the single tier system.

26. Borrowings

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Short term borrowings				
Secured:				
Bank overdrafts **(Note 22)**	4,378,683	6,691,423	-	-
Term loans	3,067,151	4,428,388	-	-
Sukuk Ijarah MTN	75,000,000	30,000,000	75,000,000	30,000,000
Hire purchase and finance lease liabilities **(Note 27)**	367,588	542,697	-	-
	82,813,422	41,662,508	75,000,000	30,000,000
Unsecured:				
Revolving credits	48,045,818	50,966,000	-	-
	130,859,240	92,628,508	75,000,000	30,000,000
Long term borrowings				
Secured:				
Term loans	19,142,864	15,303,362	-	-
Sukuk Ijarah MTN	-	45,000,000	-	45,000,000
Hire purchase and finance lease liabilities **(Note 27)**	1,295,664	1,829,108	-	-
	20,438,528	62,132,470	-	45,000,000
Total borrowings				
Bank overdrafts **(Note 22)**	4,378,683	6,691,423	-	-
Revolving credits	48,045,818	50,966,000	-	-
Term loans	22,210,015	19,731,750	-	-
Sukuk Ijarah MTN	75,000,000	75,000,000	75,000,000	75,000,000
Hire purchase and finance lease liabilities **(Note 27)**	1,663,252	2,371,805	-	-
	151,297,768	154,760,978	75,000,000	75,000,000

26. Borrowings (cont'd.)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Not later than 1 year	130,491,652	92,085,811	75,000,000	30,000,000
Later than 1 year not later than 2 years	3,515,018	40,892,109	-	45,000,000
Later than 2 years not later than 5 years	7,745,099	8,003,315	-	-
Later than 5 years	7,882,747	11,407,938	-	-
	149,634,516	152,389,173	75,000,000	75,000,000

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	
	2017 %	2016 %	2017 %	2016 %
Bank overdrafts	6.60	5.06	-	-
Term loans	5.50	5.94	-	-
Sukuk Ijarah MTN	5.63	5.40	5.63	5.40
Revolving credits	3.80	3.64	-	-

During the year, the Group have not paid sukuk principal repayment and loan repayment amounting to RM160.8 million, in accordance with the Informal Standstill Arrangement with the respective financiers of which the Proposed Restructuring Scheme ("PRS") must comply with the Corporate Debt Restructuring Committee's ("CDRC") restructuring principles as disclosed in **Note 40.** Details of the unpaid borrowings are as follows:

	Entities	**RM'000**
(a)	Company and its subsidiaries	
	(i) MCP/MMTN and Sukuk Ijarah MTN Facility	75,000
	(ii) Revolving credits	5,000
(b)	Joint ventures	
	(i) Term loans	47,867
(c)	Associates	
	(i) Term loans	32,914
		160,781

26. Borrowings (cont'd.)

(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**.

The proposed key restructuring terms under PRS are as follows:
- restructuring of remaining debt repayment within one to three years tenure, with interest charged as at last accepted rate;
- waiver of all penalty interest (if any);
- the restructured facility shall be settled from the surplus cash flow after accounting for operating and overhead expenses, or offset against existing cash in fixed deposits secured in favour of the lender; and
- all covenant breaches and borrowers' undertakings shall be waived.

(b) Term loans

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

(i) First legal charge over the leasehold building, vessels and investment properties of certain subsidiaries as disclosed in **Notes 12** and **13**;

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

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

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

(v) Corporate guarantees by the Company; and

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

The proposed key restructuring terms under PRS are as follows:
- restructuring of remaining debt repayment into a three year tenure with interest charged as at last accepted rate;
- waiver of all penalty interest (if any);
- the restructured facility shall be settled from the surplus cash flow after accounting for operating and overhead expenses; and
- all covenant breaches and borrowers' undertakings shall be waived.

(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**.

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 5.6% per annum (2016: 5.2% to 5.9% per annum).

The proposed key restructuring terms under PRS are as follows:
- restructuring of remaining debt repayment into a two year tenure with profit charged as at last accepted rate;
- waiver of all penalty interest (if any);
- existing cash in the sinking fund shall be released to the Trustee for distribution to the Sukuk holders;
- the restructured facility shall be settled from the surplus cash flow after accounting for operating and overhead expenses;
- any excess cash after profit rate and principal repayment shall be placed in an escrow account; and
- all covenant breaches and borrowers' undertakings shall be waived.

