ALAM MARITIM RESOURCES BERHAD
Co. No. 200501018734 (700849-K)

ANNUAL REPORT 2019

BUILDING RESILIENCE TOWARDS SUSTAINABILITY

VISION

To be the preferred offshore services partner in oil & gas industry

MISSION

We provide quality services to the offshore oil and gas industry with emphasis on:

- Promoting health, safety, environment and security practises
- 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.

15th ANNUAL GENERAL MEETING

VENUE

Broadcast Venue,
Multipurpose Hall,
No. 38C, Level 1,
Jalan Radin Anum,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur.
(Fully Virtual Meeting)

DATE

Thursday,
23 July 2020

TIME

10.00 a.m.

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CORPORATE PHILOSOPHY

INTEGRITY

I act with honesty, am upright with high moral values

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

COMPLIANCE TO REQUIREMENTS

I perform and deliver the required results with discipline

Compliance to Requirements is to produce quality work and results as per set rules, regulations and standards premised on customers' requirements. It is to ensure 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

I take full responsibility of the results I produced

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

RIGHT RESULTS

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

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

ENGAGEMENT

I engage all levels and be committed in what I do

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

ALAM MARITIM AT A GLANCE

A LEADING
OFFSHORE SUPPORT VESSELS COMPANY

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

6
AIR SPREAD

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

Alam Maritim Resources Berhad is listed on
BURSA KUALA LUMPUR

1
SATURATION DIVING SYSTEMS

38
VESSELS & BARGES

346
SEAFARERS

163
LAND-BASED EMPLOYEES

6
ROVs

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2019

RM306,669,474

REVENUE BREAKDOWN FOR FINANCIAL YEAR 2019

24.98%

RM76,615,733

CHARTER HIRE

49.84%

RM152,858,267

OFFSHORE INSTALLATION & CONSTRUCTION

RM59,879,646

19.53%

DIVING & SUBSEA SERVICES

2.35%

RM7,194,938

VESSELS' MANAGEMENT FEES

0.94%

RM2,875,051

SHIP CATERING

0.86%

RM2,636,634

RENTAL OF EQUIPMENT

RENT

1.50%

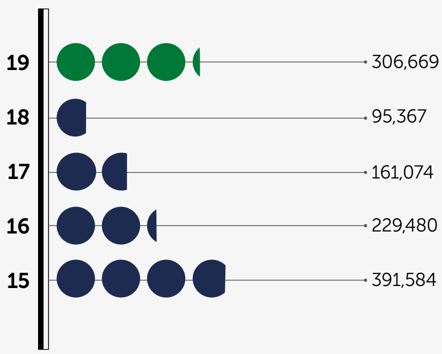
RM4,609,206

OTHER SHIPPING RELATED INCOME

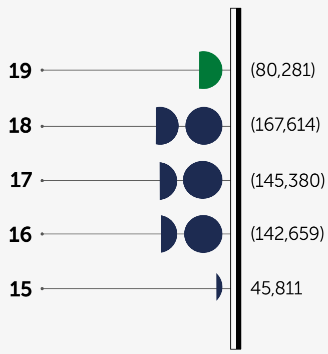
5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue (RM'000)	306,669	95,367	161,074	229,480	391,584
Profit/(Loss) after Tax (RM'000)	(80,281)	(167,614)	(145,380)	(142,659)	45,811
Net Assets (RM'000)	331,698	398,425	593,643	737,606	878,510
Basic Earning Per Share (RM)	(8.4)	(18.50)	(15.80)	(14.90)	4.90
Net Assets Per Share (RM)	0.82	0.43	0.64	0.80	0.95

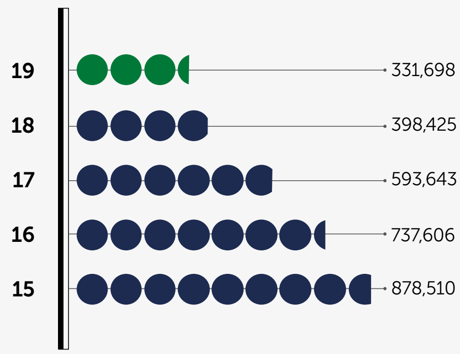
REVENUE
(RM'000)



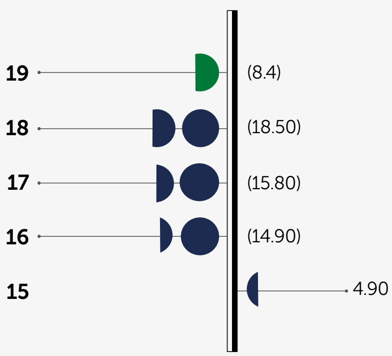
PROFIT/(LOSS) AFTER TAX
(RM'000)



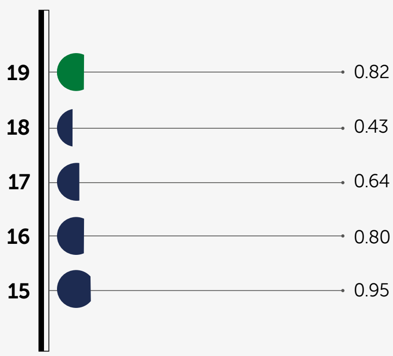
NET ASSETS
(RM'000)



BASIC EARNINGS PER SHARE
(RM)



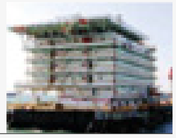
NET ASSETS PER SHARE
(RM)



OUR FLEET
31 MAY 2020

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



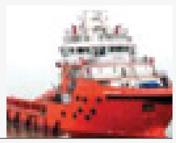
MV SETIA AMAN
Type: Accommodation Vessel I Workboat
Length X Breadth X Depth (in metre): 78 X 20 X 6.5
Accommodations: 180 berths
Year Built: 2009 Class: BV BHP: 5,220

MV SETIA SAKTI
Type: Accommodation Vessel I 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 I 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

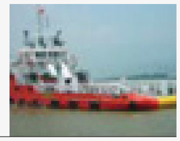
MV SETIA IMAN
Type: Anchor Handling Tug Supply Vessel (DP 1)
Length X Breadth X Depth (in metre): 59.25 X 14.95 X 6.10
Accommodations: 42 berths
Year Built: 2010 Class: BV BHP: 5,150

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

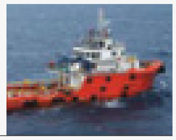
MV SETIA UNGGUL
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2007 Class: BV BHP: 5,150

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
31 MAY 2020

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

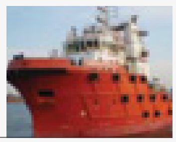


MV SETIA DERAS
Type: Crew I Utility Vessel
Length X Breadth X Depth (in metre): 40.38 X 7.80 X 3.40
Seating: 80 pax
Year Built: 2009 Class: BV BHP: 4,200

MV SETIA KILAS
Type: Crew I 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

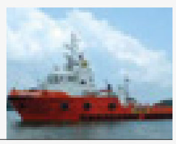
MV SETIA GIGIH
Type: Supply Vessel I Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 46 berths
Year Built: 2009 Class: BV BHP: 5,220

MV SETIA KENTAL
Type: Supply Vessel I 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

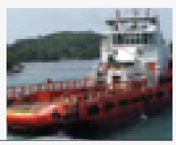


MV SETIA INDAH
Type: Supply Vessel I Utility
Length X Breadth X Depth (in metre): 57.5 X 13.8 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 4,750

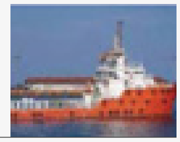
MV SETIA GAGAH
Type: Supply Vessel I Towing Tug
Length X Breadth X Depth (in metre): 60 X 13.3 X 6.0
Accommodations: 23 berths
Year Built: 2003 Class: NKK BHP: 4,750



MV SETIA KASTURI
Type: Supply Vessel I 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

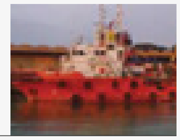


MV SETIA LESTARI
Type: Anchor Handling Tug Supply Vessel
Length X Breadth X Depth (in metre): 58.7 X 14.6 X 5.5
Accommodations: 42 berths
Year Built: 2005 Class: BV BHP: 4,750



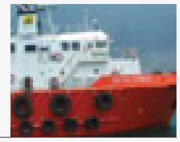
MV SETIA WIRA
Type: Tug I Utility Vessel
Length X Breadth X Depth (in metre): 48 X 11.8 X 4.6
Accommodations: 28 berths
Year Built: 2007 Class: BV BHP: 3,500

MV SETIA CEKAP
Type: Tug I 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

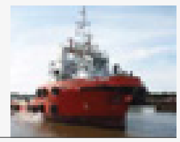


MV SETIA YAKIN
Type: Tug I Utility Vessel
Length X Breadth X Depth (in metre): 45 X 11 X 4.0
Accommodations: 28 berths
Year Built: 2008 Class: NKK BHP: 3,200

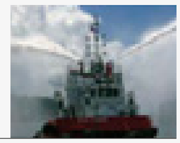
MV SETIA HANDAL
Type: Supply Vessel I Towing Tug
Length X Breadth X Depth (in metre): 50 X 11.58 X 4.2
Accommodations: 22 berths
Year Built: 2003 Class: BV BHP: 3,000



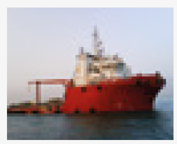
MV SETIA BUDI
Type: Tug I Utility Vessel
Length X Breadth X Depth (in metre): 40 X 11.8 X 4.6
Accommodations: 20 berths
Year Built: 2008 Class: NKK BHP: 2,400



MV SETIA ZAMAN
Type: Tug I 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



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



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

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

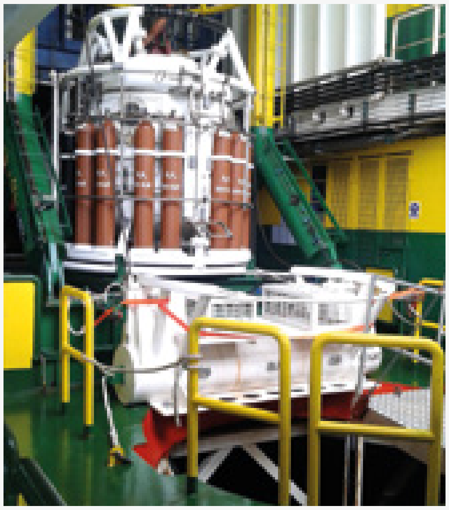
Classed Dive Spread (Air/Mixed Gas) System is offered in a standard 20FT ABS/DNV 2.7-1 Container Completes with Offshore Lifting Pad eyes and DNV certified four (4) legged lifting slings with master link.

- 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	Length x Width x Height
	3,100mm x 1,600mm x 2,000mm	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	Forward 700kgf 3.5 knots
	Lateral 550kgf 2.5 knots	Lateral 550kgf 3.0 knots
	Vertical 500kgf 1.5 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

CHAIRMAN'S STATEMENT

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN

Chairman

DEAR SHAREHOLDERS,

AGAINST A BACKDROP OF CHALLENGE AND TURBULENCE, ALAM MARITIM RESOURCES BERHAD ("AMRB" OR "THE GROUP") HAS REGISTERED 221.57% REVENUE GROWTH IN FY2019, ITS FIRST EXPANSION IN TOP LINE PERFORMANCE IN FOUR (4) YEARS.

KEY MESSAGES

On the back of the Zap-Lok™ and other contracts, AMRB posted a revenue of RM306.67 million, 221.57% improved year-on-year

In FY2019, the Group achieved a total of 3 million man-hours without a Loss Time Injury

The Group's OIC division has proven its capabilities via the completion of the RM250 million Engineering, Procurement, Construction, Installation and Pre-Commissioning ("EPCIC") pipeline system contract, which utilises Malaysia's first-of-its-kind Zap-Lok™ advanced connection technology.

However, financial year ended December 31, 2019 ("FY2019"), still proved to be a difficult period as the Group continued to face vessel impairments, vessel reliability issues and other operational challenges, which impacted our bottom line.

Notwithstanding, the much improved revenue performance and the successful execution of various contracts clearly attest the Group's growing synergistic capabilities, which puts AMRB in a stronger stead going forward.

FY2019 saw AMRB further progress in its continued transformation from an Offshore Support Vessel ("OSV") dependent business into an integrated support services provider; with our Offshore Installation and Construction ("OIC") and Subsea segments emerging as the principal driver of Group business and operational performance.

However, we face the future with quiet optimism, drawing conviction from our inherent strengths, which have been well proven in FY2019. The outlook is daunting, but our resolve remains firm and our confidence bolstered by the following: the results achieved from our ongoing business transformation strategies, our proven technical capabilities, our ability to innovate and be resourceful and our proven track record, that remains well regarded by the oil and gas industry.

The Group continues to prove its mettle to sustain itself within an industry that remains fraught with various challenges and moving forward, continues to see tremendous uncertainty. The continued instability and slowdown had arisen from the present acute drop in crude oil prices to an 18-year low, and the extraordinary outbreak of the COVID-19 pandemic since December, 2019, which has shaken the global economy.

It is on this note, that aside from presenting AMRB's Annual Report and Financial Statements, I am pleased to present an account of the Group's performance in FY2019, which includes the key challenges faced and our outlook and prospects going forward.

OPERATING YEAR IN REVIEW

FY2019 proved to be another challenging year for the oil and gas sector as crude oil prices remain volatile but stable between USD50 to USD60 per barrel for the most part of the year. Prices, however, increased slightly at the tail end of FY2019 on the back of continued quota commitment expressed by the Organisation of the Petroleum Exporting Countries ("OPEC") and non-OPEC countries.

From a domestic perspective, the Malaysian oil and gas industry continued to see a stable recovery in the momentum of exploration and production activities. Despite crude oil prices has not seen an upward trend, prices remained at a range that allowed PETRONAS and oil and gas majors to maintain their upstream investment commitments.

Exploration and production activities were robust towards replenishing depleted reserves and meeting growing consumption demand. Consequently, there were more tenders called and jobs awarded. In particular, there was an increase in OIC and Subsea contracts, which AMRB was successful in securing. Despite these positive developments, FY2019 continued to see low charter rates, lack of support from financial institutions and a host of other issues such as market saturation due to oversupply of vessels availability and competition from foreign flag vessels.

The Group has done its utmost to mitigate against these issues, which continue to impact the financial, business and operational performance of all oil and gas support service providers, AMRB included. We have achieved some measure of success from our efforts, but the impact continues to reverberate across all players, thus dampening and slowing the pace to business recovery towards profitability.

GROUP PERFORMANCE

The Group's OIC segment has proven its capabilities via the completion of the RM250 million Engineering, Procurement, Construction, Installation and Pre-Commissioning ("EPCIC") pipeline system contract, which utilises Malaysia's first-of-its-kind Zap-Lok™ advanced connection technology.

The Zap-Lok™ Technology implementation firmly showcases AMRB as a support service provider who is able to offer cutting-edge, groundbreaking solutions to address complex industry demands. This is consistent with the aspirations of PETRONAS, towards developing a high-tech value chain of players. The successful execution of the contract puts us in an advantageous position to secure similar contracts going forward.

The Group has also achieved many other project highlights, with the details of which are provided in the Management Discussion and Analysis section of this Annual Report.

On the back of our Zap-Lok™ and other contracts, AMRB posted a revenue of RM306.67 million, 221.57% improved year-on-year.

The Group has also seen its loss-making position more than halved in FY2019. In FY2019, loss after tax decreased to just RM80.28 million (FY2018:RM167.614 million)) mainly due to higher revenue contributed by OIC Contract and lower impairments in FY2019.

Amidst the current situation, we have to be more prudent in managing cash flow to sustain operations and to improve our debt position steadily with further paring down of liabilities. This has been no easy task, given that a wide range of operational activities undertaken by the Group must be funded by cash outlay mainly for dry docking activities. Often, such activities require the Group to provide cash payments in advance, to prepare for the contract upon award which if not managed properly could impact our contractual obligations and commitments. The need to secure third party replacement vessels had also impacted cash flow, in particular operating cash flow.

Whilst banks continued to exercise extreme caution in lending to vessel owners due to uncertain outlook of the oil and gas industries, the Group continues to explore more feasible alternative financing initiatives. The cash turnaround situation was challenging to say the least, but by prioritising timely collection of receivables, the Group has ensured operational sustainability and averted a cash crunch.

The Group's cash position was further strengthened by the deferment or outright cancellation of various capital expenditures. On a related note, we have implemented and are pursuing several strategic moves to refinance our debt to further improve cash flow and pare down liabilities.

