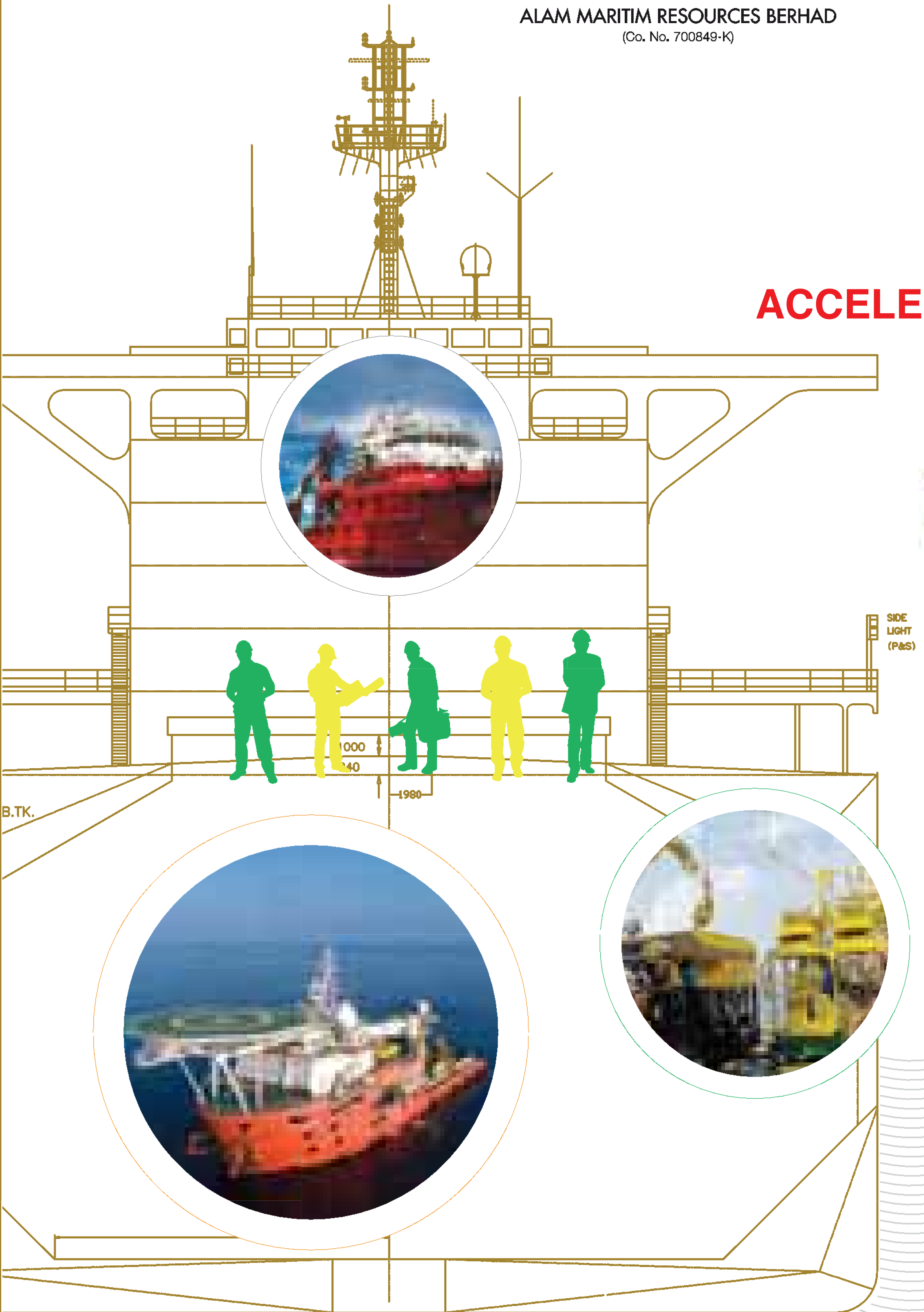
ALAM MARITIM RESOURCES BERHAD
(Co. No. 700849-K)

STRIVING TOGETHER
ACCELERATING GROWTH



iCARE

INTEGRITY

COMPLIANCE
TO REQUIREMENTS

ACCOUNTABILITY

RIGHT RESULTS

ENGAGEMENT

20 SAILING YEARS • ANNUAL REPORT 2018

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.

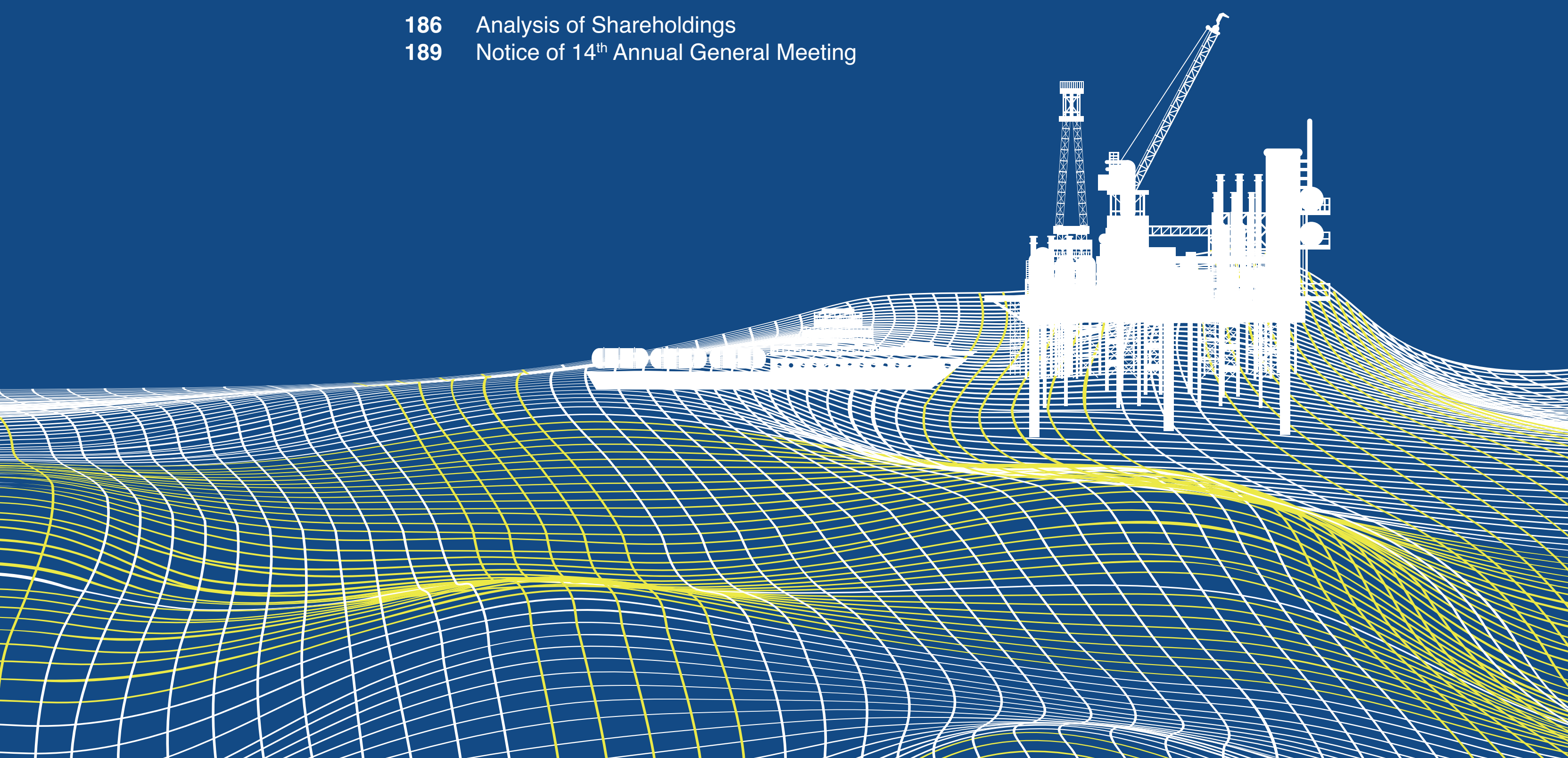
TACT
Ability to use skills and wisdom in dealing with different people and situations successfully without causing offence.

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.

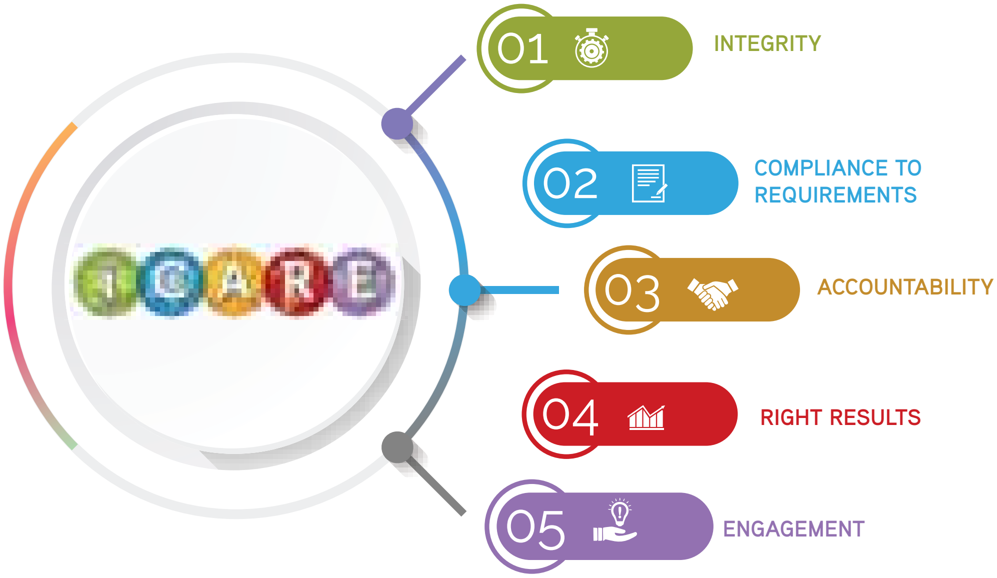
TENACITY
Keeps a firm hold of organisational goals and persistently exerts all efforts to bring about the desired results.

TRANSPARENCY
Clear, open and frank in all undertakings.

CONTENTS



CORPORATE PHILOSOPHY



INTEGRITY	COMPLIANCE TO REQUIREMENTS	ACCOUNTABILITY	RIGHT RESULTS	ENGAGEMENT
I act with honesty, am upright with high moral values	**I perform and deliver the required results with discipline**	**I take full responsibility of the results I produced**	**I plan and do my job correctly to avoid mistakes and repeat work**	**I engage all levels and be committed in what I do**
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 is to produce quality work and results as per set rules, regulations and standards premised on customers' requirements. It is to ensure customers' 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 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.	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 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 SUPPORT VESSELS COMPANY

Clients consist of
major independent oil companies, state-owned oil companies, oil traders and refiners

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.

ALAM MARITIM RESOURCES BERHAD IS LISTED ON
BURSA
KUALA LUMPUR

1 SATURATION DIVING SYSTEMS

168 LAND-BASED EMPLOYEES

VESSELS & BARGES 39

416 SEAFARERS

AIR SPREAD 6

ROVs 6

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2018

RM95,367,199

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2018

45.96%

RM43,833,025

CHARTER HIRE

5.68%

RM5,412,726

OFFSHORE INSTALLATION & CONSTRUCTION

RM25,867,115

27.12%

DIVING & SUBSEA SERVICES

8.36%

RM7,969,000

VESSELS' MANAGEMENT FEES

3.35%

RM3,195,784

SHIP CATERING

6.00%

RM5,719,923

RENTAL OF EQUIPMENT

3.53%

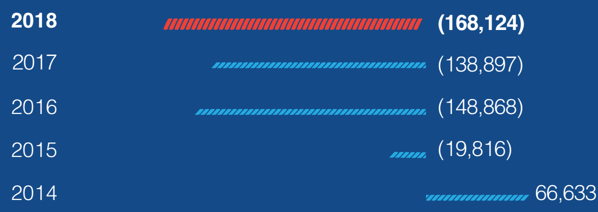
RM3,369,626

OTHER SHIPPING RELATED INCOME

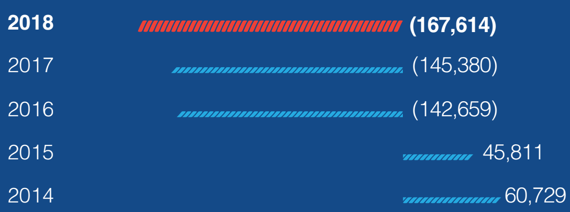
5-YEAR GROUP FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)

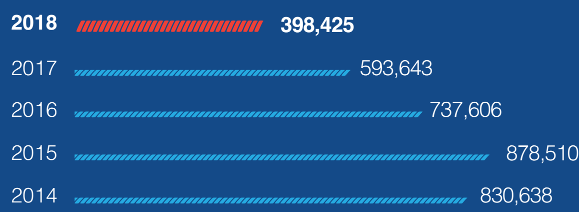
PROFIT /(LOSS) BEFORE TAX
(RM'000)



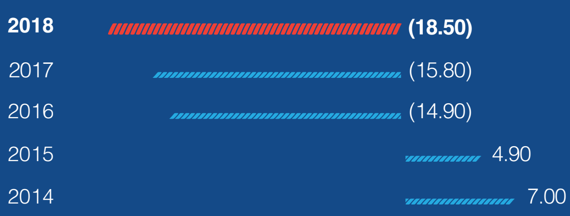
PROFIT /(LOSS) AFTER TAX
(RM'000)



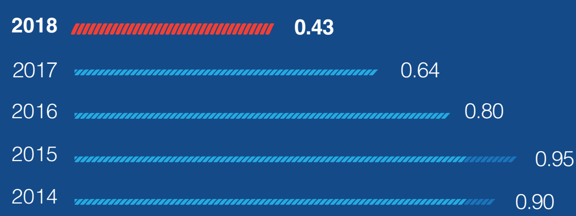
NET ASSETS
(RM'000)



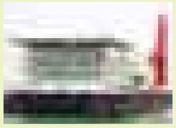
BASIC EARNINGS PER SHARE
(SEN)



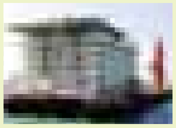
NET ASSETS PER SHARE
(SEN)



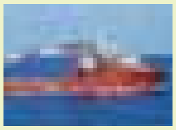
OUR FLEET
AS AT 31 MARCH 2019



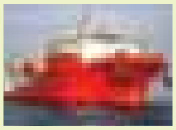
SETIA STATION 1
Type: Accommodation Work Barge
Length X Breadth X Depth (in metre): 100.58 X 31.7 X 7.31
Accommodations: 350 berths
Year Built: 2008 Class: BV



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



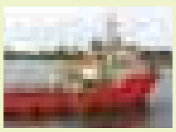
MV SETIA SAKTI
Type: Accommodation Vessel / Workboat (DP2)
Length X Breadth X Depth (in metre): 76 X 20 X 6.1
Accommodations: 138 berths
Year Built: 2008 Class: BV BHP: 5,150

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 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

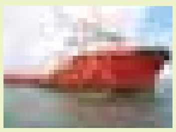
MV SETIA WANGSA
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

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

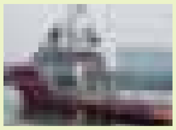


MV SETIA TANGKAS
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

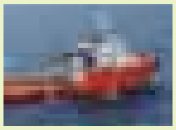
MV SETIA UNGGUL
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

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

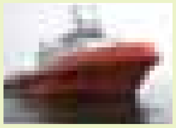
OUR FLEET
AS AT 31 MARCH 2019



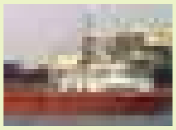
MV SETIA TEGAP
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2008 Class: BV BHP: 5,000



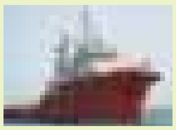
MV SETIA EMAS
Type: Anchor Handling Tug
Length X Breadth X Depth (in metre): 48 X 13.2 X 5.2
Accommodations: 24 berths
Year Built: 2004 Class: BV BHP: 4,750



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



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

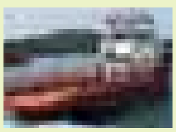


MV SETIA GIGIH
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220

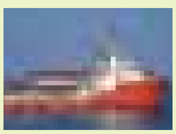
MV SETIA KENTAL
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220

MV SETIA INDAH
Type: Supply Vessel / 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

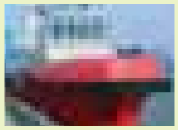
MV SETIA GAGAH
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 23 berths
Year Built: 2003 Class: NKK BHP: 4,750



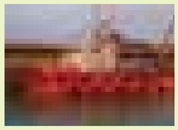
MV SETIA KASTURI
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre):60 X 13.3 X 6.0
Accommodations: 24 berths
Year Built: 2005 Class: NKK BHP: 4,750



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

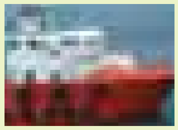


MV SETIA WIRA
Type: Tug / Utility Vessel
Length X Breadth X Depth (in metre): 48 X 11.8 X 4.6
Accommodations: 28 berths
Year Built: 2007 Class: BV BHP: 3,500



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

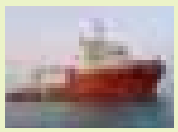


MV SETIA HANDAL
Type: Supply Vessel / Towing Tug
Length X Breadth X Depth (in metre): 50 X 11.58 X 4.2
Accommodations: 22 berths
Year Built: 2003 Class: BV BHP: 3,000

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

OLV VENTURE 1
Type: DP2 Diving Support and 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: BV

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

DP2 MULTI SUBSEA SUPPORT AND MAINTENANCE VESSEL

OLV VENTURE 1 is a DP 2 Diving Support and Maintenance vessel, fitted with a 100T AHC MacGregor Crane, work class ROV, 12 man Saturation Diving System, Moonpool Launching and Recovery, Helideck CAP 437 and ICAO Compliant and Accommodation for 155 persons.

This vessel is suitable for deepwater operations such as:

- Deepsea Lifting and Installation up to 2,000m
- ROV Operations
- Diving Support
- Offshore Construction Support
- Inspection, Maintenance and Repair projects

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

The IMCA D023 DESIGN compliant air/mixed gas diving system comprises of three (3) 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 two (2) tonne A-Frame, a dive stage, clump weight, man riding winch.

50M AIR MIXED 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 four (4) legged lifting slings with master link

- Insulated inside to 50mm with metal finishing.
- Power rating 220V, 32 amp.
- Contained three (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 one (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 two (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.

UNDERWATER MAJOR ASSETS

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 four (4) legged lifting slings with master link

- Insulated inside to 50mm with metal finishing
- Power rating 220V, 32 amp.
- Contained one (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 one (1) unit of Commax Slave Station.
- Contained two (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.

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 four (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 two (2) units of 440v 50/60Hz electrical driven Quincy 5120 LP Compressor with 120 gallons volume tank and Hankison Filters.
- Contained two (2) units of 440v 50/60Hz Electric driven Bauer Mariner 320 HP Compressor with output capacity of 11.3 cfm.
- Contained one (1) unit electric driven tooling hydraulic power pack with capacity of 18-20 GPM.

LAUNCHING AND RECOVERY SYSTEM (LARS) - SET OF TWO (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 four (4) legged lifting slings with master link

- Contained A-Frame complete with two (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 50 liters air cylinder with content indication as per IMCAD023, manifold and regulator.
- Contained two (2) units of Man Riding Winch with capacity of 1.4ton SWL complete with 160/100m non rotating wire (Galv Grade 1960 MPa).
- Contained one (1) unit electric driven weather proof hydraulic power pack complete with 42 gallons steel tank and accumulator.

UNDERWATER MAJOR ASSETS

	JERUNG SERIES (3000 MSW) C/W 160HP WORK-CLASS ROV	PARI SERIES 125HP WORK-CLASS ROV
Type	3,000m (TMS)	1500m (free swimming)
Dimensions	Length x Width x Height 3,100mm x 1,600mm x 2,000mm	Length x Width x Height 2,500mm x 1,450mm x 1,800mm
TMS Diameter x Height	1,800mm x 2,000mm	2,400kg
Weight in Air	2,400kg	
TMS	2,400kg	
Performance	Forward 700kgf 2.5 knots Lateral 550kgf 2.5 knots Vertical 500kgf 1.5 knots	Forward 700kgf 3.5 knots Lateral 550kgf 3.0 knots Vertical 500kgf 1.5 knots
Work Capabilities	• Marine and subsea construction support • Drilling, production and work-over support • Facility inspection, maintenance and repair support	• Marine and subsea construction/installation support • Drilling, production and work-over support • Facility inspection, maintenance and repair support

STRIVING TOGETHER

CHAIRMAN'S STATEMENT

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN
Chairman

DEAR SHAREHOLDERS,

I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED ACCOUNTS OF ALAM MARITIM RESOURCES BERHAD ("AMRB" OR "THE GROUP") FOR THE FINANCIAL YEAR ENDED DECEMBER 31 2018 ("FY2018") .

CHAIRMAN'S STATEMENT

The Group continues to exemplify resilience against the many headwinds encountered during the financial year. Amidst severe market volatility, FY2018 proved to be a year of tremendous turbulence and a slower than expected market recovery.

Volatility in global crude oil prices had dampened the nascent market recovery. Global crude reached a high of USD86 (Brent Crude) per barrel, before plummeting by 30% to USD57 per barrel due to excess supply. OECD oil stocks had increased by 63 million barrels from March 2018 to top off at 2.9 billion barrels as at end Q4 2018, clearly indicating a surplus market.

While continued production cuts by OPEC and other oil producing nations ("OPEC+") helped to steady global crude prices, global demand for crude had also slowed down due to various macro-economic developments. These included the ensuing trade spate between US and China, the less than stellar economic performance of major oil importers and the continued waiver granted by the US for Iran oil exports to several nations.

RESPONDING PROACTIVELY TO MARKET REALITIES

Responding proactively to the tough market conditions, AMRB continued to exemplify resilience manifested in our increased order book which as at end December 2018, stood at RM753.50 million (FY2017: RM197.76 million). Our year-on-year, 281% expansion of our order book was achieved on the back of major contracts secured in FY2018.

In FY2018, AMRB secured long-term contracts including the 5-year Petroleum Arrangement Contractors ("PAC") contract. We also managed to secure several other contracts with tenures ranging from six (6) months to three (3) years for the provision of Offshore Support Vessels ("OSV") in Malaysia and the Middle East.

As evident from the contracts secured, AMRB is progressively reducing its reliance on pure-play OSV contracts and is increasingly showcasing the Group's synergistic capabilities. While we remain a major OSV player, AMRB continues to strengthen its reputation as a cost-effective, reliable and capable provider of integrated solutions for the oil and gas majors by leveraging on the combined synergistic value of our OSV, Offshore Intallation and Construction ("OIC") and subsea business segments. This strategic direction and focus will drive AMRB's business and operational sustainability.

EXHIBITING DYNAMISM AND PROACTIVENESS AMIDST ADVERSITY

Among the initiatives implemented in FY2018 was the adoption of a more hands-on management approach by the Board and the Senior Management.

The Board, has continued to play a key role in the areas of risk management, corporate governance and strategy and to strengthen the Group's overall structure and framework as well as internal controls.

Board members have demonstrated an "entrepreneurship spirit" in supporting the Group, particularly in the area of business development as well as in representing AMRB in industry related programmes and initiatives. Board members have continued to actively engage their respective corporate circles and industry networks to source for key talents, seek new opportunities within the upstream and downstream segments and to also identify suitable joint venture ("JV") partners that will deliver the competitive edge in AMRB's services. In this regard, we have been successful when we inked an agreement with an overseas based consortium partner that will allow AMRB to introduce new technologies into the market which will enhance our capabilities in undertaking OIC works.

Another FY2018 highlight was the role played by Senior Management, including the Managing Director himself to drive closer engagement between our corporate headquarters and our operations in Kemaman, Terengganu. Senior Management provided more rigorous oversight on Kemaman operations towards addressing issues in a more timely and effective manner, facilitating faster decision making and to expedite work execution, in particular for replacement vessels.

CHAIRMAN'S STATEMENT

LOOKING FORWARD

The recent decisions by OPEC and Non OPEC countries to maintain production cuts at 800,000 barrels per day and 400,000 barrels per day respectively were most welcomed by the industry. However, these cuts will expire in June 2019 with no visibility of an extension for now. Furthermore, a possible increase in US oil production and continued weak demand amidst protracted trade wars and weakening currencies of emerging markets may further dampen the global oil market in FY2019. We foresee that even the demand from key developing economics such as China, India and ASEAN, may not be able to absorb excess supply going forward.

Our view is consistent with the outlook provided by PETRONAS; that market volatility is likely to persist in FY2019. While we can expect oil and gas majors to invest in new capital projects, they will do so cautiously. However, there are positives that we can draw for the year ahead.

The higher capital expenditure spending target of RM50 billion by PETRONAS should spur local upstream activities. With the upstream segment having been deprived of substantial investments in recent years, the increase in capex we foresee, would likely be for green fields and new discoveries.

In FY2019, according to the PETRONAS Activity Outlook ("PAO"), decommissioning activities are set to increase in momentum and this presents opportunities for AMRB. Given that Malaysia has a large number of legacy offshore assets; some even exceeding 35 years of operation, decommissioning contracts are set to increase with each passing year. Furthermore, the present crude oil price environment provides opportunities for PETRONAS to undertake decommissioning works due to the competitive cost of the supporting services. Decommissioning contracts are usually larger in value and will provide a multiplier effect for OSVs, as a wide range of vessels will be required in the execution of such contracts.

Still, decommissioning works are technically demanding and it is a highly cost driven exercise. Oil and gas majors who own and operate legacy assets generally will seek the most cost effective option to undertake decommissioning works. Hence, cost management of the entire exercise is key.

We draw confidence on our ability to compete as the majority of integrated service providers bidding for contracts are on par in terms of expertise and experience. Given our existing track record for OIC works, our new technology capabilities through our strategic consortium partner and our existing OSV and OIC assets, AMRB has a competitive edge to actively bid and secure related contracts.

As we will need to maintain a safe and optimised offshore environment, maintenance works will continue to be required and we will leverage on our subsea expertise and experience to competitively bid for contracts in this area.

The key, as mentioned before would be to harness the synergistic capabilities of the Group - moulding the respective strengths of our three business divisions to deliver winning value propositions for the market. In doing so, we will also tap on our JV partners to bring new innovations and technologies to the market.

The future remains challenging, but we are undeterred as, there is clearly light at the end of tunnel for AMRB. Our journey to business recovery and operational sustainability remains viable and we expect AMRB to return to profitability in the near future, insyaAllah.

APPRECIATION AND ACKNOWLEDGEMENTS

As we look back on FY2018, I wish to express the Board of Director's gratitude and appreciation to the staff of AMRB who have been stellar in their support and performance during the past year. Thank you for your tireless efforts, sacrifices and consummate professionalism. Similarly, the Board extends its thanks to the Senior Executive Leadership and the Management Team for continuing to steer AMRB during this period of tremendous difficulty, and for persevering with the arduous task of managing the stakeholdes value. We also wish to thank Bank Negara Malaysia's Corporate Debt Restructuring Committee ("CDRC") and the respective financial institutions for their unwavering support that has enabled AMRB to arrive at a mutually acceptable resolution with our lenders.

CHAIRMAN'S STATEMENT

On a special note, we wish to thank Encik Ainul Azhar Bin Ainul Jamal who has stepped down from the Board during the financial year to pursue alternative opportunities with the oil major. We wish him well on his future undertakings. In his stead, we are pleased to welcome Encik Mohammad Suhaimi Bin Mohd Yasin who was appointed to the Board effective February 25 2019. Encik Mohammad Suhaimi has been appointed as the Chairman of the Board Risk Management Committee effective May 2019 and is also a member of the Board Audit Committee and Board Nomination and Remuneration Committee.