(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 as disclosed in **Note 22**.

The proposed key restructuring terms under PRS are as follows:
- restructuring of remaining debt repayment into a one year tenure with interest charged as at last accepted rate;
- waiver of all penalty interest (if any); and
- disposal of leasehold land pledged to the revolving credit.

27. Hire purchase and finance lease liabilities

	Group	
	2017	**2016**
	RM	**RM**
Future minimum lease payments:		
Not later than 1 year	427,963	623,223
Later than 1 year and not later than 2 years	440,926	808,325
Later than 2 years and not later than 5 years	960,817	1,018,624
Later than 5 years	31,021	123,508
Total future minimum lease payments	1,860,727	2,573,680
Less: Future finance charges	(197,475)	(201,875)
Present value of finance lease liabilities **(Note 26)**	1,663,252	2,371,805
Analysis of present value:		
Not later than 1 year	367,588	542,697
Later than 1 year and not later than 2 years	393,502	924,361
Later than 2 years and not later than 5 years	873,240	783,709
Later than 5 years	28,922	121,038
	1,663,252	2,371,805
Less: Amount due within 12 months **(Note 26)**	(367,588)	(542,697)
Amount due after 12 months **(Note 26)**	1,295,664	1,829,108

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2016: 2.77%) per annum.

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

28. Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM75,000,000 (2016: RM75,000,000) which bears interest rate between 5.2% per annum and 5.6% per annum (2016: between 5.2% per annum and 5.9% per annum).

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

29. Trade payables

	Group	
	2017	**2016**
	RM	**RM**
Third parties	47,661,415	25,783,361
Joint ventures	-	21,948,757
	47,661,415	47,732,118

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 (2016: 30 to 60 days).

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

30. Other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Amounts due to related parties:				
- Joint ventures	38,613,640	3,016	-	-
- Associates	3,533,956	3,375,427	-	-
	42,147,596	3,378,443	-	-
Accrued expenses	23,682,516	4,364,987	688,410	-
Deposits from customers	572,449	537,094	-	-
Sundry payables	7,363,576	4,562,354	418,600	613,753
	73,766,137	12,842,878	1,107,010	613,753
Add: Trade payables **(Note 29)**	47,661,415	47,732,118	-	-
Borrowings **(Note 26)**	151,297,768	154,760,978	75,000,000	75,000,000
Total financial liabilities carried at amortised costs	272,725,320	215,335,974	76,107,010	75,613,753

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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 3 June 2016. The ESOS was implemented on 21 July 2016 and is to be in force for a period of 5 years from the date of implementation.

(a) The number of shares comprised in the options to be offered under the ESOS shall not exceed in aggregate 15% of the issued and paid-up share capital of the Company at any point of time. On 21 July 2016, the total number of new shares to be issued pursuant to the ESOS is 92,446,092.

(b) The exercise price shall be at the higher of the following:

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

(ii) the par value of the shares.

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

(d) In the event of any alteration in the capital structure of the Company during the duration of the scheme, 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.

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

	< Number of share options			>
	Outstanding at 1 January	**(Expired)/ additional**	**Outstanding at 31 December**	**Exercisable at 31 December**
2017				
2006 Options	-	-	-	-
2007 Options	-	-	-	-
2008 Options	-	-	-	-
2009 Options	-	-	-	-
2016 Options	8,054,900	-	8,054,900	8,054,900

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

The following table illustrates the number and movements in share options during the year (cont'd.):

	< Number of share options			>
	Outstanding at 1 January	**(Expired)/ additional**	**Outstanding at 31 December**	**Exercisable at 31 December**
2016				
2006 Options	8,782,269	(8,782,269)	-	-
2007 Options	2,773,752	(2,773,752)	-	-
2008 Options	3,384,000	(3,384,000)	-	-
2009 Options	1,035,000	(1,035,000)	-	-
2016 Options	-	8,054,900	8,054,900	8,054,900