The Group has also pursued measures to reduce associated costs for idle vessels as well as depreciation costs and asset impairment. Our strengthened liquidity puts us in a relatively strong position to support future investments and fulfill our obligation to shareholders. AMRB will continue to take the necessary measures to strengthen its cash flow position to meet operational requirements.

On a separate note, I am pleased to report that AMRB has been maintaining a commendable Health, Safety, Security and Environment ("HSSE") record. In FY2019, the Group achieved a total of 3 million man-hours without a Loss Time Incident ("LTI"). Exemplary HSSE performance has always been a hallmark of AMRB.

Beyond being an industry license to operate, excellent HSSE performance is vital in distinguishing AMRB within a highly competitive industry. However, our commitment to HSSE is not solely driven by commercial interest, but through our organisational culture and iCARE corporate values, that have progressively embedded HSSE as a way of life across the Group.

The commitment and responsibility to HSSE at AMRB is cascaded down to the individual level, with everyone sharing and playing their part in a collective responsibility towards upholding HSSE. Our notable HSSE highlights and achievements are provided in detail in the Sustainability Statement of this Annual Report.

OUTLOOK AND PROSPECTS

The global economy continues to reel from the debilitating impact of the COVID-19 virus pandemic since December, 2019 and the sudden plummet in crude oil prices post Russia-Saudi price war beginning March, 2020. This double impact has affected the outlook for the oil and gas industry across the world to date which is anticipated to improve in the 2nd half of FY2020.

Firstly, the impact of COVID-19 on the world is unprecedented. The pandemic has effectively brought global economic activity to a massive slowdown, as nations go into complete lockdowns or impose Movement Control Orders ("MCO") to curb the spread of the virus. As a result, entire industries across nations have come to a standstill. With this, demand for raw materials, including oil and gas has plummeted considerably. Unable to cope with the sudden and acute drop in demand, supply has remained high, resulting in a serious oil glut scenario, similar to the recent 4-year industry downturn. The situation is also not helped by the lack of will among major oil producing nations to restore supply-demand equilibrium through production cuts.

As I have mentioned before, the supply-demand equilibrium is essential to restore price stability and market confidence. Present prices of crude, which at one point dipped below USD20 – a 18-year low, is unsustainable for oil and gas companies to maintain their exploration and production commitments. Prices must remain at a range that is feasible for oil and gas producers to undertake their exploration and production commitments.

However, beyond oil prices, the double impact of COVID-19 and the present oil glut has affected the entire oil and gas industry value chain.

Any substantial change in plans by PETRONAS and the oil and gas majors will have a chain reaction on service providers across the value chain, AMRB included. Certainly, Group operations has been impacted due to rig shutdowns, postponement in contract awards, deferment of projects and other industry activities are halted during the MCO period.

AMRB has looked to adapt to this most extraordinary situation – employing work from home and work from remote location processes to maintain operations and productivity. However, the nature of business entails that some aspects of our operations cannot be executed under such arrangements.

AMRB experience in Zap-Lok™ Technology capability will enable company venture into overseas markets, which is very much aligned with our aspirations to diversify into new markets, especially within South East Asia.

AMRB will also further explore diversification into new business venture such as downstream diversification, renewable energy, gas distribution and other ventures.

AMRB's strength as an organisation is inherent on the intangibles such as the competencies and experience of our people, our systems and processes and way of working and the continued development of a performance work culture based on our shared values and cultural beliefs.

Hence, we continue to seek ways to ensure safe operations of our vessels, offshore projects execution as well as operation of administrative offices, guided by the Standard Operating Procedures ("SOP") enforced by the Government. Overall, productivity has been affected during the MCO period, but we are fully committed to keeping our people safe. We are supportive of the Government's efforts and will continue to play our part as a responsible corporate citizen.

We are cognisant that the onset of COVID-19 has necessitated a change in our business strategies and that the situation has added to the complexities of existing difficult operating conditions. With the oil and gas industry now potentially facing another downturn, be it for the short or medium term, issues experienced in the past such as lack of contract awards, inability to secure financing and a potential credit and cash crunch may become common themes going forward into FY2020. These will certainly impact service providers' ability to operate.

In AMRB's case, the present situation led to a depreciation in its share price, which will affect our current ability to drawdown our Redeemable Convertible Notes ("RCN") facility.

The outlook for FY2020 is going to be most challenging with the present unexpected turn of events. However, we hope FY2020 will still offer positive prospects mainly through related renewable energy opportunities.

Though far-reaching, we hope that the adverse impact of COVID-19 will eventually come to an end and the global economy will rebound on the back of pent-up demand. Consequently, demand for oil and gas should also pick-up, thus shoring up prices moving forward. This is essential, as prices must remain at a range that is feasible for oil and gas producers to undertake their exploration and production commitments.

On a separate note, irrespective of crude oil prices, it is anticipated that there will still be requirements for OIC and Subsea projects, especially for maintenance and decommissioning works. The latter, in particular is urgently required sooner than later, given the increasing number of PETRONAS's offshore assets that have reached, or are approaching their end of life stage.

The aforementioned provide potential opportunities for the Group's OIC and Subsea segments, which will then allow our OSV assets to be employed. It is this synergistic approach that the Group will leverage on to secure contracts and compete effectively amidst challenging operation conditions. We are also supported by our technology partners who enabled us to complete our Tembikai Non-Associated Gas ("TNAG") Project. This project completion presents the Group with effective means to differentiate its competitive positioning within the industry.

Importantly, our experience in Zap-Lok™ Technology capability will enable AMRB to also venture into overseas markets, which is very much aligned with our aspirations to diversify into new markets, especially within South East Asia. The Zap-Lok™ implementation is also a regional first and paves the way for AMRB to secure regional contracts going forward. The technology is viewed with much positive interest by the regional industry and we are aggressively bidding for jobs in Malaysia and abroad.

Similarly, the Group is leveraging on the fullest potential of its synergistic capabilities, bringing together the strengths of its vessels, the innovation and diverse capabilities of its OIC and Subsea Segments to bid for overseas contracts.

We will also further explore diversification into new business venture such as downstream diversification, renewable energy, gas distribution and other ventures.

The Group will continue to leverage on the capital markets to seek funding. In January 2020, AMRB initiated two private placements involving up to 30% of its total issued shares towards raising close to RM93 million in working capital to meet debt obligations and to fund maintenance of major vessels and dry docking works. Leveraging on the capital markets enables the Group to expeditiously raise additional funds without incurring interest costs while growing the size shareholders' funds.

The focus as in previous years is to maintain our hard-won cost discipline while remaining customer focussed and solutions oriented towards exemplifying project management and execution that is par excellence. Issues such as reliability, vessel readiness and others, which have impacted our business and operational performance in the past must be aggressively addressed in FY2020.

With the industry expected to see another year of volatility, the best response to external factors beyond the Group's control is to continue improving day-to-day operational performance and to emphasise the development of a truly performance oriented organisational culture to ensure we stay on the path to excellence.

Beyond financial and business measures, we must remain culture and people focussed; to nurture our talent towards embracing the new market and industry realities that we all face today. The old ways of working must be efficiently replaced with a fresh realisation and dynamism that sustainability in this new era of low oil and COVID-19 pandemic changing life norms for the longer-terms; and which is prone to sudden shocks, requires agility, adaptability and proactiveness.

Our strength as an organisation is inherent on the intangibles such as the competencies and experience of our people, our systems and processes and way of working and the continued development of a performance work culture based on our shared values and cultural beliefs.

We cannot predict the future, but we can prepare for it, by developing our internal strengths, streamlining our business focus and ensuring we remain customer focussed at all times.

Ultimately, AMRB remains resilient and resolved to face the present challenges. We have managed to sustain our operations in spite of industry slowdown and a 4-year drop in crude oil prices that rendered many other players inoperable. AMRB has prevailed through such difficult times, which attest to our robust business fundamentals and importantly, the acumen, determination and resourcefulness of the Senior Management to drive the Group forward even during under the most adverse of operating environments.

The hard won business efficiencies remain intact and we will embrace the present challenges as a means to yield further improvements and part of our ongoing journey towards growth, progress and business and operational sustainability.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank my fellow Directors of the Board for their continued strategic oversight, wise counsel, tenacity and support towards cumulatively steering AMRB to a better horizon in FY2019. I would also like to extend my gratitude to our Management Team who have worked tirelessly to grow AMRB and its business and in delivering strongly on our business and operational objectives.

On behalf of the Board, we also thank our staff, who are the Group's greatest asset and strength. Your steadfast belief and perseverance in AMRB is truly appreciated. In the same vein, I would also like to record our gratitude and appreciation to all our stakeholders, especially our loyal customers for your continuous support.

Drawing confidence from year 2019, we are even more energised to deliver outcomes that are more positive in the coming year.

Thank You.

Fina Norhizah Binti Haji Baharu Zaman
CHAIRMAN

DATUK AZMI AHMAD
Group Managing Director/Group Chief Executive Officer

Key Messagges

The Subsea Services and OIC Segments posted a 580.12% jump in revenue underpinned by contributions from OIC projects.

AMRB has made significant inroads into further strengthening our value proposition from a triple perspective of competitive cost, excellence in competence and technological know-how and expertise.

Alam Maritim Resources Berhad ("AMRB" or "the Group") has continued to register notable progress while traversing another most challenging financial year, which is a clear validation of our inherent strengths and the robustness of our integrated business model.

It has not been an easy path to recovery, but in financial year ended December 31, 2019 ("FY2019"), AMRB posted its first growth in revenue in four (4) years while building its order book to RM727.22 million.

As AMRB progressively evolves into an integrated solutions specialist, we are seeing improvements in business and operational performance. On the whole, AMRB has continued to make headway against the headwinds that remain prevalent in the present era of lower prices for the long-term.

The focus now for AMRB is to ensure excellent project execution, improve operational reliability, manage operating cost and cash flow and to continue developing the synergistic capabilities of the Group towards securing more contracts and growing its order book.

OVERVIEW

In FY2019, crude oil prices continued to retreat on the back of weaker than expected demand and excess supply. In FY2019, Brent crude averaged just USD64 per barrel. However, prices remained at levels that continued to support exploration and production activities. Prices of crude were affected by various factors, including the prolonged US-China trade dispute, below than expected global economic growth and general sluggishness in demand from key economies such as China and India. In FY2019, the domestic oil and gas sector, particularly the upstream value chain was busier as oil and gas majors, maintained or upped their exploration and production activities. Despite prices dipping marginally, the price range for crude were at sustainable levels that enabled continued investments in the upstream value chain.

As a result, several large tenders were awarded during the year. These included Offshore Installation and Construction ("OIC") contracts, Inspection and Repair Maintenance ("IRM") contracts as well as contracts after the initial year 2018 awards for the Integrated Logistics Control Tower ("ILCT") and Pan Malaysia programmes.

AMRB participated in these tenders and were awarded several contracts. The full details of which, are provided in subsequent sections of this Management Discussion and Analysis.

While the pool of contracts grew in FY2019, vessel utilisation and day charter rates remained depressed due to the surplus of idle assets available. In addition, operating conditions were compounded further by increased complexities such as high repair costs due to ageing vessels conditions and increasingly stringent regulatory compliance.

Increased complexities, rapid place changes, innovation and technology development, stringent regularity requirements and increasing competition were factors that influenced Group operations and performance. We continued to respond proactively to operating environment conditions with vigilance.

The Group continued to focus on providing integrated solutions and services to the oil and gas industry, while retaining and refining its hard-won cost efficiencies. We have looked to broaden our technological scope and capabilities by working with overseas strategic partners and have continued to reduce exposure to liabilities. AMRB has also made significant inroads into further strengthening our value proposition from a triple perspective of competitive cost, excellence in competence and technological know-how and expertise. We have derived stronger earnings from our OIC and Subsea Segments, which has enabled strong revenue growth and have reduced our dependence on pure-play Offshore Support Vessels ("OSV") contracts.

In essence, we are increasingly tapping blue ocean opportunities in emerging industry segments and becoming a niche player, rather than operating in highly competitive environments, with low rates and thinning margins.

It is important to note that the difficult journey of transforming AMRB from a pure-play OSV provider into a multi-capable, strategic solutions provider has yielded benefits. However, the journey is not without challenge and is far from over.

GROUP OBJECTIVES AND STRATEGIES

Through wholly owned subsidiary, Alam Maritim (M) Sdn Bhd, AMRB began operations in year 1996, as an OSV provider, supplying support vessels either on contract or callout basis (spot charter) to support the requirements of oil and gas players.

Progressively, AMRB has evolved into a synergistic solutions provider, providing a wide range of services that fall under the larger segment of OIC and Subsea. This has resulted in a reduced reliance on pure OSV contracts and has enabled the Group to participate in tender bids that offer higher margins.

The OIC and Subsea Segments are responsible for the design and construction of a wide range of maritime infrastructure usually for upstream activity.

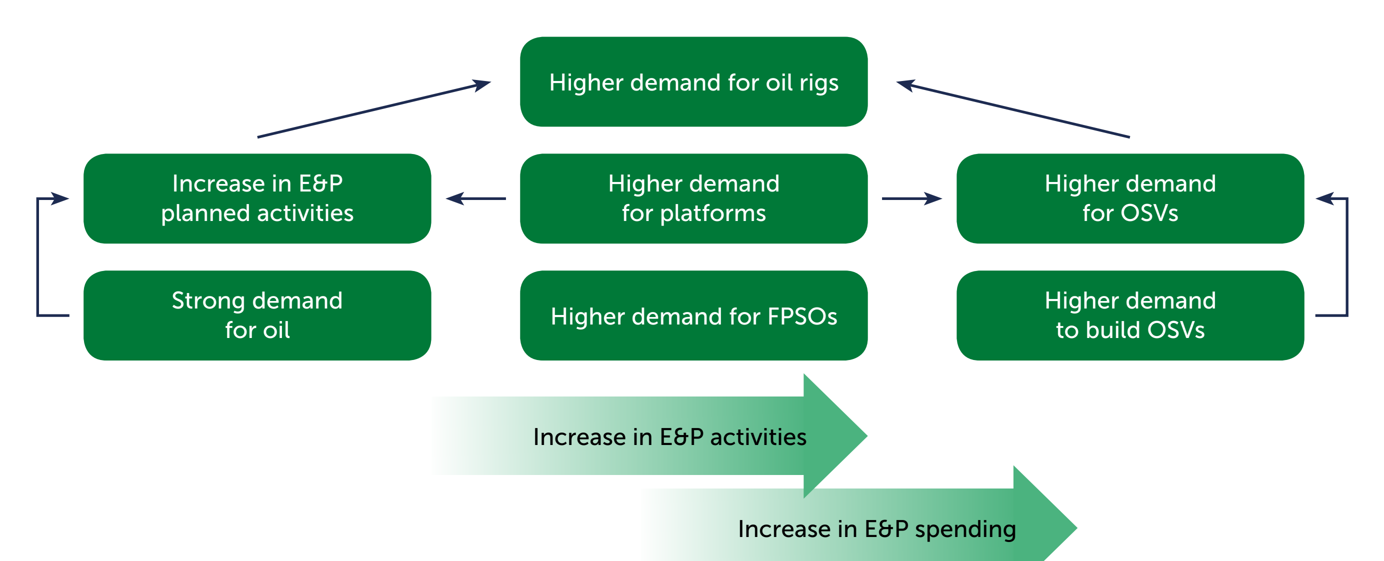
These activities include but are not limited to offshore facilities construction and installation services, such as marine construction related services; sub-sea engineering services and offshore pipeline construction related services, and designing, manufacturing and operating of remotely operated vehicles ("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.

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.

We continue to seek opportunities both locally and abroad to further diversify and expand our business presence, to boost our vessel utilisation rates and to reduce our dependence on Malaysia operations.