Last but not least, we thank our suppliers, business partners and shareholders for their continued vote of confidence to AMRB during the year under review. The path is set, we have clear plans to move forward and we will proceed with full steam ahead to embrace opportunities for greater growth and progress in FY2019.

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

DATUK AZMI AHMAD
Group Managing Director/
Group Chief Executive Officer

OVERVIEW

DESPITE AN INCREASE IN CRUDE OIL PRICES AND INDUSTRY ACTIVITY, FINANCIAL YEAR ENDED DECEMBER 31 2018 ("FY2018") PROVED TO BE A CHALLENGING PERIOD FOR UPSTREAM VALUE CHAIN PLAYERS MARKED BY CONTINUED ASSET OPTIMISATION, BUSINESS CONSOLIDATION AND COST RATIONALISATION.

MANAGEMENT DISCUSSION AND ANALYSIS

Crude oil prices had initially rebounded during 2018 before plunging from a 3-year high of USD80 per barrel to USD57 per barrel due to various macro-economic developments that resulted in the market seeing weaker demand and excess supply. Prices stabilised on the back of firm commitments by the Organisation of Petroleum Exporting Countries ("OPEC") and non-OPEC producers to trim production. However, the impact of such quota discipline had come too late in the year to provide an upward impetus to crude oil prices.

Nonetheless, with oil and gas majors having already committed to their investment plans for exploration and production ("E & P") activities, the industry in FY2018 saw a nett increase in the number of tenders and contracts awarded. Certainly, there was a greater demand for Offshore Support Vessels ("OSVs") with average industry vessel utilisation rate hovering at 41% (FY2017: 47%). Industry daily charter rates however remained depressed due to the surplus number of vessels vying for an expanding but still small market pie, post the 3-year industry downturn.

Responding proactively to market conditions, in FY2018, Alam Maritim Resources Berhad ("AMRB" or "the Group"), leveraged on its proven capabilities, expertise and assets to continue securing contracts worth RM582.42 million in cumulative value to bolster its order book to RM753.50 million as at end FY2018. This is a 4-year high which the Group has achieved during a most challenging operating environment. This is important to note that while many other oil and gas operators have divested, ceased operations or become insolvent, AMRB has not only remained in operations, but has retained its position as a leading service provider within Malaysia's upstream oil and gas value chain.

By leveraging on our strong business fundamentals, pursuing aggressive business rationalisation, restructuring our debt and maintaining our track record for project execution excellence and health, safety, security and the environment ("HSSE"), we have succeeded to win contracts and continue operating as a going concern. By harnessing the combined synergistic capabilities of our business segments, we have continued to be a key service provider that has retained a credible reputation among the oil and gas majors.

Of note, the Group continues to transition from its dependence on pure-play OSV contracts to rely on the expertise, skills and assets of our offshore installation and construction ("OIC") and Subsea works and services ("Subsea") business segments.

On the back of these and other notable business and operational highlights, AMRB is making progress down its recovery path towards business sustainability and eventual profitability.

GROUP OBJECTIVES AND STRATEGIES

With our current integrated business model and through a strategy of synergy derived from the resources and capabilities of our various business segments, AMRB is able to deliver a comprehensive value proposition to oil and gas majors beyond OSV services. 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.

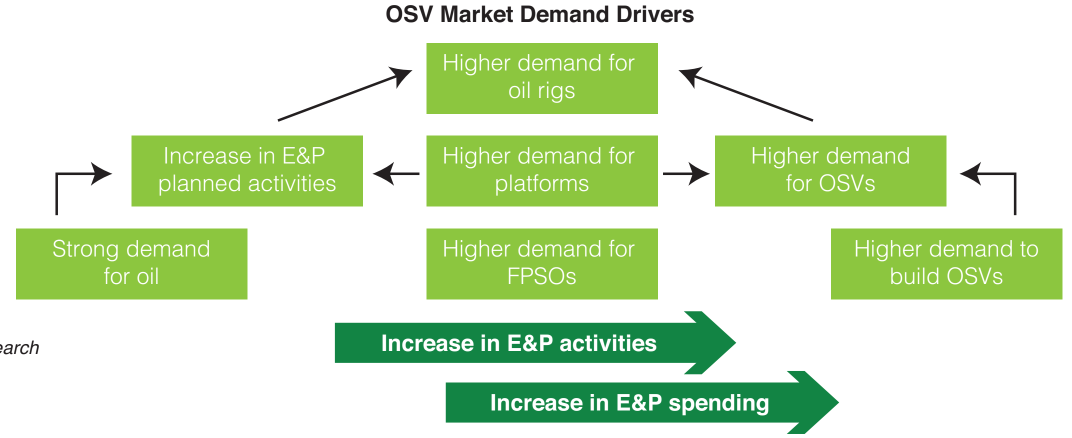
As AMRB continues to optimise its cost base, we remain focussed on securing contracts to ensure a steady and growing revenue stream while managing a first-rate, multi-capable fleet with the right vessel tonnage to service oil and gas contracts. AMRB is one of few players in Malaysia that owns and operates its own vessels.

Under our fleet renewal programme, our strategy is to dispose of less in demand and ageing vessels; those ten (10) years old or more, while retaining those that have secured contracts or have a higher propensity to do so. Ageing vessels are generally less preferred by oil and gas majors due to their lower fuel efficiency to Brake Horse Power ("bhp") ratio. Our vessels range between 5,000bhp-12,000bhp ships, which is the most appropriate range to service contracts in the oil and gas industry.

In FY2018, we have rationalised our fleet - trimming the number of vessels to 39 (FY2017: 43 vessels) to ensure optimal operational and cost efficiency.

Our fleet currently comprises of 19 anchor handling tug and supply ("AHTS") vessels; six (6) utility tug vessels; five (5) accommodation vessels / work barge; one (1) diving support vessel; two (2) fast crew boats and six (6) tug supply vessels. This is an optimal composition to render excellent service levels to the oil and gas majors in the servicing of contracts while ensuring uninterrupted services to our client and maintaining performance and solid reliability. This will allow for quick replacement of vessels if there are any unplanned breakdowns on the operating vessels as well as minimising our reliance on third party vessels.

MANAGEMENT DISCUSSION AND ANALYSIS



Source : Pareto Research

The OSV segment provides vessels either on contract or callout basis (spot charter) to support the requirements of oil and gas players. The OSV division is able to provide vessel support for development, exploration, appraisal, decommissioning, production, operations and maintenance jobs.

In terms of revenue contribution, the Subsea and OIC divisions contributed 39% while the OSV division contributed 61%. 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. They also focused 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. Our OIC and subsea segments enable the Group to bid for production and development related contracts in support of platform operations, maintenance and servicing as well as decommissioning activities and hook-up and commissioning works, facilities transport to offshore and installation and more.

At present, Malaysia provides the bulk of the Group’s business with some of the business operations being undertaken in the Middle East. We continue to seek opportunities both locally and abroad to further diversify and expand our business presence, to boost vessel utilisation rates and to ultimately reduce our dependence on Malaysia operations.

KEY BUSINESS INDICATORS

Indicators	2018	2017	2016
Vessel Utilisation rates	41%	47%	52%
Order book (RM’million)	753.5	197.76	223.70
Number of employees	168	185	235
Man-hours without LTI (as at financial year-end)	2,142,703	190,376	2,688,243
Cumulative man-hours without LTI (as at financial year-end)	713,540.50 (From 14 May 2018- 31 Dec 2018)	190,376 million man hours as at October 2017. Reset on 1st November 2017	9,103,793

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL PERFORMANCE

(RM'000)	FY 31/12/2018	FY 31/12/2017	FY 31/12/2016
Revenue	95,367	159,850	229,489
Operating profit/loss	(116,474)	(75,571)	(74,466)
EBITDA	12,517	45,602	17,217
Finance cost	(11,436)	(6,794)	9,164
Net profit / loss after taxation	(167,614)	(142,980)	(144,645)
Shareholders' equity	401,910	599,096	735,876
Total assets	624,427	869,880	1,060,293
Total Liabilities	226,002	274,459	219,761
Borrowings	122,426	148,446	159,006
Debt / equity	0.31	0.25	0.21
Earnings per share	(18.50)	(15.9)	(15.10)
Net asset per share	0.43	0.64	0.80
Market capitalisation as at financial year ended	73,957	203,381	295,827

REVENUE

For FY2018, Group revenue was lower year-on-year attributed to the lower utilisation rate of chartered vessels under the OSV Segment. Revenue performance was also affected by daily charter rates remaining depressed due to ample vessel supply in the market.

Revenue derived from our Subsea segment was also lower while there were no material contribution from the OIC segment during the year. In FY2018, the biggest contributor to Group revenue was our OSV segment which posted RM66.39 million, followed by OIC / Subsea at RM28.97million.

However, with the Group's order book having grown 281% to stand at RM753.50 million, our revenue performance for FY2018 will improve going forward on the back of stronger contributions from all business segments - OSV, subsea and OIC.

This is a clear reflection of AMRB's evolving business strategy to reduce our reliance on pure-play OSV contracts and to leverage on our synergistic capabilities to derive stronger revenue from other business segments. Kindly refer to the Contracts & Fleet Management section of this Management Discussion and Analysis for more information.

MANAGEMENT DISCUSSION AND ANALYSIS

EARNINGS

Despite declining revenue, the Group remains operationally profitable with Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA"), remaining positive despite a reduced performance for the financial year. In FY2018, Group EBITDA was RM12.52 million, 72% lower year-on-year.

The Group's earnings performance was affected by high vessel depreciation and vessel impairment costs. This is due to idle vessels and vessels with less than 50% utilisation rate being subject to impairment assessment (as in previous financial years). The Group also faced impairment loss due to interest in joint ventures ("JV") and associate companies, largely attributed to non-performance of the said JVs, which impacted the Group's profit performance.

On the back of reduced EBITDA performance, loss before tax ("LBT") and loss after tax ("LAT") for FY2018 was RM 168.12 million and RM167.61 million respectively.

Going forward, with our expanded order book and having taken measures to ensure that the Group is better positioned to activate vessels to service contracts (despite the lack of dry-docks and tight financing issues), we foresee vessel utilisation increasing and with that, the impact of impairment should decrease. We also continue to be more stringent in the selection of JV partners to avoid recurrence of non-performance due to issues faced by JV partners.

CAPITAL STRUCTURE, ASSETS, LIABILITIES & RESOURCES

In FY2018, Group assets continued to far exceed current liabilities. Management believes that AMRB is capable of realising its assets and discharging its liabilities going forward.

	FY2018 (RM'000)	FY2017 (RM'000)	FY2016 (RM'000)
Assets			
Non-current	410,007	581,370	715,700
Current	214,419	289,519	241,668
Total Assets	624,427	870,890	957,368
Liabilities			
Non-current	98,169	24,865	66,301
Current	127,833	252,381	153,460
Total Liabilities	226,002	277,246	219,761

The Group continues to find ways to raise working capital and to pare down its liabilities. During the financial year, using internally generated funds, we have paid off several loans on vessels and JVs. This attests to the strength of the Group's overall operating cash flow which remains stable.

On a separate note, we have put up for sale our 35-acre industrial land parcel in Kuala Linggi, Alor Gajah, Melaka. We have received offers for joint development of the land and the Group is considering all proposals received to ensure the best possible valuation for any joint development venture or outright sales of the said parcel.

Similar to last year, we also disposed off smaller property assets i.e. a shop lot in Sri Petaling, Kuala Lumpur with an acceptable value appreciation from the initial purchase price.

MANAGEMENT DISCUSSION AND ANALYSIS

We also reduced our exposure to the negative impacts of our JV partners, which largely consisted of JV collaborations on the ownerships of vessels. In FY2018, we disposed several of these vessels as part of our fleet trimming exercise to reduce liabilities and constraints on cash flow. Notably, vessels that have been idle for a long time and have little prospects for securing contracts.

As part of its cost reduction measures, the Group continued with departmental restructuring, manpower rightsizing and energy conservation while deferring non-urgent and non-productive variable costs.

Vessels, even when idle, incur costs, hence efforts in FY2018 were doubled to reduce vessel downtime, while we looked to also strike a balance between laying-up vessels and keeping certain vessels ready in anticipation of contracts. It is vital that we continued to streamline our fleet to ensure optimum capability to service existing jobs, as well as achieve the most efficient mix of fleet readiness while keeping our cost base to a minimum.

As in previous financial years, best practices were maintained such as maintaining minimal crews on laid-up vessels while only performing essential maintenance and deactivating satellite communication; all of which reduce opex and maintenance cost of idle vessels.

Payroll cost has also further dropped by 7% due to continued realignment of our organisation which has resulted in elimination of job duplications and redundancies and a more efficient manpower composition. We have also continued with our flexible working week and other related and supporting arrangements.

BORROWINGS

At present, the Group's gearing ratio is 0.31 times, which is relatively low compared to other industry players.

	FY2018	FY2017	FY2016
Gearing Ratio	0.31	0.25	0.21

The Group has succeeded in reducing its total borrowings by 18% during the financial year. In particular, short-term borrowings have decreased considerably by 73% due to repayments as well as loan restructuring and consolidation.

The Group has completed its debt restructuring exercise under the purview of Bank Negara Malaysia's Corporate Debt Restructuring Committee ("CDRC"). With this, the Group has successfully renegotiated its total outstanding debt to extended tenures of between 2-7 years with lenders.

The measures taken have provided the Group with more financial flexibility, freeing up cash for business development and working capital requirements. This has been especially useful in strengthening our position when negotiating for better terms with shipyards and vendors.

	2018 RM MILLION	2017 RM MILLION	2016 RM MILLION
SHORT-TERM BORROWINGS	35.33	130.86	92.63
LONG-TERM BORROWINGS	87.10	20.44	62.13
TOTAL BORROWINGS	122.43	151.30	154.76

MANAGEMENT DISCUSSION AND ANALYSIS

CASH FLOW MANAGEMENT

Cash flow management measures undertaken in the previous years which proved to be effective were continued in FY2018. These included implementation of our Invoice Monitoring portal system and the Credit Management Committee to ensure timely billings and collections. Our overall collection rate has improved from 82 days to 80 days in FY2018.

The Group has a readily available bank guarantee facilities up to RM 50 million for the purpose of tendering for contracts and as performance guarantees in meeting contractual obligations for charter contracts.

With the Group progressively seeing more of its vessels securing and servicing contracts, we foresee more internally generated cash sustaining business operations going forward. When more docking vessels are active, Management expects to see a strong internally generated cash flow driving our business operations.

In FY2018, Management has succeeded in mitigating against possible liquidity issues that could impede operational stability that has impacted many other industry players.

CONTRACTS & FLEET MANAGEMENT

In FY2018, AMRB secured several contracts from oil and gas majors, including Petroleum Arrangement Contractors ("PAC") and Pan Malaysia underwater services contracts. Subsequently, the Group's order book has expanded to RM753.50 million (FY2017: RM197.76 million) on the back of eight long-term contracts.

Our order book has increased by almost four fold compared to the previous financial year. These achievements attest to AMRB's ability to continue winning contracts, which proves that our reputation as a credible and capable integrated service provider among oil and gas majors remains intact. We are ready and capable of meeting the exacting and demanding requirements of the industry and has and will continue to stand tall as a leader in our field.

We secured six (6) five-year contracts to provide Pan-Malaysia underwater services for petroleum arrangement contractors. These included PETRONAS Carigali Sdn Bhd ("PCSB"), Enquest Petroleum Production Malaysia Ltd, ExxonMobil Exploration and Production Malaysia Inc, IPC Malaysia B.V and Hess Exploration And Production Malaysia B.V. ("HESS") among others.

In addition, on top of these contracts, we also secured a 4+1 year contract with Carigali HESS Operating Company Sdn Bhd and a renewal to an existing IMR contract with REPSOL Oil and Gas Malaysia Limited for three years.

The jobs would be on a regular or call-out basis, whereby work orders will be issued by the client based on the schedule of rates as set forth in the contracts. The total value of the contract will be contingent upon the actual work orders and the scope of work performed. We have already received several callouts.

We also secured work orders worth some RM24.62 million from PCSB for the provision of three (3) Platform Supply Vessels which included extensions for up to 30 days. All three jobs have commenced having received call-outs for vessels.

In the Middle East, our vessels, which operate on a bare boat charter basis, continue to serve existing contracts. While rates in the Middle East are comparatively lower to other regions, due to the stiff competition, the region continues to see a steady momentum of activities. In Brunei, we have engaged a new strategic partner to drive business development activities in the country.

Having won contracts in competitive bids, the onus was to then maintain our OSV and subsea assets and to deliver them in a timely manner to clients with zero non-performance. This proved to be a challenge. With vessels having been idle for a long time, there were higher costs associated with ensuring vessel readiness in a short time to service contracts.

The challenges was further compounded due to the lack of dry dock facilities, which are equipped to meet our strategic requirements or mobilisation plans. Indeed, the task of up keeping our fleet while facing capital constraints amidst a low utilisation rate environment was a key operational challenge for AMRB in 2018.

There were also financial issues, with banks for the most part, being very cautious on financing docking of vessels. Conditions imposed include vessels must be free from existing loans - a difficult pre-requisite to meet even in favourable market conditions, let alone during a period of recovery post one of the world's most adverse downturns. Dry docks have also been cautious - requesting for cash advances.

AMRB's response was to use internally generated funds where possible to finance docking activities while also negotiating with shipyards for more flexible payment terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Regardless, AMRB has surmounted these difficulties to achieve required vessel readiness to service contracts. We have been resourceful and relying on the combined experience and acumen of our people, we have prevailed against the challenges.

Our resilience stems from a strong organisational culture of determination and persistence in the face of adversity and steeling ourselves to the turbulent conditions experienced. Applying lessons learnt, have also enabled the Group to navigate the many operational obstacles to ensure that ultimately, we deliver on our commitments and maintain our sterling track record for project management excellence.

STRATEGIC BUSINESS VENTURES

In FY2018, as part of our strategy to develop value differentiators for our business in tandem with industry demands, the Group inked an agreement with AME Subsea Sdn Bhd for the purpose of venturing and providing offshore underwater and subsea services. In line with the agreement, AMRB has established a JV company, Subsea Worldwide Solutions Sdn Bhd.

The JV company will provide a complete work programme of underwater, structural and topside inspection, repair and maintenance, particularly in international markets. This paves the way for AMRB to further enhance the existing value proposition of its subsea offerings, while also gaining exposure to international business opportunities.

On a separate note, as part of our downstream diversification strategy, we have continued to explore the potential of moving into the liquefied natural gas ("LNG") distribution space.

ANTICIPATED OR KNOWN RISKS

The Group's key business segments: OSV, OIC and Subsea works are generally dependent on the level of activity of oil and gas majors, in particular PETRONAS. The level of exploration and production activities by oil and gas majors hinges on present and expected future prices of crude oil and gas.

In Malaysia, the demand for upstream works is mainly determined by PETRONAS who holds the exclusive rights of minerals exploitation in Malaysia under the Petroleum Development Act 1974 ("PDA"). In essence, risk of AMRB as an oil and gas service provider to achieve its corporate objectives is very much tied to PETRONAS exploration and production plans and activities in Malaysia.

However, beyond these general risks, the Group has clearly identified its operational and financial risks and maintains a risk register. Our commitment towards managing Risks is centred on the following dimensions:

- Asset Reliability: Maximising operational readiness to ensure timely delivery of assets to clients and to maintain desired uptime performance.
- Optimising human capability and performance towards managing operational costs, schedule and delivery of the Group's OSVs, OIC and Subsea projects.
- Ensuring robust controls and governance over internal systems and procedures to ensure adherence to clients' requirements.
- Realising overall Group profitability and business sustainability by driving business segment diversification given the present challenging external environment.

AMRB has identified Assets Utilisation, Assets Readiness and Capital Constraints as the Group's principal risks, which if unmitigated, can potentially impact operational resilience and overall growth and sustainability in the long term.

Based on the aforementioned risks, effective mitigation action plans have been formulated and implemented. Such plans are rigourously deliberated by the Group Risk Management Working Committee ("GRMWC") who reports to the Board Risk Management Committee ("BRMC") on a quarterly basis. Throughout FY2018, the following key risk mitigation actions were implemented:

- Corporate Debt Restructuring Committee ("CDRC") to manage long term payable with lenders.
- Shareholder approval sought for Redeemable Convertible Notes ("RCN") issuance in the 1st Quarter of FY2019.
- Fleet renewal program via assets disposal, namely 1MAS-300, ALAM 281 and ALAM 252.
- Manpower rightsizing.
- Maintaining good supplier relationships to facilitate better credit terms
- Initiated cost optimisation efforts and expedited billing and recovery from clients.
- Undertook vessel lay-up with minimal crew.
- Undertook vessel repair during dry docking.
- Implemented integrated procurement functions to improve lead time.
- Continued to aggressively initiate business development activities.
- Participated in multiple tenders locally and overseas for OIC contracts.
- Successfully established Subsea Worldwide Solutions ("SWS") as a JV company with AME Subsea Sdn Bhd to undertake Subsea works.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Further 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.

OUTLOOK AND PROSPECTS

FY2019 will continue to be challenging and there are many potential disruptors that could dampen the momentum of recovery within the oil and gas sector. The challenges would be the depressed charter rates due to the ample supply of vessels as well as the large number of players vying for contracts. Despite the recovery, risks remain in the oil and gas sector as crude prices may be subject to fluctuations. Players across the value chain must react and respond swiftly to changing market conditions.

However, the oil and gas sector is unlikely to see a downward spiral as experienced in the past several years. We foresee that in FY2019, the momentum of EP activity established in FY2018 will persist going forward.

The industry and the operators along the business value chain have adjusted to this new environment of low oil for the longer period. Those remaining are *bona fide* players who have the resilience, business fundamentals and operational strength to be competitive amidst the present turbulence and volatility. We have continued to operate as a going concern during the darkest of days and now have emerged into a new phase as the industry recovers.

With our larger order book in hand, the Group will be relatively busy in FY2020 and will continue making progress on the path to recovery which we have charted for ourselves.

Our strategy in FY2019 is to develop new business drivers, while expanding outside of Malaysia. Of note, AMRB will focus on decommissioning activities, given that our OIC assets and inherent expertise is a natural fit for such contract requirements. Importantly, our view is consistent with PETRONAS' that there will be a greater demand for decommissioning contracts going forward.

According to the PETRONAS Activity Outlook 2018-2021, Malaysia has a large number of legacy offshore assets; some even exceeding 35 years of operations and many of which have reached their end of life phase.

Proper decommissioning efforts are required to minimise environmental impacts. Decommissioning contracts are usually larger in value and furthermore, are not affected by crude oil prices. The key would be to present attractive, cost effective value propositions as decommissioning activities do not generate revenue for oil and gas players.

In preparation of such opportunities, AMRB has secured a strategic partnership to introduce new technologies to the local market. We aim to introduce Zap-Lok technology, which is a more eco-friendly, cost-effective method compared to conventional pipe-laying and joining.

Pertaining to the aforementioned, in March, 2019, AMRB was awarded a USD59 million (RM242.49 million) contract for the Provision of Engineering, Procurement, Construction, Installation and Pre-Commissioning of the Pipeline System for Tembikai Non Associated Gas (TNAG) Development ("Contract") by Vestigo Petroleum Sdn. Bhd.

The TNAG pipeline system will be installed from the new TNAG unmanned wellhead platform via a 60km, 12" pipeline and fibre optic control cable. The rigid pipeline will be the first in offshore Malaysia installed using mechanical connectors, and specifically the NOV Tuboscope Zap-Lok connection and tied into existing processing facilities on Berantai FPSO and the Well Head Platform (WHP) with flexible risers connected to the rigid pipeline with diverless connections.

On a separate note, we will continue to focus on our Subsea segment on the back or our Subsea Inspection, Maintenance and Repair Services ("IMR") contracts secured, which have bolstered our profile and reputation locally and regionally. The outlook for Subsea remains positive over the next four years as regardless of crude oil prices, offshore maintenance to ensure a safe working environment is an industry requirement.

With our stronger business focus on OIC and Subsea, AMRB is becoming less dependent on its pure-play OSV contracts, which are heavily dependent on crude oil prices.

We may go to the capital markets to seek additional funding. We are exploring the feasibility of several corporate exercises. The first proposal to have received shareholder approval was the issue of Redeemable Convertible Notes ("RCN") to raise up to RM160 million in working capital and to undertake a bonus issue of free warrants on the basis of one free warrant for two shares held, which can raise up to RM55.47 million to fund capital expenditure and working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

The RCN is a suitable means to generate much-needed funds while offering flexibility in drawdown and at the same time does not impact our position as the controlling shareholder as subscribers will not hold more than a 10% stake. We will continue to assess the feasibility of these corporate proposals and will announce more details once ready.

Beyond Malaysia, we will continue to seek means to grow our presence in the region. We are cognisant that competition remains stiff reflected in the lower charter rates. However, we have continued to attain a very high vessel utilisation rate. We will continue to increase our exposure to this market where E & P activities have remained strong, even during the downturn period. Likewise, in Brunei, we look forward to expand our footprint via the aggressive marketing and business development efforts of our strategic partner.

In the long term, the market outlook remains uncertain. The US continues to pump crude oil at record high levels flooding the market while global demand may not be able to absorb excess supply, especially with many emerging markets and developing countries continuing to face high crude oil import costs due to weaker currencies. Weaker currencies could also lead to reduced demand.

Adding to the uncertainties will be any decision made by the US to extend or rescind a waiver on Iran oil imports which has been offered to a large number of countries. These include China, India, South Korea, Japan, Italy, Greece, Taiwan and Turkey. Any continued waiver granted could potentially lead to excess supply and weaker crude oil prices, while the opposite would see the market turning bullish and prices having impetus to trend upwards.

As a whole, oil demand growth may be at risk from the aforementioned factors, not to mention the ensuing and perhaps escalating trade spate between US and China.

The above eventful milestones could very well shape the oil and gas industry. In facing these continuing challenges, many oil and gas players, including us, will have to initiate strategic responses that could involve revising plans and introducing further budget cuts. We have to be prepared for this development. Even as we deal with the complexities of the global economic development, we recognise that we need to rely more on our own strength to face the challenges and survive. We believe and realise that a strong adherence to our Shared Values and iCare Cultural beliefs, and a good understanding of our strategies of cash generation, cash efficiency and project execution, will ensure our immediate survival and competitiveness. Going forward, we will naturally continue to also address longer term sustainability concerns, including talent, technology and, importantly, culture. The Group has planned to execute a number of important initiatives that systematically will prime the organisation to endure the storm, and emerge stronger from it. This included realigning the organisation to provide clarity through the Corporate Agenda that houses our common pillars of Vision, Mission, and Strategic Directions, with iCare Cultural Beliefs as a foundation to sustain all the change initiatives as we set an immediate shared target to return to profitability and successfully deliver our growth strategies in the immediate term.

We must continue to be disciplined with cost and to ensure we retain our austerity mind-set so that our hard-earned efficiencies provide the basis of a more resilient and cost competitive AMRB. Going forward, Management is of the view that while the Group has yet to register a profit performance, it has certainly turned a corner with the improvement in its revenue and the growth of its order book. Having pared down costs across the board, the Group is on the right track towards eventual profitability and long-term business sustainability.

DIVIDEND

The Group's ability to pay dividends is subject to its profit performance for the financial year as well as the need to preserve capital to fund business development and to ensure its financial and operational sustainability in the long-term. Management has not declared a dividend for FY2018. However, Management will consider the possibility of a dividend pay-out to shareholders premised upon AMRB returning to profitability in the near term.