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

	Weighted average exercise price RM	**Exercise period**
2017		
2020 Options	0.40	21.07.2020 to 20.07.2021
2019 Options	0.36	21.07.2019 to 20.07.2020
2018 Options	0.36	21.07.2018 to 20.07.2019
2017 Options	0.33	21.07.2017 to 20.07.2018
2016 Options	0.33	21.07.2016 to 20.07.2017
2016		
2020 Options	0.40	21.07.2020 to 20.07.2021
2019 Options	0.36	21.07.2019 to 20.07.2020
2018 Options	0.36	21.07.2018 to 20.07.2019
2017 Options	0.33	21.07.2017 to 20.07.2018
2016 Options	0.33	21.07.2016 to 20.07.2017

32. Non-current asset held for sale

	Group 2017 RM
At 1 January	-
Transfer from property, vessels and equipment:	
Cost **(Note 12)**	12,039,510
Accumulated depreciation **(Note 12)**	(1,061,245)
At 31 December	10,978,265

As disclosed in Notes 2.2, 26 and 40, under the PRS terms, the leasehold land is required to be disposed of by 31 December 2018. Accordingly during the financial year, the asset has been reclassified to asset held for sale from property, vessels and equipment.

33. 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:

	2017 RM	**2016 RM**
Future rental payments:		
Not later than 1 year	33,325,594	776,330
Later than 1 year and not later than 5 years	-	17,714,645
	33,325,594	18,490,975

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

(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:

	2017 RM	**2016 RM**
Not later than 1 year	54,827,220	45,595,450
Later than 1 year and not later than 5 years	41,026,019	53,836,350
Later than 5 years	-	4,112,014
	95,853,239	103,543,814

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

34. 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 (2016: RM92,500,000).

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

35. 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	2017 RM	2016 RM
Group			
Joint ventures:			
Vessel's management fees	(i)	6,692,851	8,788,701
Dividend income		5,100,000	2,550,000
Associates:			
Vessel's management fees	(i)	900,000	-
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(ii)	3,328,520	5,205,500

(i) 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.

(ii) 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 2017 and 31 December 2016 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.

35. 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**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Short term employee benefits	6,706,041	6,465,573	349,000	348,000
Contributions to defined contribution plan	618,887	580,739	-	-

Included in the total key management personnel compensation are:

	Group		**Company**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Directors' remuneration **(Note 7)**	4,052,175	4,144,175	349,000	348,000

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

	Group and Company	
	2017 RM	**2016 RM**
At 1 January/31 December	42,109,000	42,109,000

36. 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**
2017		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	19,142,864	14,938,330
- Hire purchase and finance lease liabilities	1,295,664	1,212,840

36. Fair value measurement (cont'd.)

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

	Group	
	Carrying amount RM	**Fair value RM**
2016		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	15,303,362	14,648,859
- Sukuk Ijarah MTN	45,000,000	42,773,632
- Hire purchase and finance lease liabilities	1,829,108	1,731,262

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

36. 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 2017 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 2017 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
Property, vessels and equipment **(Note 12)**				
- Vessels	31 Dec 2017	-	360,699,955	360,699,955
Investment properties **(Note 13)**	31 Dec 2017	2,568,439	-	2,568,439

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 **Notes 3.2(c)** and **12**.

37. Financial risk management objectives and policies

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

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

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

The following sections provide details regarding the Group's and 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.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

At the reporting date, approximately:

- 48% (2016: 52.1%) of the Group's trade receivables were due from 10 (2016: 10) major customers who are located in Malaysia; and

- 37% (2016: 68%) of the Group's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

(b) Liquidity risk

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

The Group's and the Company's liquidity risk management policy is that not more than 60% of 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 86% (2016: 60%) 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 100% (2016: 40%) of the Company's borrowings will mature in less than one year at the reporting date.

As at year end, as disclosed in **Notes 26** and **40**, certain borrowings repayment of the Group and the Company were unpaid due to ongoing restructuring of the borrowings facilities via CDRC.

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 the proposed restructuring terms under the PRS and original terms for borrowings which are not part of PRS.