OSV MARKET DEMAND DRIVERS



Source: Pareto Research

KEY BUSINESS INDICATORS

INDICATORS	FY2019	FY2018	FY2017
Vessel Utilisation rates	40%	41%	47%
Order book (RM '000)	727.22	753.50	197.76
Number of employees	163	168	185
Man-hours without LTI (as at financial year-end)	3,688,451	2,142,703	190,376

GROUP FINANCIAL PERFORMANCE

(RM'000)	FY2019	FY2018	FY2017
Revenue	306,669	95,367	161,074
Operating profit/(loss)	(64,908)	(116,474)	(75,571)
EBITDA	9,926	12,517	45,602
Finance cost	(5,238)	(11,436)	(6,794)
Net profit/(loss) after taxation	(80,280)	(167,614)	(142,980)
Shareholders' equity	331,304	401,910	599,096
Total assets	649,030	624,427	869,880
Total Liabilities	321,669	226,002	274,459
Borrowings	122,874	122,426	148,446
Debt / equity	0.36	0.31	0.25
Earnings per share	(8.4)	(18.5)	(15.9)
Net asset per share	0.82	0.43	0.64
Market capitalisation as at financial year ended	52.815	73,956	203,381

REVENUE

FY2019 saw AMRB post stronger revenue of RM306.67 million, 221.57% higher year-on-year (FY2018:RM95.37 million). With this, AMRB has bucked a four-year declining trend in top line performance. Actual revenue had far exceeded budgeted estimates of RM218.30 million, attesting to the Group's ability to secure, execute, and complete contracts.

Stronger revenues were mainly attributed to higher contributions from our OIC Segment. In particular, recognition of work completed for several OIC and Subsea projects secured in FY2018 and FY2019 led to stronger revenue streams during the financial year. This is a direct result of our integrated business model and strategies, synergising the capabilities of our various business divisions to deliver stronger results.

Revenue derived from the Group's OSV segment increased by 61.80% due to increases in charter contracts. Revenue derived from the Group's OIC and Subsea Segment was 580.12% higher, year-on-year underpinned by contributions from OIC projects.

REVENUE	FY2019 (RM)	FY2018 (RM)	Variance (%)
OSV (including management fees)	83.81 million	51.80 million	61.80%
OIC / Subsea	212.74 million	31.28 million	580.12%
Others / Elimination	10.12 million	12.29 million	(17.66%)
TOTAL REVENUE	306.67 million	95.37 million	221.57%

EARNINGS

AMRB posted Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA") of RM9.93 million, 20.69% lower year-on-year (FY2018: RM12.52 million).

The Group recorded a loss before taxation of RM80.75 million for FY2019. This is a 51.97% positive variance, year-on-year (FY2018: RM168.12 million).

Both OSV and OIC and Subsea Segments posted improved bottom line performances on the back of increased charter contracts secured during the financial year.

The Subsea Services and OIC Segments posted a 580.12% jump in earnings due to higher recognition of work from related projects.

CAPITAL STRUCTURE, ASSETS, LIABILITIES & RESOURCES

In line with its business strategy, AMRB continues to adopt an asset light approach, with ownership of assets being increasingly concentrated on strategic assets. The Group has looked to dispose of various assets, including ageing vessels and vessels with little chance of securing or servicing contracts as and when such opportunities were forthcoming.

AMRB's assets far exceed current liabilities. Management wishes to reassure shareholders that the Group is capable of realising its assets and discharging all liabilities going forward.

ASSETS	FY2019 (RM'000)	FY2018 (RM'000)	FY2017 (RM'000)
Non-current	346,750	410,007	581,370
Current	302,280	214,419	289,519
Total Assets	649,030	624,427	870,890

LIABILITIES	FY2019 (RM'000)	FY2018 (RM'000)	FY2017 (RM'000)
Non-current	90,314	98,169	24,865
Current	231,355	127,833	252,381
Total Liabilities	321,669	226,002	277,246

On August 31st 2019, AMRB exited Bank Negara Malaysia's Corporate Debt Restructuring Committee mechanism, having successfully renegotiated its total outstanding debt to extended tenures of between 2-7 years with lenders.

In FY2019, further debt and financial restructuring strategies were implemented with the objective of transferring or retiring our existing debt obligations, including liabilities arising from vessels.

Cumulatively, our efforts have yielded in a 54.20% year-on-year reduction in finance costs to RM5.238 million (FY2018:RM11.436 million).

AMRB's gearing ratio remains at a healthy 0.36 times, which is comparatively low among industry players.

	FY2019	FY2018	FY2017
Gearing Ratio	0.36	0.31	0.25

	FY2019 RM MILLION	FY2018 RM MILLION	FY2017 RM MILLION
Short-Term Borrowings	47.57	35.33	130.86
Long-Term Borrowings	75.32	87.10	20.44
Total Borrowings	122.89	122.43	151.30

On a separate note, the Group are exploring all avenues to find the best possible means to unlock the value of its 35-acre industrial land parcel located in Kuala Linggi, Alor Gajah, Melaka be it via outright sales or other proposals.

CASH & CASH EQUIVALENTS & BANK BALANCES

With more vessels servicing contracts, Group cashflow was substantially improved in FY2019. Cashflow was also boosted via AMRB's corporate exercise comprising RM19.0 million in redeemable convertible notes ("RCN"). Drawdowns have enabled AMRB to meet working capital requirements and capital expenditure ("capex").

The RCN mechanism is dependent on the Group's share price performance with availability of funds determined by share price remaining on or above the set threshold or RM0.11.

Fund raising exercises will continue to be undertaken by the Group to meet working capital requirements.

Cash flow management measures undertaken in the previous years which proved to be effective were continued in FY2019. In FY2019, debts owed to the Group were being paid by 82 days.

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 stronger internally generated cash flow driving business operations.

The Group, through constant negotiation has also secured better credit terms with shipyards and vendors. This has resulted in improved cash flow as well.

CAPITAL EXPENDITURE & GROUP COSTS

Operating costs increased in FY2019 was higher due to higher costs incurred by our OIC and Subsea Segments. Total Group operating costs was RM292.51 million (FY2018: RM90.31 million).

Besides higher OIC related costs, operating cost had also increased mainly due to withholding tax for 2013 – 2017 amounting to RM2.9 million, foreign exchange currency losses of RM2.3 million as well as losses arising from the disposal of Setia Jaguh amounting to RM1.1 million.

Further contributors to operating costs were bank charges of RM1.5 million as well as legal and professional fees amounting to RM1.6 million.

In reducing costs, AMRB has closed one (1) of its office units. The Group has also undertaken departmental restructuring and energy conservation while deferring non-urgent and non-productive variable costs.'

As in previous financial years, best practices were maintained such as maintaining minimal required crew on laid-up vessels while reducing maintenance works on idle vessels to the bare minimum required. Satellite communication equipment continues to be deactivated on such vessels.

During the year, cost reductions were also realised in many areas. These included standardising equipment used across vessels, conducting maintenance in a strategic manner to optimise resources and where possible, undertaking collective purchasing of spare parts and inventory, to benefit from bulk discounts.

These are just examples of how the Group continues to streamline operations by tightening up routine tasks, capitalising on functional integration and leveraging on synergistic value among its various business divisions.

As always, best practices will be incorporated as standard business practices towards improving efficiency and performance going forward.

Payroll costs have dropped by a further 9.9% in FY2019 with the Group's number of staff being further trimmed to 163 (FY2018: 168).

Management wishes to reiterate that the staff reduction is due to various management and operational roles becoming redundant over time. Most affected staff have voluntarily chosen to leave the Group and many of these vacant positions have not been filled given the aforementioned redundancy and duplicity of roles.

KNOWN TRENDS AND EVENTS

Offshore Support Vessels ("OSV")

While the increased demand for vessels to service contracts is a welcome sign of industry recovery, the lack of suitable dockyards available to prepare vessels for contracts continued to pose a serious challenge for fleet operators. Thus, the challenge faced by the OSV segment as per the last year, was getting our vessels docked in a timely manner to service contracts.

The issue is further exacerbated due to the fact that vessels, which have been idle for extended periods, would take a longer time to achieve desired operational readiness and certainly incurs higher costs.

We continued to manage the situation to the best of our abilities and our efforts in FY2019 have resulted in a measure of success. By choosing to source for docking facilities in both Peninsular and East Malaysia as well as from overseas docks, we have managed to increase our vessel preparation rate towards servicing contracts.

This has helped alleviate some of the congestion faced, but often in the event of being unavailable to dock our vessels, replacement vessels from third party owners needed to be sourced, which incurs additional costs.

Despite the encouraging industry recovery, banks remain cautious in lending to support service players. Hence, AMRB has relied on internally generated funds to finance docking activities. The Group's improving cash flow position has helped reduce alleviate the cash crunch situation faced in previous years and ensured that sufficient funds were available to pay dockyards towards ensuring our vessels could dock and be prepped to service contracts.

A related issue faced is vessel reliability and the availability of replacement vessels. In FY2019, there were several occasions that necessitated the sourcing of replacement vessels for to service contracts.

The present collective industry pool of vessels is limited and hence, the Group was compelled to seek vessels from abroad. The higher rates charged by third party vessel owners led to the erosion of earnings and on several occasions, led to a situation where charter rates of third party vessels were higher than rates secured from the principal.

Such a situation arises when third party vessels chartered were of a higher specification than required, due to the unavailability of lower specification vessels. The Group believes that the reliability of its fleet must be improved and towards that end, aims to initiate a more thorough maintenance programme supported by further vessel rationalisation efforts.

Idle or undesired vessels are to be disposed to as to reduce maintenance costs and the maintenance budget focussed on ensuring vessels servicing contracts can receive better upkeep towards improving service reliability.

We welcome the efforts of the Malaysia OSV Owners' Association ("MOSVA") to address the issue of spare vessels, especially in expanding the collective pool of vessels. MOSVA has also been supportive of companies in assisting them in obtaining financing from banks. We hope to see continued active support from MOSVA through its engagement with key stakeholders, such as the government, PETRONAS, regulatory agencies, financiers, investors and others.

OIC and SUBSEA

The Group's OIC Segment continued to perform well, underpinned by its 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") awarded by Vestigo Petroleum Sdn. Bhd.

The contract was significant for AMRB and Malaysia as it is the nation's and South East Asia's first pipeline contract utilising the ground breaking, state-of-the-art Zap-Lok™ Technology.

We are pleased to report that despite having faced a wide range of challenges, including having to operate under torrential weather conditions and rough seas, the installation has proceeded on time and within budget.

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

Our experience in this project now serves as the industry benchmark for future Zap-Lok™ implementation. Given that, we are the first in Malaysia and likely, in South East Asia; to introduce the Zap-Lok™ method, AMRB now stands in good stead when bidding for pipeline contracts. Given its faster installation time and economical costs, Zap-Lok™ is poised to gain traction and may become a leading method for future pipeline installation works.

The Group's OSV Segment bagged two(2) contracts worth RM19.71 million for the provision of one anchor handling tug supply vessel to Conoco Phillips Sarawak Ltd and ROC Oil (Sarawak) Sdn Bhd. The contracts are expected to contribute positively to the earnings and net tangible assets of the Group for the financial year ending FY2019 to December 31, 2021.

PROACTIVE AND STRATEGIC MANAGEMENT APPROACH

In FY2019, in providing stronger strategic oversight, the Group established its Alam Management Committee ("AMC"), a strategic operational body that comprises Executive Directors and selected management personnel. The task of the AMC is to oversee and deliberate on various, day-to-day as well as strategic matters on a monthly basis and to also report on these said matters to the Board of Directors.

Management has undertaken organisational restructuring towards realising more strategic alignment of business groups to match their natural customer segments. This has yielded greater flexibility for AMRB's business divisions to achieve improved strategic execution.

Management has also continued to support and facilitate cultural change within the organisation. Beyond systems and processes, the focus has been on the organisational groupthink or shared commitment towards becoming increasingly customer focussed.

Leveraging on our iCARE values, we have looked to develop personal responsibility, accountability and ownership among our staff for their performance; that is the delivery of excellent work and contribution should be internally motivated and self-inspired. This has been an arduous journey, but the fruits of our effort are beginning to be seen in FY2019.

Progressively, there is a shifting sense of optimism and commitment among staff as well as a realisation that each and every one of them is important in a long value chain. The quality of output provided is vital to ensuring customer satisfaction. It is this changed mind-set among our employees that we believe has been instrumental in the Group's ability to successfully execute the various projects we have in hand.

HSSE & PROJECT MANAGEMENT EXCELLENCE

As we continued to secure new project awards, we also focussed on project excellence and delivery – executing existing contracts with precision, professionalism and cost-effectiveness. We are happy to report that all jobs in hand were executed within budget and on time while maintaining an exemplary Health, Safety, Security and Environmental ("HSSE") record.

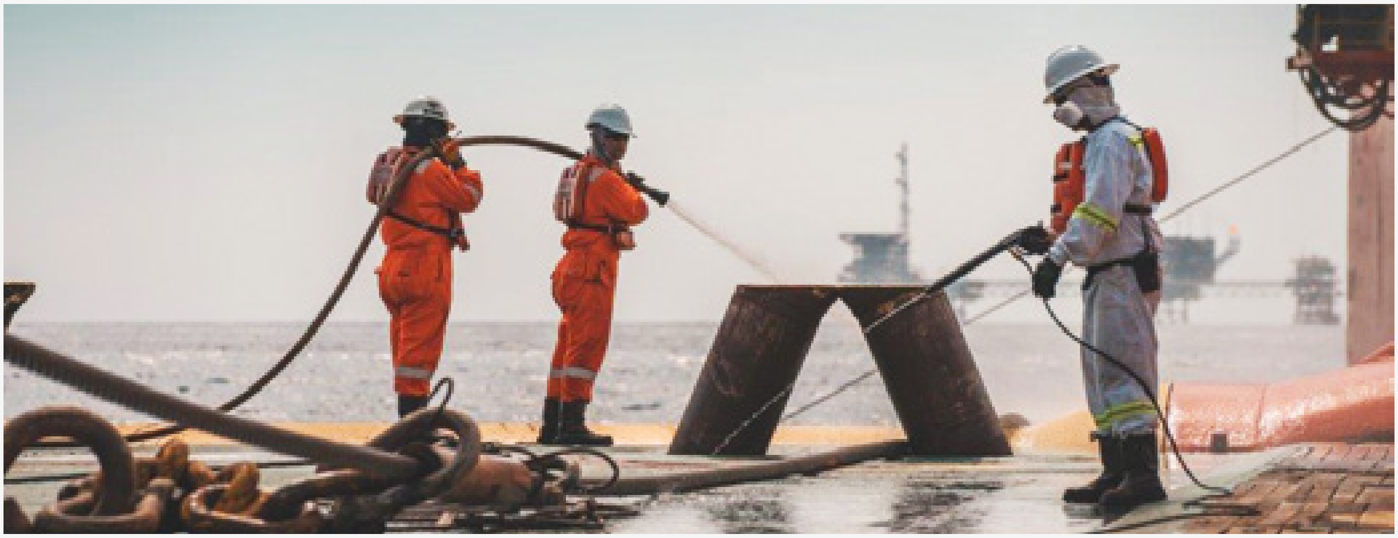
We are particularly encouraged by improvements made across our HSSE indicators. In FY2019, the Group achieved 3 million man-hours without a Loss Time Injury ("LTI").

We also succeeded in reducing medical treatment cases, first aid cases, property damage incidents and zero occurrences of environmental spillage or fire. AMRB once again posted zero fatalities nor serious injuries.

Our stellar HSSE performance is attributed to the concerted efforts of all staff within the organisation, irrespective if they are offshore or on shore personnel and irrespective of their level within the Group.

Findings from our HSSE Culture survey conducted in FY2019 were particularly important in bringing about improvements in mindset, culture and behaviours, which is reflected in our improved HSSE performance. The survey indicated that we have matured from Calculative to Proactive along the HSSE maturity ladder.

Further details of our HSE performance is provided in the Sustainability Statement of this Annual Report.



TALENT DEVELOPMENT

FY2019 has seen the Group continue to focus on talent development, which includes developing a conducive work environment for employees to thrive and deliver an optimum contribution. We have placed strong focus on strengthening competencies and in that respect, has moved towards adopting a self-driven approach to talent development.

Essentially, employees are encouraged to take ownership of their professional and career development and to chart their own courses to obtain the necessary training and development opportunities. The bottom-up approach is unconventional but the end result is employees who are more motivated and driven to develop their professional capabilities. It also naturally develops a learning oriented attitude among our staff.

This approach empowers employees to discover their own learning both within and outside the conventional learning system, and brings it all together in one system that uses that learning to fuel performance excellence.

Not only does it arm employees with the skills they need to perform better on the job, a culture of learning also increases employee engagement, supports the company brand and ultimately delivers to AMRB a stronger competitive edge.

ANTICIPATED OR KNOWN RISKS

The Group's key business segments: Offshore Support Vessels ("OSV"), Offshore Installation & Construction ("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 & 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 FY2019, the following key risk mitigation actions were implemented:

- Capital Debt Restructuring ("CDRC") to manage long term payable with lenders.
- TNAG Contract execution by OIC Project Management Team.
- Shareholder's approval sought for Revolving Convertible Notes ("RCN") issuance in the 1st Quarter of FY2019.
- 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.