DATUK AZMI AHMAD
GROUP MANAGING DIRECTOR /
GROUP CHIEF EXECUTIVE OFFICER

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
(Resigned w.e.f 17 May 2018)

Mohammad Suhaimi Bin Mohd Yasin
Independent Non-Executive Director
(Appointed w.e.f 25 February 2019)

BOARD AUDIT COMMITTEE

Dato' Haji Ab Wahab bin Haji Ibrahim
(Chairman)

Fina Norhizah binti Haji Baharu Zaman

Ainul Azhar bin Ainul Jamal
(Resigned w.e.f 17 May 2018)

Mohammad Suhaimi Bin Mohd Yasin
(Appointed w.e.f 25 February 2019)

BOARD RISK MANAGEMENT COMMITTEE

Fina Norhizah binti Haji Baharu Zaman
(Chairman)

Dato' Haji Ab Wahab bin Haji Ibrahim

Shaharuddin bin Warno @ Rahmad

Ahmad Hassanudin bin Ahmad Kamaluddin

Ainul Azhar bin Ainul Jamal
(Resigned w.e.f 17 May 2018)

Mohammad Suhaimi Bin Mohd Yasin
Independent Non-Executive Director
(Appointed w.e.f 25 February 2019)

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
(Resigned w.e.f 17 May 2018)

Mohammad Suhaimi Bin Mohd Yasin
(Appointed w.e.f 25 February 2019)

COMPANY SECRETARIES

Nuranisma binti Ahmad, MIA, ACIS
(MAICSA 7067610)
(Appointed w.e.f 1 September 2016)

Nur Aznita binti Taip, ACIS
(MAICSA 7067607)
(Appointed w.e.f 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

Messrs Afrizan Tarmili Khairul Azhar
(AF 1300)
2, Jalan Rampai Niaga 2
Rampai Business Park
53300 Kuala Lumpur
Tel : +603-4143 9330

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 and Environment Management System ("QHSSEMS") to become a preferred offshore services partner in the Oil and 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 2019

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

CORPORATE STRUCTURE
AS AT 31 MARCH 2019

- 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% SUBSEA WORLWIDE SOLUTIONS SDN BHD
  - 100% INTERNATIONAL GATEWAY SERVICES SDN BHD (f.k.a 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)

CORPORATE STRUCTURE

AS AT 31 MARCH 2019

NO.	COMPANY	DATE AND 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	International Gateway Services Sdn Bhd *(formerly known as Alam Offshore Logistics & Services Sdn Bhd) ("IGS")*	20.09.2000 Malaysia	RM300,000.00	100%	Transportation, ship forwarding, shipping agency, ship chandelling and other related services.
5	Alam Food Industries (M) Sdn Bhd ("AFI")	14.04.2008 Malaysia	RM100,000.00	100%	Catering and messing services.
6	Alam Maritim Properties (M) Sdn Bhd ("AMP")	4.09.2012 Malaysia	RM100,000.00	100%	Property owner and management.
7	Alam Subsea Pte Ltd ("ASPL")	01.01.2008 Singapore	SGD500,000.00	75%	Rental of ROV and providing ROV services.
8	Eastar Offshore Pte Ltd ("Eastar Offshore")	01.03.2006 Singapore	SGD628,203.00	75%	Designing, manufacturing and operating of ROV
9	Alam Eksplorasi (M) Sdn Bhd ("AESB")	21.11.2000 Malaysia	RM300,000.00	60%	Ship owning, ship operating and chartering
10	Alam Synergy I (L) Inc ("AS I")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00	60%	Ship owning, operating and chartering.
11	Alam Synergy II (L) Inc ("AS II")	18.09.2006 F.T Labuan, Malaysia	USD1,050,000.00 (OS) and USD603,227.00 (RPS)	60%	Ship owning, operating and chartering.
12	Alam Synergy III (L) Inc ("AS III")	18.09.2006 F.T Labuan, Malaysia	USD2,795,000.00 (OS) and USD2,500,000.00 (RPS)	60%	Ship owning, operating and chartering.
13	Workboat International DMCCO ("WBI")	03.05.2005 United Arab Emirates	AED1,000,000.00	60%	Ship management and operation, ship owning, ship maintenance and marine consultancy.
14	Alam Fast Boats (L) Inc. ("AFBLI")	26.08.2008 F.T Labuan, Malaysia	USD100.00	60%	Ship owning, operating and chartering.
15	Alam Brompton (L) Inc. ("ABLI")	15.06.2007 F.T Labuan, Malaysia	USD1,350,000.00	51%	Ship management and operation, ship owning, ship maintenance and marine consultancy
16	Alam Radiance (L) Inc. ("ARLI")	28.05.2009 F.T Labuan, Malaysia	USD3,500,000.00	51%	Ship owning, ship management, ship operation.
17	Alam Swiber DLB 1 (L) Inc ("ASDLB1")	14.09.2009 F.T Labuan, Malaysia	USD10,250,000.00	51%	Ship owning and ship chartering
18	Subsea Worldwide Solutions Sdn Bhd ("SWS")	06.09.2018 Malaysia	RM1,000,000.00	50%	Offshore facilities construction and installation, subsea engineering and underwater services.

CORPORATE STRUCTURE

AS AT 31 MARCH 2019

NO.	COMPANY	DATE AND 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%	Ship Management and consultancy
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 F.T 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	Alam Maritim Investment Holdings (L) Inc (“AMIH”)	26.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Investment holding and ship owning
34	Alam Maritim Investments I (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
35	Alam Maritim Investments II (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
36	Alam Maritim Investments III (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering

CORPORATE STRUCTURE

AS AT 31 MARCH 2019

NO.	COMPANY	DATE AND PLACE OF INCORPORATION	ISSUED AND FULLY PAID-UP SHARE CAPITAL	EFFECTIVE EQUITY INTEREST (%)	PRINCIPAL ACTIVITY
37	Alam Maritim Investments IV (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
38	Alam Maritim Investments V (L) Inc	27.11.2014 F.T Labuan, Malaysia	USD100.00	100%	Ship owning, operating and chartering
39	Deepsea Leader Venture (L) Inc	14.11.2014 F.T Labuan, Malaysia	USD12,000,100.00	51%	Ship management and operation, ship owning, ship maintenance and marine consultancy.
40	MDSV 1 (L) Inc	14.11.2014 F.T Labuan, Malaysia	USD12,000,100.00	51%	Ship owning, ship operating and chartering
41	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*
ROV = Remotely Operated Vehicle

ACCELERATING GROWTH

PROFILE OF DIRECTORS

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN

Chairman and Independent
Non-Executive Director,

aged 61, 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 five (5) of the five (5) board meetings held in the financial year 2018.

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 in 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 60, Malaysian

Datuk Azmi bin Ahmad was appointed as Group Managing Director/ Group Chief Executive Officer of Alam Maritim Resources Berhad on 2 May 2006. He is also the Chairman of the ESOS Committee as well as an alternate member to Shaharuddin bin Warno @ Rahmad on the Board Risk Management Committee. He has attended five (5) of the five (5) board meetings held in the financial year 2018.

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 51, 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) Committees. He has attended five (5) of the five (5) board meetings held in the financial year 2018.

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 five (5) of the five (5) board meetings held in the financial year 2018.

Ahmad holds a Bachelor 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 five (5) of five (5) board meetings held in the financial year 2018.

Dato' Haji Ab Wahab is a qualified Chartered Accountant and a member of the Malaysia Institute of Accountants. 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 & 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

MOHAMMAD SUHAIMI BIN MOHD YASIN

Independent Non-Executive Director

Aged 58, Malaysian

Mohammad Suhaimi Bin Mohd Yasin was appointed to the Board of Alam Maritim Resources Berhad as an Independent Non-Executive Director on 25 February 2019. He is also a member of the Board Audit Committee, the Board Risk Management Committee and Board Nomination and Remuneration Committee of the Company.

Suhaimi holds an MBA from Saint Louis University, USA and a Bachelor of Science in Accounting from Indiana State University, USA and has attended senior management programme at INSEAD and Harvard Business School Malaysia Chapter's Premier Business Management Program as well as leadership program at The Global Institute of Leadership Development (GILD), USA.

Suhaimi has more than 34 years of working experience in the Oil & Gas industry, out of which more than 30 years were with PETRONAS mostly involved in managing and leading activities relating to both upstream and downstream projects, contracting, procurement, gas marketing and commercialisation. He was the CEO of MITCO Japan, the procurement arm of PETRONAS from 1999 until 2002 and in 2006 was involved in the transformation of PETRONAS' Tenders & Contracts Division into Group Supply Chain Management which led to the introduction of Category Management function in PETRONAS. He led in the rigorous negotiations with major and critical OEMs for the successful establishment of a number of key Global Frame Agreements and Long Term Service Agreements for PETRONAS and Production Sharing Contractors in Malaysia. He also served on various senior management positions in PETRONAS Group including in PETRONAS Carigali Sdn. Bhd. and Malaysia LNG Companies.

Suhaimi is currently an advisor to SC Tubular Solutions Malaysia Sdn. Bhd., a locally incorporated subsidiary of Sumitomo Corporation in Malaysia since February 2016.

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.

SENIOR MANAGEMENT TEAM

AS AT 31 MARCH 2019

DATUK AZMI BIN AHMAD
Group Managing Director /
Group Chief Executive Officer

SHAHARUDDIN BIN WARNO @ RAHMAD
Group Chief Operating Officer

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN
QHSSE Director

MD NASIR BIN NOH
Group Chief Financial Officer

NUR AZNITA BINTI TAIP
Group Company Secretary & General Manager, Group Corporate Services

NURANISMA BINTI AHMAD
Group Company Secretary & Assistant General Manager, Group Accounts & Finance Division

SUFAHMI HADI BIN SJAFII
Chief Executive Officer - Workboat International DMCCO (Dubai, UAE),
General Manager Strategic Business Planning & Operations
Chief Operating Officer - Joint Venture Companies

SENIOR MANAGEMENT TEAM

AS AT 31 MARCH 2019

SAIFUL FAIZ BIN MOHD AZIZ @ AHMAD LATFI
General Manager, Offshore Installation and Construction Business Operations

NIK AZNUDDEEN BIN HUSAIN
General Manager, Project Contract Administration Chief Operating Officer, Offshore Support Vessel Business Operations

ALVIN CH'NG YI MING
Head of Global Subsea Business

MOHD NOOR BIN OSMAN
General Manager, Group Human Resource, Quality & Corporate Affairs

ROSMAN BIN NORDIN
General Manager, Group Internal Audit & Risk Management.

SITI HAJAR BINTI ABDUL RANI
Group Head, Health, Security, Safety and Environment

MUHAMMAD ZAWIR BIN SJAFII
General Manager International Gateway Services Sdn. Bhd.

SENIOR MANAGEMENT TEAM PROFILE

AS AT 31 MARCH 2019

MD NASIR BIN NOH

Group Chief Financial Officer

Male, Malaysian, 52 years old.
(Key Personnel)

Md Nasir Bin Noh was appointed as Group Chief Financial Officer on 2 January 2015. He is responsible for Group Finance functions, and he brought with him over 25 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.

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.

NUR AZNITA BINTI TAIP

Group Company Secretary
& General Manager,
Group Corporate Services

Female, Malaysian, 45 years old.
(Key Personnel)

Nur Aznita Binti Taip was appointed as General Manager of Group Corporate Services in January 2017 and 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 over 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.

SENIOR MANAGEMENT TEAM PROFILE

AS AT 31 MARCH 2019

NURANISMA BINTI AHMAD

Group Company Secretary
& Assistant General Manager,
Group Accounts & Finance Division

Female, Malaysian, 45 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 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 (MIA 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.

SUFAHMI HADI BIN SJAFII

Chief Executive Officer -
Workboat International DMCCO
(Dubai, UAE)
General Manager Strategic Business
& Operations
Chief Operating Officer
- Joint Venture Companies

Male, Malaysian, 44 years old

Sufahmi Hadi bin Sjafii was appointed as Chief Executive Officer of Workboat International DMCCO on 1st October 2015. Later in July 2018, he was appointed as General Manager Strategic Business & Operations and Chief Operating Officer for joint venture (JV) companies.

He is responsible for marshalling business development strategy, develop new businesses, new technology for the Group, identifying new investment, revenue growth, establishing strategic partnerships and building effective relationships with stakeholders. He is responsible to spearhead the Group Strategy 2018-2022 to streamline focus, way forward plan and diversification.

He contributes his long standing expertise and experience in finance and management related matters for the Group. He brings more than 13 years of related industry experience with several tenures in maritime, 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 PROFILE

AS AT 31 MARCH 2019

SAIFUL FAIZ BIN MOHD AZIZ @ AHMAD LATFI

General Manager,
Offshore Installation and
Construction Business Operations

Male, Malaysian, 55 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. 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 for Malaysia Marine and Heavy Engineering, Crest Petroleum, TL Offshore Sdn Bhd 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.

NIK AZNUDDEEN BIN HUSAIN

General Manager,
Project Contract Administration
Chief Operating Officer,
Offshore Support Vessel
Business Operations

Male, Malaysian. 54 years old

Nik Aznuddeen bin Husain was appointed Chief Operating Officer of Offshore Vessel Business Operations (OSVBO) with effect from 26 April 2018. He is responsible for the OSV fleet readiness and reliability, in delivery a safe and efficient services to the clients. While maintaining the fleet higher standard of operating in ensuring compliance to stringent code of practices by authorities, classification bodies and clients.

He has been with the Company since 2005 and more than 25 years of experience mainly in the OSV contract and operation field, servicing and operating for the big oil major clienteles in the region.

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 PROFILE

AS AT 31 MARCH 2019

ALVIN CH'NG YI MING

Head of Global Subsea Business

Male, Malaysian, 39 years old

En. Alvin Ch'ng Yi Ming was appointed Head of Global Subsea Business with effect from 1st of October 2018. He is responsible for the overall performance of subsea division of Alam Maritim which include ensuring fulfilling contract requirement from various contracts in a safe and efficient manner. He is in charge on planning, developing and directing the subsea division fiscal and operation function and performance.

He graduated with Bachelor of Engineering (Civil) with first class honours. He has been working offshore as a subsea inspection engineer and project superintendent before holding senior positions in office. He has held various managerial position in an internationally recognized underwater services company prior to joining Alam. He brings with him more than 15 years of experience in the subsea industry to the organisation with work experience in various Southeast Asia countries. He also held a CSWIP 3.4u and a Life Support Technician certification, and certified as an OGP Client Representative which is internationally recognized for subsea business.

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,
Quality & Corporate Affairs

Male, Malaysian, 66 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, Quality and Corporate Affairs as well as supporting business planning and improvement 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 PROFILE

AS AT 31 MARCH 2019

ROSMAN BIN NORDIN

General Manager,
Group Internal Audit & Risk Management.

Male, Malaysian, 45 years old

Rosman Bin Nordin's appointment as Head of Group Internal Audit and Risk Management was with effect from 10 October 2016.

He has over 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 the Finance Head in Diyarbekir Oil & Gas project based in Ashgabat, Turkmenistan from 2003 to 2006 during exploration and EPCIC phase until the 1st oil production commenced under the USD2 Billion of project investment. Later, he led Finance in tripartite project namely SK305 in PCPP Operating Company from 2006 to 2009 of which the joint shareholders are PETRONAS Carigali, PVEP and PERTAMINA.

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.

Rosman qualified as an Accountant from the Northern University of 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 and a Member of the Institute of Internal Auditors, United Arab Emirates (UAE) and recently acquired his Certified System Investigator ("ACSI").

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 PROFILE

AS AT 31 MARCH 2019

SITI HAJAR BINTI ABDUL RANI

Group Head, Health, Security, Safety and Environment

Female, Malaysian, 36 years old

Siti Hajar binti Abdul Rani has been 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 programs 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) 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 OSHAH 18001 Lead Auditor and Safety and Health Officer Competency (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.

MUHAMMAD ZAWIR BIN SJAFII

General Manager of International Gateway Services Sdn. Bhd. [wholly owned subsidiary of Alam Maritim (M) Sdn Bhd]

Male, Malaysian, 33 years old

Muhammad Zawir Sjafii commenced his initial career with the Group as an accountant in 2010. He holds the various position throughout his tenure with the Group and on 25th September 2018 he has been appointed as General Manager of International Gateway Services Sdn. Bhd. (IGS) *(formerly known as Alam Offshore Logistics & Services Sdn. Bhd.)*. He is responsible for managing IGS in order to support the Group's fleet engaging in transportation, ship forwarding and agent, ship chandelling, managing yard, warehouse facilities and other related activities in Kemaman and Labuan. Besides, he was also involved in managing and monitoring third party agents appointed by the Group throughout Malaysia. For 2019 and beyond, he had been assigned to re-engineer IGS and strengthen further to cater not only for increased Group's logistics and provisions need, but also to cater for regional market demands.

He has been with the Company since 2010 and has more than 6 years of shipping agency experience in Offshore Support Vessel (OSV), Subsea and Offshore Installation and Construction (OIC) industry. He has played an important role to lead the Company's effort towards the achievement of Company objectives. He holds a Bachelor of Accounting from Mara University of Technology (UiTM).

He does not have directorship in other public companies and listed issuer. 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.

CORPORATE SUSTAINABILITY STATEMENT

Alam Maritim Resources Berhad ("AMRB or the Group") has long focused on the principle of sustainability in its growth and development, focusing on collaboration and leveraging on the synergistic relationships among its various segments and business activities. Our development strategy has always been to pursue development that meets the needs of the present, without compromising the ability to plan for development to meet our future needs.

AMRB has taken a pro-active approach to ensure long term viability and integrity of the business by optimising resource needs, reducing environmental, energy or social impacts, and managing resources while pursuing profitability. In this regard, it has incorporated proactive strategies to ensure the company remains stable and compatible in all economic environments, most especially during the challenging periods of recent years and strategising to seize opportunities in the coming years. Having steered over the most challenging periods facing the industry, generally, and our organisation specifically, we need to continue to deliver operational excellence and be an organisation that is admired for its resilience and distinctiveness - a leading oil and gas service provider admired for its resilience.

As reflected in our vision, mission and corporate values, our sustainability agenda is propelled by our steadfast commitment to Health, Safety, Security and Environment ("HSSE") supported by the two pillars of Corporate Shared Values and iCare Cultural Beliefs. We need to deal with the pith and marrow of the corporate purpose: Vision, Mission and the allied Shared Values and Cultural Beliefs which are embodied in our above 2 pillars. The Vision sits on the pinnacle of our Corporate Philosophy and represents our aspiration as an organisation. The Mission Statement defines the purpose of our existence and the Corporate Shared Values together with iCare Cultural Beliefs, which are the foundation of our Corporate Philosophy, are a set of values and beliefs that govern our collective thoughts, actions and behaviors. While we adhere to the rules and regulations set by Bursa Malaysia Securities Berhad Main Market Listing Requirements, we have been constantly expanding and refining our sustainability management strategies to be more all-encompassing reflecting our commitment to the values and beliefs which underpin our sustainable development agenda of meeting our Vision and fulfilling our Mission Statement.

We believe that sustainability is the key to the transformation of our organisation that will lead to us to realise the fullest potential of the Group to achieve our Vision and Mission. It will also position us to compete effectively and operate efficiently in the challenging and unpredictable industry environment.

We are confident that concerted and constant efforts towards sustainability will help us to strengthen our brand reputation, reduce risk exposure, and attract investors while simultaneously placing us on firm footing to ensure long term business sustainability and growth. This will be reflected through the creation of greater value for stakeholders and greater relevance for the Group.

Towards this end, our sustainability efforts over the years have broadened and led us to include the realisation of our business model, improving organisational efficiency, manage asset optimisation and achieve cost reduction. Risk management, talent management and the cultivation of an enhanced organisational culture towards developing a high performance organisation are also important consideration essential to long term sustainability and value creation. Hence, moving forward, we put emphasis on work culture transformation. Adapting our strategies to new realities is one thing but mindsets and behaviors also need to change. We need to operate on a high-performing culture with employees being self-driven, willing to step-up to challenges and persevere to get the best possible results.

The focus is always on bottom-line in whatever we do and whatever expansion initiatives we undertake. We are already feeling the tightness of money to fund our operations and projects and this pressure could increase over time. Hence, we have to be prudent in managing our funds and our future decisions will need to be rigorously driven by ranking and evaluated for strategic impact at Group level.

CORPORATE SUSTAINABILITY STATEMENT

From the above, one can clearly see that the Group is fully committed to pursue our sustainability strategies and goals. While 2018 continued to be a challenging year, we are resolute in our drive towards achieving the milestones we have set for ourselves. With the new insights and lessons learned we are well-positioned going forward to ensure the Group is prepared to meet the challenges of the coming year and overcome them. However, to achieve that, we must recognize that we cannot operate in a 'business-as-usual' mode. We need a quantum leap in our work behavior. Thus, we need to enhance the mind-set and behaviors of our employees and create a strong sense of ownership and accountability. We need a high-performing culture in the Group in the truest sense of the word. Everything must be done with the explicit aim of creating value for the organisation, which ultimately, will benefit our various stakeholders.

MATERIAL SCOPE AND BOUNDARY

AMRB's Sustainability Statement ("Statement") for 2018 has been prepared in line with Bursa Malaysia Main Market Listing Requirements and we are guided by the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) for companies listed on the Main Market.

The scope of this Statement encompasses the Group's key projects, initiatives and activities, and providing details on the scope of work for each and every aspect of its overall operations. It includes the Group's bases' operations as well as the entirety of its onshore and offshore operations. In as much as possible, we have endeavored to be consistent in our reporting and have retained our present scope of work for the financial year in review.

Having said that, we are committed to continually enhancing and refining our sustainability agenda strategies and initiatives and subsequently will work towards more comprehensive disclosure going forward.

REPORTING PERIOD :	1 January 2018 to 31 December 2018
REPORTING CYCLE :	Annually
PRINCIPAL GUIDELINES :	• Bursa Securities' Main Market Listing Requirement Practice • Bursa Malaysia Sustainability Reporting Guide (2nd Edition)

CORPORATE SUSTAINABILITY STATEMENT

GOVERNANCE

As a responsible and conscientious corporate entity it is our duty and obligation to uphold and maintain the values of integrity, honour and trust in its entirety across the activities of the Group. In this competitive global landscape we must ensure that our services continue to command the interest of our clients, customers, stakeholders and shareholders. This is not only to meet the increasing discerning demand of these interested parties but also to enhance AMRB standings as a reputable and reliable company. We are also accountable to all these stakeholders and interested parties to carry out our duties to the best of our abilities and uphold our values and principles to the highest degree.

AMRB is of the firm belief that good governance is the key towards achieving this and to building and maintaining integrity, honour and trust, all of which in turn can earn us the confidence of the public. As a public entity, this strengthens our position as a reputable and reliable company.

It is only in the hands of trustworthy and efficient leaders, including the Senior Management teams can the right strategies, policies, and procedures be properly implemented and followed through to deliver the results we aspire. Towards this end the Group places much importance on efficient management in all spheres of our activities to ensure we meet the highest standards demanded by the industry.

In tandem with this, AMRB's sustainability strategies and management lie in the hands of a well-developed team of committed personnel with the Board sitting at the highest level.

This robust governance structure has well-defined roles and responsibilities to drive the Group's sustainability agenda, with the Board deliberating on materiality issues and giving due consideration to sustainability matters at the helm. The attitude and actions of those in the Board and Senior Management, which we commonly refer to as 'tone at the top', will help define the corporate culture and are critical in implementing a successful growth strategies plan for the organisation.

The importance of the roles and responsibilities of the Board in guiding the organisation forward under the current business environment as well as the increasingly stringent code of conduct and requirement of the authorities cannot be understated. At AMRB, it is a fact, that the Board is the apex of business management and it stands to reason that our Board's quality is fundamental to inspiring investor confidence, maximising business performance and minimising risks. In fact, our Board members, with their broad range of skillsets and experiences, have added optimum value to our corporate strategy and performance. We currently have an active Board that consistently challenges and questions things and bring up ideas for views and discussions. Additionally, it is noteworthy to mention, too, that our Board members are capable of discharging their corporate governance roles in line with current requirements for better Governance and Transparency, and adoption of best practices. These all help to minimise compliance risk and maximise performance.

The following governance structures are designed around the Group's 3 key existing departments; 1) Quality, 2) Health, Safety, Security and Environment ("HSSE") and 3) Risk Management structures.

BOARD OF DIRECTORS

QHSSE EXECUTIVE DIRECTOR

QUALITY

1. Management Review Meeting (MRM)
2. Group Quality Working Committee

HSSE

1. Group HSSE Steering Committee
2. Group HSSE Working Committee

Risk Management

1. Board Risk Management Committee (BRMC)
2. Group Risk Management Working Committee (GRMWC)

CORPORATE SUSTAINABILITY STATEMENT

The responsibilities of each level of governance is listed below:

Working Level	Responsibilities
1. Board of Directors	• Reviews information provided by the QHSSE Director and other sustainability divisions towards evaluating existing strategies and initiatives. • Implements policy changes, reviews the Board Charter
2. QHSSE Executive Director	• Reports to the Board on all QHSSE matters • Reports on performance and key findings and conferees with the Board on improvement strategies
3. Management Review Meeting (MRM)	• Comprises top management, heads of division and heads of department • Chaired by QHSSE Director and meets once a year as part of ISO requirements • Opportunities for improvement measured through internal/external audit finding • Continuous improvement on IMS system
4. Group Quality Working Committee	• Comprises top management, heads of division and heads of department • Chaired by QHSSE Director and meets every quarter • Reviews and monitors IMS implementation throughout the Group
5. Group HSSE Steering Committee	• Comprises top management, heads of division and heads of department • Chaired by GMD and meets every Quarter • Defines and establishes the HSSE policy, goals and expectations • Ensures HSSE procedures, projects, plans as well as work safety systems are correctly and efficiently implemented
6. Group HSSE Working Committee	• Comprises employer and employee representatives • Initiates and participates in HSSE development, training and/or continuous improvement programs • Conducts management site visits and HSSE talks • Monitors the implementation and reviews the performance of HSSE plans • Meets every month
7. Board Risk Management Committee (BRMC)	• Chaired by a Non-Executive Director • Approves the Annual Group Risks Profile of AMRB Group of Companies. • Approves the quarterly status updates of key risks and mitigation actions as recommended by the Group Risk Working Committee (“GRMWC”).
8. Group Risk Management Working Committee (GRMWC)	• Chaired by AMRB QHSSE Director. • Attended by AMRB CEO, COO and Heads of Department before quarterly BRMC meetings. • Recommends Annual Group Risks Profile of AMRB Group of Companies for BRMC approval. • Deliberates the quarterly status updates of key risks and mitigations by respective Heads of Department (process owners).

CORPORATE SUSTAINABILITY STATEMENT

The Group's Integrated Management System (IMS) and Safety Management System (SMS), which are part of the Quality and HSSE Department's responsibilities, further enhance this governance structure with its role to get accreditation to the various world class standard of excellence for management professional Certification programs. To date, the Group has met the following standards:

- IMS Standards of ISO 9001:2015 (Quality Management)
- ISO 14001:2015 (Environmental Management)
- OHSAS 18001:2007 (Health and Safety Management)

Periodic ad hoc engagement sessions are held to discuss matters arising thereon and from the Senior Management meetings chaired by the GMD which are held on a monthly basis to deliberate performance issues, KPIs objectives and targets. Through such intensive engagements we have managed to push through our agenda of cultural transformation intended to help our organisation align, integrate and develop a high performing workforce. We can see that all these efforts have begun to bear fruits which,if sustained, can consequently, turn AMRB to become a more collaborative, effective and cohesive organisation.

HSSE has also a critical role to play in supporting the corporate agenda. It has always been our main focus to deliver values to the organisation and we hope to continue doing so in the coming period. Our aspiration remains, and that is, to be the country's oil and gas industry's HSSE leader distinctive in delivering sustainable growth. We intend to create a working culture where positive HSSE values is way of working in AMRB which ultimately will have positive bearing on performance. While operating HSSE efficiently remains the fundamental elements in AMRB's business, we will continue to strive to ensure that our facilities and services are operated safely in accordance with regulatory requirements and industry's best practices. Thus, the structure in HSSE reflects this understanding which put emphasis on Leadership, Compliance and Capability building. We also need to continue to improve our system, procedures and practices to allow us to be 'ahead of the curve' instead of just being reactive. Relevant initiatives and action plans to support them have been identified. Hopefully, these plans will enable us to rise above our current record and transform AMRB into the embodiment of HSSE excellence.