	Carrying amount RM	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
2017					
Financial liabilities:					
Group					
Trade and other payables	121,427,552	121,427,552	-	-	121,427,552
Borrowings					
-At restructured terms based on PRS	124,589,389	*	*	*	*
-At original terms	26,708,379	15,983,981	8,086,902	2,832,863	26,903,746
Total undiscounted financial liabilities	272,725,320	137,411,533	8,086,902	2,832,863	148,331,298
Company					
Other payables	1,107,010	1,107,010	-	-	1,107,010
Borrowings					
-PRS' proposed restructured terms	75,000,000	*	*	*	*
Total undiscounted financial liabilities	76,107,010	1,107,010	-	-	1,107,010

* Subject to PRS terms as disclosed in **Note 26**.

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

(b) Liquidity risk (cont'd.)

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

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on the proposed restructuring terms under the PRS and original terms for borrowings which are not part of PRS. (cont'd.).

	Carrying amount RM	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2016					
Financial liabilities:					
Group					
Trade and other payables	60,574,996	60,574,996	-	-	60,574,996
Borrowings	154,760,978	92,628,508	55,291,121	17,400,201	165,319,830
Total undiscounted financial liabilities	215,335,974	153,203,504	55,291,121	17,400,201	225,894,826
Company					
Other payables	613,753	613,753	-	-	613,753
Borrowings	75,000,000	30,000,000	46,407,500	-	76,407,500
Total undiscounted financial liabilities	75,613,753	30,613,753	46,407,500	-	77,021,253

(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 69.2% (2016: 74%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss before tax would have been RM349,490 (2016: RM357,278) 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.

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

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

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 7% (2016: 4%) of the Group's sales are denominated in foreign currencies whilst almost 5% (2016: 4%) of cost are denominated in the respective functional currencies of the Group's entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposure.

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	
		2017 RM	**2016 RM**
Financial assets			
USD/RM	- strengthened 3% (2016: 3%)	36,609	6,729,012
	- weakened 3% (2016: 3%)	(36,609)	(6,729,012)
Financial liabilities			
USD/RM	- strengthened 3% (2016: 3%)	(816,359)	(251,136)
	- weakened 3% (2016: 3%)	816,359	251,136
SGD/RM	- strengthened 3% (2016: 3%)	(591,904)	(135,988)
	- weakened 3% (2016: 3%)	591,904	135,988

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and 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 2017 and 31 December 2016.

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	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Borrowings	151,297,768	154,760,978	75,000,000	75,000,000
Trade and other payables	121,427,552	60,574,996	1,107,010	613,753
Less: Cash and bank balances	(55,792,409)	(45,124,437)	(27,832,934)	(11,968,076)
Net debt	216,932,911	170,211,537	48,274,076	63,645,677
Equity attributable to the owners of the parent, representing total capital	597,127,212	742,117,943	402,162,798	404,137,459
Capital and net debt	814,060,123	912,329,480	450,436,874	467,783,136
Gearing ratio	26.6%	18.7%	10.7%	13.6%

39. Segmental information

(a) Reporting format

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

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.

(b) Business segments

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

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

(c) Geographical segments

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

(d) Allocation basis and transfer pricing

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

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

39. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2017					
Revenue					
Sales to external customers	81,693,185	79,381,411	-	-	161,074,596
Inter segment sales	46,947,663	63,368,076	4,070,722	(114,386,462)	-
Total revenue	128,640,848	142,749,487	4,070,722	(114,386,462)	161,074,596
Results					
Segment results	(94,109,775)	17,107,413	2,097,368	(1,432,034)	(76,337,028)
Finance costs	(1,999,595)	(998,748)	(3,655,747)	-	(6,654,090)
Share of results of associates	(8,728,564)	-	-	-	(8,728,564)
Share of results of joint ventures	(35,785,719)	(11,392,040)	-	-	(47,177,759)
Loss before tax					(138,897,441)
Income tax expenses					(6,483,110)
Loss for the year					(145,380,551)
Assets					
Segment assets	343,940,192	36,727,115	7,566,372	4,499,077	392,732,756
Investments in associates	60,463,502	-	-	(21,450,497)	39,013,005
Interests in joint ventures	76,722,451	-	-	72,372,034	149,094,485
Unallocated assets	1,174,527,755	64,690,505	383,142,030	(1,332,614,565)	290,049,821
Total assets	1,655,653,900	101,417,620	390,708,402	(1,277,193,951)	870,890,067
Total liabilities	1,499,602,530	88,446,164	10,309,830	(1,321,415,888)	277,246,732
Other segment information:					
Capital expenditure	34,249,488	-	-	-	34,249,488
Depreciation:					
- property, vessels and equipment	30,358,614	8,636,119	268,379	-	39,263,113
- investment properties	-	-	208,103	-	208,103
Other significant non-cash expenses:					
Impairment loss on :					
- trade receivables	8,554,045	-	-	-	8,554,045
- amount due from a joint venture	43,311,829	-	-	-	43,311,829
- interests in joint ventures	14,561,300	-	-	-	14,561,300
Impairment of property, vessels and equipment	18,611,686	-	-	-	18,611,686
Property, vessels and equipment written off	221	-	-	-	221