In mitigating our reliance on the OSV Segment as the main revenue contributor, the Group continues to expand its Subsea and OIC 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

The COVID-19 virus pandemic has had a global impact with all industries having been affected adversely by this unseen and unprecedented development. Economic activities worldwide have been severely curtailed due to lockdowns called by governments to prevent the spread of the outbreak. Consequently, many key sectors such as aviation, tourism, manufacturing, mining and other energy consuming industries have been significantly slowed.

This will impact global economic growth and demand for oil going forward. The industry is also seeing crude oil prices tumble to a historic low of USD25-USD30 per barrel due to weakened energy demand attributed to COVID-19 as well as other factors. The lack of agreement by the OPEC cartel and non-OPEC members, notably Russia and Saudi Arabia, to curtail production towards shoring crude oil prices has resulted in stable prices now hovering at lower levels.

The dynamics between the US, Russia and OPEC is complicated as each looks to pursue its own energy agenda to meet specific objectives. The US aims to keep crude oil prices low by continuing to pump crude at record levels to drive its energy policies and ensure an independent oil and gas policy. In fact, FY2020 will mark the first year, that the US will become a net exporter of crude oil in close to seventy years.

Russia having exemplified excellent production quota discipline over the past three years wishes to now further develop its oil and gas industry and reserves towards generating national revenue. Crude oil is Russia's biggest revenue earner and thus, it seeks to capitalise on its abundant resources to drive foreign exchange.

Both of these policies are contrary to OPEC's policies, which is to sustain stable crude oil prices over the long-term, especially when demand has been affected due to the possible negative growth in key sectors such as aviation, manufacturing and other industries.

In addition, increased supply coming into the market from countries such as Canada, Brazil, Guyana, and Norway may lead to larger inventory stockpiles, placing further downward pressure on prices. Despite some other nations such as Libya, Venezuela and Iran seeing their production numbers declining due to sanctions or domestic factors, the effects of these are largely negated by increased incoming supply and continued weak demand.

For the moment, oil and gas majors, have continued to stay committed to their investment activities. However, we foresee some adjustments being made especially if crude oil prices do not trend upwards by the second half of FY2020.

AMRB will continue to tap on its synergistic capabilities and the robustness of its business model to ride the challenges ahead and to continue to secure contracts. There may not be many new capital projects being announced but growth will stem from brownfield activities. These include various engineering, hook-up and commissioning projects as well as decommissioning works.

There will be projects that require structural installations and those that will mainly involve subsea works. Pipeline requirements according to the PAC stands at around 7km in year 2020 and around 5km in year 2021 Corrosion Resistant Alloy (CRA) linepipes. Steady outlook can be expected for pipelay barges. In particular, brownfield Hook-up and Commissioning projects may increase going forward.

In particular, decommissioning presents opportunities. There is a growing number of PETRONAS's offshore assets that have reached or are reaching their end-of-life stage. Some of these assets are older than 40 years old and well capping, rig disposal and other activities cannot be differed much longer.

The challenge and opportunity is that decommissioning works is unprecedented. This is Malaysia's first such exercise and as such, a first as well for all local players. Certainly, overseas expertise is essential and securing a suitable partner will be a key determinant in securing contracts, not forgetting overall costs.

AMRB continues to explore potential partnerships and we will announce these in due course.

Going forward, we expect to recognise 30%-40% of our present RM727.22 million order book value during FY2020. Nevertheless, we will remain aggressive to bid for new contracts to further grow our order book value.

Augmenting our ability to secure contracts is our growing ability to execute them. We have distinguished the AMRB brand name as an innovative pioneer with the completion of Zap-Lok™ pipeline installation in the TNAG project. By leveraging on Zap-Lok™ pipeline project, we can differentiate AMRB towards gaining a competitive edge when bidding for contracts in Malaysia and the region.

Another green field for AMRB is venturing into integrated hook-up and commissioning. By tying up with a strategic partner, Management is confident of its prospects. Integrated hook-up is a relatively new requirement and as such, all industry players have an equal opportunity to bid for and secure contracts. However, there are factors in AMRB's favour.

Integrated hook-up demands a combination of assets including onshore and offshore assets i.e. marine vessels. This augurs in favour of vessel owners such as AMRB. It is estimated that 60% of costs associated with integrated hook-up jobs are attributed to vessel costs.

As such, vessel owners who can better manage their costs towards offering the best possible rates are best positioned to tender successfully. Given that AMRB possesses a wide range of assets, we can showcase our synergistic capabilities and deliver a compelling value proposition for integrated hook-up contracts.

With these activities, there is still demand for marine vessels. The PAC calls for a wide range of OSVs and AMRB will look to bring its fleet into play to meet this need.

LOGISTICS

Marine Vessel

- **~149 Anchor Handling Tug Supply (AHTS)**
- **~56 Platform Supply Vessel (PSV) / Straight Supply Vessel (SSV)**
- **~70 Fast Crew Boat**
- **~58 Workboat / Work Barge**
- **~19 General Purpose Vessel (GPV)/ Standby Vessel (SBV)**
- **~30 Landing Craft Tank (LCT)**
- **~8 Utility Vessel (UV)**

Source: PETRONAS Activity Outlook 2020-2022

We are cognisant that a good number of vessels in our fleet will be nearing their end of life in the next 3-5 years. This is actually well timed with Petronas' fleet renewal programme which encourages OSV players to renew their fleet, with an emphasis on liquefied natural gas ("LNG") powered vessels.

LNG-powered vessels, while being more eco-friendly to conventional diesel-powered boats, required significantly more capital outlay and there is presently little or no incentive from the oil and gas majors to encourage or induce vessel operators to transition to LNG powered vessels. Charter rates remain the same and neither is there any preference given to such vessels when bidding for contracts. We hope that this can be addressed going forward towards encouraging vessel owners to switch to LNG powered vessels.

Where required to service contracts, we may procure vessels from shipbuilders or as mentioned earlier, seek out joint venture partners to secure vessels. The second option is more attuned to our asset light strategy, which reduce capex, maintenance costs as well and also borrowings and liabilities. However, we remain prudent in ensuring that only financially and operationally capable joint venture partners are secured.

As part of our business diversification plan, AMRB will further delve into the renewable energy ("RE") sector, having made initial exploratory efforts in previous years. Solar energy is a real possibility, given the lower cost of procuring solar panels due to economies of scale, trade conflicts leading to surplus panels and other factors.

However, drawbacks include requirements for large land space of 400-acres and more. It is likely that given our limited resources, we will partner with other local or foreign players towards reducing the risks of venturing into solar RE. We may also venture into floating solar, where solar panels are positioned on waterbodies such as lakes rather than on land.

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 FY2019. Management will consider the possibility of a dividend payout to shareholders premised upon AMRB returning to profitability in the near term.

DATUK AZMI AHMAD
GROUP MANAGING DIRECTOR / GROUP CHIEF EXECUTIVE DIRECTOR

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Mohammad Suhaimi bin Mohd Yassin
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

BOARD AUDIT COMMITTEE

Dato' Haji Ab Wahab bin Haji Ibrahim
(Chairman)

Fina Norhizah binti Haji Baharu Zaman
Independent Non-Executive Director

Mohammad Suhaimi Bin Mohd Yassin
Independent Non-Executive Director

BOARD RISK MANAGEMENT COMMITTEE

Mohammad Suhaimi Bin Mohd Yassin
Independent Non-Executive Director
(Chairman)

Fina Norhizah binti Haji Baharu Zaman
Independent Non-Executive Director

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

Shaharuddin bin Warno @ Rahmad
GCOO / Non-Independent Executive Director

Ahmad Hassanudin bin Ahmad Kamaluddin
Non-Independent Executive Director

Datuk Azmi bin Ahmad
GMD / GCEO / Non-Independent Executive Director
(Alternate member to Shaharuddin bin Warno @ Rahmad)

BOARD NOMINATION & REMUNERATION COMMITTEE

Fina Norhizah binti Haji Baharu Zaman
(Chairman)

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

Mohammad Suhaimi Bin Mohd Yassin
Independent Non-Executive Director

COMPANY SECRETARIES

Nuranisma binti Ahmad, MIA, ACIS
(MAICSA 7067610)
(SSM PC NO: 202008000939)

Nur Aznita binti Taip, ACIS
(MAICSA 7067607)
(SSM PC NO: 202008003466)

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 Al Jafree Salihin Kuzaimi PLT
(AF 1522)
555, Jalan Samudra Utara 1
Taman Samudra, Batu Caves
68100 Selangor
MALAYSIA
Tel : +603-6185 9970

LEGAL ADVISOR

Zul Rafique & Partners
D3-3-8 Solaris Dutamas
No. 1 Jalan Dutamas 1
50480 Kuala Lumpur
MALAYSIA
Tel : +603-6209 8228
Fax : +603-62098221

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

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

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

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

DRUG AND ALCOHOL POLICY

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

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

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

STOP WORK POLICY

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

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

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

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

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

CORPORATE STRUCTURE

AS AT 31 MAY 2020

ALAM MARITIM RESOURCES BERHAD
Co. No. 200501018734 (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 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 2 [L] INC
    - 100% Alam-JV DP 1 [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
- **100% Alam Maritim Investment Holdings [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
    - 50% Subsea Worldwide 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)

FINA NORHIZAH BINTI HAJI BAHARU ZAMAN

Chairman and Independent Non-Executive Director

Malaysian

Female

Aged 62

Total Board meetings attended:

7/7

Board Committees Membership(s)

- Risk Management Committee
- Audit Committee
- Nomination and Remuneration Committee (Chairman)

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 seven (7) of the seven (7) board meetings held in the financial year 2019.

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.

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 seven(7) of the seven(7) board meetings held in the financial year 2019.

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.

DATUK AZMI BIN AHMAD

Group Managing Director/ Group Chief Executive Officer, Non-Independent Executive Director

Malaysian

Male

Aged 61

Total Board meetings attended:

7/7

Board Committees Membership(s)

- Employees' Share Option Scheme (ESOS) (Chairman)
- Risk Management Committee

SHAHARUDDIN BIN WARNO @ RAHMAD

Group Chief Operating Officer, Non-Independent Executive Director

Malaysian

Male

Aged 52

Total Board meetings attended:

7/7

Board Committees Membership(s)

- Risk Management Committees
- Employees' Share Option Scheme (ESOS) Committee

Shaharuddin bin Warno @ Rahmad was appointed as a Director of Alam Maritim Resources Berhad on 2 May 2006. He is also the Group Chief Operating Officer and is a member of the Board Risk Management and Employees' Share Option Scheme (ESOS) Committee. He has attended seven (7) of the seven (7) board meetings held in the financial year 2019.

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.

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. He is a member of the Board Risk Management Committee and Employees' Share Option Scheme (ESOS) Committee. He has attended seven (7) of the seven (7) board meetings held in the financial year 2019.

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.

AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN

Non-Independent Executive Director

Malaysian

Male

Aged 74

Total Board meetings attended:

7/7

Board Committees Membership(s)

- Risk Management Committee
- Employees' Share Option Scheme (ESOS) Committee

DATO' HAJI AB WAHAB BIN HAJI IBRAHIM

Independent Non-Executive Director

Malaysian

Male

Aged 68

Total Board meetings attended:

7/7

Board Committees Membership(s)

- Audit Committee (Chairman)
- Risk Management Committee
- Nomination and Remuneration Committee

Dato' Haji Ab Wahab bin Haji Ibrahim was appointed to the Board of Alam Maritim Resources Berhad as Independent Non-Executive Director on 2 May 2006. He is the Chairman of the Board Audit Committee, a member of the Board Risk Management Committee and Board Nomination and Remuneration Committee. He has attended seven (7) of the seven (7) board meetings held in the financial year 2019.

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.

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 currently the Chairman of the Board Risk Management Committee and a member of the Board Audit Committee and Board Nomination and Remuneration Committee of the Company. He has attended six (6) of the six (6) board meetings held in the financial year 2019, since the date his appointment as Independant Non-Executive Director on 25 February 2019.

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 35 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.

MOHAMMAD SUHAIMI BIN MOHD YASIN

Independent Non-Executive Director

Malaysian

Male

Aged 59

Total Board meetings attended:

6/6

Board Committees Membership(s)

- Risk Management Committee (Chairman)
- Audit Committee
- Nomination and Remuneration Committee

SENIOR MANAGEMENT TEAM

AS AT 31 MAY 2020

Shaharuddin Bin Warno @ Rahmad

Datuk Azmi Bin Ahmad

Ahmad Hassanudin Bin Ahmad Kamaluddin

Md Nasir Bin Noh

Nur Aznita Binti Taip

Nuranisma Binti Ahmad

Sufahmi Hadi Bin Sjafii

Nik Aznuddeen Bin Husain

Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi

Alvin Ch'ng Yi Ming

Mohd Noor Bin Osman

Rosman Bin Nordin

Siti Hajar Binti Abdul Rani

Muhammad Zawir Bin Sjafii

SENIOR MANAGEMENT TEAM
AS AT 31 MAY 2020

MD NASIR BIN NOH

Group Chief Financial Officer

Male, Malaysian, 53 years old
(Key Personnel)

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

Prior to joining the Group, Md Nasir served in different financial related positions within the banking, telecommunications, automotive, property and construction, aviation and maritime industries. He holds a professional accounting qualification from the Association of Chartered Certified Accountants, UK. He is a chartered accountant registered with the Malaysian Institute of Accountants.

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

General Manager,
Group Corporate Services & Company Secretary

Female, Malaysian, 47 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 graduated with a law degree from Universiti Kebangsaan Malaysia and subsequently, was admitted as an Advocate and Solicitor of the High Court of Malaya. She also holds an MBA majoring in Corporate Governance from Putra Business School, Universiti Putra Malaysia. She started her career with Public Bank Berhad and later served a legal firm prior to first joining AMRB in 2008 as Group Legal Manager. She then moved to PETRONAS as Contract Specialist in a key upstream project developed by PETRONAS Carigali and Shell. She is also a member of the Malaysian Institute of Chartered Secretaries and Administrators and had served Menteri Besar Selangor Inc. as Group Chief Company Secretary. She has wide exposures in various legal aspects and jurisdiction, project management, risk management, compliance and corporate governance matters. She is rerpouable for managing corporate secretarial , legal, insurance, and corporate licensing matters for the group. Nur Aznita is qualified to act as a secretary under section 241 of the Companies Act 2016 (SSM PC NO: 202008003466).

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

NURANISMA BINTI AHMAD

Assistant General Manager,
Group Corporate Services & Company Secretary

Female, Malaysian, 46 years old
(Key Personnel)

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

Nuranisma graduated with a Degree in Accountancy from Mara University of Technology and is a Registered Chartered Accountant with the Malaysian Institute of Accountants (membership number: 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 (membership number MAICSA 7067610). Nuranisma is qualified to act as a secretary under section 241 of the Companies Act 2016 (SSM PC NO: 202008000939)

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 (CEO) –
Workboat International DMCCO (Dubai, UAE)
Group Chief Strategy Officer (GCSO)
Chief Operating Officer (COO) – *Joint Venture Companies*
Male, Malaysian, 45 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 Group Chief Strategy Officer 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 14 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.

SAIFUL FAIZ BIN MOHD AZIZ @ AHMAD LATFI

General Manager,
Offshore Installation and Construction Business Operations
Male, Malaysian, 56 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 and later General Manager for Alam Swiber Offshore Sdn Bhd. 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 Operator.
Male, Malaysian, 55 years old

Nik Aznuddeen bin Husain was appointed as Chief Operating Officer of Offshore Vessel Business Operation (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 year 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
AS AT 31 MAY 2020

ALVIN CH'NG YI MING

Head of Global Subsea Business

Male, Malaysian, 39 years old

Alvin Ch'ng Yi Ming was appointed Head of Global Subsea Business with effect from 1 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 organization 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

Male, Malaysian, 67 years old

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

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

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

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

ROSMAN BIN NORDIN

General Manager,
Group Internal Audit & Risk Management

Male, Malaysian, 46 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 three (3) years prior to joining Alam Maritim Group.

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

Rosman qualified as an Accountant from the Northern University of Malaysia in year 1997 and acquired his MBA from the Open University of Malaysia in year 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.