GOVERNANCE AND OVERSIGHT ON RISK MANAGEMENT

AMRB has always considered risk management as an integral part of its operations and subsequently, part of day-to-day business management. With The Group's ISO management system accreditation, this has become even more relevant.

Risk management, as defined by the ISO system, is a coordinated initiative to direct and control the risks of an organisation. The discipline of risk management under the ISO system perspective has evolved from strictly a value preservation-based focus to a balanced focus between protecting assets and creating or enhancing value. Thus, a flexible and dynamic risk management approach would enable quick adaption to changes while also identifying opportunistic risks to create new streams of revenue and to increase value.

As such, our approach is to mitigate and manage risk rather than attempting to eliminate and avoid it. Management of risk comprises processes, methods and tools to manage the risks and to provide a disciplined environment for proactive decision making to:

i) Continuously assess risks
ii) Determine the key risks that need affirmative action
iii) Implement strategies to deal with the said risks.

Risk is given oversight by the Group's Risk Department. This department plans, implements and executes our management activities, risk profile and register which also addresses any existing gaps within our risk management approach. Details on the works of the Risk Department can be found in subsequent pages under the heading of "Statement On Risk Management and Internal Control".

CORPORATE SUSTAINABILITY STATEMENT

We also have a separate Board Risk Committee which is not part of any of the other Board Committees that directly manages all matters related to risk chaired by an Independent Non-Executive Director.

Because of the potential implications of certain risk issues on shareholder value, risk oversight has moved to the core of the Board's fiduciary duties: all directors need to be engaged and participate in discussions about managing specific risks, as well as about ensuring that the Group's risk management programme is thorough and effective. Supporting the Board Risk Committee is our Group Risk Management Working Committee (GRMWC) chaired by the QHSSE Executive Director with members consisting of all senior HODs.

STAKEHOLDER ENGAGEMENT

AMRB greatly values stakeholder input in its sustainability initiatives and efforts and seek these views and perspectives through various engagement programmes and initiatives. The Group strongly feels that this information is assistive in developing more accurate and inclusive strategies for sustainability, materiality matters and other issues pertinent to its business.

We take pride in our constant and regular communication and engagement activities with stakeholders and investors. We are also glad to announce that for 2018, AMRB was selected as one of the top ten companies (under small company category) by the Malaysian Investor Relations Association of Bursa Malaysia, thus, reflecting on our commitment to the stakeholder engagement. AMRB was placed sixth for year 2017.

Listed here is a list of the various stakeholder engagements for 2018:

Stakeholder Group	Engagement Approach	Frequency
Customers	Contractor's engagement sessions Senior Management engagement sessions with clients Client evaluation Assessments Project contract administrator meetings Tactical Events and Road Shows	Monthly Quarterly Regular Regular Regular
Employees	MD engagement sessions via intranet / newsletters Engagement events Employee satisfaction surveys	Monthly Regular Annually
Shareholders, Investors and Analysts	Annual Report Annual General Meeting Financial reports and investor briefings Investor roadshows and events Media releases Shareholder updates and Bursa announcements Company website updates	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 Meeting with the press	Regular Daily Ad-hoc

CORPORATE SUSTAINABILITY STATEMENT

ASSESSING MATERIALITY

The Group has identified material matters as those which have a direct or indirect impact on its business activities and its sustainability initiatives going forward. These matters and issues are very much intertwined, inter-dependent and are co-related with overlapping impacts and significance.

Herewith is a list of the materiality matters considered essential as key areas for 2018:

- Organisational Culture Development
- Talent Management and Development
- Health, Safety, Security and Environment ("HSSE")
- Vessel and Fuel Management
- Security
- Waste Management
- Corporate Social Responsibility

ORGANISATIONAL CULTURE DEVELOPMENT

CORPORATE SUSTAINABILITY STATEMENT

AMRB aspires to become a best-in-class service provider, in line with its Vision, in terms of business performance, operations and HSSE, in order to effectively deliver on our ambitious and wide ranging business strategy.

Although we have very good strategies and plans in place, we are cognisant that there are a lot of areas which can be improved upon in terms of execution and implementation. While it is imperative that we ensure effective, efficient and focused execution, more importantly, we need to focus on delivering value as a group and not just working in silo and focusing on individual KPIs.

Ultimately, AMRB will need the workforce to deliver the results and the growth that we plan. To achieve this, we need to develop a corporate culture that evolves around engendering business transformation and moving the organisation forward. This means creating the right work culture that supports a high-performing organisation; a culture that inculcates a sense of belonging, ownership, accountability and success sharing.

The current values and beliefs propagated by our Shared Values and iCARE cultural beliefs essentially comprises the DNA that governs our collective thoughts, behaviours and actions. We need to have significant and measurable change in the values and cultural beliefs of the whole Group to evolve into a high performing organisation. Such a change will translate into actions that will produce the results that we would want to see in the future. Towards this we need the commitment of every single person in the organisation to wholly embrace this cultural transformation journey and inject the work culture into the execution of each task.

Given that the industry remains unpredictable and challenging, our Shared Values and iCARE principles and beliefs are the way forward to ensure sustainable results for the intended path of growth and development. This move must be led by the leadership of the Group for any real change to be successfully implemented. The Group is already on the road to change, continuing further down the path of this transformation we initiated a few years ago.

TALENT MANAGEMENT AND DEVELOPMENT

Going forward AMRB understands that the continuous development and training of talent will be crucial in ensuring efficacy and sustainability. With this realisation, Heads of Department were required to carry out the Training Needs Analysis and Training Identification for their staff during the annual work Performance and Development Appraisal cycle to analyse and identify staff's performance gaps and accordingly plan for appropriate training intervention to address these gaps.

For year 2018 in addition to on-the-job training and coaching by their respective Heads of Department, the following training interventions were conducted for the relevant staff:

Month	Training/Course Attended	Organizer	Date
February	AWWAM - The environment Management / Air Wastewater Management	UMCEED	19 - 23 February 2018
March	PTW Course	INGMAS Services	26 - 28 March 2018
	SAP Training	CBS Academy	3 and 4 March 2018
	HIRADC Training	Qualitas Synergy	12 and 13 March 2018
April	Annual Report and Sustainability	MICG	30 April 2018
May	Effective Implementation	Neville Clarke	15 May 2018
June	HIRADC Training	Ciesh	28 and 29 June 2018
July	Fraud and Risk Workshop	CSI World	3 and 4 July 2018
	Forklift Workshop	NIOSH	18 - 20 July 2018
	Seminar On Corporate Liability	ARAM Global	31 July 2018

CORPORATE SUSTAINABILITY STATEMENT

Month	Training/Course Attended	Organizer	Date
August	Strategic Planning	Sharma Management	8 and 9 August 2018
	IMS Training	Neville Clarke	23 and 24 August 2018
	Communicating Effectively	IK Academy	27 August 2018
September	Understanding Quality Environment	Neville Clarke	3 and 4 September 2018
	ISM/ISPS Training	MARDEPT	26 and 27 September 2018
October	Fraud Risk Management (FRM) for Board of Directors and Senior Management Workshop	CSI World	3 and 4 October 2018
	Financial Statement Fraud	CSI World	17 and 18 October 2018

In addition to staff training, AMRB has a structured staff development programme which focusses on:

i. Leadership quality enhancement
i. Generic competencies on teamwork, communication and general management
ii. Core technical knowledge and competencies of the respective functions

Candidates are placed in the programme for either one, three or five years, based on their readiness time frame and they are exposed to “on the job” training as per their prospective positions. Evaluation and review are in the hands of the Human Resource Planning Committee (“HRPC”) and this is done on a six-monthly basis with the results presented to the Board for deliberation and endorsement.

CORPORATE SUSTAINABILITY STATEMENT

Career Advancement and Self Development Opportunities

Career advancement and self-development opportunities are also very much part of the culture at AMRB. Under our Self Development Pipeline ("SDP"), we identify high calibre employees who show potential and select them for progress pathways upward toward leadership positions. The SDP framework focusses on the core competencies of attitude, skill and knowledge.

Identified personnel will go through the 6-D transition steps that will increase their learning and skills to develop them further. Towards this, the Group continues to collaborate with the Malaysian Maritime Academy ("MMA") utilising its structured Senior Officers and Senior Engineers Leadership Assessment Programme.

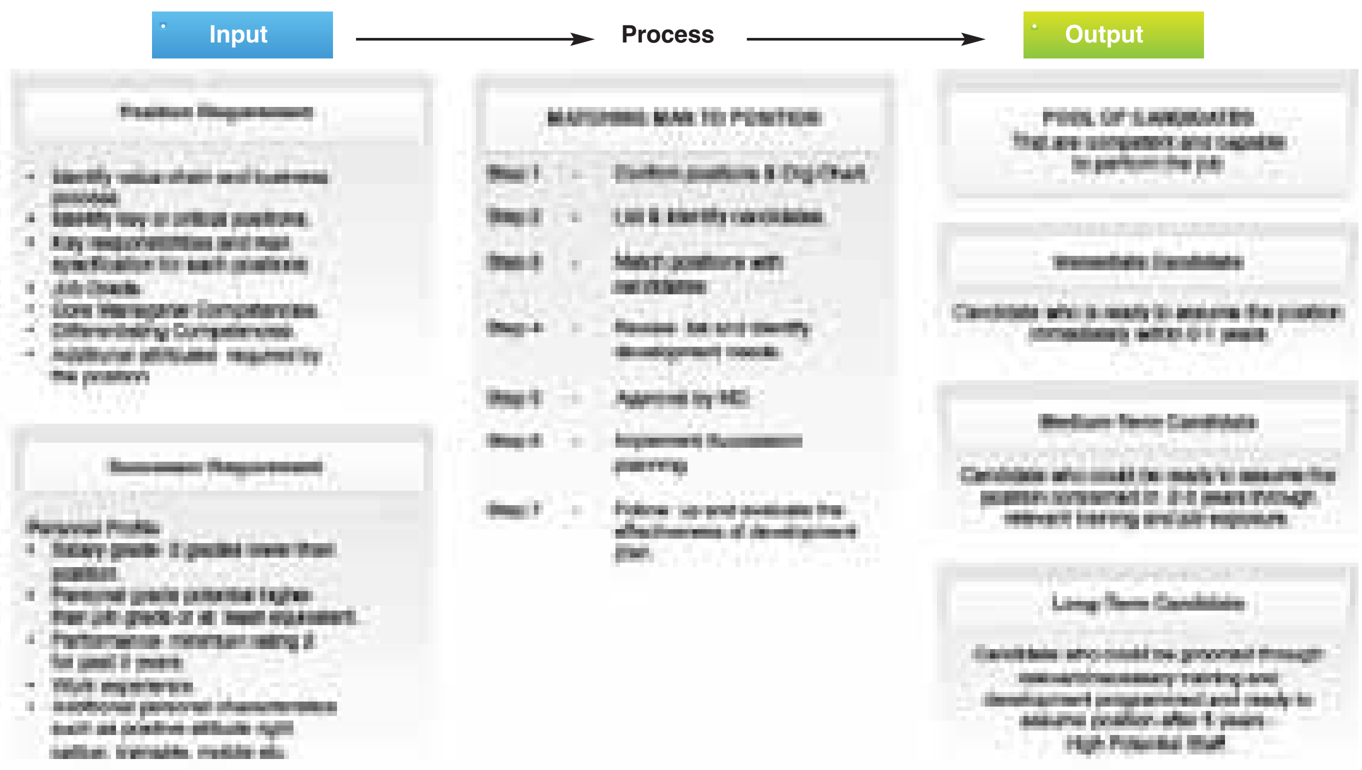
Such training endeavours are also in line with the Group's succession planning initiative to ensure a continuous availability of leaders. In ensuring that the right and able personnel are available to embrace managerial positions in a timely manner, we are strengthening our position towards long term continuity. Key candidates from within the Group are identified for this exercise while external candidates are only sought if there is a lack of qualified staff internally.

The Succession Plan which was launched in year 2016 has undergone several changes in year 2018 namely:

- The identified potential candidates due to staff resignation (7 SP Candidates have left the company) and 4 new staff were appointed into their respective positions.
- The list of critical positions for succession due to the organisation review (7 original SP positions were either deleted, merged or created).

Other elements of the Succession Plan remain unchanged.

Succession Planning Progress



CORPORATE SUSTAINABILITY STATEMENT

Within the purview of staff development, the Group continues to uphold the spiritual growth and development of staff. As in previous years, AMRB has maintained its daily Halaqah Al Husna for staff. The daily Halaqah is a brief talk on the Islamic faith that helps staff reflect on their personal spiritual development and provides guidance.

The Group also holds a larger monthly Halaqah perdana for staff which addressed specific subjects by well-known public guest speaker/scholars.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT ("HSSE")

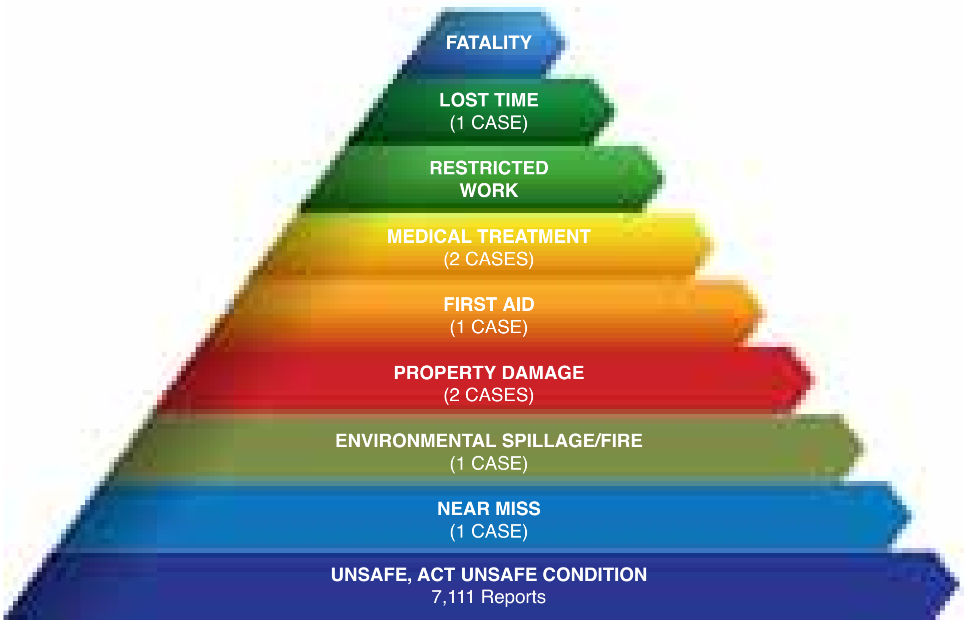
AMRB is conscientious about constantly improving upon and ensuring the health, safety and security of its employees and we have always maintained a good record in this area. We are glad to say that we have consistently set industry benchmarks for HSSE excellence with our efforts recognised by oil and gas majors.

The Group strictly adheres to its annual HSSE Plan which is continually reviewed and revised annually. Our HSSE policy is designed around the 9 HSSE Management Systems Elements that outlines strategies, key initiatives and plans. These are all geared towards sustainability and achieving business targets and derived from the overall strategic plans and targets for the entire Group.

The broader objective is to develop, create and maintain a culture where excellence is synonymous with every endeavour and activity. Having said that, while every effort was made to ensure the best possible standards and to stave off any untoward incidences, accidents do occur. It is our duty and responsibility then to positively response to these incidents and accidents and take actions to prevent recurrence of such incidents and accidents. These includes a series of checkpoints for us to adhere to prevent or eliminate such possibilities including stepping up on our personal accountability and duty of care in our day-to-day responsibilities, and enhance our HSSE performance on the back of effective interventions.

In FY 2018, AMRB unfortunately recorded 1 Lost Time Injury (LTI) case on-board MV Setia Hebat on 14 May 2018. One of our bosuns was hit by a dragged hose during a fresh water transfer activity and broke his leg. This incident resulted in us having to reset our No LTI manhours record.

However, we are glad to report that we have improved our HSSE performance compared to previous year.



CORPORATE SUSTAINABILITY STATEMENT

Mentor-Mentee Programme

The Group's Mentor-Mentee programme was given new life in the 2nd Quarter of 2018 after a relative slow-down in 2017 and early 2018 due to challenges of the business and industry environment and budget constraints.

Considered as both a staff welfare and a HSSE initiative, this programme enables the active sharing of information between shore staff and vessel crew. Office staff, predominantly non-technical, take on the role of as a Mentoring team, (Mentor) with the vessel as the Mentee.

Mentors will periodically visit Mentees, organise HSSE related events, assist with housekeeping work, hold dialogues and conduct engagement which bring up problems, issues, concerns and needs. It also helps to promote the interaction between office staff and offshore crew, build better rapport and create effective working relationships.

The 2018 Mentor-Mentee visits were conducted on-board the MV Setia Kental and MV Setia Tegap.

Implemented in 2008, this Mentor-Mentee programme has proven fruitful in improving working relationships within AMRB and foster goodwill, especially between onshore and offshore personnel while increasing the engagement of staff and management towards providing solutions and enhancing working environments and conditions.

Vessel Visits

Management made a total of 84 visits on-board various fleets of the Group. These comprised of 39 visits by Senior and Line Management and 45 Base HSSE visits conducted by our KSB Base.

AMRB is aware and acknowledges that we need to enhance engagement with our crew in order to build trust and work towards a more effective management of our workforce. As we push towards creating a more harmonious and productive working environment, it is also necessary to cultivate a pool of satisfied, contented and engaged workforce that understands our expectations and the deliverables. We realise that this can only be achieved when both employers and employees have reached a proper understanding of the other's needs and expectation through improved interaction and more dialogue sessions.

MONTH	BRIEF DESCRIPTION
January 2018 20 Feb 2018	**MANAGEMENT HSSE VISIT CONDUCTED ON BOARD** 1. Visit conducted by GMD, Datuk Azmi bin Ahmad and KSB Base Manager, Captain Azha bin Yunus at Kemaman Warehouse, Telok Kalong. 2. Visit conducted onboard vessel OLV Venture 1 at Kemaman anchorage by the following personnel; a) GMD, Datuk Azmi bin Ahmad b) COO, Subsea Division, Noor Amran bin Abdul Manan c) KSB Base Manager, Captain Azha bin Yunus d) Tech. Supt, Mahyuddin bin Masriman
2 April 2018 27 April 2018	1. Mentor Mentee and HSSE Visit conducted onboard Setia Kental. 2. Visit conducted onboard Taha Assalam at Labuan anchorage by En Azmin Shah Mohd Isa, AGM Project and Services.
4 July 2018 25 July 2018 6 August 2018 28 August 2018	1. Visit conducted onboard Setia Wira at Nelayan Jetty by En Saiful Faiz, COO OIC. 2. Visit conducted onboard Setia Azam at Nelayan Jetty by En Sufahmi Hadi, CEO JV Co. 3. Visit conducted onboard 1 Mas 300, Setia Erat and Setia Hijrah at Labuan Anchorage by Datuk Azmi, Group CEO and Siti Hajar, HSE Manager. 4. Visit conducted onboard Setia Yakin at KSB Berth No. 2 by En Mahizan Ismail, Head of Technical. 5. Visit conducted onboard Setia Hebat at KSB Anchorage by Capt Ramli Bujang, Head of ISM-ISPS. 6. Visit conducted onboard Setia Iman at KSB Berth No. 2 by Capt Ramli Bujang, Head of ISM-ISPS. 7. Visit conducted onboard Setia Budi at Nelayan Jetty by En Azmin Shah, AGM Project and Services.

CORPORATE SUSTAINABILITY STATEMENT

MONTH	BRIEF DESCRIPTION
13 - 14 August 2018 27 August 2018 25 - 26 September 2018 17 September 2018	**TRAINING** 1. Basic Occupational First Aid, CPR and AED - 17 participant (shore staff) 2. Effective Communication - 20 participants (marine crews) 3. Job Hazard Analysis Training - 23 participants (all marine crews) 4. HIRADC Training - KSB staffs
18 August 2018 6 September 2018	**UNANNOUNCED DRUG TEST FOR OFFSHORE** Setia Sakti - MMHE - 14 crews Negative Results Setia Ulung - KSB - 4 crews
27 September 2018	**HSSE PROGRAMME / EVENT** Marine Crew Workshop and Engagement Session 2018 • Sharing of Group HSSE Performance Statistic • Sharing of Incident lesson learnt • Sharing on Risk Assessment • Emphasise on Stop Work and Master Role and Responsibility
5 September 2018 12 November 2018 12 December 2018	**MANAGEMENT HSSE VISIT CONDUCTED ONBOARD** 1. Visit conducted onboard Setia Iman and Setia Hebat by GMD, Datuk Azmi and HSSE Manager, Siti Hajar together with Vestigo Management Team. 2. Visit conducted onboard Setia Zaman by GMD, Datuk Azmi and HSSE Manager Siti Hajar at KSB berth. 3. Visit conducted onboard Setia Jihad, Setia Tegap and Setia Erat by HSSE Manager, Siti Hajar. 4. Visit conducted onboard Setia Aman, Setia Station 2 and Yard by GMD, Datuk Azmi with Head of Department (HSSE, Manning, Base, OSVBO) Total visit by Senior Management : 11 visits /16 Total visit by line manager : 28 visits /32

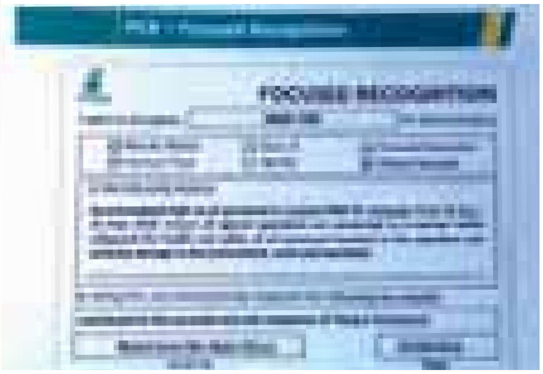
Meanwhile, we also felt there was an urgent need to gauge and evaluate the competency; work, attitude and behaviour of our marine crew during actual sailing.

Therefore, we engaged an independent party, knowledgeable in the marine industry, to conduct Roving visits on the vessels. They sailed for specific periods of time with the said vessels and crew to monitor and supervise performance and also to visit, verify and validate HSSE compliance on-board. The appointed Rovers went on-board 4 vessels - Setia Kental, Setia Tegap, Setia Rentas and Setia Ulung. The visits showed that while crew awareness and compliance were satisfactory, there was still a need for further improvement and a better understanding of HSSE policies and requirements by the offshore staff.

Needless to say, our performance did receive the apreciation and recognition from our client. Thus, our HSSE commitment and efforts in 2018, resulted with the Group securing the following awards:

No	Date	Details Of Achievement / Contribution	Client
1	6 March 2018	E.M.A.S Excellent MPM Award for Safety Health and Environment 2017 Hess Exploration And Production Malaysia achieved a significant milestone when it received the inaugural E.M.A.S Award by PETRONAS for the best in class safety performance among the Malaysia Petroleum Arrangement Contractors	Hess Exploration And Production Malaysia
2	6 March 2018	Achievement of 290,000 man hours incident free on the Kamelia EPS FPSA Demobilisation and WHP Preservation Project	Hess Exploration And Production Malaysia
3	6 March 2018	Health, Safety & Environment Excellence Recognition to Alam Maritim (M) Sdn Bhd for a Successful Completion of FPSO Kamelia Demobilisation Project 2017 and Having Achieved 130,000 man hours without LTI	Emas Victoria
4	3 September 2018	Focused Recognition awarded to 1 Mas 300 for Accommodating high no of personnel to support PM9 TA campaign from 16 Aug - 15 Sept 2018. Ensure all agreed operations are conducted in a manner which safeguard the health and safety of all personnel involved in the operation and minimise damage to the environment, asset and reputation.	Petronas Carigali Sdn. Bhd.
5	10 August 2018	Certificate of Recognition to Alam Hidro (M) Sdn Bhd for Outstanding HSE Reporting Performance and Zero Recordable Incidents for the period of Q3 2017 to Q2 2018 FPSO BERTAM UWILD AND WHP JACKET UNDERWATER BASELINE INSPECTION CAMPAIGN 2018	IPCM BV Production Operation

CORPORATE SUSTAINABILITY STATEMENT



HSSE Training

As our proactive effort to implement risk management system, we provided HSSE trainings focusing on hazard identification and risk assessment covering onshore and offshore staff. Two training sessions on Hazard Identification, Risk Assessment and Determining Control (HIRADC) and two sessions on Job Hazard Analysis (JHA) have been conducted at HQ and KSB office. These sessions enable participants to examine what can cause harm to people in the workplace so that a decision can be made as to whether sufficient controls are in place or additional measures are required.

Furthermore, we have engaged a certified Petronas Carigali Permit-to-Work (PTW) facilitator for our PTW Certification training. During the session, participants have been exposed to Petronas Carigali PTW system and the process obtaining work permits including the requirements of obtaining Certificates where required.

List of training conducted throughout the year:

1.	Permit to Work Certification	:	March 2018
2.	HIRADC	:	March and September 2018
3.	Job Hazard Analysis	:	July and September 2018
4.	Effective Communication	:	August 2018
5.	Basic Occupational First Aid	:	August 2018

CORPORATE SUSTAINABILITY STATEMENT

Health and Safety Campaigns

Continuing our efforts to educate and train staff towards maintaining good HSSE records, we conducted several campaigns in 2018:

- **Safe Access Campaign 2018:**

  This was targeted at all fleets with the objective of checking the condition of vessel gangways. All vessels were to check and report the condition of the gangway rolled, netting and securing.

- **1 Alam HSSE Away Day 2018, Klana Beach Resort, Port Dickson**

  This was a specially organised retreat for staff, offering them a day away from the rigours and demands of office work and tight schedules. This more secluded location was selected to enable participants to focus better on the issues at hand which primarily comprised health, safety, security and environmental issues. Attendance was mandatory for all AMRB employees.

CORPORATE SUSTAINABILITY STATEMENT

- **1 Alam Northeast Monsoon Campaign 2018/2019:**

  This campaign enabled AMRB to review if existing risk controls and mitigating measures are sufficient, and to identify any other necessary requirements. No reportable incidents or accidents occurred during this period. The campaign required each department and vessel to submit 5 actions / will do measures during the Monsoon period. Their initiatives were presented during the Weekly HSE Awareness Talks.

- **Biggest Loser Challenge Season 3:**

  Organised over a period of 3 months from October 2018 to December 2018, all staff were required to participate in this event. The objectives were to encourage employees to adopt a healthy lifestyle and to promote wellness and motivate weight loss. The biggest losers won RM1000 cash for their efforts in both the male and female categories.

- **Emergency Response Preparedness / Drills:**

  Corporate HSSE conducted this exercise to assess the awareness of staff and to familiarise them with the new assembly area in Masjid Sri Petaling. No search and rescue was activated and no injuries reported, with the total evacuation time of 11 minutes and 18 seconds achieved.

CORPORATE SUSTAINABILITY STATEMENT

- **Marine Crew Engagement Session:**

Organised as a continuous refresher programme on risk assessment for the top four (4) officers of vessels, this session also functions as a briefing for new crew members on SMS and HSSE policies. A total of 55 crews from various ranks attended this particular session. The objectives:

i. To share HSSE performance and lessons learned.
ii. To disseminate information on the year's HSSE KPI and expectations, upcoming programmes and activities.
iii. To bridge the gap between management and marine crew.
iv. To seek the commitment and cooperation of both parties towards delivering good HSSE performance.