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

39. Segmental information (cont'd.)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2016					
Revenue					
Sales to external customers	110,505,267	118,975,257	-	-	229,480,524
Inter segment sales	45,620,641	21,334,641	3,475,142	(70,430,424)	-
Total revenue	156,125,908	140,309,898	3,475,142	(70,430,424)	229,480,524
Results					
Segment results	(31,833,180)	(39,128,250)	804,634	(2,650,797)	(72,807,593)
Finance costs	(8,392,471)	(694,018)	(488,014)	422,556	(9,151,947)
Share of results of associates	(30,454,322)	-	-	-	(30,454,322)
Share of results of joint ventures	(18,309,045)	(18,145,091)	-	-	(36,454,136)
Loss before tax					(148,867,998)
Income tax credit					6,209,539
Loss for the year					(142,658,459)
Assets					
Segment assets	377,973,243	70,649,682	9,215,696	(5,659,863)	452,178,758
Investments in associates	60,463,502	-	-	(12,721,933)	47,741,569
Interests in joint ventures	89,251,959	-	-	120,788,446	210,040,405
Intangible assets	-	-	-	-	-
Unallocated assets	374,167,556	17,008,298	437,850,149	(581,618,325)	247,407,678
Total assets	901,856,260	87,657,980	447,065,845	(479,211,675)	957,368,410
Total liabilities	1,007,753,176	96,915,860	90,552,701	(975,460,071)	219,761,666
Other segment information:					
Capital expenditure	4,575,719	3,788,726	-	-	8,364,445
Depreciation	28,219,087	16,042,989	696,821	-	44,958,897
Property, vessels and equipment	-	-	120,580	-	120,580
Other significant non-cash expenses:					
Impairment loss on:					
- trade receivables	3,166,357	6,177,166	-	-	9,343,523
- amount due from a joint venture	6,434,233	1,518,934	-	-	7,953,167
- interests in an associate	1,236,015	-	-	-	1,236,015
- interests in joint ventures	6,334,146	-	-	-	6,334,146
Impairment of property, vessels and equipment	22,469,772	-	-	-	22,469,772
Property, vessels and equipment written off	8,777	-	-	-	8,777

40. Significant and subsequent events

(a) The Group is in the midst of formulating a restructuring and regularisation scheme on its borrowings. During the year, the Group applied for assistance from the Corporate Debt Restructuring Committee of Bank Negara ("CDRC") to mediate between the Group, certain of its subsidiaries, joint-venture companies and associated companies (collectively, the "Affected Companies") and their respective financiers. The Group had received a letter issued by the CDRC, approving the Group's application for assistance on 25 May 2017.

The Proposed Restructuring Scheme ("PRS") must comply with the CDRC's restructuring principles for the Affected Companies to continue to remain under the Informal Standstill Arrangement with the respective financiers. The Standstill Letter was issued by CDRC to the financiers of the Affected Companies as well as the trustee to the Company's Sukuk-holders on 25 May 2017. Consequently, during the year, the Group has not paid sukuk principal repayments and loan repayments amounting to RM160.8 million at their respective payment due dates.

On 30 March 2018, the Affected Companies received the requisite approval-in-principle of the PRS from the respective lenders and financiers. To date, the Group has received the requisite approval-in-principle representing 87% of the secured debt and 100% of the unsecured debt.