SITI HAJAR BINTI ABDUL RANI

Group Head, Health, Security, Safety and Environment

Female, Malaysian, 37 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 year 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. (subsidiary of Alam Maritim (M) Sdn Bhd)

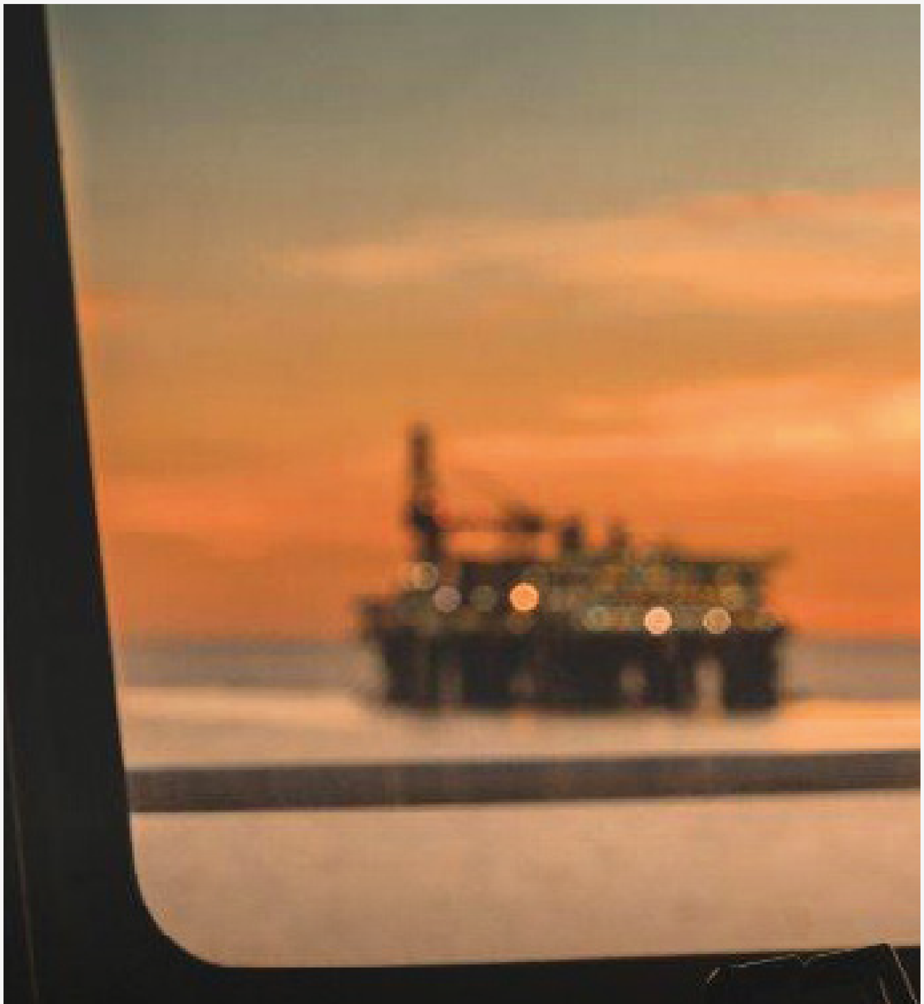
Male, Malaysian, 34 years old

Muhammad Zawir Sjafii commenced his initial career with the Group as an accountant in year 2010. He holds the various position throughout his tenure with the Group and on 25 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 year 2010 and has more than six (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.

SUSTAINABILITY STATEMENT



In year 2019, Alam Maritim Resources Berhad ("AMRB" or "the Group") delivered commendable performance despite ongoing volatility in the global economy, generally, and the oil and gas industry, specifically, delivering positive results across all our performance indicators. Our strength is the integrated nature of our business model, our ability to prioritise our issues, establish clear plans utilising optimally our resources and pursue our actions with clear goals and monitor our performance. The Group sustainable development is fully aligned with our Vision, Mission and very much anchored to our Shared Values and Cultural Beliefs which we adopt and uphold in executing our commitments to deliver our contractual obligations. We believe that the approach will enable us to address our immediate and medium term concerns as well as plan for more strategic, purposeful and longer term response to create value.

Sustainable development in the Group is about conducting our businesses to promote business growth working in healthy and safe environment, and fully supported by knowledgeable and committed workforce. Hence, operating under such environment and in our pursuit for operational excellence, we are able to prove our resilience to successfully face and overcome the challenges we faced in 2019. Amid the challenging landscape such as uncertainty of oil price, geopolitics centred around the US-China trade war, Brexit, the Russia-Saudi oil production conflict, and armed conflict in the Middle East, slowing GDP growth and widening of wealth gap which are contributing a swing in populism and protectionism in many countries, constraint in resources, just to name the more significant ones, and now lately, the COVID-19 pandemic which began towards the year end 2019 which brought about significant disruption and uncertainty to businesses and economies globally, we still achieve a creditable performance Group-wide for the year 2019. This clearly reflected our commitment towards sustainability focus areas and diligent and conscious efforts across our business, resources, customers and environment to ensure we remain resilient in the face of adversity.

We have demonstrated our capability, trust and robustness in successfully delivering our contractual commitments to our major oil and gas clients where we have continued our remarkable track record on Quality & Health, Safety, Security and Environment ("Q&HSSE") that is built around ownership, mindfulness, and courage to intervene, where everyone contributes towards the right behaviours and outcomes. It also helps that the company's management works according to a well-defined corporate governance structure that have been put in place which will ensure the well-being of our various shareholders and stakeholders are automatically taken care of, as well as maintaining effectively our Risk Management and Integrated

Management Systems in ensuring a continual and sustainable delivery of our commitments and obligations without compromise. Nevertheless, given the on-going geopolitical uncertainties, prolonged trade tension and the disruption due to COVID-19 outbreak towards the end of year 2019, among others as mentioned above, we will have to take all necessary measures and adopt robust strategies if we were to continue to sustain and perform in this challenging future in the face of uncertainty of economics and the industry development. We know we have to be agile to make improved changes to be sustainable.

In fact, we could be heading straight into some really tough times and not survive the hailstorm we are currently facing if we do not heighten our sense of urgency to change and transform our work culture and the management of our resources. Therefore, moving forward, and to come out of this difficult period stronger, and taking into account our current problems, it is imperative that we urgently focus on some critical areas of our business. Firstly, we need to have strong cash management in our operations. Secondly, we must increase efficiency levels through effective integrated processes across the Group. And, finally, we must execute our projects on time, on budget and safely. To reinforce these three areas, we must be backed by excellent functional support. Simply put, we need to change and go beyond what we do today, push ourselves and must stay committed to maintaining a consistent and pro-active approach to ensure a long term performing business sustainability. These continuous efforts are to be achieved through optimising resource needs, reducing energy, environmental and social impacts, and managing resources while pursuing profitability.

Sustainability Priorities, Benefit And Materiality Matters

This past year, we continued to strengthen our capabilities and focused on our key materiality matters identified with the business. We place a strong emphasis on sustainability in our operations as well as the Q&HSSE, and we are proud of our organic progress to the Materiality Matters that we convey. In the future, we aspire for all materiality to be a cohesive effort, not only as a corporate culture but also as a conscious decision that every stakeholder makes.

This year, the Group is enhancing our sustainability towards an integrated activity in our business as we are acutely aware of our impact on the economy, environment and society. By integrating sustainability into our business, we reap the benefits of the ability to:

- Enhance Risk Management Framework and its implementations.
- Promote innovation and technology with strategic alliances.
- Attract new and potential customers to increase order book value.
- Maintain the licence to operate with the clients with our strong track records and capabilities.
- Respond to responsible investment and better capital security.
- Continuous improvement in our productivity and optimise our operational cost.
- Enhance brand value and reputation with customers and authorities.

We continually strive to improve our control on policies in place to ensure that the Group, as well as our partners and suppliers, meet global and local regulations as well as adopt sustainability best practices. In the near future, we will thoroughly define the sustainability goals, to ensure all efforts are focused on the betterment of the business and the community in which we operate in.

The Group endeavours to be consistent in our reporting with incremental improvements and refinements on our sustainability agenda but retains the present scope of work for the financial year in review. We are committed to a better and more comprehensive disclosure in future reporting cycles.

The AMRB Corporate Sustainability Statement ("the Statement") for year 2019 has been prepared by the Senior Management Team of the Group. The Statement was reported to the Board Risk Management Committee ("BRMC") and Board of Directors for deliberation and endorsement. Any inquiries and concerns on this report, including any unethical and unlawful behaviour by an employee or any of the subsidiaries, may be channelled in confidence to:

Encik Ahmad Hassanudin Bin Ahmad Kamaluddin

(Q&HSSE Director)

Tel : +603 90582244
Fax : +603 90596845
Email : inquiry@alam-maritim.com.my

Letters may be directed to:

Attention: Q&HSSE Director

Alam Maritim Resources Berhad
No. 38F, Level 3, Jalan Radin Anum,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur, Wilayah
Persekutuan, Malaysia.

REPORTING SCOPE AND BOUNDARY

REPORTING PERIOD :

1 January 2019 to 31 December 2019

REPORTING CYCLE :

Annually

PRINCIPAL GUIDELINES :

- Bursa Securities' Main Market Listing Requirement Practice
- Bursa Malaysia Corporate Governance Guide (3rd Edition)
- Bursa Malaysia Sustainability Reporting Guide (2nd Edition)

The scope of the Statement encompasses the AMRB key projects, initiatives and activities that are in line with the Materiality Matters in the year 2019. This Statement also compliments the targets and goals of the Group's businesses as well as enforcing the continuous improvements to the Group's overall operations, including our on-shore and off-shore operations.

The reporting only covers the Group's businesses that reside in Malaysia and is wholly owned by the Group. The activities and practices mentioned in this Statement are from the following:

- Alam Maritim Resources Berhad;
- Alam Maritim (M) Sdn Bhd;
- International Gateway Services Sdn Bhd (formerly known as Alam Offshore Logistics & Services Sdn Bhd);
- Alam Food Industries (M) Sdn Bhd; and
- Alam Maritim Properties (M) Sdn Bhd.

In this Statement, we have included our significant efforts and activities towards mitigating the COVID-19 pandemic to our employees as well as all the stakeholders involved.

Any data, activities and performances outside of this scope were not disclosed in this Statement.

AMRB has not sought for external assurance and will consider it in the future when the disclosure of data and performance for the Statement matures.

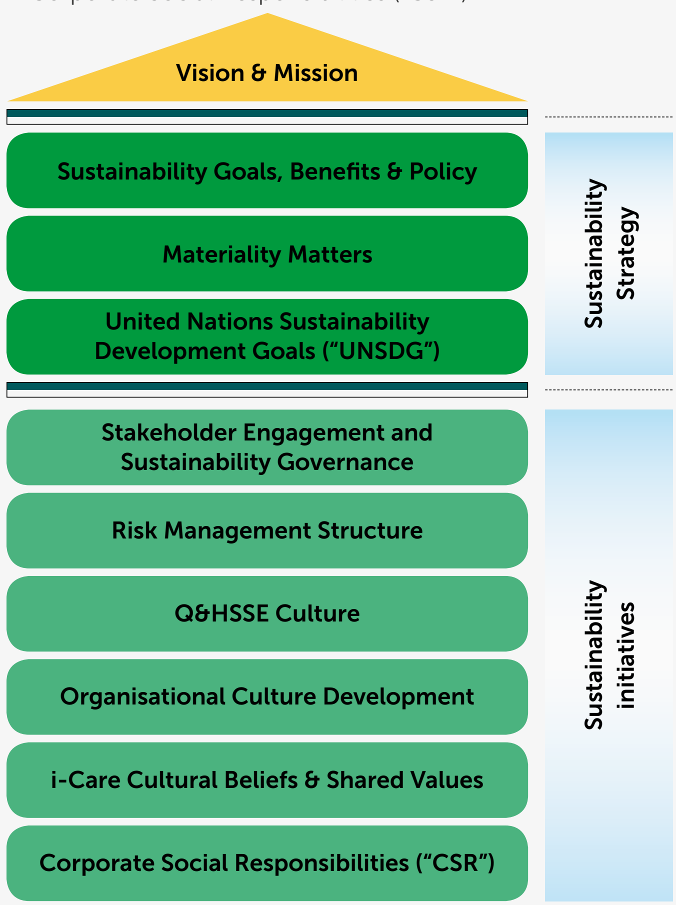
SUSTAINABILITY STRATEGY, FRAMEWORK AND MATERIALITY MATTERS

AMRB believes that a responsible organisation has to fulfil their obligation to act sustainably by balancing and integrating the need and risks between Economic, Environmental and Social ("EES"). In relation to the Group's Vision and Mission, the Sustainability Strategy was developed based on key elements and aspects of framework, values, structure and practices as the integral backbone of the Group's identity as one organisational entity. The key elements are:

- Sustainability Goals, Benefits and Policy;
- Materiality Matters; and
- United Nations Sustainability Development Goals ("UNSDG").

The Sustainability Strategy is implemented through a structured, comprehensive and diligent initiatives amongst our employee, clients, vendors and community at large as follows:

- Stakeholder Engagement and Sustainability Governance;
- Risk Management;
- HSSE Culture;
- Organisational Culture Development;
- iCARE Cultural Beliefs;
- Shared Values; and
- Corporate Social Responsibilities ("CSR").



AMRB's Integrated Sustainability Strategy and Implementation

Sustainability Goals

Our commitments towards Sustainability Goals are as follows:

1. To sustain strong resilience and business agility towards maximising returns and upholding stakeholders' interests.
2. To achieve best performance in Q&HSSE as part of the organisation's long term culture and reputation.
3. To retain and enhance our competitive edge, focusing on technology, innovation and customer needs.
4. To impart caring values with community and environment within the organisation through CSR activities.
5. To enhance corporate governance via maintaining strong framework and implementations, focusing on internal control, risk management and stringent quality controls.

In addition, we are also committed to United Nations Sustainability Development Goals ("UNSDG") where all United Nations member states adopted the 2030 Agenda for Sustainable Development since the year 2015. The UNSDG's noble vision is to promote global prosperity while protecting our planet to address global challenges, including poverty, inequality, and environmental degradation, with an aim to achieving each goal and target by the year 2030. Thus, we have translated this UNSDG's key agenda into our HSSE framework and implementations as well as the CSR activities among our employee, clients, vendors, authorities and surrounding communities.

Sustainability Benefits

We want to ensure that our integrated sustainability activity gives benefits to our business, our stakeholder, the economy, the environment as well as the community. We have identified four (4) focus areas to ensure that the benefits are apparent to all. These are the following areas below:

1) Corporate Governance
   a. Enhancing Risk Management;
   b. Maintaining HSSE License to Operate;
   c. Promoting Good Corporate Governance & Integrity;
   d. Enhancing Innovation for business continuity;
   e. Securing Capital; and
   f. Enhancing Customer Relationship Management.

2) Organisation Culture Development
   a. Improving Shared Values and Work Culture; and
   b. Improving Productivity.

3) Quality & Health, Safety, Security and Environment
   a. Enhancing the Q&HSSE Culture.

4) Corporate Social Responsibility ("CSR")
   a. Enhancing Brand Value and Reputation.

Sustainability Policy

As part of our approach in formulating a Sustainability Policy, we plan to introduce commitment statements that encapsulate the three (3) elements and develop a robust Sustainability Policy for Board level approval:

- Sustainability Benefits;
- Materiality Matters; and
- UNSDG

The commitments to sustainability will be aligned with the Group's Mission, Vision and business objectives as well as the values and corporate culture of AMRB.

Materiality Matters

The Group has identified the Materiality Matters, which was derived from employee and external stakeholder feedback and reported in year 2017. These Materiality Matters contribute to both direct and indirect influence to our business activities, practices and implementation. Each Materiality Matters, we believe, are of relatively equal importance to the Group, given the interdependence and co-relation of impact and significance between each other, as well as to the overall Sustainability Strategy.

United Nations Sustainability Development Goals ("UNSDG")

The Group also strives to be committed to the UNSDG where all United Nations member states adopted the 2030 Agenda for Sustainable Development since year 2015. The UNSDG's noble vision is to promote global prosperity while protecting our planet to address global challenges, including poverty, inequality, and environmental degradation, with an aim to achieving each goal and target by the year 2030. Thus, we have translated this UNSDG's key agenda into our HSSE framework and implementations as well as the CSR activities among our employee, clients, vendors, authorities and surrounding communities.

Stakeholders Engagement

Stakeholder engagement is essential in fostering strong long-term relationships of trust and entrenching a deeper understanding of our activities and business operations. The Group envisions the need to seriously pursue it to enhance communications and collaboration among the stakeholders and get them involved in mapping the sustainable development goals, targets and indicators with Group's priorities and gap analysis. It will definitely enables us to improve our business resilience and operational excellence in addressing potential economic, Q&HSSE as well as social issues that impact the Group via internal and external factors.