At AMRB, we feel it is important to appreciate and recognise employees' contribution and loyalty on their service anniversaries and significant milestones. Thus, in conjunction with the Crew Engagement Session held on 29 March until 31 March 2019. We presented long service awards to seamen who have served the Group for 10 years and above. The following officers and employees receive their awards:

1) Jeffery bin Puti - 17 years
2) Sufian bin Puti - 15 years
3) Anuar Iskandar bin Abdul Manap - 13 years
4) Roslan bin Sitam - 13 years
5) Mohamad Hafiz bin Mahmud - 12 years
6) Zaidi bin Awang - 12 years
7) Ismail bin Sulaiman - 11 years
8) Ahmad Rafdi bin Yaacob - 11 years
9) Noor Arzreel bin Noordin - 10 years
10) Mohd Ikram bin Mohd Safian - 10 years
11) Abu Bakar bin Abd Rahman - 10 years
12) Gereniko Sembiring bin Yusof - 10 years
13) Noorfaizal bin Muhammad - 10 years
14) Zulkifli bin Ahdar - 10 years
15) Mohd Khairil bin Hashim - 10 years
16) Tasriri bin Ghazali - 10 years

Reasons given for their loyalty are mostly related to the fact that the company gives room for feedback, suggestions, or any disagreements and periodically conduct engagement sessions. They could actively participate in the argumentative deliberation, (while it might contradict with the employer's opinion) for company's good and better improvements in the times to come. Debating and disagreement is healthy in a workplace in moderation, as employers are able to arrive at the best decision owing to the different viewpoints garnered from employees.

More important, the crews feel very welcomed at their work place and enjoy very friendly living and working atmosphere with each member providing good support for one another, like living with family members. Additionally, the mentor-mentee programme is something the crews look forward to as they are able to connect with the shore staff and foster a lot of goodwill among them. Also, they generate discussions where employees feel connected to the company's growth and development plans when they are invited to participate in the discussion on some important topics related to the company's advancement, even if those are not directly related to their main jobs and duties.

AMRB clearly communicate the Company's expectations and make them feel like they have a real stake in the company's mission and goals. Adequate and relevant training are provided and a lot of lessons learnt are disseminated for them to learn. Welfare and care are always on the company's agenda and offshore staff are regularly invited to participate in Company's organised events and functions. One of the company's attractive features is its initiative to conduct Islamic religious teachings/discourse on board vessels as well as in the offices for the benefit of the onshore as well offshore staff.

CORPORATE SUSTAINABILITY STATEMENT

- **Mega OSH Tool Box 2018:**

  AMRB participated in this event organised by the Malaysian Society for Occupational Safety and Health in conjunction with World OSH Day 2018. Resulting from this, an estimated 50,000 employees had their own tool boxes nationwide, earning the event a place in the Malaysia Book of Records.

- **Ad-hoc Drug and Alcohol Testing:**

  We have screened 138 marine crew for drug usage in a continuous effort to check on the compliance of the Drug and Alcohol Policy. These screenings were carried out on vessels calling in port. All the crew selected for screening were tested negative.

OFFSHORE				
No.	**Vessel**	**Date Tested**	**No of Crew Being Tested**	**Results**
1.	Setia Azam	20 January 2018	5	All negative
2.	Setia Cekap	25 February 2019	5	All Negative
3.	Setia Fajar	19 June 2019 4 December 2018	4 5	All Negative All Negative
4.	Setia Rentas	3 April 2018	5	All Negative
5.	Setia Tegap	15 February 2018 20 December 2018	5 5	All Negative All Negative
6.	Setia Teguh	15 February 2018 20 December 2018	5 5	All Negative All Negative
7.	Setia Wangsa	01 July 2018	5	All Negative
8.	Setia Wira	25 November 2018	5	All Negative
9.	Setia Yakin	27 May 2018	5	All Negative
10.	Setia Zaman	23 April 2018	5	All Negative
11.	Setia Sakti	18 August 2018	14	All Negative
12.	OLV Venture 1	17 April 2018	5	All Negative
13.	Setia Iman	23 June 2018	4	All Negative
14.	Setia Luhur	08 April 2018	5	All Negative
15.	Setia Jihad	08 November 2018	14	All Negative
16.	Setia Kental	03 April 2018	5	All Negative
17.	Setia Gigih	4 May 2018 10 December 2018	5 5	All Negative All Negative
18.	Setia Ulung	27 March 2018 4 September 2018	6 4	All Negative All Negative
19.	Setia Hebat	16 May 2018	7	All Negative
	Total		**138**	

CORPORATE SUSTAINABILITY STATEMENT

ONSHORE				
No.	**Business Unit**	**Date Tested**	**No of Staff Being Tested**	**Results**
1.	AMSB	3 April 2018	20	All Negative
2.	Subsea	3 April 2018	4	All Negative
3.	OIC	3 April 2018	4	All Negative
4.	KSB	8 January 2019	10	All Negative
	Total		**28**	

VESSEL AND FUEL MANAGEMENT

We carefully monitor our fuel consumption to ensure optimal use in vessel operations and in keeping with the spirit of environmental protection. The change we instituted from using cheaper high sulphur fuel oil in vessels to lower sulphur fuel oil also bears testimony to our commitment to the environment. Related to this is the success story we wish to share in respect of a special award that we received on 7 August 2018 from the Ministry of Transportation for the Best Practice for Fuel-Efficient Operation Award in Malaysia World Maritime Week 2018. This reflect our care and commitment towards the environment, fuel consumption and pollution issues.

In our onshore operations meanwhile, we continue to implement energy saving initiatives in the office, recycling of paper and there materials, and continuously encourage staff to embrace energy friendly alternatives such as carpooling.

SECURITY

A safe and secured business environment is vital for sustained stability. At AMRB the discipline of security is still in the initial stage of implementation. It will cover the areas of maritime security which include safety at sea, prevention of human injury or loss of life, and avoidance of damage to the environment and property, security of facilities and assets on land as well as cyber security.

Currently, our marine security policies are guided by the 4 ‘pillars’ of international maritime law regulations brought about by the International Maritime Organisations such as MARPOL, STCW, SOLAS and ISPS. Realising that security is no longer a standalone function, our various operating units are currently working closely to design an integrated and strategic approach to include the input of our diverse value chain in the decisions pertaining to security risks.

We also feel that strategic partnerships with business associates and relevant regulatory authorities, as well as insurance companies will shape a proactive security culture. The ultimate goal is to develop a holistic security management system from various perspectives namely operational, physical and cyber security.

Partially completed, the security policy will be introduced and implemented in phases from the 3rd Quarter of 2019 and is targeted to be completed by the middle of 2020.

CORPORATE SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

The International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 mandates that all vessels have a waste management plan for plastic, paper and glass refuse.

Complying with this, all AMRB vessels have specific management methods for the disposal of said garbage in the effort of protecting the oceans and the environment. Our environmental efforts are further enhanced by our Ship Energy Efficiency Management Plan ("SEEMP") to which all vessels comply.

CORPORATE SOCIAL RESPONSIBILITY

Despite the ongoing business and financial challenges, AMRB has continued to play its role as a responsible corporate citizen, lending a helping hand to society and to its own staff, where required. We remain steadfast to our principle that it is a privilege to serve and service / contribution to others is a reward in itself.

Hence in FY2018, we undertook the following Corporate Social Responsibility ("CSR") activities:

1. **Charity Box Project-1Alam Kita Kongsi Rezeki (Gerobok Amal)**

   A charity box to collect daily necessities and staples was set up within the company premises. Staff were encouraged to donate items such as cooking oil, rice, flour, condensed milk and other groceries to be distributed to needy families within the company. These encompassed those who had a family income of less than RM4,000 a month as well as single employees earning less than RM3,000 monthly.

2. **Hiking for Charity**

   A hike up Bukit Sentosa and a gotong royong event meant to collect funds together with daily necessities for donation to needy families. While it was for a charitable cause, it was also a day of fun and healthy activities for the staff and their families who participated in the event.

CORPORATE SUSTAINABILITY STATEMENT

3. Tadarus Al-Quran

In conjunction with the month of Ramadhan, the Group once again organised daily tadarus Al-Quran sessions for its staff at Al-Husna Surau before work commence each morning. This encouraged the reading and understanding of the Al-Quran and to help Alam Maritim staff deepen their religious knowledge.

4. Buka Puasa Potluck - 7 June 2018

Staff congregated for a breaking fast meal at the Al-Husna Surau. The meal was a potluck with various dishes contributed by staff and management.

5. Hari Raya Potluck - 12 July 2018

Hari Raya celebrations for the year comprised of majlis of Khatam Al-Quran followed by a potluck for the staff of the Group, held at Al Husna Surau and the Multi-purpose Hall respectively. It was an opportunity for the staff to get together and celebrate the festivities and share Hari Raya goodies.

6. Alam Maulid @ Ratbaj - 24 November 2018

Alam Maritim staff visited Rumah Amal Titian Baiti Al-Jannah to bring cheer and assistance of cash and kind to residents there. They brought necessities such as diapers, specialty milk and school supplies and donated cash for the various requirements and bills of the home.

The programme for the day included a birthday party for 5 of the residents which among the activities are sand art activities, an inflatable play area and a clown, and a religious forum.

CORPORATE SUSTAINABILITY STATEMENT

7. 1 Alam Away Day - 11- 14 January 2019

This is an annual event to provide the staff with a perfect opportunity to take a step back from the day-to-day work and spend some time thinking about the bigger picture of our organisation. It is a time to rejuvenate the workforce, get everyone excited around a united mission, set goals going forward, and build bonds between them. It gives the staff the opportunity to build connections, communicate ideas we find most important, and boost morale among them. It also provides an opportunity to show our employees how their work contributes to the overall objectives that the company has in place.

The various events organised at the Away Day event were intended to inculcate positive internal attitudes and mind-sets of our staff and create an atmosphere to get them to develop a proactive work behavior rather than reactive. We need them to work as team and not to do things in silos. Hopefully, the staff will be able to work together and learn to give full commitment and focus on whatever assignments they undertake. In this regard, the staff was reminded of the need to comprehend and assimilate fully the values propagated by iCare Cultural Beliefs. They need to live our shared values and our cultural beliefs in order to achieve excellence in whatever they do.

FINANCIAL CALENDAR

30 APRIL 2018
Notice of Thirteenth Annual General Meeting

30 APRIL 2018
Annual Report 2017

24 MAY 2018
First Quarter Report on consolidated results for the financial period ended 31 March 2018.

26 MAY 2018
Thirteenth Annual General Meeting.

30 AUGUST 2018
Second Quarter Report on consolidated results for the financial period ended 30 June 2018

30 NOVEMBER 2018
Third Quarter Report on consolidated results for the financial period ended 30 September 2018

28 FEBRUARY 2019
Fourth Quarter Report on consolidated for the financial period ended 31 December 2018

12 APRIL 2019
Draft Annual Audited Accounts for the year results for the financial period ended 31 December 2018

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 in 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.

This statement is supported by the Corporate Governance Report, based on a prescribed format as outlined in Paragraph 15.25(2) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). The Corporate Governance Report is made available via an announcement on Bursa Malaysia Berhad's website.The Corporate Governance Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2018.

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 2018, as set out hereunder.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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.

1. BOARD RESPONSIBILITIES

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.

The Board assumes the following core responsibilities which serve as a 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.

- **Identify and Manage Principal Risks**
  On a continuous basis, the Group Internal Audit and Risk Management Department coordinates with Risk Owners to regularly review and update the group risk register prior to deliberations on potential major risks and mitigation plans and action taken at Group Risk Management Working Committee ("GRMWC") level. 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 FY2018 Directors and Board Committee Performance Evaluation ("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.

STATEMENT OF CORPORATE GOVERNANCE

- **Monitor Succession Planning**
  The Board Nomination and Remuneration Committee ("BNRC") is entrusted by the Board to ensure effective human capital development, talent retention and succession planning for both the Non Independent Executive Director ("NIED") 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 FY2018 DBCPE, the Board agreed that succession planning of the NIEDs 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.

- **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.

There are three (3) Board Committees entrusted to carry out task, as per their Terms of Reference ("ToR") namely BAC, BNRC and BRMC. 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 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.

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Committees. The ultimate responsibility for the final decision however lies with the Board.

Separation of Power between the Board and the Management

The functions of the Board, the Chairman, the NIED and the Independent Non Executive Director ("INED") 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 invited into the Board Meetings as and when required.

The Chairman of the Company is an INED who assumed the position as Chairman on August 21 2014. As the Chairman, Puan Fina Norhizah binti Haji Baharu Zaman, is primarily responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator and consults the Board promptly over any matter that gives her cause for concern. The Chairman of the Board is responsible for representing the Board to the shareholders. The Chairman acts as a facilitator at Board meetings to ensure that no Board member, whether executive or non-executive, dominates the discussion. The Chairman also ensures that appropriate discussions take place and that relevant opinions among Board members are forthcoming. The Chairman further ensures that discussions result in logical and understandable outcomes, which will lead to appropriate and considered decisions by the Board.

STATEMENT OF CORPORATE GOVERNANCE

The Group Chief Executive Director ("GCED"), Datuk Azmi bin Ahmad will assist the Chairman in the effectiveness of implementation of Board policies and decisions, making operational decisions and monitoring the day-to-day running of the business, including defining the scopes of the Management's responsibilities.

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 Health, Safety, Security and Environment ("HSSE") Working Committees, 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.

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, 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.

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.

STATEMENT OF CORPORATE GOVERNANCE

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.

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, GCEO, NIEDs and 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.

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.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 2017 and shared with the Board before the beginning of the year to ensure the Directors' time commitment.

A total of five (5) 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 require the Board's input and approval and various other corporate matters based on pre-determined agendas. One (1) special meetings were held during the year; of which the adoption of audited accounts was held in early April 2018. The Board also attended 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 Main Market Listing Requirements ("MMLR") of Bursa Securities. The attendance of the members of Board at the Board meetings and 13th Annual General Meeting for the financial year ended 31 December 2017, are as follows:-

Board of Directors	Designation	Board Meeting Attendance	13th AGM Attendance	% of Attendance
FinaNorhizah binti Haji Baharu Zaman (Chairman)	Independent Non-Executive Director	5/5	1/1	100%
Datuk Azmi bin Ahmad	Non-Independent Executive Director	5/5	1/1	100%
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	5/5	1/1	100%
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	5/5	1/1	100%
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	5/5	1/1	100%
Ainul Azhar bin Ainul Jamal (Resigned w.e.f 17 May 2018)	Independent Non-Executive Director	2/2	-	100%

Paragraph 15.06 of MMLR 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.

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 to 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 2018:

Courses/Trainings	Attended by
Enterprise Risk Management (ERM) Workshop	FZ DAW AAJ DAA SR AHK
Seminar on Annual Report and Sustainability 2018	DAA SR AHK
Corporate of Liability Provision 2018	FZ DAA SR AHK
Strategic Management Planning	FZ DAW DAA SR AHK
Fraud Risk Management (FRM) for Board of Directors and Senior Management Workshop	FZ DAW 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

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.

STATEMENT OF CORPORATE GOVERNANCE

2. BOARD COMPOSITION

The Board consists of six (6) members comprising of three (3) NIEDs and three (3) INEDs. In FY2018, 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 En Ainul Azhar 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 34 to 39 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 of the 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, guidedby 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 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.

STATEMENT OF CORPORATE GOVERNANCE

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 influence 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 INEDs 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 INEDs 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 14th 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 May 2 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.

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

STATEMENT OF CORPORATE GOVERNANCE

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 FY2018, 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.

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 afterconsidering 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. The director due for re-election pursuant to Article 100 of the Article of Association of the Company at the forthcoming AGM is Encik Mohammad Suhaimi bin Mohd Yasin.

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 Puan Fina Norhizah binti Hj Baharu Zaman and Dato' Haji Ab Wahab bin Haji Ibrahim.

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
Fina Norhizah binti Haji Baharu Zaman	Independent Non-Executive Director	Re-election under Article 94
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	Re-election under Article 94
Mohammad Suhaimi bin Mohd Yasin	Independent Non-Executive Director	Re-election under Article 100

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.

Information of each Director standing for re-election is set out on pages 34, 38 and 39 of the Annual Report.

Annual Assessment of Directors

At the Board's meeting on 12 April 2019, the BNRC tabled the results of the FY2018 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.

STATEMENT OF CORPORATE GOVERNANCE

The BNRC was of the view that the current size, structure and composition facilitated good discussions and encouraged contributions and participations from all the Directors. The BNRC had recommended to the Board for the Board composition to be maintained, with the desire to achieve a balance board composition. 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 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 2018. This result indicates a positive level of Board dynamics for the Board to further drive its performance.

Overall, the results of FY2018 DBCPE indicate healthy Boardroom dynamics with good working relationships among the Board members.

Based on the FY2018 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.

3. REMUNERATION

In line with MCCG 2017, the remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with therelevant 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 andrecommended to the Board thereafter. All NIEDs are paid directors' remuneration taking into account any additional responsibilities undertakensuch 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 Constitutions.

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 remuneration policy for the Senior Management is in line with the business strategy, objectives, values and long term goals and interests of the Company and guided by the Company's affordability, approved remuneration and reward matrix and comparison against the current market practice in the same industry.

STATEMENT OF CORPORATE GOVERNANCE

The directors' remuneration which include the executive directors who are also senior management for FY2018 is presented below:-

Description	NIEDs	INEDs	Total
Salaries and other emoluments	2,847,069	-	2,847,069
Defined contribution plan	247,032	-	247,032
Estimated money value of benefits in kind	144,000	-	144,000
Fees and other emoluments	-	277,883	277,883

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

The Audit Committee of the Company comprises exclusively INEDs namely Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Haji Baharu Zaman. The Board received a written assurance by the External Auditors, confirming their independence in providing both audit and non-audit services for the year under review.

The compositions, summary of activities of the BAC relating to the FY2018 are highlighted on pages 88 to 93 of this Annual Report.

2. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors affirms its responsibility for maintaining a sound and effective system of risk management and internal controls. Key and potential risks identified, together with the mitigation action plans are reported to the Risk Management Committee, Audit Committee and the Board for their attention and deliberation. The Board Risk Committee assesses and monitors the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls are reviewed by the Audit Committee through the work performed internal audit function for the Group.

The Statement on Risk Management and Internal Control set out on pages 94 to 98 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

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.

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. Alam Maritim's annual report contains invaluable information on the Company 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 a report 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.

STATEMENT OF 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 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.

2. CONDUCT AT GENERAL MEETING

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. A 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.

STATEMENT OF CORPORATE GOVERNANCE

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is committed to the preparation of financial statements that present a true and fair view of the financial position of the Group and prospects each time it releases its quarterly and annual financial results. The Board with assistance from the BAC undertakes detailed review of all financial statements prepared and ensure necessary internal controls are in place and the preparation of financial statements are free from material misstatement, whether due to fraud or error.

Details of the Company and the Group financial statements for the financial year ended 31 December 2018 are set out in pages 100 to 185 of this Annual Report.

RELATED PARTY TRANSACTIONS

The Recurrent Related Party Transactions entered into by the Group with its related parties is set out on page 170 to 171. Details of these transactions are in orfinary course of business, on arm's length basis and on normal commercial terms, which are not favorable to related parties other than those generally available to the public and not detrimental to minority shareholders.

RELATIONSHIP WITH THE AUDITORS

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 2018.

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 2019, 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.

COMPLIANCE STATEMENT

Save as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2018, the Company has applied the principles and recommendations of the corporate governance set out in the Code, where necessary and appropriate.

This statement is made in accordance with a resolution of the Board on April 12 2019.

STATEMENT OF CORPORATE GOVERNANCE

ADDITIONAL COMPLIANCE INFORMATION
- IN ACCORDANCE WITH APPENDIX 9C OF THE LISTING REQUIREMENTS

Employee Share Option ("ESOS")

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. As at 31 December 2018, ESOS options over 80,549,000 new ordinary shares were granted to the employees of the Group (including the Executive Directors) as follows:-

Category of employees	No. of ESOS options granted as at 31 Dec 2018	% granted as at 31 Dec 2016 of total available*	No. of ESOS options exercised	No. of ESOS options outstanding
Executive Directors	27,244,000	29%	-	27,244,000
Senior Management	14,865,000	16%	-	14,865,000
Other Employees	38,440,000	42%	-	38,440,000
Total	80,549,000			80,549,000

* *As at 31 December 2018, the issued and paid up ordinary share capital of the Company comprised of 924,490,200 ordinary shares in accordance with the ESOS, the maximum number of shares to be offered for subscription and allotment shall not exceed in aggregate 10% of the issued and paid up share capital of the Company (excluding treasury shares) at any one time or such other limit that may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS Scheme.*

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%.

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 2018 ("FY2018") are as follows:

Member	Number of Meetings Attended	% 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) (Resigned w.e.f 17 May 2018)	2/2	100%%

Composition and Attendance

The BAC Chairman, Dato' Haji Ab Wahab bin Haji Ibrahim is a member of the Malaysian Institute of Accountants ("MIA") thereby complying with the Bursa Listing Requirements that requires at least one (1) member of the Audit Committee must be a qualified accountant.

There were three (3) Independent Non-Executive Directors ("INED") in the BAC until 17 May 2018. However, effective from the said date, Encik Ainul Azhar bin Ainul Jamal has resigned from the Board, Board Nomination and Remuneration Committee ("BNRC") and Board Risk Management Committee ("BRMC").

Effective from 25 February 2019, Encik Mohamad Suhaimi bin Mohd Yasin has been appointed as the new AMRB's BAC member to conform the Bursa Listing Requirement on the BAC composition.

The Company trusts that his commendable experience and upstream knowledge from PETRONAS group of companies would add substantial value to the AMRB.

A total of four (4) quarterly BAC and one (1) special BAC meeting were conducted in FY2018. The Notice to the BAC meetings which include the Agenda was circulated as per the required notice period by the Company Secretary who is appointed as the Secretary to the BAC.

Upon invitation by the BAC, the Non Independent Executive Directors, Group Chief Financial Officer ("GCFO"), Head of Internal Audit and representatives of the External Auditors has attended the BAC meetings.

Time was also set aside for the External Auditors to have private discussions with the BAC in the absence of Non-Independent Executive Directors and the Management. Four (4) private discussions were held between the BAC and the External Auditors. Prior to the BAC Meetings, private sessions were also held between the BAC Chairman and the Head of Internal Audit.

Minutes of all five (5) BAC meetings in FY2018 were prepared by the Secretary to the BAC and were distributed to BAC members. The Minutes were reviewed and confirmed in each BAC meeting in FY2018.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE ("ToR") OF BAC AS PER BURSA LISTING REQUIREMENT
(Reference: Chapter 15 Corporate Governance)

Article 15.09: Composition of the Audit Committee:

1) A listed issuer must appoint an Audit Committee from amongst its directors which fulfils the following requirements:
   a) the Audit Committee must be composed of not fewer than 3 members;
   b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
   c) at least one member of the Audit Committee -
      i. must be a member of the Malaysian Institute of Accountants; or
      ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and -
         (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
         (bb) he must be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967;
         or
      iii. fulfils such other requirements as prescribed or approved by the Exchange.

2) A listed issuer must ensure that no alternate director is appointed as a member of the Audit Committee.
   [Cross reference: Practice Note 13]

Article 15.10 Chairman of the Audit Committee
The members of an Audit Committee must elect a chairman among themselves who is an independent director.

Article 15.11 Written terms of reference
An Audit Committee must have written terms of reference which deal with its authority and duties, and such information must be made available on the listed issuer's website.

Article 15.12 Functions of the Audit Committee
Without limiting the generality of paragraph 15.11 above, a listed issuer must ensure an Audit Committee, amongst others, discharges the following functions:
1) review the following and report the same to the Board of Directors of the listed issuer:
   (a) with the External Auditor, the audit plan;
   (b) with the External Auditor, his evaluation of the system of internal controls;
   (c) with the External Auditor, his audit report;
   (d) the assistance given by the employees of the listed issuer to the External Auditor;
   (e) the adequacy of the scope, competency and resources of the Internal Audit function and that it has the necessary authority to carry out its work;
   (f) the Internal Audit plan, processes, the results of the Internal Audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
   (g) the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on;-
      (i) changes in or implementation of major accounting policy changes;
      (ii) significant matters highlighted including financial reporting issues, significant judgments made by the management, significant and unusual events or transactions, and how these matters are addressed; and
      (iii) compliance with accounting standards and other legal requirements;
   (h) any related party transaction and conflict of interests situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;
   (i) any letter of resignation from the External Auditors of the listed issuer; and
   (j) whether there is reason (supported by grounds) to believe that the listed issuer's External Auditor is not suitable for re-appointment; and

AUDIT COMMITTEE REPORT

2) recommend the nomination of a person or persons as External Auditors.

Article 15.13 Attendance of other directors and employees
A listed issuer must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

Article 15.14 Procedure of Audit Committee
An audit committee may regulate its own procedure, in particular;-
(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of minutes; and
(e) the custody, production and inspection of such minutes.

Article 15.15 Audit Committee report
1) A listed issuer must ensure that its Board of Directors prepare an Audit Committee report at the end of each financial year that complies with subparagraphs (2) and (3) below.
2) The Audit Committee report must be clearly set out in the annual report of the listed issuer.
3) The Audit Committee report must include the following:
   (a) the composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
   (b) [deleted]
   (c) the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;
   (d) a summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities;
   (e) a summary of the work of the Internal Audit function.

Article 15.16 Reporting of breaches to the Exchange
Where an Audit Committee is of the view that a matter reported by it to the Board of Directors of a listed issuer has not been satisfactorily resolved resulting in a breach of these Requirements, the audit committee must promptly report such matter to the Exchange.

Article 15.17 Rights of the Audit Committee
A listed issuer must ensure that wherever necessary and reasonable for the performance of its duties, an audit committee must, in accordance with a procedure to be determined by the Board of Directors and at the cost of the listed issuer -
(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the listed issuer;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the External Auditors, the person(s) carrying out the Internal Audit function or activity or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

Article 15.18 Quorum of an Audit Committee
In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be independent directors.

Article 15.19 Retirement and resignation
In the event of any vacancy in an Audit Committee resulting in the non-compliance of paragraphs 15.09(1) and 15.10 above, a listed issuer must fill the vacancy within 3 months.

AUDIT COMMITTEE REPORT

Article 15.20 Review of the Audit Committee
The nominating committee of a listed issuer must review the term of office and performance of an audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE ("ToR") OF THE BOARD AUDIT COMMITTEE ("BAC") 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 BAC 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 the 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 2018

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 appointment of a new External Auditors and their 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 2018, the BAC approved Year 2019 Internal Audit Plan & Budget for 2019 to be conducted by Internal Audit and Risk Management Department ("IARM"), which emphasises on risk-based approach and Committee of Sponsoring Organisation ("COSO") audit methodology.
- Review the past audit results for lessons learnt and improvement to the future internal audit.

AUDIT COMMITTEE REPORT

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 of IARM reports directly to the Chairman of the BAC. For office administrative purposes, the Head of IARM reports to the Group Managing Director/Group CEO. 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 of 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.

Throughout FY2018, there were two (2) audit resources within Internal Audit Department to undertake key risk audit areas within the Group. However, the Internal Audit strength was enhanced following to the recent BAC approval where additional one (1) Audit executive joined the Internal Audit Department effective from 4 February 2019. Currently, the audit strength is adequate to undertake Risk-Based Internal Audits and Risk Management functions based on the reasonable experience and skills of the three (3) audit resources from their past oil and gas industry experience.

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 FY2018, a total of approximately RM218,402 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 as per the approved Annual Audit Plan 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 & Costs, Procurement, vessel documentation other related areas.

The internal audits carried out follows the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the Internal Auditing Guidelines issued by the Malaysian Institute of Accountants (collectively referred to as "the Internal Audit Standards & Guidelines").

The main activities performed by IARM in FY2018 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 as per the approved Annual Audit Plan;
- 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.
- Conducted the Fraud Risk Management Course for Board members and Senior Management

All findings resulting from the audits were reported to the BAC, the Senior Management and the relevant Heads 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 April 12 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

AMRB Board of Directors and the Senior Management attending Fraud Risk Management (FRM) training held from 3 to 4 October 2018.

The Board of Directors of Alam Maritim Resources Berhad (Board) is committed to 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 Group Managing Director ("GMD") / Chief Executive Officer ("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' (the Group) Risk management and internal control for the financial year ended 31 December 2018.