The PRS is deemed effective subject to:
1) Award of stipulated contracts;
2) Consent of shareholders of the Affected Companies; and
3) Completion of the bilateral settlement documentation within 60 days from 30 March 2018 or any extension thereof.

The Group's restructuring involves a bilateral settlement between each borrowing entity and its respective lenders or financiers by amending and extending the terms and conditions of the existing borrowing or facilities based on their respective cash flow forecasts and projections.

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2018

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 poll - One vote for every ordinary share held
No. of Voting Shares	:	924,460,921

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	131	1.449	5,354	0.000
100 - 1,000	517	5.722	368,869	0.039
1,001 - 10,000	4,250	47.039	25,122,489	2.717
10,001 - 100,000	3,507	38.815	130,823,851	14.151
100,001 - 46,223,045(*)	627	6.939	345,759,222	37.401
46,223,046 and above(**)	3	0.033	422,381,136	45.689
Total	**9,035**	**100.00**	**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	2,278,637	0.246	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	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
SAR VENTURE HOLDINGS (M) SDN BHD	330,415,436	35.741	-	-
LEMBAGA TABUNG HAJI	91,965,700(4)	9.948	-	-
POH YANG HONG	36,200,000(5)	3.915	39,000,000(6)	4.369
DATUK AZMI BIN AHMAD	2,291,748	0.248	330,581,061(1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	(*)	330,415,436(2)	35.741

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2018

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 8(4) and 59(11)(c) of the Companies Act 2016 respectively.
(2) Deemed interested by virtue of his shareholding in SAR Venture Holdings (M) Sdn Bhd pursuant to Section 8(4) of the Act.
(3) Deemed interested by virtue of his spouse shareholding in AMRB pursuant to Section 59(11)(c) of the Act.
(4) Held through Kenanga Islamic Investors Bhd for 1,687,300 ordinary shares of RM0.25 each in AMRB.
(5) Held through Maybank Nominees (Asing) Sdn Bhd for 33,700,000 ordinary shares of RM0.25 each and HLIB Nominees (Tempatan) Sdn Bhd for 2,500,000 ordinary shares of RM0.25 each in AMRB.
(6) Deemed interested by virtue of his shareholding in Caprice Capital International Limited and Caprice Capital Holdings Limited pursuant to Section 8(4) 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	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL INTERNATIONAL LTD	37,900,000	4.099
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	33,700,000	3.645
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	12,155,873	1.314
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	8,214,400	0.888
8	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	8,153,000	0.881
9	MOHD AFRIZAN BIN HUSSAIN	5,010,000	0.541
10	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	5,000,000	0.540
11	MUHAMMAD SABQI BIN MASNAN	4,033,000	0.436
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN LAI KIEW	3,453,300	0.373
13	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILIP SECURITIES PTE LTD (CLIENTS)	2,911,100	0.314
14	ESPLANADE LAND SDN BHD	2,619,800	0.283

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2018

No	Name	Holdings	%
15	HILB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	2,500,000	0.270
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHAI GO	2,500,000	0.270
17	TING CHEE MING	2,500,000	0.270
18	LIM SHEN MAW	2,497,900	0.270
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG JUN	2,350,000	0.254
20	AZMI BIN AHMAD	2,278,487	0.246
21	TAN BOON TIEM	2,100,000	0.227
22	TEE MEE YOKE	2,100,000	0.227
23	ASSETS NOMINEES (ASING) SDN BHD KWEK LENG SENG	2,000,000	0.216
24	FIELDS EQUITY MANAGEMENT LTD	1,800,000	0.194
25	WONG CHEE KIEN	1,766,000	0.191
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KENANGA ISLAMIC INVESTORS BHD FOR LEMBAGA TABUNG HAJI	1,687,300	0.182
27	ANG CHIN WOI	1,500,000	0.162
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM CHONG SOO (MY2591)	1,500,000	0.162
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAPRICE CAPITAL HOLDINGS LTD	1,500,000	0.162
30	NG CHAI GO	1,500,000	0.162

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting ("AGM") of Alam Maritim Resources Berhad ("Company") will be held on Wednesday, 27 June 2018 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 2017 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note (i))**

2. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Constitution and being eligible, have offered themselves for re-election: **(Please refer to Explanatory Note (ii))**