Our key stakeholders are made up of clients, employees, shareholders, investors, the Government and regulatory bodies, the community, partner and suppliers. They can definitely contribute to our business sustainability and as such we do require their inputs and feedbacks. They are a critical component of our business development process involved in all stages of the development cycle starting from planning, implementation and monitoring and evaluation. As such all enquiries, feedback and complaints from these stakeholders are given serious deliberation and are promptly attended to.

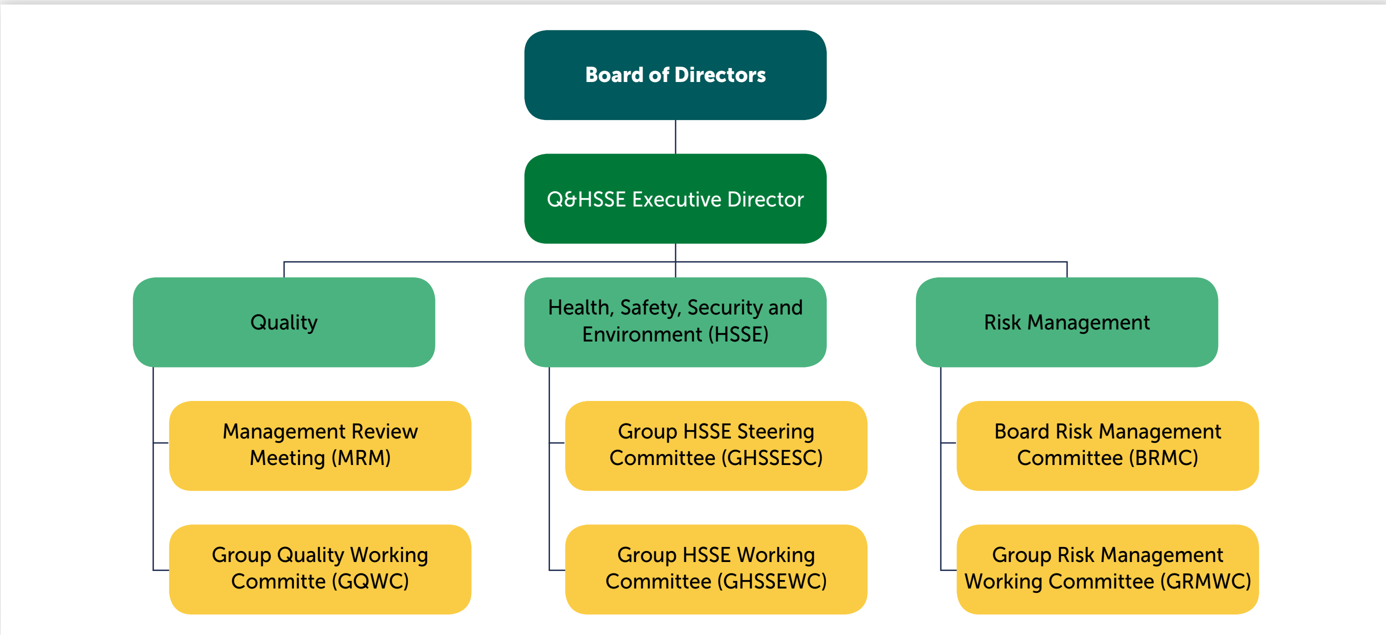
The following table summarises our many avenues of engagement and the outcomes discussed:

Stakeholder Group	Engagement Approach	Frequency	Outcomes And Values
CUSTOMERS	Tender / Bidding Briefings	As and When	1. Project Requirements 2. Compliance 3. Service Delivery 4. Solutions Consultation and Support
	Client evaluation Assessments	Quarterly	
	Project contract administrator meetings	Periodic	
	Tactical Events and Road Shows	Periodic	
	Client Supervision and engagement	Per contract	
	Enquiry Correspondence	As and When	
EMPLOYEES	Managing Director (MD) engagement sessions via intranet / newsletters	Monthly	1. Health, Safety, Security, and Environment 2. Operational Performance Update and Reviews 3. Sustainability Updates and Reviews 4. Business Direction and Initiatives 5. Human Resource Affairs and Personal Development
	Engagement events	Periodic	
	Employee satisfaction surveys	Annually	
	Work Performance and Development Review	Annually	
	Management-Employee Town Hall / Employee Meetings	Periodic	
	Training / Workshops / Team Building	Periodic	
	Corporate Updates via Intranet	As and When	
	Staff Inquiry, Grievance & Whistleblowing	As and When	
SHAREHOLDERS, INVESTORS AND ANALYSTS	Annual Report	Annually	1. Wealth and Value creation 2. Financial Performance and Growth 3. Future prospects 4. Good Corporate Governance 5. Sustainability of Operations
	Annual General Meeting	Annually	
	Financial reports and investor briefings	Quarterly	
	Investor roadshows and events	Periodic	
	Media releases	Periodic	
	Shareholder updates and Bursa announcements	Periodic	
	Company website updates	As and When	

Stakeholder Group	Engagement Approach	Frequency	Outcomes And Values
GOVERNMENT AND REGULATORS	Meetings and visits	Periodic	1. Regulatory Approvals and Legal Compliance 2. Good Governance and Responsible Corporate Management 3. Taxes and Levies 4. Solutions Consultation and Support
	Reports	Periodic	
	Participation in government and regulatory events	As and When	
	Facilitating Regulatory Audit and Other Periodical Statutory	Periodic	
	Support Industry / Government Initiatives	Periodic	
	Certification and Licenses	Periodic	
	Tactical Events and Road Shows	Periodic	
	Client Supervision and engagement	Per contract	
	Enquiry Correspondence	As and When	
COMMUNITY. MEDIA AND GENERAL PUBLIC	Corporate social responsibility activities	Periodic	1. Corporate Social Responsibility 2. Good Governance and Responsible Corporate Management 3. Environmentally Responsible
	Social media	Daily	
	Meeting with the press	As and When	
CONTRACTORS AND SUPPLIERS	Partnership Agreement	As and When	1. Policy, Requirement & Compliance Updates and Review 2. Evaluation Assessment issues 3. Sustainability issues 4. Operational Progress 5. New Business Opportunities 6. Supply and Pricing
	Engagement and Meetings	Periodic	
	Site Visit	Periodic	
	Tender / Bidding Briefings	As and When	
	Procurement, Policy and Regulations Updates	As and When	
	Contractor / Supplier Evaluation Assessment	Annually	

Governance

AMRB has a solid Sustainability Governance structure with well-defined roles and responsibilities to not only drive the Group's sustainability agenda but also define Sustainability Strategy goals and review sustainability performance with clear accountability and integrity.



The Sustainability Governance structure is headed by the Q&HSSE Executive Director, where the position leads the overall Sustainability Strategy directions and is accountable for Economic, Environmental and Social ("EES") risks, opportunities, practices and targets.

In line with the emphasis on maintaining operational excellence, the governance structure revolves around the Group's Q&HSSE structure. It encompasses Risk Management as the supporting activities and functions such as corporate affairs, financial affairs, human resources and others.

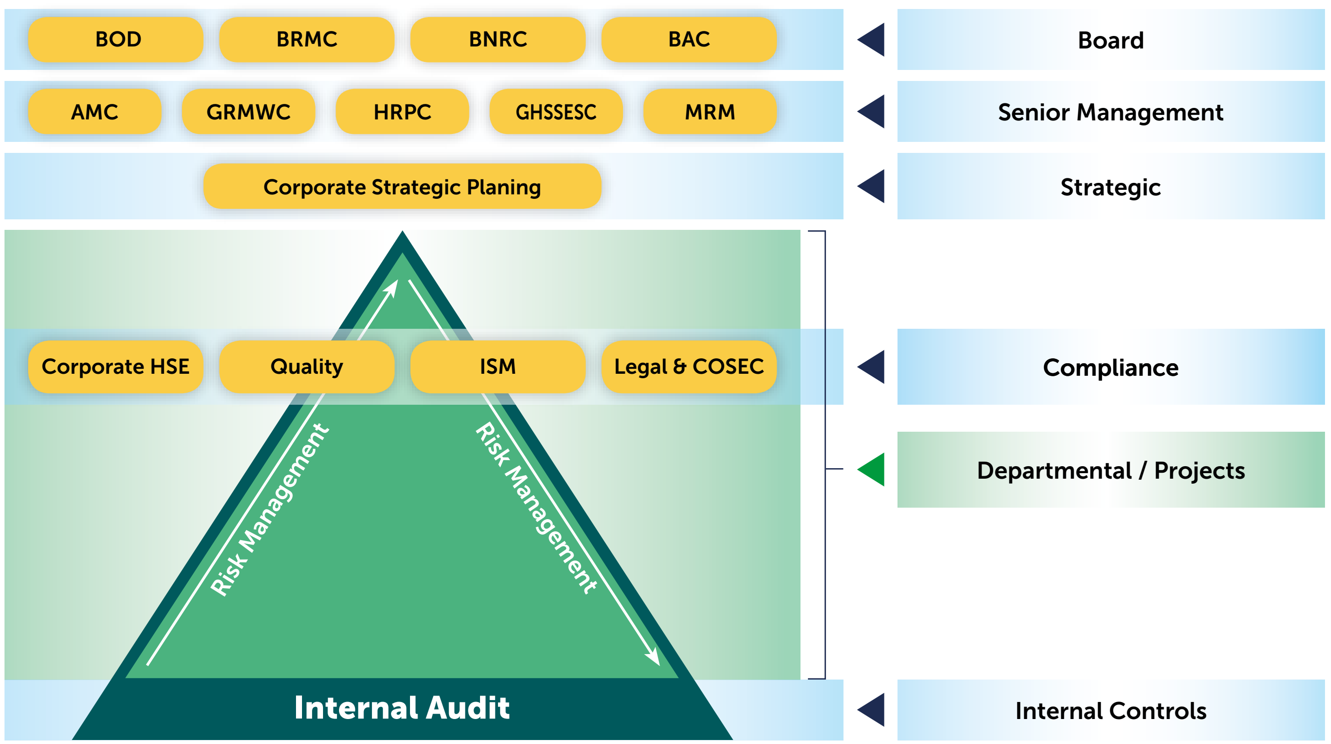
The structure is also supported by a cross-functional approach through Group Risk Management Working Committee ("GRMWC") the Management Committee and Steering Committee with Management Review Meetings ("MRM").

The Sustainability Governance structure is part of Corporate Governance and Risk Management Framework ("CGRMF") that was approved by the Board of Directors. CGRMF outlines the comprehensive structure, roles and responsibilities as well as functional accountability within the Group.

The Board of Directors provides a significant role and carries out oversight responsibility across the organisation in areas such as business and risk strategy, organisation, financial soundness and regulatory compliance as well as sustainability issues. This is in line with upholding Governance and Transparency, and adoption of the best and sustainable practices with minimal risk to drive optimum performance for shareholder's management. In addition, there are Board Risk Management Committee ("BRMC"), Board Audit Committee ("BAC") and Board Nominations and Remuneration Committee ("BNRC") being part of the Corporate Governance Framework of the Group.

Commencing October 2019, we have introduced Alam Management Committee ("AMC") as part of our initiative to enhance corporate governance as well to streamline all strategic, financial and operational matters to support Board of Directors' decision-making process. This monthly AMC forum is chaired by Group Managing Director/Chief Executive Officer ("GMD/CEO") and attended by key Management Team from selected departments, divisions and business units.

This cross-functional and hierarchical Corporate Governance Structure approach is to coherently address and manage the overall corporate structure of the Group, including sustainability matters and identified material issues arising from all our businesses and the location of operations.



AMRB's Corporate Governance & Risk Management Framework

Committee Level	Main Responsibilities
1. Board of Directors	• Chaired by the Chairman of the Board • Provide oversight responsibilities to the sustainability agenda and strategies. • Reviews information provided by the Q&HSSE Director for evaluation of strategies and initiatives. • Approves policy changes, reviews the Board Charter. • Approves Unaudited Quarterly Financial Results and Annual Audited Financial Statements.
2. BRMC	• Chaired by an Independent/ Non-Executive Director. • Approves the Annual Group Risks Profile and Risk Management of the Group. • Approves the quarterly status updates of key risks and mitigation actions as recommended by the GRMWC.
3. Board Audit Committee ("BAC")	• Chaired by BAC Chairman (Independent/Non-Executive Director). • Approves the appointment and resignation of external Auditors. • Approves Annual Audit Plan, budget and resources of Internal Audit Department. • Reviews the Audit progress and follow up of all internal controls matters.
4. Board Nomination & Remuneration Committee ("BNRC")	• Chaired by an Independent Non-Executive Director. • Review manpower planning, remuneration and related policy matters.
5. ALAM Management Committee ("AMC")	• Chaired by GMD/CEO • Review Annual Budget, budget performance and financial matters. • Review Monthly Performance Status, Issues & Proposed Solutions, • Review Project Cost & Status, Issues and Proposed Solutions. • Deliberate Tender Proposal & Commercial,
6. Group Risk Management Working Committee ("GRMWC")	• Chaired by Q&HSSE Director. • Attended by CEO, COO and Heads of Department/Divisions and Business Units before quarterly BRMC meetings. • Recommends Annual Group Risks Profile of AMRB Group of Companies for BRMC approval. • Deliberates quarterly status updates of key risks and mitigations by respective Heads of Department (process owners). • Supports to define and establish the Sustainability Policy, goals and expectations. • Supports to review and conduct the Sustainability Policy, goals and strategies. • Addresses the economic, environmental and social (EES) risks, creates risk profile and provides mitigation recommendation for business and operational activities regarding sustainability. • Escalates critical concerns to Q&HSSE Director, as Chairman of Sustainability Governance, • Provides latest Sustainability data, actions and campaigns for the Management Committee to review performance.
7. Management Review Meeting ("MRM")	• Chaired by Q&HSSE Director and meets once a year as part of ISO requirements. • Comprises top Management, Heads of Department and Division. • Opportunities for improvement measured through internal/external audit finding. • Continuous improvement on IMS system and other compliance.
8. Group Quality Working Committee ("GQWC")	• Chaired by Q&HSSE Director and meets every quarter. • Comprises top Management, Heads of Department and Division. • Reviews and monitors IMS implementation throughout the Group, • Supports to review and conduct the Sustainability Policy, goals and strategies • Produce the annual Corporate Sustainability Statement for review and endorsement. • Implement and act as "Change Agents" to deliver and communicate on Sustainability Policy, goals and strategies, • Escalates critical concerns to Q&HSSE Director, as Chairman of Sustainability Governance.

Committee Level	Main Responsibilities
9. Group HSSE Steering Committee ("GHSSESC")	• Chaired by GMD/GCEO and meets every quarter. • Comprises op Management, Heads of Department/Division and Business Units. • Defines and establishes the HSSE policy, goals and expectations. • Defines and establishes the Sustainability Policy, goals and expectations. • Escalates critical concerns to Q&HSSE Director, as Chairman of Sustainability Governance. • Ensures HSSE procedures, projects, plans as well as work safety systems are correctly and efficiently implemented. • Chaired by HSSE Director
10. Group HSSE Working Committee ("GHSSEWC")	• Comprises employer and employee representatives. • Initiates and participates in HSSE development, training and/or continuous improvement programmes. • Conducts management site visits and HSSE talks. • Monitors the implementation and reviews the performance of HSSE plans. • Meets every month. • Supports to review and conduct the Sustainability Policy, goals and strategies. • Implement and act as "Change Agents" to deliver and communicate the Sustainability Policy, goals and strategies. • Provides latest Sustainability data, actions and campaigns for the Management Committee to review performance.
11. Human Resource Planning Committee	• Chaired by Q&HSSE Director; meeting attended by selected Head of Departments. • Review manpower planning to recommend to AMC. • Review employee appraisals to recommend to AMC.
12. Debtors Ageing Sub Committee & Credit Review sub working committee	• Chaired by GMD/CEO. • Review repayment ageing of debtors. • Assess credit risk of a new trade debtors.