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") recognizes 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 organisation'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 2018, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management discussion during Fraud Risk Management ("FRM") training from 3 to 4 October 2018

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 Executive Directors and Management presence at least twice a year.

1.3 Operating structure with clearly defined lines of responsibility and delegated authority

The operating structure includes defined delegation of responsibilities to the committees of the Board and the management team.

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 Committee

3.1 The BRMC comprises six members (including alternate member) from Independent Non Executive Directors (INED) and Executive Directors. The Group Chief Financial Officer, Head of Group Internal Audit and Head of Group Risk Management attended BRMC meetings as invitees.

3.2 Group Risk Management Working Committee ("GRMWC") has the responsibility to create 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 and its mitigation to the BRMC.

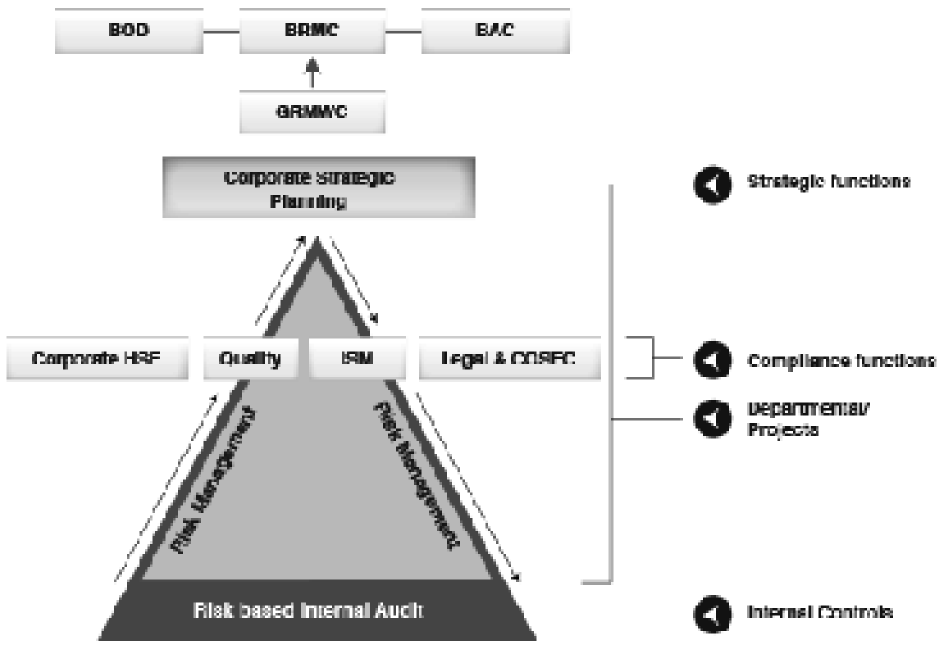
3.3 The GRMWC comprises of Group Managing Director, Group Chief Operating Officer, Group Executive Director, Group Chief Financial Officer, Head of Business Units, Head of Group Internal Audit and Risk Management, Head of Group Legal & Insurance together with Heads of relevant Division and Departments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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. Corporate Governance and Risk Management Framework ("CGRMF")

4.1 AMRB 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.

ALAM Corporate Governance & Risk Management Framework ("CGRMF")



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. Thus, we have clear risk mitigation and action plan guidance on the actions to be taken for the relevant risks level.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6. **Risk Reporting**

6.1 The Corporate Governance and Risk Management Framework ("CGRMF") provides a regular review and reporting within AMRB. 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 CGRMF and processes remain sound and are in compliance with International recognized standards, we had enhanced our Risk Reporting Format 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 Group Managing Director reviews with the Board on all issues covering, but not restricted to, strategy, performance, resources and standards of business conduct; detailed budgeting process established requiring all business units to prepare budgets annually which are discussed and approved by the Board; and effective reporting systems which expose significant variances against budgets and plan are in place to monitor performance.

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.

INFORMATION AND COMMUNICATION

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

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 cognizant 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 emphasized to enable employees to discharge their duties effectively.

   Progressively, employees' performance are measured according to the sets of key performance indicators i.e. Performance & 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 Auditors 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.

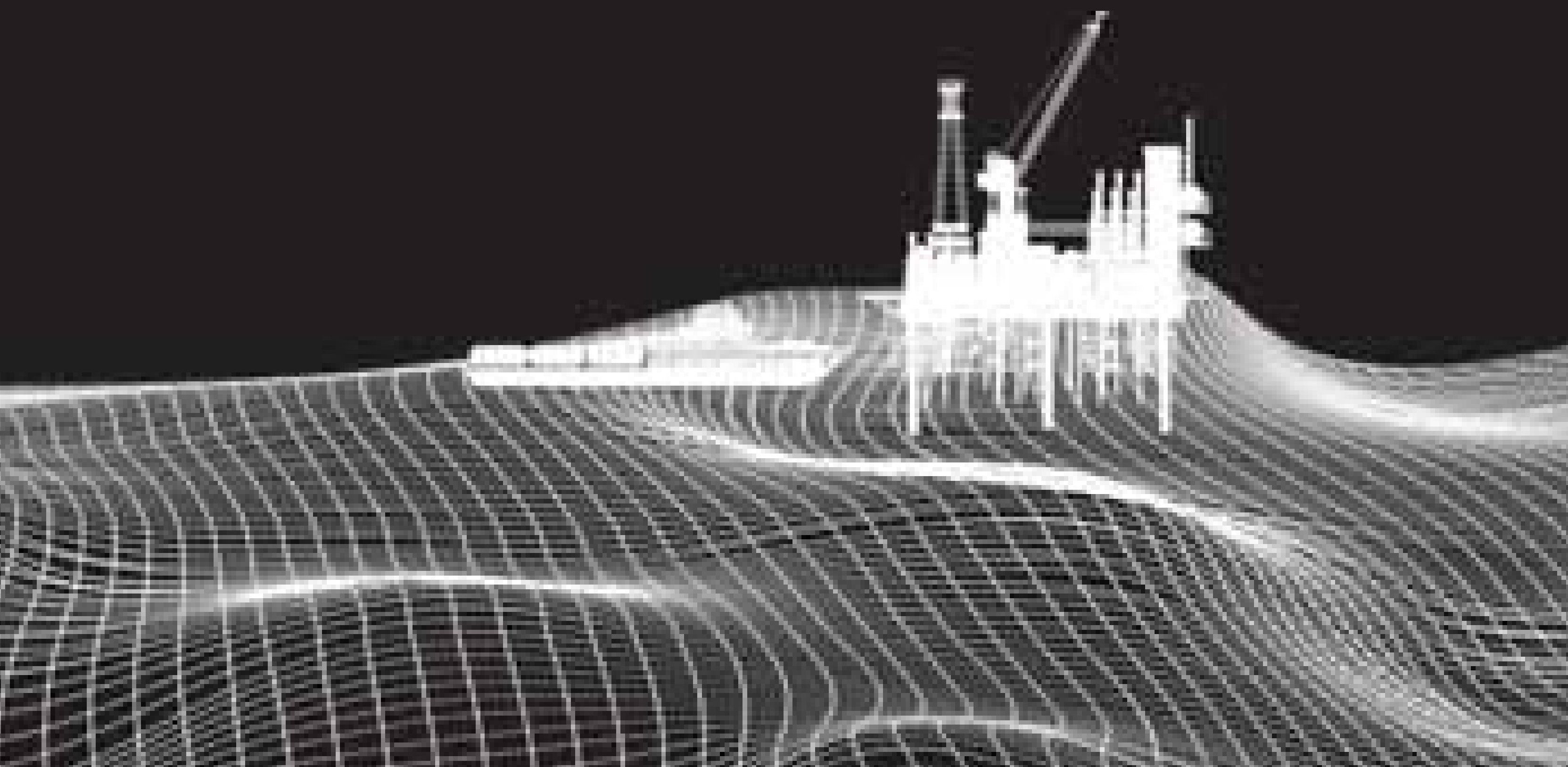
RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The 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.

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 12 April 2019.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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 16, 17 and 18 to the financial statement respectively.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	**(167,614,063)**	**(1,243,593)**
Attributable to:		
Owners of the parent	**(170,940,589)**	**(1,243,593)**
Non-controlling interests	**3,326,526**	**-**
	(167,614,063)	**(1,243,593)**

DIVIDENDS

No dividend is paid or declared by the Company since the date of the last reports. The directors do not recommend the payment of any dividend in respect of the current financial year.

SHARES CAPITAL

The Company did not issue any shares or debentures during the financial year ended 31 December 2018.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME

The Company has an Employees' Share Option Scheme ("ESOS"), which was approved at the Extraordinary General Meeting on 3 June 2016 by its members, for all the eligible employees of the Company.

The details of the ESOS are contained in the By-Laws and the salient features of ESOS are disclosed in Note 33 to the financial statements.

The number and class of shares in respect of which the option has granted during the financial year are as follows:

	Weighted average exercise price RM	Exercised 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	20.07.2016 to 20.07.2017

Details of options granted to directors are disclosed in the section on Director's interests in this report.

DIRECTORS

The directors of the Company in office at any time during the financial year and same the end of the financial year up 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 (Resigned on 17 May 2018)
Mohammad Suhaimi Bin Mohd Yasin (Appointed on 25 February 2019)

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

The directors of the Company's subsidiaries in office at any time during the financial year and same the end of the financial year up 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' REPORT

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

DIRECTORS' INTERESTS

According to the register of directors' shareholding under section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of Ordinary Shares			
	As at 1.1.2018	During the year Bought	Sold	As at 31.12.2018
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				
	As at 1.1.2018	Expired	Granted	Exercised	As at 31.12.2018
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

By virtue of the abovementioned directors' interest in the Company, these directors also deemed to have interests in the subsidiaries of the Company to the extent of the Company's interest in the subsidiaries.

None of the other directors in office at the end of the financial year have interest in shares of the Company or its related corporations during the financial year ended 31 December 2018.

DIRECTORS' REPORT

DIRECTORS' REMUNERATIONS

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 33 to the financial statements.

The directors' benefits are as follows:

	Group 2018 RM	Company 2018 RM
Salaries, fees and other emoluments	3,124,952	277,883
Defined contribution plan	247,032	-
Estimated money value of benefits-in-kind	144,000	-
	3,515,984	277,883

No payment has been paid to or payable to any third party in respect of the service provided to the Company or any of its subsidiaries by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance effected for, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and the Company.

OTHER STATUTORY INFORMATIONS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:-

a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or

b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATIONS (CONT'D)

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

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

b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

The directors state that:

a) The results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

b) 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 operations of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 42 to the financial statements.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group 2018 RM	Company 2018 RM
Statutory audit (AFTAAS)	196,400	45,000
Other services	59,956	-
	256,356	**45,000**

AUDITORS

The Auditors, Messrs. AFRIZAN TARMILI KHAIRUL AZHAR, have indicated their willingness to be appointed.

Approved by the Board and signed on behalf of the Directors,

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM
Director

DATUK AZMI BIN AHMAD
Director

Kuala Lumpur, Malaysia
Dated: 19 April 2019

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

The directors of ALAM MARITIM RESOURCES BERHAD state that, in their opinion, the financial statements of the Company set out on pages 110 to 185 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 Company as at 31 December 2018 and financial performance of the Company for the financial year ended 31 December 2018.

Approved by the Board and signed on behalf of the Directors,

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM
Director

DATUK AZMI BIN AHMAD
Director

Kuala Lumpur, Malaysia
Dated: 19 April 2019

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, MD NASIR BIN NOH, the Officer primarily responsible for the financial management of ALAM MARITIM RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 110 to 185 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by }
the above-named MD NASIR BIN NOH }
at Kuala Lumpur in the Federal Territory }
this day of 19 April 2019 }

MD NASIR BIN NOH

Before me:

Commissioner for Oaths
Kuala Lumpur, Malaysia

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 statement of financial position as at 31 December 2018 of the Group and the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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.

Independence and Other Ethical Responsibilities

We are independent of the Group and 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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of Group's property, vessels and equipment

As at 31 December 2018, the Group has RM334,404,744 of property, vessels and equipment of which 97% relates to vessels and equipment with a total carrying value of RM323,155,712, being the most significant assets of the Group. This is further detailed in Note 13 to the financial statements.

We had focused our audit on the carrying value of vessels and diving equipment because they are the main income-producing assets of the Group and had seen a downturn in oil and gas industry, thereby indicating that the carrying amount of the vessels and equipment may be impaired. The Group had recognised an impairment amount of RM13,573,736 in the current financial year.

In performing the impairment test, management had 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

1. Impairment of Group's vessels and equipment (Cont'd)

We had reviewed management's impairment test on the vessel and performed audit procedures to satisfy ourselves that the carrying value of the vessels as at 31 December 2018 were not in excess of their recoverable amount. Audit procedures we had undertaken include:

- Evaluating the external valuer's competency, capabilities and objectivity;
- Assessing the valuation methodologies and assumption of the external valuer to estimate the fair value of the vessel;
- Checking, on a sample basis, the accuracy and relevance of the input date provided by management to the external valuer;
- Assessing the key assumptions used in value in use calculations, including vessels projected future charter rates, utilisation rate and gross margin by comparing to historical and market condition.

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(b) (iii) and 13 in the notes to the financial statements.

2. Impairment of investments in associates and joint ventures

As at 31 December 2018, the carrying value of investments in associates and joint ventures are RM nil and RM70,064,964 respectively. This is further detailed in notes 17 and 18 to the financial statements.

Management performed assessment at the end of reporting period whether these is any indication that the investment in joint ventures and associates may be impaired. Should indication of impairment exists, an impairment assessment will be performed accordingly.

As at 31 December 2018, the group had recognised an impairment loss on investment in associates and joint ventures amount of RM60,463,501 and RM17,864,178 respectively.

The recoverable amounts of the investment in joint ventures and associates are assessment by value-in use method which is based on estimating the future cash flows and outflows on a cash generating unit.

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:

- 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; and
- assessing the valuation methodologies and assumption of the external valuers to estimate the fair value of the vessels, which is the most significant assets of the entities;

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 (b) (iv) in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and 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 the Directors' Report, 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 Group and the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and 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 and the Company or to cease operations, or have 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 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 on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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)

- 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 Group and 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 Group and 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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements 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 or 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 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 16 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.

AFRIZAN TARMILI KHAIRUL AZHAR
AF : 1300
Chartered Accountants

KHAIRUL AZAHAR BIN ARIFFIN
01665/04/2021 J
Partner

Kuala Lumpur, Malaysia
Dated:

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	4	**95,367,199**	161,074,596	**-**	-
Cost of sales	5	**(90,313,012)**	(159,229,140)	**-**	-
Gross profit		**5,054,187**	1,845,456	**-**	-
Other income	6	**5,908,031**	44,590,904	**6,402,829**	4,485,703
Employee benefits expenses	7	**(20,147,404)**	(21,549,497)	**(195,387)**	(315,012)
Other expenses		**(107,288,755)**	(101,223,891)	**(846,245)**	(2,816,832)
Operating loss		**(116,473,941)**	(76,337,028)	**5,361,197**	1,353,859
Finance costs	8	**(11,435,530)**	(6,654,090)	**(6,296,182)**	(3,328,520)
Share of results of associates		**21,450,497**	(8,728,564)	**-**	-
Share of results of joint ventures		**(61,664,930)**	(47,177,759)	**-**	-
Loss before tax	9	**(168,123,904)**	(138,897,441)	**(934,985)**	(1,974,661)
Taxation	11	**509,841**	(6,483,110)	**(308,608)**	-
Net loss for the financial year		**(167,614,063)**	(145,380,551)	**(1,243,593)**	(1,974,661)
Other comprehensive income:					
Other comprehensive income to be classified to profit or loss in subsequent period (net of tax):					
Foreign currency translation, representing other comprehensive income for the year, net of tax		**(1,754,756)**	1,417,142	**-**	-
Total comprehensive loss for the year		**(169,368,819)**	(143,963,409)	**(1,243,593)**	(1,974,661)
Loss attributable to:					
Owners of the parent		**(170,940,589)**	(145,971,075)	**(1,243,593)**	(1,974,661)
Non-controlling interests		**3,326,526**	590,524	**-**	-
		(167,614,063)	(145,380,551)	**(1,243,593)**	(1,974,661)
Total comprehensive loss attributable to:					
Owners of the parent		**(171,970,326)**	(144,990,731)	**(1,243,593)**	(1,974,661)
Non-controlling interests		**2,601,507**	1,027,322	**-**	-
		(169,368,819)	(143,963,409)	**(1,243,593)**	(1,974,661)
Loss per share attributable to owners of the parent:					
Basic (sen)	12(a)	**(18.50)**	(15.80)		
Diluted (sen)	12(b)	**(18.50)**	(15.80)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Assets					
Non-current asset					
Property, vessels and equipment	13	**334,404,744**	391,083,183	**-**	-
Investment properties	14	**-**	1,649,573	**-**	-
Intangible assets	15	**-**	-	**-**	-
Investments in subsidiaries	16	**-**	-	**100,303,120**	100,303,120
Investments in associates	17	**-**	39,013,005	**-**	-
Interest in joint ventures	18	**70,064,964**	149,094,485	**-**	-
Deferred tax assets	19	**5,537,612**	530,650	**-**	-
		410,007,320	581,370,896	**100,303,120**	100,303,120
Current assets					
Inventories	20	**1,109,355**	1,513,253	**-**	-
Amount due from subsidiaries	30	**-**	-	**358,427,080**	345,147,526
Trade receivables	21	**35,163,393**	97,416,453	**-**	-
Other receivables	22	**79,260,433**	118,087,359	**5,007,679**	4,823,376
Tax recoverable		**6,132,041**	5,731,432	**-**	162,852
Cash and bank balances	23	**81,775,922**	55,792,409	**28,738,327**	27,832,934
		203,441,144	278,540,906	**392,173,086**	377,966,688
Non-current asset held for sale	24	**10,978,265**	10,978,265	**-**	-
		214,419,409	289,519,171	**392,173,086**	377,966,688
Total assets		**624,426,729**	870,890,067	**492,476,206**	478,269,808
Equity and Liabilities					
Equity					
Share capital	25	**396,314,966**	396,314,966	**396,314,966**	396,314,966
Other reserves	26	**654,855**	1,684,592	**2,108,236**	2,108,236
Retained earnings	27	**4,939,958**	199,127,654	**2,496,003**	3,739,596
		401,909,779	597,127,212	**400,919,205**	402,162,798
Non-controlling interests		**(3,485,216)**	(3,483,877)	**-**	-
Total equity		**398,424,563**	593,643,335	**400,919,205**	402,162,798

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Non-current liabilities					
Borrowings	28	**87,100,822**	20,438,528	**9,000,000**	-
Other payables	32	**-**	-	**6,400,000**	-
Deferred tax liabilities	19	**11,068,345**	4,426,819	**-**	-
		98,169,167	24,865,347	**15,400,000**	-
Current liabilities					
Borrowings	28	**35,325,028**	130,859,240	**66,000,000**	75,000,000
Trade payables	31	**41,658,147**	47,661,415	**12,018**	-
Other payables	32	**50,704,068**	73,766,137	**9,999,227**	1,107,010
Tax payable		**145,756**	94,593	**145,756**	-
		127,832,999	252,381,385	**76,157,001**	76,107,010
Total liabilities		**226,002,166**	277,246,732	**91,557,001**	76,107,010
Total equity and liabilities		**624,426,729**	870,890,067	**492,476,206**	478,269,808

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	< Attributable to owners of the parent				>		
	< Non-distributable		>	Distributable			
	Share capital (Note 25) RM	Share premium RM	Other reserves (Note 26) RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
As 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 financial 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)	-	-	-	-	-
As at 31 December 2017	396,314,966	-	1,684,592	199,127,654	597,127,122	(3,483,877)	593,643,335
As at 1 January 2018	**396,314,966**	**-**	**1,684,592**	**199,127,654**	**597,127,122**	**(3,483,877)**	**593,643,335**
Adoption of MFRS 9 (Note 39)	**-**	**-**	**-**	**(23,247,107)**	**(23,247,107)**	**-**	**(23,247,107)**
As at 1 January 2018 (Restated)	**396,314,966**	**-**	**1,684,592**	**175,880,547**	**573,880,105**	**(3,483,877)**	**570,396,228**
Loss for the financial year	**-**	**-**	**-**	**(170,940,589)**	**(170,940,589)**	**3,326,526**	**(167,614,063)**
Other comprehensive Income	**-**	**-**	**(1,029,737)**	**-**	**(1,029,737)**	**(725,019)**	**(1,754,756)**
Dividend	**-**	**-**	**-**	**-**	**-**	**(2,602,846)**	**(2,602,846)**
As at 31 December 2018	**396,314,966**	**-**	**654,855**	**4,939,958**	**401,909,779**	**(3,485,216)**	**398,424,563**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	< Non-distributable		>	Distributable	
	Share capital (Note 25) RM	Share premium RM	Other reserves (Note 26) RM	Retained earnings (Note 27) RM	Total equity RM
As at 1 January 2017	231,115,231	165,199,735	2,108,236	5,714,257	404,137,459
Total comprehensive loss for the financial year	-	-	-	(1,974,661)	(1,974,661)
Transfer to share capital	165,199,735	(165,199,735)	-	-	-
As at 31 December 2017	396,314,966	-	2,108,236	3,739,596	402,162,798
As at 1 January 2018	**396,314,966**	**-**	**2,108,236**	**3,739,596**	**402,162,798**
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(1,243,593)**	**(1,243,593)**
As at 31 December 2018	**396,314,966**	**-**	**2,108,236**	**2,496,003**	**400,919,205**

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 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows generated from/ (used in) operating activities				
Loss before taxation	**(168,123,904)**	(138,897,441)	**(934,985)**	(1,974,661)
Adjustments for:				
Interest income	**(1,322,095)**	(752,343)	**(106,263)**	(205,582)
Interest recharged to subsidiaries	**-**	-	**(6,296,175)**	(3,328,520)
Property, vessels and equipment:				
- Depreciation	**38,410,382**	39,263,113	**-**	-
- Gain on disposal	**(2,169,528)**	(16,682,669)	**-**	-
- Written off	**-**	221	**-**	-
- Impairment	**13,573,736**	18,611,686	**-**	-
Investment properties				
- Depreciation	**-**	208,103	**-**	-
- Gain on disposal	**-**	(1,664,747)	**-**	-
Finance costs	**11,435,530**	6,654,090	**6,296,182**	3,328,520
Trade receivables				
- Impairment loss	**251,062**	8,554,045	**-**	-
- Reversal of impairment loss	**-**	(4,235,000)	**-**	-
Amounts due from joint ventures				
- Impairment loss	**-**	43,311,829	**-**	-
Net unrealised foreign exchange (gain)/ loss	**(1,121,644)**	21,156,356	**166,660**	1,420,082
Share of results of associates	**(21,450,497)**	8,728,564	**-**	-
Share of results of joint ventures	**61,664,930**	47,177,759	**-**	-
Impairment loss on investment in associates	**60,463,501**	-	**-**	-
Impairment loss on interest in joint ventures	**17,864,178**	14,561,300	**-**	-
Operating profit/(loss)before working capital exchange	**9,475,651**	45,994,866	**(874,581)**	(760,161)
Changes in working capital:				
Inventories	**403,898**	553,012	**-**	-
Trade and other receivables	**88,898,100**	(80,217,097)	**(184,303)**	(4,630,600)
Trade and other payables	**(29,065,335)**	44,796,200	**5,137,575**	493,257
Cash flows generated from operations	**69,712,314**	11,126,981	**4,078,691**	(4,897,504)
Interest paid	**(11,435,530)**	(6,654,090)	**(6,296,182)**	(3,328,520)
Taxation refund	**-**	-	**-**	189,725
Taxation paid	**(631,656)**	(1,159,090)	**-**	-
Net cash flows generated from/ (used in) operating activities	**57,645,128**	3,313,801	**(2,217,491)**	(8,036,299)

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 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows (used in)/ generated from investing activities				
Purchase of property, vessels and equipment	**(2,854,245)**	(34,249,488)	**-**	-
Proceed from disposal of property, vessel and equipment	**1,673,885**	31,193,593	**-**	-
Proceed from disposal of investment properties	**-**	8,341,726	**-**	-
Proceed investment in joint ventures	**(499,587)**	-	**-**	-
Decrease in amounts due from subsidiaries	**-**	-	**(3,279,554)**	20,367,055
Interest received	**1,322,095**	752,343	**6,402,438**	3,534,102
Net cash flows (used in)/ generated from investing activities	**(357,852)**	6,038,174	**3,122,884**	23,901,157
Cash flows used in financing activities				
Term loans				
- Drawdown	**-**	9,929,752	**-**	-
- Repayment	**(8,912,072)**	(7,451,487)	**-**	-
Revolving credits				
- Repayment	**(15,721,360)**	(2,920,182)	**-**	-
Hire purchase and finance lease liabilities				
- Repayment	**(505,876)**	(708,553)	**-**	-
Dividend paid to non-controlling interest	**(2,602,846)**	-	**-**	-
Cash set aside for marginal deposit	**(493,248)**	(4,563,045)	**-**	-
Movement in sinking fund	**(860,210)**	(9,982,534)	**(925,415)**	(16,077,257)
Net cash flows used in financing activities	**(29,095,612)**	(15,696,049)	**(925,415)**	(16,077,257)
Net increase/(decrease) in cash and cash equivalents	**28,191,664**	(6,344,074)	**(20,022)**	(212,399)
Net foreign exchange difference	**171,001**	4,779,207	**-**	-
Cash and cash equivalents at beginning of the financial year	**5,478,712**	7,043,579	**236,920**	449,319
Cash and cash equivalents at the end of the financial year (Note 23)	**33,841,377**	5,478,712	**216,898**	236,920

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The registered office and principal place of business is located at 38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (‘MFRS’), International Financial Reporting Standards and the provisions of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities. The principal accounting policies adopted are set out below.

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current year, the company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation of financial statements (Cont'd)

Standards issued but not yet effective

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayments Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendments Curtailment or Settlement
- Amendments to MFRS 123, Borrowing costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures-Long-term Interest in Associates and Joint Ventures

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments, that are effective for annual period.

- MFRS 16 Leases

  MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

  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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation of financial statements (Cont'd)

Standards issued but not yet effective (Cont'd)

- MFRS 16 Leases (Cont'd)

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 Company plans to assess the potential effect of MFRS 16 on its financial statements in year 2018.

b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). The cost of investments includes transaction costs.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisitions date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquire; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquire either at fair value or at the appropriate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRS Goodwill arising from acquisitions before 1 January 2011 has been carried forward from previous FRS framework as at the date of transition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (Cont'd)

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the statements of comprehensive income.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's shares of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associates at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associates decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (Cont'd)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interest in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and owners of the Company.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Revenue

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:

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Revenue (Cont'd)

(ii) 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(n).

(iii) Diving and sub-sea services

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

(iv) Rental of equipment

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

(v) Vessel's management fees

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

(vi) 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.

(vii) Interest income

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

(viii) Dividend income

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

d) Employee benefits

(i) Short term employee benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Employee benefits (Cont'd)

(ii) Defined contribution plan

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the financial year to which they relate.

(iii) 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 recognised 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.

e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset when the expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended during any extended periods in which active development is interrupted and ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in profit or loss in the financial year in which they are incurred.

f) Income tax

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Income tax (Cont'd)

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

g) 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 ad 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:

	Rate
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%

Asset 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Investment properties

Investment properties, that are held to earn rentals or for capital appreciation or both, are stated at fair value. Gains or losses arising from a change in the fair value of investment properties are recognised in profit or loss during the financial year in which they arise.

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(j).

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.

i) Intangible assets

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Intangible assets (Cont'd)

(ii) Other intangible assets

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

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

j) Impairment of non-financial assets

At each reporting date, the Group and the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Group and the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

When it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset, other than goodwill, is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

k) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

On initial classification as held for sale, non-current assets or disposal groups are measured at the lower of the carrying amounts and fair value less costs to sell. Immediately before the initial classification as held for sale, the carrying amounts of non-current assets or disposal groups are measured in accordance with applicable MFRSs.