   (i) Encik Ahmad Hassanudin bin Ahmad Kamaluddin **(Ordinary Resolution 1)**
   (ii) Encik Shaharuddin Bin Warno @ Rahmad **(Ordinary Resolution 2)**

3. To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM349,000.00 for the Financial Year ended 31 December 2017. **(Ordinary Resolution 3)**

4. To approve the payment of Directors' fee and remuneration based on the remuneration structure as disclosed in Explanatory Note (iii) for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019. **(Please refer to Explanatory Note (iii)) (Ordinary Resolution 4)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to determine 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 the Malaysian Code on Corporate Governance 2017.** **(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 75 and Section 76 of the Companies Act, 2016.** **(Ordinary Resolution 7)**

   "**THAT** pursuant to Section 75 and Section 76 of the Companies Act, 2016, the Company's Constitution, 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 AGM of the Company."

NOTICE OF 13TH 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, 2016, the Company's Constitution, the Bursa Malaysia Securities and the approvals of the relevant governmental and/or regulatory authority (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company from time to time through 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 resolution and shall be in force until:

      (a) the conclusion of the next 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 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, 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

Nuranisma binti Ahmad, MIA, ACIS (MAICSA 7067610)
Nur Aznita binti Taip (MAICSA 7067607)
Company Secretaries

Kuala Lumpur
30 April 2018

NOTICE OF 13TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

(i) **Agenda Item No. 1** - Audited Financial Statements for financial year ended 31 December 2017 - is meant for discussion only as the provision of Section 340(1) (a) of the Companies Act, 2016 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**
Encik Ahmad Hassanudin bin Ahmad Kamaluddin 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 Resolutions 4 - Payment of Directors' Remuneration to the Non-Executive Directors for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.**

Board/Board Committee	**Chairperson (RM/Year)**	**Member (RM/Year)**
Board of Directors	RM90,000	RM75,000
Board Audit Committee	RM19,000	RM12,000
Board Risk Management Committee	RM6,000	RM5,000
Board Nomination & Remuneration Committee	RM6,000	RM5,000
Allowance : Meeting Attendance	RM1,000/day	RM1,000/day

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

(i) **Ordinary Resolution 6** - Proposed Continuation in Office as Independent Non-Executive Director in accordance with Recommendation **the Malaysian Code on Corporate Governance 2017**

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 judgment 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 2017 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 75 and Section 76 of the Companies Act, 2016 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.

NOTICE OF 13TH ANNUAL GENERAL MEETING

(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 20 June 2018 dispatched together with the 2017 Annual Report.

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 the Directors' interest in the securities of the Company and/or its related companies are disclosed on page 38 and 39 of this Annual Report.

Notes:

1. Only members registered in the Record of Depositors (ROD) as at 20 June 2018 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 a member may appoint any person to be his/her proxy

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.