Enhancing Good Risk Management

Risk is given oversight by the Group's Risk Department and is a vital function of the GRMWC. In fact, GRMWC has a strong influence on the performance of the organisation in that it makes decisions that relate to the direction and operation of the Group. While risk management is often thought of as a compliance, conformance or monitoring tool, GRMWC realised that it is also an extremely relevant tool to shape and determine our strategies – it helps shape the strategic plans by identifying internal factors (such as operations and staffing) and external factors (legal, compliance, governance and etc.) that determine the strategy or area the Group should focus on. It serves to identify the risks / roadblocks that might derail the Group from achieving the strategic goals and performance targets that have been approved. Additionally, it also surfaces potential opportunities arising from the implementation of these strategies and plans. Hence, the Committee's functions are to plan, implement and execute our management activities, risk profile and register, which also addresses EES risks, and any existing gaps within our risk management approach.

This year AMRB has given further emphasis on the implementation of risk management through cultivating and inculcating an enterprise-wide culture that is risk-aware and address any risk-taking beyond or different from the Group's appetite. In fact shareholders, investors, employees, regulators and the media now have greater expectations for Senior Management and the Board in being more proactive, strategically as well as tactically, in managing risks through the role of oversight. Critical to this is, of course, to ensure in influencing risk management processes it must make sure that the risk management policies and procedures adopted are in line with the Group's strategy and risk appetite. The details on these enhancement and activities involved are reported in the "Statement on Risk Management and Internal Control" on page 99 of this Annual Report.

Maintaining HSSE License to Operate

Our ability to deliver results is closely tied to having the license to operate. First among these is HSSE. The cornerstone of our success is a culture founded upon sustained improvement towards HSSE performance. In relation to this, the Group also focuses on regulatory and quality compliance for optimum operational excellence to ensure zero HSSE issues, zero defects, timely service delivery, using optimum resources whilst generating less waste, zero operational error and meeting the business goals and targets set.

To date, the Group has successfully achieved the following standards:

Certification & Standards	Awarded To	Validity
IMS Standards of ISO 9001:2015 (Quality Management)	ALAM MARITIM GROUP: - i) Alam Maritim Resources Berhad; ii) Alam Maritim (M) Sdn Bhd; iii) Alam Food Industries (M) Sdn Bhd; iv) Alam Offshore & Logistics Sdn Bhd; and v) Alam Hidro (M) Sdn Bhd	11 March 2021
ISO 14001:2015 (Environmental Management)	ALAM MARITIM GROUP: - i) Alam Maritim Resources Berhad; ii) Alam Maritim (M) Sdn Bhd; iii) Alam Food Industries (M) Sdn Bhd; iv) Alam Offshore & Logistics Sdn Bhd; and v) Alam Hidro (M) Sdn Bhd.	11 March 2021
OHSAS 18001:2007 (Health and Safety Management)	ALAM MARITIM GROUP: - i) Alam Maritim Resources Berhad; ii) Alam Maritim (M) Sdn Bhd; iii) Alam Food Industries (M) Sdn Bhd; iv) Alam Offshore & Logistics Sdn Bhd; and v) Alam Hidro (M) Sdn Bhd.	11 March 2021

AMRB complies and will be ready for every annual audit and the necessary renewal exercise.

The Group is also in compliance with the International Safety Management ("ISM") Code and Maritime Pollution ("MARPOL") on our maritime operations as well as internationally recognised Health, Safety and Environment Management System ("HSEMS") within our business operations.

In addition to this, the Group's Integrated Management System ("IMS"), MARPOL, ISM and HSEMS are primarily enforced by the Quality and HSSE Department across all subsidiaries to further improve future quality compliance and accreditation to international standards.

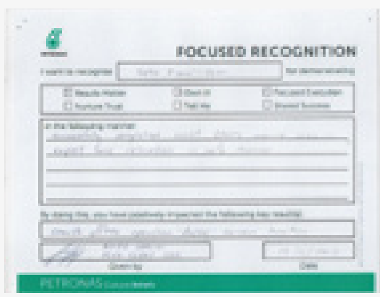
In the year under review, AMRB has started to implement a comprehensive Corporate Security Policy in phases where we emphasise holistic security practices as a sustainability effort towards our business. Our more recent emphasis has been aggressively focused towards Risk Management and Q&HSSE in order to maintain our track record in the midst of this economic uncertainty as well as the COVID-19 pandemic.

Due to our exceptional performance in quality compliance, and HSSE management, we had successfully secured industry recognition of our performance with the following awards:

Date	Achievements, Contributions And Recognitions	Awarded By:
19 May 2019	Focused Recognition awarded to MV Setia Azam crew for successfully completing assistance to E&P O&M Services Sdn Bhd (EPOMS) marine crew on export hose relocation in a safe manner	E&P O&M Services Sdn Bhd (EPOMS)
28 May 2020	2019 Marine Vessel Safety & Operational Excellence Award awarded to MV Setia Fajar Repsol Oil & Gas Malaysia Ltd	

Promoting Good Corporate Governance

The Board of Directors of Alam Maritim Resources Berhad ("the Board") recognises the importance of maintaining the highest standards of corporate governance and best practices in the business and affairs of the Board and the Group. The Board and Senior Management have been assigned the responsibility to oversight and implement sustainability initiatives adhering to the Principles and Recommendations encompassed in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). Further details of the Corporate Governance Framework, Related Party Transaction Policies & Procedures, Board Charter, Remuneration Committee and Policy, Whistle Blowing Policy and Nomination Policy are reported in the Corporate Governance Overview Statement on page 80.


FOCUSED RECOGNITION

AMRB is a constituent of FTSE Bursa Malaysia EMAS Index ("FBEMAS") and a Shariah-Compliant organisation. The Group also adheres to Malaysian laws and regulations related to the Energy and Infrastructure, Equipment & Services and the (upstream) Oil and Gas Equipment and Services Industry, Marine and general regulations.

The nomination was under the Small Cap category, where AMRB was given a great honour to be recognised for our investor relations engagements as well as good corporate governance. AMRB will continue to be committed to maintaining a high standard of corporate governance to achieve greater transparency and to protect the interests of its shareholders.

Women on Board

The Board and AMRB acknowledges the importance of diversity for good corporate governance and strives to make inroads in gender equality. A proud example of this can be seen in Puan Fina Norhizah binti Haji Baharu Zaman, who has proven herself capable such that she holds the position of Chairman of the Board, a position she has held for the past six (6) years. She also has been a Board member since 2010. AMRB will continue to encourage and scout for more capable women candidates, as part of its recruitment exercise, to meet the Board's goals and target for diversity in its composition.

Professionalism and Ethical Conduct

To maintain integrity, AMRB is stringent in its enforcement of ethical guidelines contained in its Code of Conduct/Employee Handbook ("Handbook"). This Handbook includes recommendations on professional conduct, code of ethics, work ethics, anti-corruption and anti-competitive practices, a guide on giving and receiving gifts, business amenities and relationship with government employees, use and dissemination of proprietary and confidential information, and conflict of interest as well as copyrights concerns. The Handbook is communicated to all employees through timely training sessions, which include on-boarding programmes for new employees.

The Group firmly practices anti-corruption and does not permit or condone commercial bribery, kickbacks or any other illegal, secret or improper payments, gifts, transfers or receipts in all dealings. Also, the Group does not condone any behaviour which may be construed as anti-competitive practices.

All external stakeholders, as well as employees, have the right to report any ethics breach suspected of being criminal in nature.

Enhancing Innovation for Business Continuity

As sustainability and innovative solutions often go hand in hand, especially in the offshore industry, AMRB has no choice but to actively leveraging technology to achieve both outcomes. Each day, the realities of the world are constantly being reshaped. This presents new challenges amidst uncertainties which calls for innovative ideas and solutions. Many of our innovative solutions that were implemented are to ensure business continuity in our operation and with responsible execution, efficient operations and reduction of environmental impact to achieve the desired results. Technology has allowed us to communicate effectively with offshore and onshore teams. Our innovation also lies with equipping our employees with up-skilling and newer knowledge to carry out their work safely and efficiently.

In year 2019, we formed a strategic alliance with Cortez Subsea Sdn Bhd to jointly undertake the Tembikai Non Associated Gas ("TNAG") where Zap-Lok™ Technology was used in the pipeline design and installation. The Zap-Lok™ Technology is the first of its kind introduced in Malaysia's Oil and Gas industry. The success of this project has demonstrated the capability of AMRB to be innovative and expand our business beyond Offshore Support Vessels ("OSV") business, leveraging on cost-effective technology and strategic alliance with a reputable partner. This alliance could open up to future opportunities for AMRB in similar technology-based projects, mainly in Transportation and Installation projects. Further details on Zap-Lok™ is reported in the "Management Discussion and Analysis" on page 19 of this Annual Report.

Securing Capital

Ships, vessels and their operations are expensive and require large amounts of capital to operate and maintain. Second-hand ship sales make up a large portion of our ship investments. The ship cost will continue to rise as demand for larger vessels, capable of carrying increased cargo loads, continue. While ships are internationally mobile, it can lead to high levels of risk and volatility in the Maritime industry due to their high specialised manning cost, limited and seasonal demand, apart from their high repair and maintenance cost which need to be carried out irrespective whether they are in operation or not.

AMRB has announced on 23 January 2020 and 18 March 2020 of its proposal for funding raising exercise following the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The proposed exercise will undertake two (2) tranches of private placement to be managed by UOB Kay Hian Securities (M) Sdn Bhd. This placement will ensure AMRB has sufficient fund to build and improve our resilience and competitiveness in enhancing our commitment to sustainability while concurrently implement cost efficiency measures to perform and execute our projects.

SECURING CAPITAL FOR PROJECT EXECUTION

Enhancing Customer Relationship Management

AMRB aims to provide good customer satisfaction through the highest standard operating procedures, stringent safety and health practices and excellent customer engagement. In keeping with good customer relationship and fostering positive customers experience, given the challenging economic and market conditions, we continue to provide the best service possible under the circumstances and sustain customer excellence within our business through prompt operational responsiveness to address all concerns raised and to all enquiries made, communicate effectively, and providing value-added solutions where and when needed, to all our clients and customers.

Engaged customers are good for business. Hence, we give focus to planning and executing our customer engagement strategy that can foster brand growth and loyalty. Our customer engagements are conducted through customers'/clients feedback, customers'/clients inspection and site visits, both scheduled and unscheduled, project contractors management meetings, audits and assurances regulatory or compliance-based evaluation and assessment exercises and enquiry correspondences. Reports are provided to customers and clients periodically on the updates and reviews of projects progress as well as repairs and maintenance record including remedial and corrective measures undertaken. The report also includes the Q&HSSE performance on operational activities and requirements of the project.

Sustainability with Contractors and Suppliers

Developing and retaining business relationships with contractors and suppliers are essential in achieving the Group's business goals. Since our inception, we have developed a competent pool of contractors and suppliers based on integrity, trust, reliability and delivery performance that equates to better efficiency, cost-effectiveness and timely delivery of sustainable solutions and services.

AMRB's Procurement Policy emphasises on fair and transparent procurement practices, where we subscribe to a centralised procurement system which controls all transactions as well as evaluation assessment in one location. Our local contractors and suppliers take precedence over foreign suppliers to support and contribute back to the local economy, where possible. This policy also helps to improve their sustainability and business practices that are mutually beneficial in building robust supply-chain partnerships.

We conduct periodic evaluation assessments on all our existing contractors and suppliers to ensure that the quality of products and services is on par with our requirements and standards. We expect our suppliers to apply global best practices in quality control, labour management, worker safety and environmental impact reduction. Mutually sustainable growth is a key factor in building partnerships.

ORGANISATIONAL CULTURE DEVELOPMENT

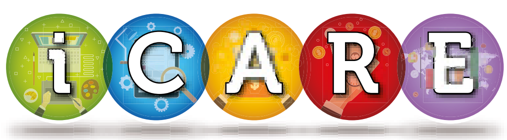
Improving Shared Value and Work Culture

AMRB realises that to thrive under current very challenging environment it needs to align its work culture to its strategy. Hence, all efforts and initiatives have been and are being undertaken to bring about this work culture transformation. Year 2019 can see us reaching a level of maturity along our transformation journey and see us making good progress developing, and forging with greater intensity, to imbed a cohesive organisational culture that centres on driving organisation excellence and productivity in business operations and behaviour. It is based on work culture that places emphasis on values, mind-sets and behaviours, which holistically make the work environment more conducive for success. Towards this end, the Group have stepped up its efforts to inculcate these work values to develop an effective work culture based on our Shared Values and Cultural Beliefs. Both are intertwined. Whilst our Shared Values is our DNA that governs how we do things, our Cultural Beliefs shows us the discipline and the values as well as focussed accountability to deliver quality results.

Introduced in the year 2017, iCARE is our cultural beliefs that bring us the discipline values as well as bringing focused accountability to deliver quality results and performance. On the other hand, our shared values, introduced in year 2011 are the guiding principles that are integral in the way we work. They are the principles and fundamental guidance to our business conduct which enable us to choose between the right and wrong ways of working. Both the beliefs and our values are the foundation of our work culture which we need to embed in our everyday interactions at work. They have been deployed as a group-wide initiative to inculcate a sense of belonging, taking ownership and sharing of success together.

The iCARE Cultural Beliefs, along with our Shared Values, are not projects or roll-out exercises but are values and work discipline which we need to internalise as our new working culture to bring about a quantum change in the work behaviour of the staff to give commitment to deliver commendable performance. They also promote empowerment, unity, trust and mutual respect amongst one another.

ALAM CULTURAL BELIEF



- **i** — **INTEGRITY**
  I act with honesty, am uprig ht with high moral values
- **C** — **COMPLIANCE TO REQUIREMENTS**
  I perform and deliver the required results with discipline
- **A** — **ACCOUNTABILITY**
  I take full responsibility of the results I produced
- **R** — **RIGHT RESULTS**
  I plan and do my job correctly to avoid mistakes and repeat work
- **E** — **ENGAGEMENT**
  I engage all levels and be committed in what I do

What is very critical during this work culture journey change, is that we each consciously work on creating the right experiences we want within our workspaces. It is our experience - good or bad - that shape our belief and value systems, which in turn influence our actions that determine results for the business and the organisation. Our focus therefore, currently, is to ensure that these experiences need to be pervasive across the organisation in order to be effective and bring about the desired change, and consequently, results. We need to bring everyone on board. Unfortunately, at this stage of our journey, there are still pockets of employees not performing in tandem with the organisation, with some even resisting change. This will definitely pose problems for the Group to move forward and deliver the desired results on all fronts.

We can no longer downplay the challenges that lie ahead because if something goes wrong operationally which affects our contracts delivery and consequently our revenue, or geopolitical issues which affect and disrupts our business performance, then we will have serious problems. Any further negative development will likely be too hard for us to take financially, given our already cash-strapped situation. Thus, given the current circumstances we are operating in, we have no choice but to internalise the reality of our current environment. Our staff must be made to understand and appreciate why we need to change, which has a lot to do where we are headed as an organisation. Only through a work culture transformation or change can we achieve sustainability and even then we have to ensure that they resonate with the entire workforce, and our expanding set of stakeholders. It is critical for us first to survive the current challenges, and second to build business sustainability in the long run.

Diversity and Inclusivity

In line with iCARE Cultural Beliefs and our Shared Values, and in support of our Corporate Agenda as reflected in our Vision and Mission Statement, the Group practices diversity and inclusivity to drive us towards a shared purpose. Working with a set of working community from different background, this is critical to create alignment across the organisation which can help to develop a set of beliefs to govern our collective thoughts, actions and behaviours. We need to recognise and appreciate the diversity of our workforce. As an equal opportunity organisation, our employees are multi-racial, with a spectrum of different cultures, ethnic backgrounds, genders and ages. We believe a diverse workforce promotes a culture that is open-minded and encourages new ways of thinking to ensure our high-performance organisation culture. In addition to this, we practice a non-discriminatory hiring policy and all our employees are hired based on capability and expertise. It is our objective to build a diverse but cohesive workforce that subscribe to our Corporate Agenda.

As at 31 December 2019, the Group had 163 employees across regions. Our workforce comprises of permanent and contract employees, as well as executives and non-executives. Nevertheless, we support local talents at locations where we operate and encourage hiring talents that are diverse and inclusive.

Employee Demographic Highlights

The employee demographic consists of only shore personnel that are operating in Malaysia. The total employees for shore are 163. The data is reflective as of 31 December 2019:

Areas			Data
Total number of employees	**Permanent**	Female	35
		Male	84
	Contract	Female	11
		Male	33

Areas			Data
Total number of employees by Age Group	**30, and under**	Female	19
		Male	18
	31 – 40	Female	29
		Male	43
	41 - 50	Female	6
		Male	24
	51 and above	Female	1
		Male	23

Areas			Data
Total number of employees by Citizenship or Nationality	**In Malaysia**	Malaysian	159
		Non-Malaysian	4

Areas			Data
Total number of employees by employment levels	**Management**	Female	7
		Male	31
	Executive	Female	26
		Male	54
	Non-Executive	Female	13
		Male	30
	General Worker	Female	-
		Male	2

Improving Productivity

AMRB improvement to productivity is viewed in a holistic manner such as it is not only to improve human capital development but also to improve the Organisational Culture Development, systems, processes and procedures as well as organisational design. To add improvements to productivity, AMRB applies these six (6) enablers based on a industrial best practices.