An impairment loss shall be recognised for any initial or subsequent write-down of the assets or disposal groups to fair value less costs to sell. Subsequent increase in fair value less costs to sell shall be recognised as a gain in profit or loss, to the extent of the cumulative impairment loss that has been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

(ii) Net investment in a foreign operation

Exchange differences arising on the monetary items that, in substance, forms part of the Group and the Company's net investment in a foreign operation are recognised in the Group's and the Company's profit or loss. In the consolidated financial statements, such exchange differences are reclassified to equity only if the monetary items are denominated in either the functional currency of the Group and the Company or the foreign operation. Deferred exchange differences are recognised in profit or loss on disposal of the investment.

(iii) Presentation currency

The financial statements of the Group and the Company are presented in Ringgit Malaysia as the shareholders of the Group and the Company are primarily residing in Malaysia. Assets and liabilities are translated from the functional currency, Singapore Dollar, into Ringgit Malaysia using the exchange rate ruling at the reporting date. Income and expenses are translated using exchange rate approximates to those ruling at the date of the transactions. Equity items other than current year's results are translated using the historical rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of translation reserves.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

n) Construction contract

When the outcome of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the financial year in which they are incurred.

Contract revenue also includes variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they can be measured reliably.

An expected loss on the construction contract is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(ii) Amortised cost and effective interest method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Financial assets (Cont'd)

(iii) Debt instruments classified as at FVTOCI

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest revenue and foreign exchange gains and losses which are recognised in profit or loss. OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(iv) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit and loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(v) Financial assets at fair value through profit or loss ('FVTPL')

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Financial assets (Cont'd)

(vi) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI), lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) Derecognition of financial assets

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Company enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

q) Provisions

A provision is recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised based on a reliable estimate of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Lease

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.

(i) 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.

(ii) A 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 set out in Notes 2 (c)(i) and 2 (c)(iv).

s) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised n profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) Financial liabilities at FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group and the Company do not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group and the Company do not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) Financial liabilities (Cont'd)

(ii) Other financial liabilities

Other financial liabilities include the following items:

- bank borrowings and the Group's and the Company's perpetual preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- liability components of convertible loan notes are measured as described further below.

- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Derecognition of financial liabilities

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

t) Fair value measurement

Fair value of an asset or a liability is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

a) 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.

(i) Financial guarantee contracts

Financial guarantee contracts relate to a corporate guarantee provided by the Company for the financing facilities granted to a subsidiary and joint ventures.

The Company assumes that there is a significant increase in credit risk when a subsidiary's and joint ventures' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary and joint ventures are unlikely to repay its credit obligation to the bank in full; or
- The subsidiary and joint ventures are continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loan individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

b) 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:

(i) 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. Charges 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 13.

(ii) Impairment of receivables

As at 31 December 31 December 2018, the Group's trade receivables are grouped based on shared credit risk characteristics and days past due, with expected loss rates assessed based on the Group's historical credit loss experience.

The Group further evaluates the expected credit loss ('ECL') on customers on case-by-case basis, which may be assessed based on indicators such as changes in financial capability of the debtor, and default or significant delay in payments.

The Group's credit risk exposure for trade receivables are set out in Note 38.

(iii) 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 13.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

b) Key sources of estimation uncertainty (Cont'd)

(iv) Impairment of investments in associates and joint ventures (Cont'd)

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in associates and joint venture 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.

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%.

4. REVENUE

	Group	
	2018	**2017**
	RM	**RM**
Charter hire	**43,833,025**	69,228,391
Offshore installation and construction	**5,412,726**	35,152,031
Diving and sub-sea services	**25,867,115**	35,032,270
Rental of equipment	**5,719,923**	9,197,110
Other shipping related income	**3,369,626**	1,763,256
Vessel's management fees	**7,969,000**	8,753,130
Ship catering	**3,195,784**	1,948,408
	95,367,199	161,074,596

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. 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	
	2018	**2017**
	RM	**RM**
Wages and allowances	**17,193,518**	17,740,725
Contributions to defined contribution plan - EPF	**800,258**	1,936,353
Social security contributions	**77,762**	114,014
	18,071,538	19,791,092

6. OTHER INCOME

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Interest income	**1,322,095**	752,343	**106,263**	205,582
Gain of foreign exchange:				
- Realised	**117,007**	18,914,528	**391**	951,601
- Unrealised	**248,606**	-	**-**	-
Rental of premises	**330,820**	777,091	**-**	-
Interest recharged to subsidiaries	**-**	-	**6,296,175**	3,328,520
Reversal of impairment loss on trade receivables (Note 21)	**-**	4,235,000	**-**	-
Gain on disposal of property, vessels and equipment	**2,169,528**	16,682,669	**-**	-
Gain on disposal of investment properties	**-**	1,664,747	**-**	-
Other income	**1,719,975**	1,564,526	**-**	-
	5,908,031	44,590,904	**6,402,829**	4,485,703

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, bonuses and allowances	**16,129,160**	17,740,725	**119,136**	315,012
Contribution to defined contribution plan	**1,611,086**	1,936,353	**-**	-
Social security contributions	**101,302**	114,014	**-**	-
Other staff related expenses	**2,305,856**	1,758,405	**76,251**	-
	20,147,404	21,549,497	**195,387**	315,012
Cost of sale (Note 5)	**18,071,538**	19,791,092	**-**	-
	38,218,942	41,340,589	**195,387**	315,012

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM 3,238,101 (2017: RM 3,703,175) as further disclosed in Note 10.

8. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
Term loans	**1,864,083**	1,328,564	**-**	-
Hire purchase and finance lease liabilities	**77,295**	124,432	**-**	-
Sukuk Ijarah MTN	**6,296,175**	3,328,520	**6,296,182**	3,328,520
Revolving credit	**2,913,380**	1,301,145	**-**	-
Other borrowings	**284,597**	571,429	**-**	-
	11,435,530	6,654,090	**6,296,182**	3,328,520

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. LOSS BEFORE TAX

a) Disclosure items

Loss before tax is arrived after charging/(credited) the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-executive directors' Remuneration (Note 10)	**277,883**	349,000	**277,883**	349,000
Auditors' remuneration:				
- Statutory audits	**196,400**	219,000	**45,000**	70,000
- Other services	**-**	60,000	**-**	60,000
- Other auditors	**59,956**	95,624	**-**	-
Operating leases payment:				
- premises	**1,208,256**	1,280,790	**-**	-
- third party vessels	**-**	7,009,935	**-**	-
Property, vessel and equipment:				
- Depreciation (Note 13)	**38,410,382**	39,263,113	**-**	-
- Written off (Note 13)	**-**	221	**-**	-
- Impairment loss (Note 13)	**13,573,736**	18,611,686	**-**	-
Gain on disposal	**(2,169,528)**	-	**-**	-
Investment properties				
- Depreciation (Note 14)	**-**	208,103	**-**	-
Trade receivables:				
- Impairment loss (Note 21)	**251,062**	8,554,045	**-**	-
Amount due from joint ventures:				
- Impairment loss (Note 22)	**9,778,418**	43,311,829	**-**	-
Net unrealised foreign exchange (gain)/losses	**(1,121,644)**	21,156,356	**166,660**	1,420,082
Impairment loss on interest in associates (Note 17)	**60,463,501**	-	**-**	-
Impairment loss on interest in joint venture (Note 18)	**17,864,178**	14,561,300	**-**	-
Inventories:	**11,435,530**	6,654,090	**6,296,182**	3,328,520
- Impairment loss (Note 20)	**464,720**	-	**-**	-

10. DIRECTORS' REMUNERATION

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Executive:				
Salaries and other emoluments	**2,847,069**	3,274,740	**-**	-
Defined contribution plan	**247,032**	284,435	**-**	-
Estimated money value of benefits-in-kind	**144,000**	144,000	**-**	-
Total executive directors' remuneration	**3,238,101**	3,703,175	**-**	-
Non-executive:				
Fees and other emoluments	**277,883**	349,000	**277,883**	349,000
Total non-executive directors' remuneration	**277,883**	349,000	**277,883**	349,000
Total directors' remuneration	**3,515,984**	4,052,175	**277,883**	349,000

The number of directors of the Group and the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2018	**2017**
Executive directors:		
RM800,001 - RM900,000	1	-
RM900,001 - RM1,000,000	-	1
RM1,000,001 - RM1,200,000	1	-
RM1,200,001 - RM1,300,000	-	1
RM1,300,001 - RM1,500,000	1	-
RM1,500,001 - RM1,600,000	-	1
Non-executive directors:		
RM40,001 – RM100,000	1	-
RM100,001 - RM110,000	-	1
RM110,001 - RM120,000	1	1
RM120,001 - RM130,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense				
Current financial year				
- Malaysia	**158,948**	592,547	**-**	-
Under provision in prior financial years				
- Malaysia	**460,273**	922,070	**308,608**	-
	619,221	1,514,617	**308,608**	-
Deferred tax expense				
Temporary differences	**(5,715,830)**	3,674,607	**-**	-
Under provision in prior financial years	**4,586,768**	1,293,886	**-**	-
	(1,129,062)	4,968,493	**-**	-
Total income tax expense	**(509,841)**	6,483,110	**308,608**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

The income tax expense is reconciled to the accounting loss at the applicable tax rate as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before tax	**(168,123,904)**	(138,897,441)	**(934,985)**	(1,974,661)
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**(40,349,737)**	(33,335,386)	**(224,396)**	(473,919)
Different tax rates in other countries	**(82,917)**	(233,885)	**-**	-
Different tax rate in other tax jurisdiction	**19,861,344**	8,880,050	**-**	-
Effect of income not subject to tax	**-**	(919,694)	**-**	-
Effect of share of result of joint ventures and associates	**9,651,466**	13,417,518	**-**	-
Expenses non-deductible for tax purposes	**5,049,811**	6,348,084	**224,396**	473,919
Deferred tax assets not recognised	**313,151**	10,110,467	**-**	-
Under provision of income tax in prior years	**460,273**	922,070	**308,608**	-
Under provision of deferred tax in prior years	**4,586,768**	1,293,886	**-**	-
Income tax (credit)/expense for the year	**(509,841)**	6,483,110	**308,608**	-

11. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised tax losses	**21,960,445**	22,051,764	**-**	-
Unabsorbed capital allowances	**2,227,884**	1,125,856	**-**	-
Other deductible temporary differences	**35,036,136**	35,036,136	**-**	-
	59,224,465	58,213,756	**-**	-

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised by the Company as the future profit streams are unpredictable. However, the unused tax losses may be carried forward indefinitely.

12. EARNINGS PER SHARE

a) Basic earnings per share

Basic earnings per share amounts are calculated 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.

	2018 RM	2017 RM
Loss attributable to owners of the parent of the Company	**(170,940,589)**	(145,971,075)
Weighted average number of ordinary shares in issue	**924,460,921**	924,460,921
Basic loss per share (sen)	**(18.5)**	(15.8)

b) Diluted earnings per share

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.

	2018 RM	2017 RM
Loss attributable to owners of the parent of the Company	**(170,940,589)**	(145,971,075)
Weighted average number of ordinary shares in issue	**924,460,921**	924,460,921
Adjusted weighted average number of ordinary shares in issue and issuable	**924,460,921**	924,460,921
Diluted loss earnings per share (sen)	**(18.5)**	(15.8)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. PROPERTY, VESSELS AND EQUIPMENT

Group	Long term leasehold 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	Asset 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 24)	(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**
Additions	**-**	**-**	**-**	**1,912,961**	**941,284**	**-**	**-**	**-**	**-**	**2,854,245**
Transfer from investment properties (Note 14)	**-**	**1,944,859**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,944,859**
Disposals	**-**	**(1,451,055)**	**(6,435,000)**	**(496,491)**	**(2,387,775)**	**-**	**(944,620)**	**-**	**(6,684,574)**	**(18,399,515)**
Exchange differences	**-**	**-**	**-**	**-**	**(636,614)**	**-**	**(11,556)**	**-**	**-**	**(648,170)**
At 31 December 2018	**-**	**12,133,167**	**603,759,549**	**50,522,322**	**126,814,877**	**5,023,917**	**7,557,279**	**5,050,232**	**-**	**810,861,343**

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

Group	Long term leasehold 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	Asset under construction RM	Total RM
Accumulated depreciation										
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
Change 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	-	-	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 24)	(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**
Change for the year	**-**	**331,180**	**23,798,332**	**4,301,237**	**8,281,221**	**492,434**	**626,839**	**579,139**	**-**	**38,410,382**
Transfer from investment properties (Note 14)	**-**	**295,286**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**295,286**
Disposals	**-**	**-**	**(5,634,612)**	**(579,240)**	**(2,350,958)**	**-**	**(941,011)**	**-**	**-**	**(9,505,821)**
Impairment	**-**	**-**	**13,573,736**	**-**	**-**	**-**	**-**	**-**	**-**	**13,573,736**
Exchange differences	**-**	**-**	**-**	**-**	**(332,434)**	**-**	**(11,291)**	**-**	**-**	**(343,725)**
At 31 December 2018	**-**	**3,175,811**	**320,272,169**	**42,797,793**	**94,871,074**	**4,406,216**	**6,860,588**	**4,072,948**	**-**	**476,456,599**
Net book value										
At 1 January 2017	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
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 2018	**-**	**8,957,356**	**283,487,380**	**7,724,529**	**31,943,803**	**617,701**	**696,691**	**977,284**	**-**	**334,404,744**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The carrying amounts of the property, plant and equipment under finance lease of the Group and the Company are as follows:

	Group	
	2018 RM	2017 RM
Motor vehicles	**617,701**	1,110,135
Computers, office equipment, and furniture and fittings	**-**	489,239

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 29.

The Group has pledged the following property, vessels and equipment to licensed banks to secure banking facilities granted to the Group as disclosed in Note 28 are as follows:

	Group	
	2018 RM	2017 RM
Leasehold buildings	**8,957,356**	9,090,018
Vessels	**283,487,380**	321,659,836

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 RM13,573,736 (2017: RM18,611,686). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM297,965,613 (2017: RM360,699,955). 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.

(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% (2017: 10%).

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

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 vessel in reference to the valuation reports, taking into consideration of significant factors (amongst others vessels' classification, age, year built and engine capacity).

The valuations 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%.

14. INVESTMENT PROPERTIES

	Group	
	2018	**2017**
	RM	**RM**
Cost		
At 1 January	**1,944,859**	8,765,112
Disposal	**-**	(6,820,253)
Transfer to prosperty, vessels and equipment	**(1,944,859)**	-
At 31 December	**-**	1,944,859
Accumulated depreciation		
At 1 January	**295,286**	230,457
Charge for the year	**-**	208,103
Disposal	**-**	(143,274)
Transfer to property, vessels and equipment	**(295,286)**	-
At 31 December	**-**	295,286
Net book value		
At 31 December	**-**	1,649,573

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT PROPERTIES (CONT'D)

The Group's investment properties consist of one unit of office building (2017: one units of office buildings). The fair value of the investment properties were estimated at nil (2017: RM2,568,439) 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 28.

15. 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 2018	**1,738,224**	**912,275**	**2,650,499**
Exchange differences	**7,592**	**3,985**	**11,577**
At 31 December 2018	**1,745,816**	**916,260**	**2,662,076**
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 2018	1,738,224	912,275	2,650,499
Exchange differences	7,592	3,985	11,577
At 31 December 2018	1,745,816	916,260	2,662,076
Net book value			
At 31 December 2017	-	-	-
At 31 December 2018	-	-	-

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

<u>Allocation of goodwill</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM	Company 2017 RM
Unquoted shares, at cost	**100,303,120**	100,303,120

The subsidiaries, which were incorporated in Malaysia, are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2018	Group's effective interest 2017
(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 Holding (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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2018 %	Group's effective interest 2017 %
(iv) Held through AMLI:				
Eastar Offshore Pte. Ltd. ("EASTAR") **	Singapore	Designing manufacturing and operating of remotely operated vehicles ("ROVs")	75	75
(v) Held through EASTAR:				
Alam Subsea Pte. Ltd. ("ASPL") **	Singapore	Rental of ROV and providing ROV services	75	75
(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 Afrizan Tarmili Khairul Azhar.

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.

17. INVESTMENTS IN ASSOCIATES

	Group 2018 RM	Group 2017 RM
Unquoted shares, at cost	**61,699,516**	61,699,516
Share of post-acquisition reserves	**-**	(21,450,496)
	61,699,516	40,249,020
Less: Impairment loss	**(61,699,516)**	(1,236,015)
	-	39,013,005

17. INVESTMENTS IN ASSOCIATES (CONT'D)

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. 2018 RM	TH-Alam Holdings (L) Inc. 2017 RM
Assets and liabilities		
Non-current assets	**228,063,044**	279,091,914
Current assets	**14,858,677**	5,626,566
Total assets	**242,921,721**	284,718,480
Non-current liabilities	**149,366,812**	-
Current liabilities	**78,937,682**	187,248,110
Total liabilities	**228,304,494**	187,248,110
Net assets	**14,617,227**	97,470,370

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc. 2018 RM	TH-Alam Holdings (L) Inc. 2017 RM
Revenue for the year	**33,887,064**	37,605,519
Depreciation of property, vessel and equipment	**(19,540,389)**	(18,616,696)
Impairment on property, vessel anequipment	**(50,722,867)**	(2,361,319)
Interest income	**6,897**	6,627
Interest expense	**(10,034,316)**	(9,510,784)
Income tax expense	**(40,000)**	(40,000)
Loss for the year, representing total comprehensive income	**(64,786,857)**	(17,813,396)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATES (CONT'D)

(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. 2018 RM	2017 RM
Net assets as at 31 December	**14,617,227**	97,470,370
Loss for the year, representing total comprehensive income	**(64,786,857)**	(17,813,396)
Investment in associates	**49%**	49%
Carrying value of Group's investment in associates	**7,162,441**	47,760,481
Group's share of results of associates	**(31,745,560)**	(8,728,564)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2018 %	2017 %
(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

** Audited by firms other than Afrizan Tarmili Khairul Azhar.

18. INTEREST 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	
	2018	**2017**
	RM	**RM**
Unquoted shares, at cost	**93,134,378**	93,134,378
Share of post-acquisition reserves	**10,949,091**	72,114,434
	104,083,469	165,248,812
Redeemable preference shares	**6,000,000**	6,000,000
Less: Impairment loss	**(40,018,505)**	(22,154,327)
	70,064,964	149,094,485

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.

(i) Summarised statements of financial position

	ALAM-PE (H) GROUP RM	**AS III RM**	**MDSV RM**	**ARLI RM**
2018				
Assets and liabilities				
Non-current assets	**148,015,218**	-	-	-
Cash and cash equivalent	**4,021,254**	-	-	112,147
Other current assets	**30,501,500**	-	-	119,716,593
Total assets	**182,537,972**	-	-	119,828,740
Trade and other payables	**4,608,661**	-	-	26,116,406
Other current liabilities	**5,118,640**	-	-	76,575,026
Total liabilities	**9,727,301**	-	-	102,691,432
Net assets	**172,810,671**	-	-	17,137,308

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. INTEREST IN JOINT VENTURES (CONT'D)

(i) Summarised statements of financial position (Cont'd)

	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 liabilites	-	20,080,826	151,781,250	49,108,028
Trade ad 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

(ii) Summarised statements of comprehensive income

	ALAM-PE (H) GROUP RM	AS III RM	MDSV RM	ARLI RM
2018				
Revenue	**18,328,888**	**-**	**-**	**5,550,080**
Depreciation of property, vessels and equipment	**(11,485,745)**	**-**	**-**	**(8,680,432)**
Impairment on property, vessels and equipment	**(24,445,563)**	**-**	**-**	**(20,638,992)**
Interest income	**-**	**-**	**-**	**-**
Interest epense	**-**	**-**	**-**	**(9,602,129)**
Loss before tax	**(33,922,138)**	**-**	**-**	**(41,268,468)**
Income tax expense	**(101,948)**	**-**	**-**	**(20,000)**
Loss for the year, representing total comprehensive income	**(34,024,086)**	**-**	**-**	**(41,288,468)**
2017				
Revenue	41,308,756	-	20,543,867	16,593,616
Depreciation of property, vessels and equipment	(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 epense	-	(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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. INTEREST 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
2018				
Net assets as at 31 December	**172,810,671**	**-**	**-**	**17,137,308**
Loss for the year, representing total comprehensive income	**(34,024,086)**	**-**	**-**	**(41,288,468)**
Interest in joint ventures	**51%**	**-**	**-**	**51%**
Carrying value of Group's interest in joint ventures	**88,133,442**	**-**	**-**	**8,740,027**
Group's share of joint ventures	**(17,352,284)**	**-**	**-**	**(21,057,119)**
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)
Interest in joint ventures	51%	60%	51%	51%
Carrying value of Group's interest in joint ventures	105,485,726	4,059,137	-	32,780,116
Group's share of joint ventures	3,516,590	(4,876,615)	(25,254,447)	(9,593,632)

(iv) Aggregate information of joint ventures that are not individually material and not included in Note 18(iii) above:

	2018 RM	2017 RM
Loss for the year, representing total comprehensive loss of joint ventures	**-**	(40,724,893)
The Group's share of result, representing total comprehensive income	**-**	(10,969,655)
Carrying value of Group's interest in joint ventures	**-**	6,769,506

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. INTEREST IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2018 %	Group's effective interest 2017 %
(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
(ii) Held through AMLI:				
Workboat International DMCCO ("WBI") **	United Arab	Ship owning, ship management, Emirates ship operation, maintenance and consultancy	60	60
Alam Brompton (L) Inc. ("ABLI") **	Federal Territory of Labuan, Malaysia	Ship owning, ship management, ship operation, maintenance and consultancy	51	51
Alam Fast Boats (L) Inc.	Federal Territory of	Ship owning, operating and	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)	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

18. INTEREST IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows: (Cont'd)

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2018 %	Group's effective interest 2017 %
(ii) Held through AMLI: (Cont'd)				
Globe Alam Marine Offshore	Saudi Arabia	Offshore facilities construction and Services Co. ("Globe Alam") ** 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
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, 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	Investment holding and ship owning Labuan, Malaysia	50	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. INTEREST IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows: (Cont'd)

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2018 %	Group's effective interest 2017 %
(vii) Held through AHSB:				
Subsea Worldwide Solutions Sdn. Bhd. ("SWS")	Malaysia	Providing offshore under water and subsea services	50	-

** Audited by firms other than Afrizan Tarmili Khairul Azhar.

These joint ventures have the same reporting period as the Group and accounted for by using equity method.
The Group completed the following in the current financial year:

a) On 4 September 2018, Alam Hidro (M) Sdn. Bhd. ("AHSB") is a wholly owned subsidiary of the Company and AME Subsea Sdn. Bhd. ("AME") had entered into shareholder agreement to incorporate a joint venture company known as Subsea Worldwide Solutions Sdn. Bhd. ("SWS").

19. DEFERRED TAXATION

	Group 2018 RM	Group 2017 RM
At 1 January	**3,896,169**	(988,190)
Recognised in profit or loss (Note 11)	**(1,129,062)**	4,968,493
Exchange differences	**2,763,626**	(84,134)
At 31 December	**5,530,733**	3,896,169
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(5,537,612)**	(530,650)
Deferred tax liabilities	**11,068,345**	4,426,819
	5,530,733	3,896,169

19. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities of the Group:

	Accelerated allowances RM
At 1 January 2018	**4,853,365**
Recognised in profit or loss	**3,451,354**
Exchange differences	**2,763,626**
At 31 December 2018	**11,068,345**
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

Deferred tax assets of the Group:

	Allowance for doubtful debts RM	**Unutilised tax losses and unabsorbed capital allowances RM**	**Total RM**
At 1 January 2018	**-**	**(957,196)**	**(957,196)**
Recognised in profit or loss	**-**	**(4,580,416)**	**(4,580,416)**
At 31 December 2018	**-**	**(5,537,612)**	**(5,537,612)**
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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVENTORIES

	Group 2018 RM	Group 2017 RM
At cost:		
Raw materials	**1,246,221**	932,279
Spare parts	**327,854**	580,974
Less: Impairment loss	**(464,720)**	-
	1,109,355	1,513,253

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was nil (2017: RM625,715).

21. TRADE RECEIVABLES

	Group 2018 RM	Group 2017 RM
Current		
Third parties	**60,124,521**	71,667,964
Accrued charter hire income	**9,252,425**	36,463,873
Less: Allowance for impairment	**(34,213,553)**	(10,715,384)
	35,163,393	97,416,453
Non-current		
Third parties	**54,263,341**	54,263,341
Less: Allowance for impairment	**(54,263,341)**	(54,263,341)
	-	-
Trade receivables, net	**35,163,393**	97,416,453

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 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 38.

21. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

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

	Group	
	2018 RM	**2017 RM**
Neither past due nor impaired	**14,424,613**	37,959,181
1 to 30 days past due not impaired	**10,655,198**	25,697,487
31 to 60 days past due not impaired	**2,803,328**	11,007,195
61 to 90 days past due not impaired	**504,806**	1,837,299
91 to 120 days past due not impaired	**3,452,715**	17,805,317
More than 121 days past due not impaired	**3,322,733**	3,109,974
	20,738,780	59,457,272
Impaired	**88,476,894**	64,978,725
	123,640,287	162,395,178

Trade receivables that are neither past due nor impaired

As at 31 December 2018, the Group has trade receivables amounting to RM14,424,613 (2017: RM37,959,181) 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 2018, the Group has trade receivables amounting to RM20,738,780 (2017: RM59,457,272) that are past due at the reporting date but not impaired.

At the reporting date, 28 % (2017: 60%) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. TRADE RECEIVABLES (CONT'D)

The reconciliation of movement in the impairment loss of trade receivables is as follows:

	Group	
	2018 RM	2017 RM
At 1 January under MFRS 139	**64,978,725**	60,659,680
Restated through opening retained earning	**23,247,107**	-
Opening impairment loss of trade receivables in accordance with MFRS 9	**88,225,832**	60,659,680
Charge for the year (Note 9)	**251,062**	8,554,045
Reversal of impairment (Note 6)	**-**	(4,235,000)
At 31 December	**88,476,894**	64,978,725

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.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amount due from related parties:				
- Joint ventures	**113,418,022**	119,614,683	**4,923,722**	4,822,752
- Associates	**37,179**	3,992,884	**37,179**	624
	113,455,201	123,607,567	**4,960,901**	4,823,376
Less: Impairment loss	**(61,043,414)**	(51,264,996)	**-**	-
	52,411,787	72,342,571	**4,960,901**	4,823,376
Deposits	**1,234,503**	908,614	**-**	-
Prepayments	**12,983,300**	11,178,125	**-**	-
Sundry receivables	**12,630,843**	33,658,049	**46,778**	-
Total other receivables	**79,260,433**	118,087,359	**5,007,679**	4,823,376
Add: Trade receivables (Note 21)	**35,163,393**	97,416,453	**-**	-
Cash and bank balances (Note 23)	**81,775,922**	55,792,409	**28,738,327**	27,832,934
Amount due from subsidiaries	**-**	-	**358,427,080**	345,147,526
Less: Prepayment	**(12,983,300)**	(11,178,125)	**-**	-
Total loans and receivables	**183,216,448**	260,118,096	**392,173,086**	377,803,836

Amount due from related parties are unsecured, non-interest bearing and repayable on demand.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The reconciliation movement in the impairment loss of other receivables is as follows:

	Group	
	2018 RM	**2017 RM**
At 1 January	**51,264,996**	7,953,167
Charge for the year (Note 9)	**9,778,418**	43,311,829
At 31 December	**61,043,414**	51,264,996

Other information of financial risks of other receivables are disclosed in Note 38.

23. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Cash on hand and at bank	**34,260,415**	7,988,787	**216,898**	171,715
Deposits with licensed bank (a)	**47,515,507**	47,803,622	**28,521,429**	27,661,219
Cash and bank balances	**81,775,922**	55,792,409	**28,738,327**	27,832,934
Less: Bank overdrafts (Note 28)	**(646,073)**	(4,378,683)	**-**	-
Amount set aside as sinking fund (b)	**(39,273,809)**	(38,413,599)	**(28,521,429)**	(27,596,014)
Amount set aside as margin deposits for bank guarantee facilities (c)	**(8,014,663)**	(7,521,415)	**-**	-
Total cash and cash equivalents	**33,841,377**	5,478,712	**216,898**	236,920

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2018 are 2.4% (2017:2.4%) and 36 days (2017:38 days) respectively.

(b) Amounts set aside as sinking fund are pledged to secure the borrowings as disclosed in Note 28.

(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 38.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. CASH AND BANK BALANCES (CONT'D)

The currency exposure profile of cash and bank balances as at end of the reporting period is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	**79,766,862**	51,667,023	**28,738,327**	27,832,934
United State Dollar	**453,257**	3,390,696	**-**	-
Singapore Dollar	**1,555,803**	734,690	**-**	-
	81,775,922	55,792,409	**28,738,327**	27,832,934

24. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2018 RM	2017 RM
At 1 January	10,978,265	-
Transfer from property, vessels and equipment:		
Cost (Note 13)	**-**	12,039,510
Accumulated depreciation (Note 13)	**-**	(1,061,245)
At 31 December	**10,978,265**	10,978,265

As disclosed in Notes 28 and 42, under the PRS terms, the leasehold land is required to be disposed of by 31 December 2019.

25. SHARE CAPITAL

	Number of ordinary shares	< Amount		>
	Share capital (issued and fully paid)	Share capital (issued and fully paid) RM	Share premium RM	Total RM
At 1 January 2018/ 31 December 2018	**924,460,921**	**396,314,966**	**-**	**396,314,966**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. OTHER RESERVES

	Premium paid on acquisition of non-controlling interest RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
Group				
At 1 January 2018	**(4,639,834)**	**4,216,190**	**2,108,236**	**1,684,592**
Foreign currency translation	**-**	**(1,029,737)**	**-**	**(1,029,737)**
At 31 December 2018	**(4,639,834)**	**3,186,453**	**2,108,236**	**654,855**
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

	Employee share option reserve/ Total RM
Company	
At January 2018/ 31 December 2018	**2,108,236**
At January 2017/ 31 December 2017	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 33. 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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. RETAINED EARNINGS

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

28. BORROWINGS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 23)	**646,073**	4,378,683	**-**	-
Term loans	**2,459,823**	3,067,151	**-**	-
Sukuk Ijarah MTN	**9,000,000**	75,000,000	**9,000,000**	75,000,000
Hire purchase and finance lease liabilities (Note 29)	**369,205**	367,588	**-**	-
	12,475,101	82,813,422	**9,000,000**	75,000,000
Unsecured:				
Revolving credits	**22,849,927**	48,045,818	**-**	-
	35,325,028	130,859,240	**9,000,000**	75,000,000
Long term borrowings				
Secured:				
Term loans	**10,838,120**	19,142,864	**-**	-
Sukuk Ijarah MTN	**66,000,000**	-	**66,000,000**	-
Hire purchase and finance lease liabilities (Note 29)	**788,171**	1,295,664	**-**	-
	77,626,291	20,438,528	**66,000,000**	-
Unsecured:				
Revolving credits	**9,474,531**	-	**-**	-
	87,100,822	20,438,528	**66,000,000**	-
Total borrowings				
Bank overdrafts (Note 23)	**646,073**	4,378,683	**-**	-
Revolving credits	**32,324,458**	48,045,818	**-**	-
Term loans	**13,297,943**	22,210,015	**-**	-
Sukuk Ijarah MTN	**75,000,000**	75,000,000	**75,000,000**	75,000,000
Hire purchase and finance lease liabilities (Note 29)	**1,157,376**	1,663,252	**-**	-
	122,425,850	151,297,768	**75,000,000**	75,000,000

28. BORROWINGS (CONT'D)

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Not later than 1 year	**34,955,824**	130,491,652	**9,000,000**	75,000,000
Later than 1 year not later than 2 years	**26,117,756**	3,515,018	**14,400,000**	-
Later than 2 years not later than 5 years	**57,850,279**	7,745,099	**51,600,00**	-
Later than 5 years	**2,344,615**	7,882,747	**-**	-
	121,268,474	149,634,516	**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	
	2018 %	**2017 %**	**2018 %**	**2017 %**
Bank overdrafts	**6.60**	6.60	**-**	-
Term loans	**5.00**	5.50	**-**	-
Sukuk Ijarah MTN	**5.00**	5.63	**5.00**	5.63
Revolving credits	**3.80**	3.80	**-**	-

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 under the Proposed Restructuring Scheme ("PRS") as disclosed in Note 42.

29. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2018 RM	**2017 RM**
Future minimum lease payments:		
Not later than 1 year	**409,869**	427,963
Later than 1 year and not later than 2 years	**621,602**	440,926
Later than 2 year and not later than 5 years	**195,040**	960,817
Later than 5 years	**29,788**	31,021
Total future minimum lease payments	**1,256,299**	1,860,727
Less: Future finance charges	**(98,923)**	(197,475)
Present value of finance lease liabilities (Note 28)	**1,157,376**	1,663,252

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

	Group	
	2018 RM	2017 RM
Analysis of present value:		
Not later than 1 year	**369,205**	367,588
Later than 1 year and not later than 2 years	**582,642**	393,502
Later than 2 year and not later than 5 years	**178,500**	873,240
Later than 5 years	**27,029**	28,922
	1,157,376	1,663,252
Less: Amount due within 12 months (Note 28)	**(369,205)**	(367,588)
Amount due after 12 months (Note 28)	**788,171**	1,295,664

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2017:2.77%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 38.

30. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM75,000,000 (2017: RM75,000,000) which bears interest rate between 5.2% per annum and 5.6% per annum (2017: between 5.2% per annum and 5.6% per annum).

Included in amount due from subsidiaries are an amount related to financial guarantee given by the Company to its subsidiaries for banking facilities amounting to RM10 million.

Further details on related party transactions are disclosed in Note 36.

31. TRADE PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Third parties	**41,658,147**	47,661,415	**12,018**	-

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 (2017: 30 to 60 days).

Other information on financial risks of trade payables is disclosed in Note 38.

32. OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current:				
Amounts due to related parties:				
- Joint ventures	**14,872,902**	38,613,640	**-**	-
- Associates	**4,031,355**	3,533,956	**-**	-
	18,904,257	42,147,596	**-**	-
Financial guarantee contract	**-**	-	**3,600,000**	-
Accrued expenses	**27,302,762**	23,682,516	**6,277,296**	688,410
Deposits from customers	**-**	572,449	**-**	-
Sundry payables	**4,497,049**	7,363,576	**121,931**	418,600
	50,704,068	73,766,137	**9,999,227**	1,107,010
Non-current:				
Financial guarantee contract	**-**	-	**6,400,000**	-
Add: Trade payables (Note 31)	**41,658,147**	47,661,415	**12,018**	-
Borrowings (Note 28)	**122,425,850**	151,297,768	**75,000,000**	75,000,000
Total financial liabilities carried at amortised costs	**214,788,065**	272,725,320	**91,411,245**	76,107,010

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

Financial guarantee is a guarantee given by the Company to its subsidiaries for banking facilities.

Other information on financial risks of other payables is disclosed in Note 38.

33. 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. As at 31 December 2018, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. EMPLOYEE SHARE OPTIONS SCHEME ("ESOS") (CONT'D)

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

(d) In the event of any alteration in the capital structure of the Company 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**
2018				
2016 Options	**8,054,900**	**-**	**8,054,900**	**8,054,900**
2017 Options	**8,054,900**	**12,082,350**	**20,137,250**	**20,137,250**
2018 Options	**20,137,250**	**16,109,800**	**36,247,050**	**36,247,050**
2017				
2016 Options	8,054,900	-	8,054,900	8,054,900
2017 Options	8,054,900	12,082,350	20,137,250	20,137,250

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

	Weighted average exercise price RM	**Exercise period**
2018		
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**
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

34. 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:

	2018 RM	2017 RM
Future rental payments:		
Not later than 1 year	**18,228,000**	33,325,594

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:

	2018 RM	2017 RM
Not later than 1 year	**40,141,240**	54,827,220
Later than 1 year and not later than 5 years	**83,756,176**	41,026,019
	123,897,416	95,853,239

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL GUARANTEE CONTRACTS

At the reporting date, the Company has extended its corporate guarantees given to bank facilities granted to various subsidiaries to RM92.5 million (2017: RM92.5 million) and USD1.9 million (2017: nil).

The Group also has provided a corporate guarantee on proportionate basis for the credit facilities amounting to USD69.6 million (2017: USD69.6 million) to its joint ventures.

The directors are of the opinion that the financial guarantee need not be recognised as a liability as the probability of default by the relevant subsidiaries is remote except for an amount of RM10 million during the financial year.

36. 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	2018 RM	2017 RM
Group			
Joint ventures:			
Vessel's management fees	(i)	**6,469,000**	6,692,851
Charter hire vessel		**29,458,308**	96,282,007
Dividend income		**-**	5,100,000
Associates:			
Vessel's management fees	(i)	**1,260,000**	900,000
Charter hire vessel		**70,156,722**	-
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(ii)	**6,296,182**	3,328,520

(i) The vessel's management fees received from joint ventures and associates were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period of up to six months is normally granted.

(ii) The 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 2018 and 31 December 2017 are disclosed in Notes 22, 30, 31 and 32.

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.

36. 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	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	**5,728,126**	6,706,041	**277,883**	349,000
Contributions to defined contribution plan	**508,888**	618,887	**-**	-

Included in the total key management personnel compensation are:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 10)	**3,515,984**	4,052,175	**277,883**	349,000

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	
	2018	**2017**
	RM	**RM**
At 1 January/ 31 December	**42,109,000**	42,109,000

37. 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**
2018		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	**10,838,120**	**9,534,160**
- Hire purchase and finance lease liabilities	**788,171**	**722,228**
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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. FAIR VALUE MEASUREMENT (CONT'D)

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)	21
Other receivables	22
Cash and cash equivalents	23
Borrowings (current)	28
Trade payables	31
Other payables	32

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.

Determination of fair value

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2018 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.

37. FAIR VALUE MEASUREMENT (CONT'D)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2018 are as below:

	Date of valuation	Level 2 RM	Level 3 RM	Total RM
Group				
2018				
Property, vessels and equipment (Note 13)				
- Vessels	**31 Dec 2018**	**-**	**297,965,613**	**297,965,613**
Investment properties (Note 14)	**31 Dec 2018**	**-**	**-**	**-**
2017				
Property, vessels and equipment (Note 13)				
- Vessels	31 Dec 2017	-	360,699,955	360,699,955
Investment properties (Note 14)	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 14.

Level 3 fair value

Level 3 fair values of the vessels have been generally derived using the method as described in Note 3(b)(iii) and 13.

38. FINANCIAL INSTRUMENT AND 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(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% (2017: 48%) of the Group's trade receivables were due from 10 (2017: 10) major customers who are located in Malaysia; and

- 46% (2017: 37%) 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 21. 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 21.

Financial guarantee contracts

The Company provides financial guarantees to licensed banks and financial institutions in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries and joint ventures to service their loans on an individual basis.

Exposure to credit risk

The maximum exposure to credit risk amounts to RM44.8 million and RM19.4 million representing the outstanding banking facilities of the subsidiaries and joint ventures respectively as at the end of the reporting period.

The financial guarantee contracts are provided as credit enhancements to the subsidiaries' and joint ventures' secured loans.

38. FINANCIAL INSTRUMENT AND 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 29% (2017: 86%) of the Group's borrowings as disclosed in Note 28 will mature in less than one year based on the carrying amount reflected in the financial statements. About 12% (2017: 100%) of the Company's borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

	Carrying amount RM	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2018					
Financial liabilities:					
Group					
Trade and other payables	**92,362,215**	**92,362,215**	**-**	**-**	**92,362,215**
Borrowings	**122,425,850**	**35,325,029**	**84,729,177**	**2,371,644**	**122,425,850**
Total undiscounted financial liabilities	**214,788,065**	**127,687,244**	**84,729,177**	**2,371,644**	**214,788,065**
Company					
Trade and other payables	**16,411,245**	**10,011,245**	**6,400,000**	**-**	**16,411,245**
Borrowings	**75,000,000**	**9,000,000**	**14,400,000**	**51,600,000**	**75,000,000**
Total undiscounted financial liabilities	**91,411,245**	**19,011,245**	**20,800,000**	**51,600,000**	**91,411,245**

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

(b) Liquidity risk (Cont'd)

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

	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 term

(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% (2017: 69.2%) 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 RM39,720 (2017: RM349,490) 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.

38. FINANCIAL INSTRUMENT AND 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 nil (2017: 7%) of the Group's sales are denominated in foreign currencies whilst almost 5% (2017: 5%) 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 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 before tax	
		2018 RM	2017 RM
Financial liabilities			
USD/RM	- strengthened 3% (2017: 3%)	**(491,000)**	(816,359)
USD/RM	- weakened 3% (2017: 3%)	**491,000**	816,359
SGD/RM	- strengthened 3% (2017: 3%)	**(419,000)**	(591,904)
SGD/RM	- weakened 3% (2017: 3%)	**419,000**	591,904

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR

MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR (CONT'D)

MFRS 9 *Financial Instruments (Cont'd)*

(i) Classification of financial assets and financial liabilities

The Company classify their financial assets into the following measurement categories depending on the business model of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial assets category measured at Amortised Cost (ACM) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial assets category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial assets category for non-traded equity investments measured at FVTOCI was introduced.
- MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.
- However, under MFRS 139 all fair value changes of liabilities designated ad FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:
    - Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
    - The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Company by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the less being recognised within administrative expenses in Statement of Comprehensive Income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR (CONT'D)

MFRS 9 Financial Instruments (Cont'd)

(ii) Impairment of financial assets (Contd')

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with dross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The following tables are reconciliations of the carrying amount of the statement of the financial position of the Company from MFRS 139 to MFRS 9 as at 1 January 2018.

	Note	Existing under MFRS 139 Carrying amount as at 31 January 2017 RM	Effect of MFRS 9 RM	New under MFRS 9 Carrying amount as at 1 January 2018 RM
Non-current assets				
Property, vessel and equipment	13	**391,083,183**	**-**	**391,083,183**
Investment properties	14	**1,649,573**	**-**	**1,649,573**
Investments in associates	17	**39,013,005**	**-**	**39,013,005**
Interest in joint ventures	18	**149,094,485**	**-**	**149,094,485**
Deferred tax assets	19	**530,650**	**-**	**530,650**
		581,370,896	**-**	**581,370,896**
Current assets				
Inventories	20	**1,513,253**	**-**	**1,513,253**
Trade receivables	21	**97,416,453**	**(23,247,107)**	**74,169,346**
Other receivables	22	**118,087,359**	**-**	**118,087,359**
Tax recoverable		**5,731,432**	**-**	**5,731,432**
Cash and cash equivalents	23	**55,792,409**	**-**	**55,792,409**
		278,540,906	**(23,247,107)**	**255,293,799**
Non-current asset held for sale	24	**10,978,265**	**-**	**10,978,265**
		289,519,171	**(23,247,107)**	**266,272,064**
Total assets		**870,890,067**	**(23,247,107)**	**847,642,960**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. ADOPTION OF NEW MFRS DURING THE FINANCIAL YEAR (CONT'D)

MFRS 9 Financial Instruments (Cont'd)

	Note	Existing under MFRS 139 Carrying amount as at 31 January 2017 RM	Effect of MFRS 9 RM	New under MFRS 9 Carrying amount as at 1 January 2018 RM
Equity				
Share capital	25	**396,314,966**	**-**	**396,314,966**
Other reserves	26	**1,684,592**	**-**	**1,684,592**
Retained earnings	27	**199,127,654**	**(23,247,107)**	**175,880,547**
		597,127,212	**(23,247,107)**	**573,880,105**
Non-controlling interests		**(3,483,877)**	**-**	**(3,483,877)**
Total equity		**593,643,335**	**(23,247,107)**	**570,396,228**
Non-current liabilities				
Borrowings	28	**20,438,528**	**-**	**20,438,528**
Deferred tax liabilities	19	**4,426,819**	**-**	**4,426,819**
		24,865,347	**-**	**24,865,347**
Current liabilities				
Borrowings	28	**130,859,240**	**-**	**130,859,240**
Trade payables	31	**47,661,415**	**-**	**47,661,415**
Other payables	32	**73,766,137**	**-**	**73,766,137**
Tax payable		**94,593**	**-**	**94,593**
		252,381,385	**-**	**252,381,385**
Total liabilities		**277,246,732**	**-**	**277,246,732**
Total equity and liabilities		**870,890,067**	**(23,247,107)**	**847,642,960**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40. 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 2018 and 31 December 2017.

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	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Borrowings	**122,425,850**	151,297,768	**75,000,000**	75,000,000
Trade and other payables	**92,362,215**	121,427,552	**16,411,245**	1,107,010
Less: Cash and bank balances	**(81,775,922)**	(55,792,409)	**(28,738,327)**	(27,832,934)
Net debt	**133,012,143**	216,932,911	**62,672,918**	48,274,076
Equity attributable to the owners of the parent, representing total capital	**401,909,779**	597,127,212	**400,919,205**	402,162,798
Capital and net debt	**534,921,922**	814,060,123	**463,592,123**	450,436,874
Gearing ratio	**24.9%**	26.6%	**13.5%**	10.7%

41. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. SEGMENTAL INFORMATION (CONT'D)

(a) Reporting format (Cont'd)

- ***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.

41. SEGMENTAL INFORMATION (CONT'D)

	Offshore support vessels and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
31 December 2018					
Revenue					
Sales to external customers	66,394,129	28,973,070	-	-	95,367,199
Inter segment sales	46,043,122	5,937,438	887,579	(52,868,139)	-
Total revenue	112,437,251	34,910,508	887,579	(52,868,139)	95,367,199
Results					
Segment results	(102,873,474)	1,330,855	(396,475)	(14,534,847)	(116,473,941)
Finance costs	(10,855,905)	(274,671)	(304,954)	-	(11,435,530)
Share of results of associates	21,450,497	-	-	-	21,450,497
Share of results of joint ventures	(61,664,930)	-	-	-	(61,664,930)
Loss before tax	(153,943,812)	1,056,184	(701,429)	(14,534,847)	(168,123,904)
Income tax expenses					509,841
Loss for the year					(167,614,063)
Assets					
Segment assets	306,276,926	28,198,563	7,786,167	3,121,353	345,383,009
Investments in associates	-	-	-	-	-
Interests in joint ventures	58,858,273	499,587	-	10,707,104	70,064,964
Unallocated assets	229,052,032	20,230,724	421,709,146	(462,013,146)	208,978,756
Total assets	594,187,231	48,928,874	429,495,313	(448,184,689)	624,426,729
Total liabilities	467,077,522	48,205,321	146,837,036	(436,117,713)	226,002,166
Other segment information:					
Capital expenditure	2,853,203	-	-	-	2,853,203
Depreciation:					
- property, vessels and equipment	29,424,440	8,735,616	250,327	-	38,410,383
Other significant non-cash expenses:					
Impairment loss on:					
- trade receivables	251,062	-	-	-	251,062
- interests in joint ventures	17,864,178	-	-	-	17,864,178
- interests in associates	60,463,501	-	-	-	60,463,501
Impairment of property, vessels and equipment	13,295,850	277,885	-	-	13,573,735

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. 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	-	-	72,373,034	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

42. 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.

On 30 August 2018, the Affected Companies had entered into the supplemental letters of offer and/or supplemental agreements ("Bilateral Agreements") with their respective Lenders/Financers based on terms of PRS.

On 6 March 2019, the Group has completed its debt restructuring and was discharged from its admission to CDRC.

(b) On 23 January 2019, the Group announced that its wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd., was recently awarded with the respective work orders on three (3) vessels under the Provision of Platform Supply Vessel ("the contract") by an independent oil and gas exploration and production company. The total value of the primary duration and the extension duration of the contract is approximately RM24.6 million.

(c) On 11 March 2019, the Group announced that its wholly-owned subsidiary, Alam Maritim (M) Sdn. Bhd., was recently awarded a contract for the Provision of Underwater Inspection services for Carigali Hess Facilities ("the contract") by an independent oil and gas exploration and production company. The contract is for the primary period of four (4) years with an extension option of one (1) year. The contract is for a value of up to approximately RM40 million.

(d) On 12 October 2018 and 26 October 2018, the Company announced to undertake the following:

(i) A bonus issue of up to 462,230,460 free warrants in the Company on the basis of one free warrants for every two existing ordinary shares in the Company held on entitlement date to be determined and announced later.
(ii) An issuance of Redeemable Convertibles Notes ("RCN") with an aggregate principal amount of up to RM160 million convertible in to a maximum of 1,777,777,778 conversion shares at the minimum conversion price of RM0.09 per shares.
(iii) Termination of the existing employees' share option scheme of the Company ("ESOS"); and
(iv) An establishment of a new ESOS of up to 15% at the total numbers of issued ordinary shares in the Company

On 30 January 2019, the shareholders have approved all the above mentioned corporate proposals.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2019

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM396,314,966
Class of Shares	:	Ordinary Shares
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	136	1.470	5,383	0.000
100 - 1,000	546	5.902	382,268	0.041
1,001 - 10,000	4,250	45.945	25,309,511	2.737
10,001 - 100,000	3,647	39.427	140,118,001	15.156
100,001 - 46,223,045(*)	668	7.221	336,264,622	36.374
46,223,046 and above(**)	3	0.032	422,381,136	45.689
Total	**9,250**	**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	2,292,748	0.248	330,581,061 (1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	0.001 (*)	330,415,436 (2)	35.741
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	1,875	0.000 (*)	123,750 (3)	0.013
FINA NORHIZAH BINTI HJ BAHARU ZAMAN	-	0.000 (*)	-	-
DATO' HAJI AB WAHAB BIN IBRAHIM	1,500	0.000 (*)	-	-
MOHAMMAD SUHAIMI BIN MOHD YASIN	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name of Directors	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
SAR VENTURE HOLDINGS (M) SDN BHD	330,415,436	35.741	-	-
URUSHARTA JAMAAH SDN BHD	91,965,700	9.948	-	-
DATUK AZMI BIN AHMAD	2,292,748	0.248	330,581,061 (1)	35.759
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	0.001 (*)	330,415,436 (2)	35.741

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2019

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 Act 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.

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	URUSHARTA JAMAAH SDN BHD	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	26,700,000	2.888
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH YANG HONG	14,420,000	1.559
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	13,155,873	1.423
7	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	13,053,000	1.411
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	10,656,700	1.152
9	POH SOON SIM	7,500,000	0.811
10	MUHAMMAD SABQI IN MASNAN	3,716,500	0.402
11	SAMSULBAHRIN BIN SAIM	3,300,000	0.356
12	TEO CHIN SIONG	3,006,600	0.325
13	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	2,911,100	0.314
14	LIM AI LING	2,677,600	0.289
15	ESPLANADE LAND SDN BHD	2,619,800	0.283

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2019

No	Name	Holdings	%
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	RAHIMI BIN YAMIN	2,300,000	0.248
21	AZMI BIN AHMAD	2,278,487	0.246
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TAK MING	2,200,000	0.237
23	ASSETS NOMINEES (ASING) SDN BHD KWEK LENG SENG	2,000,000	0.216
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG TAK MING (MY1491)	2,000,000	0.216
25	HIAP LIANG KEK	2,000,000	0.216
26	KHOO CHEE HOW	2,000,000	0.216
27	SING KONG KEW @ CHIN KONG KEW	1,938,200	0.209
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG CHIN WOI (E-5PT/MIN)	1,900,000	0.205
29	FIELDS EQUITY MANAGEMENT LTD	1,800,000	0.194
30	CHERIE SUMANA WEERASENA	1,700,000	0.183

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting ("AGM") of Alam Maritim Resources Berhad ("Company") will be held on Wednesday, 19 June 2019 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 2018 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) Puan Fina Norhizah binti Haji Baharu Zaman **(Ordinary Resolution 1)**
   (ii) Dato' Haji Ab Wahab bin Haji Ibrahim **(Ordinary Resolution 2)**

3. To re-elect Encik Mohammad Suhaimi bin Mohd Yasin who retire pursuant to Article 100 of the Company's Constitution and being eligible, have offered himself for re-election. **(Ordinary Resolution 3)**

4. To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM227,883.00 for the Financial Year ended 31 December 2018. **(Ordinary Resolution 4)**

5. To approve the payment of Directors' fees and remuneration based on the remuneration structure as disclosed in Explanatory Note (iii) for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020. *(Please refer to Explanatory Note (iii))* **(Ordinary Resolution 5)**

6. To re-appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 6)**

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:

7. **Proposed Continuation in Office as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2017** **(Ordinary Resolution 7)**

   "**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 ten (10) 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."

8. **Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016** **(Ordinary Resolution 8)**

   "**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 14TH ANNUAL GENERAL MEETING

9. **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 9)**

"**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 ordinary resolution and shall be in force until:

(a) at 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 an ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier; and

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

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

BY ORDER OF THE BOARD

Nuranisma binti Ahmad, MIA, ACIS (MAICSA 7067610)
Nur Aznita binti Taip, ACIS (MAICSA 7067607)
Company Secretary

Kuala Lumpur
30 April 2019

NOTICE OF 14TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

(i) **Agenda Item No. 1** - Audited Financial Statements for financial year ended 31 December 2018 - 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**
Puan Fina Norhizah binti Haji Baharu Zaman and Dato' Hj Ab Wahab bin Haji Ibrahim are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

(iii) **Ordinary Resolution 3 - Re-election of Director who appointed to fill a casual vacancy or as an addition to the existing Board pursuant to Article 100**
Encik Mohammad Suhaimi bin Mohd Yasin who was appointed as an Independent Director of the Company on 25 February 2019, shall hold office until the 15th AGM and shall then be eligible for re-election.

(iv) **Ordinary Resolutions 5 - Payment of Directors' Remuneration to the Non-Executive Directors for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020.**

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 7** – 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 thirteen (13) 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. 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) **Ordinary Resolution 8** 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 8**, 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 14TH ANNUAL GENERAL MEETING

(iii) The proposed **Ordinary Resolution 9**, 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 30 April 2019 dispatched together with the 2018 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 34, 38 and 39 of this Annual Report.

Notes:

1. Only members registered in the Record of Depositors (ROD) as at 12 June 2019 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 17 June 2019 at 10.00 am.

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 Fourteenth Annual General Meeting of the Company to be held at 10.00 a.m. on Wednesday, 19 June 2019 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 Puan Fina Norhizah binti Haji Baharu Zaman pursuant to Article 94.		
2	To re-elect Dato' Haji Ab Wahab bin Haji Ibrahim pursuant to Article 94.		
3	To re-elect Encik Mohammad Suhaimi bin Mohd Yasin pursuant to Article 100.		
4	To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM RM227,883 for the Financial Year ended 31 December 2018.		
5	To approve the payment of Directors' fee and remuneration for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020.		
6	To re-appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.		
7	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.		
8	To authorise the Directors to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act, 2016.		
9	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 12 June 2019 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 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 Consititution.*
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 17 June 2019 at 10.00 am.*

1st fold here

AFFIX STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
(COMPANY NO. 11324-H)
UNIT 32-01, LEVEL 32, TOWER A,
VERTICAL BUSINESS SUITE, AVENUE 3,
BANGSAR SOUTH,
NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR

Then fold here

Fold this flap for sealing

Alam Maritim Resources Berhad (Co. No. 700849-K)
No. 38F, Level 3, Jalan Radin Anum,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur.

+603 9058 2244
+603 9059 6845
info@alam-maritim.com.my
www.alam-maritim.com.my