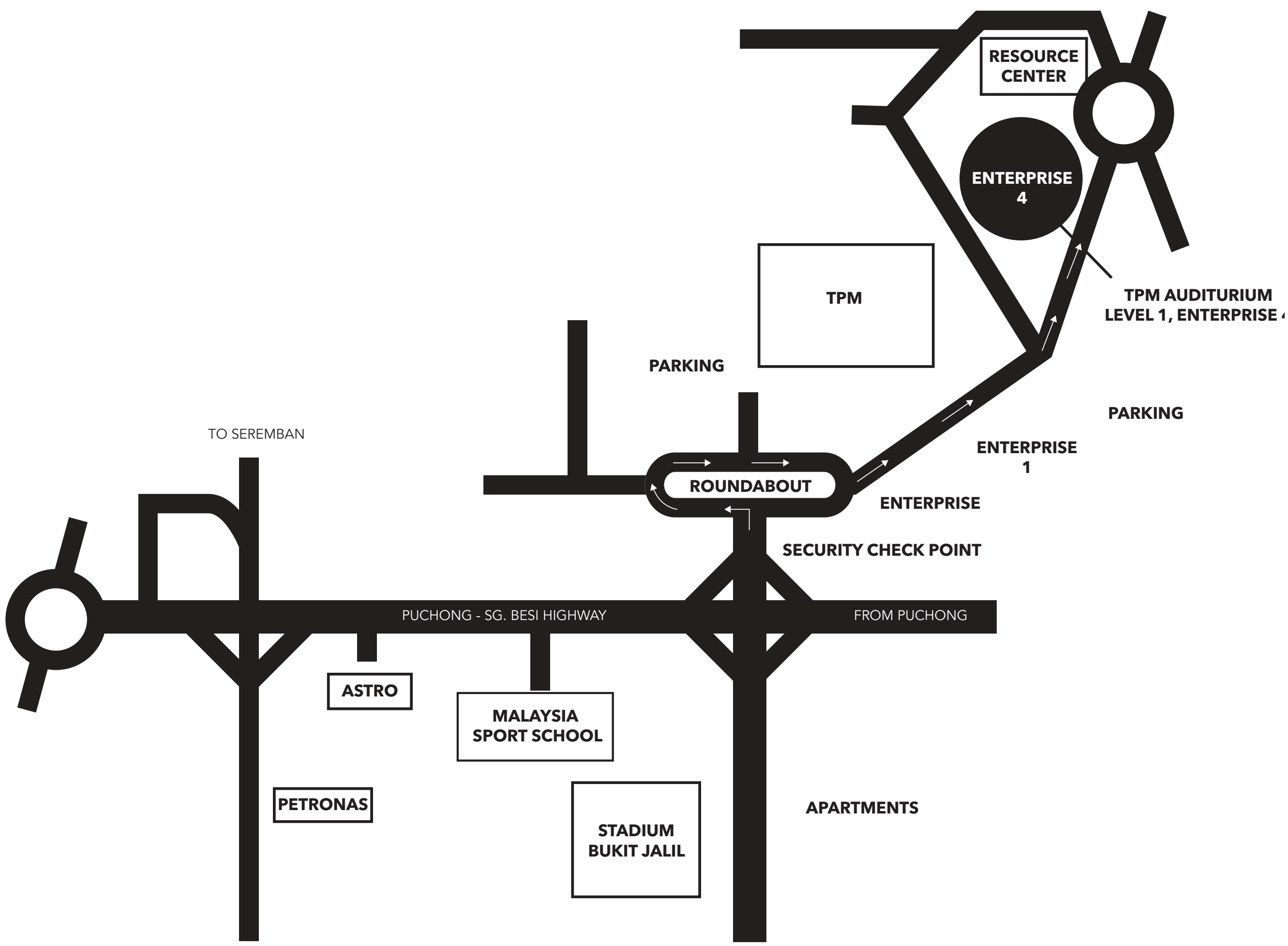
6. A corporation which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 91 of the Company's Constitution.

7. Duly completed Proxy Form must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit G-3, Ground Floor, Vertical Podium, 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 25 June 2018 at 10.00 am.

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTES TO VENUE :-

MAP TO TECHNOLOGY PARK MALAYSIA CORPORATION SDN BHD, AUDITORIUM ENTERPRISE 4



- **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.

1) Search “Technology Park Malaysia” in Waze

2) GPS Coordinate: 3.0479, 101.689085

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FORM OF PROXY

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

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

I/We ____
(Block Letters)

of ____

being a member of ALAM MARITIM RESOURCES BERHAD (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 Thirteenth Annual General Meeting of the Company to be held at 10.00 a.m. on Wednesday, 27 June 2018 at the 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 Encik Ahmad Hassanudin Bin Ahmad Kamaluddin pursuant to Article 94.		
2	To re-elect Encik Shaharuddin Bin Warno @ Rahmad pursuant to Article 94.		
3	To approve the payment of Directors’ fees and remuneration to the Non-Executive Directors amounting RM349,000 for the Financial Year ended 31 December 2017.		
4	To approve the payment of Directors’ fee and remuneration for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.		
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 the Malaysian Code on Corporate Governance 2017.		
7	To authorise the Directors to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016.		
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

Notes:

1. *Only members registered in the Record of Depositors (ROD) as at 20 June 2018 shall be eligible to attend the AGM or appoint proxy to attend and vote on their behalf.*
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Fold this flap for sealing

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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

1st fold here

Alam Maritim Resources Berhad (Co. No. 700849-K)
No. 38F, Level 3, Jalan Radin Anum,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur.

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