These enablers will not only enhance productivity but produce better cost efficiency to the organisation, and the benefits will be reaped by all stakeholders, and contribute to AMRB business sustainability and operational efficiency as a high-performance and productive organisation.

Human Resource Management

As part of the organisational culture development, the Group strives to ensure that all employees are fully aware of their rights, policies and benefits by providing on-boarding training as well as through series of Human Resources workshops or events in English or Malay language. The following are highlighted areas of AMRB's Human Resource Management:

Compensation and Benefits	• The Group is committed to paying all employee the statutory monthly minimum wage and overtime compensation in accordance with the current national labour regulations. • We provide equal opportunity and the fair treatment to wages and salary. • We provide group insurance and Employees' Share Option Scheme ("ESOS") to those who are eligible.
Foreign Employment Arrangement	• The Group has in place comprehensive process and procedures when hiring foreign employees which will protect their rights of employment.
Communications with Senior Management	• The Group has a periodic schedule where Senior Management and Board members conduct site visits at facilities and operation sites. These visits serve as a platform for proactive engagement with our employees on-site. • Meetings and discussions are regularly conducted, with Town Hall sessions organised to update employees on the Group's strategic initiatives, business developments, policy awareness and achievements as well as targets set by the Group.
Policy of Notice Period for Significant Changes in Operation	• The notice period for any significant change in operations varies from two(2) weeks to up to 12 months, depending on the level of severity, priority and impact of the change. • Termination procedures are as per the contractual offer letter of employment unless it differs where then procedures will follow the Employment Act 1955.
Non-Discriminatory Policy	• The Group subscribes to non-discrimination based on their relevant merits and competency regardless of gender, race, nationality, religion, age, disability, sexual orientation, marital status, union membership/affiliation/activity, employment status or political affiliation. • We respect the rights of employees to practise their religion during their working hours, • We allow employees to have the right to join any organisation as well as freedom of association with any organisation as per applicable laws. • We practice no child and young person labour, and no forced labour in any kind of work.
Anti-Bribery and Anti-Corruption ("ABAC") and Harassment	• The Group applies a zero-tolerance policy on any form of bribery and corruption practices, harassment, abuse as well as discrimination based on any personal characteristic and maintaining a workplace that is free from abuse, harassment, sexual harassment, intimidation and any other unsafe working condition. • We have set up a proper channel for whistleblowing and grievance mechanism for an employee to report on any incident. • Policy on Anti-Bribery and Anti-Corruption ("ABAC") was approved and effective in June 2020.
Talent Management and Development	• The Group is committed to a healthy, high-performance organisation where we place high priority on knowledge and skills development. • We are committed to value our employees' achievements through yearly performance management reviews and career succession planning. • Further emphasis will be highlighted in the "Talent and Management Development" on page 62 in this Annual Report.

The Group continuously monitors our employee's understanding of their rights to ensure that they can act within the prescribed policy in a smooth manner and are able to create better harmony and deliver high-performance output within the Company.

Employee Appreciation

We pay tribute to our hardworking employees and acknowledge their contribution and loyalty for their service and skills to the Company. This acknowledgement is also given based on their feedback, suggestions and their argumentative dialogues during their course of tenure for the improvement of the Company's operations and policies. The Long Service Award appreciation ceremony is held every ten (10) years, where the latest appreciation ceremony was held in March 2019. We also recognise and appreciate our long service offshore staff/crews who have been with us for ten (10) years and above with special awards.

TALENT MANAGEMENT AND DEVELOPMENT

As an organisation AMRB strived to create 'the right environment' in its human capital development programme to ensure our staff to continue to thrive and deliver high performance. Moving forward, we have in plan a new approach towards talent development and this is empowering self-driven talent development. This is still in the planning stage and will share the progress on the development of the programme from time to time to ensure the staff understand and are comfortable with the concept before it is rolled out for implementation.

For the year under review, the Group have invested RM 342,533 in employees' training and development programmes. This is above and beyond the Group's own ongoing in-house training programmes, with the mentor-mentee programme being just one of many. A total of 20 public trainings were approved and two (2) major in-house programmes were conducted. Both the public and in-house programmes cover skill-specific or technical training, soft skill training, including coaching and leadership training.

Listed below are the employee training programmes initiated for the year under review:

Month	Training / Course Attended	Organiser	Date
January	Team Building - 1 Alam Away Day	GLOBAL EXCEL	11 Jan 2019
	Accident Investigation Training	EVERSAFE UNIVERSAL	29 Jan 2019
May	Basic Fire Fighting	I KNOWLEDGE	20 May 2019
June	Lead Auditor Course	SIRIM STS	17 Jun 2019
July	MAICSA Conference	MAICSA	2 Jul 2019
	Loss Prevention System	TSTC	11 Jul 2019
	T-Boseit - Refresher	SEQU	15 Jul 2019
	Safe Handling Of Hazardous Chemical & Use Of PPE	MIOSH	16 Jul 2019
August	T-Boseit - Refresher	SEQU	1 Aug 2019
	Ringging & Slinging	SEQU	2 Aug 2019
	Ringging & Slinging	SEQU	23 Aug 2019
	T-Boseit - Refresher	SEQU	29 Aug 2019
October	Loss Prevention System	TSTC	9 Oct 2019
	Power Up Team	GLOBAL EXCEL	9 Oct 2019
	Leadership On The Feet	GLOBAL EXCEL	9 Oct 2019
	T- Boseit - Refesher	TSTC	9 Oct 2019
November	Ringging & Slinging	SEQU	8 Nov 2019
	Integrated Thinking Simulation	GLOBAL EXCEL	12 Nov 2019
	Leadership On The Feet	GLOBAL EXCEL	19 Nov 2019
	Leadership On The Feet	GLOBAL EXCEL	25 Nov2019

The Group's in-house programmes are a structured development programme which focusses on:

I. Leadership quality enhancement;
II. Generic competencies of teamwork, communication and general management; and
III. Core technical knowledge and specialised competencies of the respective functions.

Candidates selected for the in-house programmes are placed in the programme for three (3) to five (5) years and are exposed to on-the-job training as per their prospective positions. Evaluation and review of such candidates are managed by the Human Resource Planning Committee ("HRPC") and is conducted on a six (6) month basis with the results then presented to the Board for further deliberation and endorsement.

For the year under review, five (5) new candidates were selected for this in-house programme while fifteen (15) candidates are still undergoing this programme. Six (6) employees have completed the programme and are ready to progress onto the next level of their careers, equipped with their newly acquired insights and skills.

Spiritual Growth and Development

AMRB continues its daily Halaqah Al Husna, a brief talk on the Islamic faith for Muslim employees to aid their personal spiritual development. The Group also holds a larger monthly Halaqah Perdana on specific topics and invites well-known speakers and scholars to share their teachings and personal insights with employees.

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

Enhancing the HSSE Culture

The Group is continuously committed to upholding the highest standards of health and safety across all areas of our operations and workplace. We adhere strictly to the HSSE Plan, Policy and Standards, and strictly comply with the International Safety Management ("ISM") Code, MARPOL and the Laws and Regulation for Good Governance. Employees are guided by standard operating procedures, work policies and safety handbook to ensure that safety practices, communication and behaviour is embedded deeply into our working culture, across operating units in all subsidiaries, be it on-shore or off-shore.

The Group ensures all risk and hazards are identified, eliminated, mitigated, and managed at every aspect of our activities and processes. All employees undergo customised training which is specific to their job requirements and are drilled thoroughly on instructions and precautions to protect people and Company's asset as well as conserving the marine environment. We also conduct a variety of HSSE programmes to drive excellence and to inculcate a safety culture across the Company.

HSE MANAGEMENT SYSTEM

The overarching health and safety management framework and standards are supported by our Health, Safety and Environment Management System ("HSEMS") policy including the HSSE Management Systems principles, Drug and Alcohol Policy, ISM Code and Work Stop Policy.

The COVID-19 Pandemic

In light of the COVID-19 pandemic, an immediate campaign was issued to ensure all employees take precautionary measures to protect themselves from the virus. In campaign also includes detecting COVID-19 symptoms and steps to take when such symptoms occur. Up to 31 March 2020, no employee has been contacted with COVID-19.

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

In the year under review, AMRB is particularly encouraged by our success in ushering an improving trend across key HSSE indicators. To put this into perspective, whilst clocking 3.6 million manhours, we have significantly improved the safety and health performance record with zero Lost Time Injury ("LTI") and near miss. The Group recorded one (1) case of medical treatment, two (2) cases of property damage, one (1) case requiring first aid and one (1) case of an environmental spill in year 2019. Due to the medical treatment case recorded, total recordable case frequency ("TRCF") stood at 0.44.

We owe this to the concerted efforts of all levels in driving compliance, exemplifying a culture of safety and walking the talk. We believe these are signs of a generative HSSE culture taking root in our organisation. The next challenge would be to build up on this positive momentum. Indeed, with a safer workplace, the Group would be able to focus on execution and produce better performance.

Category	Total Reported / Cases	
	2018	2019
Unsafe Act /Unsafe Conditions	7,111 Reported	9,588 Reported
Near Miss	1 case	Nil
Environmental Spillage / Fire	1 case	1 case
Property Damage	2 cases	2 cases
First Aid	1 case	1 case
Medical Treatment	2 cases	1 case
Restricted Work	Nil	Nil
Lost Time Injury (LTI)	1 case	Nil
Fatality	Nil	Nil

Free from Lost Time Injury (LTI) incident	
Days as at 31 Dec 2019	597
Man Hours (as at 31 Dec 2019)	3,688,451

Vessel Visits and Crew Engagement

As part of our responsibility to employee engagement, AMRB conducts regular visits to our fleet crew in order to build trust and strengthen communication. By doing so, we ensure alignment with the Group's Vision, Mission and goals and strive towards a more effective, cohesive workforce. The on-site visits and dialogue sessions enable both employers and employees to understand better each other's needs and expectation and set realistic and agreed objectives to achieve our Group's performance. There were 26 visits on-board various fleets under the year of review.

A summary of visits is reported below:

HSSE Activities	Date	Location	Description
1. MANAGEMENT VISIT CONDUCTED ON BOARD VESSEL	17 Jan 2019	Crest Alpha 1	Visit by the AGM Project & Services
	20-21 Jan 2019	MV Setia Station 2	Visit by HSSE Manager
	07 Mar 2019	MV Setia Cekap	Visit by AGM Marine Assurance
	12 Mar 2019	MV Setia Fajar	Visit by AGM Marine Assurance
	17 Mar 2019	MV Setia Gigih	Visit by HSSE Manager
	19 Mar 2019	MV Setia Erat	Visit by COO Subsea
	17 Mar 2019	MV Setia Gigih	Visit by HSSE Manager
	27 Mar 2019	MV Setia Teguh	Visit by AGM Marine Assurance
	30 May 2019	Crest Hyndra	Visit by COO Subsea
	13 Jun 2019	MV Setia Gigih	Visit by AGM Marine Assurance
	13 Jun 2019	Bahtera Azalea	Visit by COO Subsea Visit by Operation Director Subsea
	17 Jun 2019	MV Setia Kental	Visit by AGM Marine Assurance
	04 Jul 2019	MV Setia Rentas	Visit by AGM Marine Assurance
	14 Jul 2019	Crest Hydra	Visit by COO Subsea
	10 Sep 2019	Bahtera Azalea	Operation Director
	11 Sep 2019	MV Setia Teguh	Visit by Senior DPA
	18 Sep 2019	MV Setia Zaman	Visit by AGM Marine Assurance
	30 Sep 2019	MV Setia Kental	Visit by Senior DPA
	15-16 Oct 2019	Crest Hyndra	Visit by Operation Director Subsea
	31 Oct 2019	OLV Venture 1	Visit by Group COO Visit by Project & Contract Administrator Visit by General Manager, IGS Visit by COO Subsea Visit by KSB Base Manager
	14 Nov 2019	MV Setia Rentas	Visit by HSSE Manager
	14 Nov 2019	MV Setia Jihad	Visit by CEO JV's Co Visit by HSSE Manager Visit by General Manager, IGS
	19 Nov 2019	MV Setia Fajar	Visit by Senior DPA
	20 Nov 2019	MV Setia Cekap	Visit by Senior DPA
	04 Dec 2019	MV Setia Hijrah	Visit by Group CEO Visit by HSSE Manager
	17 Dec 2019	MV Setia Qaseh	Visit by AGM Marine Assurance

HSSE Activities	Date	Location	Description
2. BASE HSE VISIT	20 & 21 Jan 2019	Setia Station 2	HSSE Walkabout was conducted on-board Setia Station 2 as part of vessel readiness preparation
	31 Oct.2019	OLV Venture 1	a. Check on HSSE Compliance onboard (PTW, Schedule Waste, PPE, JHA etc.) b. Share latest incident lesson learn c. Share latest company /client HSSE campaign / programs d. Hygiene and housekeeping inspection e. Promote good HSSE Culture
	28 Nov2019	MV Setia Cekap	
	04 Dec 2019	MV Setia Erat	
	15 Dec 2019	MV Setia Wira	
	16 Dec 2019	MV Setia Qaseh	
	16 Dec 2019	MV Setia Azam	
3. ROVING VISIT	07 -14 Dec 2019	MV Setia Erat	Conducted by KSB HSSE representative to ensure safety is upheld, to inspect any risks regarding the vessel and equipment as well as to gauge the crew's understanding and ability on HSSE policies and practices.
4. VISIT BY USTAZ	14 Nov 2019	MV Setia Jihad	The Ustaz boarded MV Setia Jihad and MV Setia Rentas at KSB Anchorage and highlighted on the importance of integrity and accountability in all tasks. The Ustaz also shared a simple *doa* for the Muslim crew to recite before commencing work, in the hope that work may be completed with ease and without any incident / accident. The visit concluded with the Ustaz performing a prayer together with the Muslim crew.
	14 Nov 2019	MV Setia Rentas	

Marine Crew Engagement Session

Every year, AMRB conducts engagement sessions with our Marine Crew. These sessions are a part of our continuous effort to refresh the crews on risk management and assessment as well as updating the HSSE policies. These sessions for 2019 are recorded as below:

Date	Location	Description
29, 30 & 31 Mar 2019	Klana Beach Resort, Port Dickson	Corporate HSSE conducted Marine Crew Engagement session 01/2019 with the objectives of: i. Enhance and improve Marine crew's understanding on the Company's Safety Management System requirements and expectations; and ii. Bridging the gaps between Ship management and Marine crew.
09, 10 & 11 October 2019	Swiss Garden Beach Resort, Kuantan Pahang	Corporate HSSE conducted Marine Crew Engagement session 02/2019 where 52 Marine crew attended with the objectives of: i. To officiate the launch of 1 Alam Monsoon Campaign 2019/2020; ii. To announce the achievement of 3.0 Million Free LTI Man-hours; iii. To create an engagement opportunity with top management; and iv. To conduct a knowledge sharing session by PCSB representative.

HSSE Training (Photo from HSSE Training)

The HSSE Department diligently provides HSSE training to the on-shore and off-shore employees. This yearly training plan provides a proactive approach to continually engage and provide new awareness and new knowledge as well as a refresher on HSSE matters to relevant employees. It is also to ensure adequate controls and measures are in place.

There were eight (8) training programmes and workshops conducted during the year under review, as listed below:

HSSE In-House Programmes

I. Unsafe Act/ Unsafe Condition ("UAUC") Workshop – 7 workshops conducted
II. Weekly HSSE Awareness Talk Session
III. Incident Investigation Training – For Marine Crew
IV. Non-Conformity Workshop
V. Job Hazard Analysis ("JHA") Improvement Workshop
VI. Offshore Vessel Inspection Database ("OVID") Awareness and Information Sharing
VII. Basic Fire Fighting - for Floor Safety Manager & Assistant Floor Safety Manager
VIII. Safe Handling of Hazardous Chemical at Workplace and Use of Personal Protective Equipment – for Yard and Warehouse

Health and Safety Campaigns

The Health and Safety campaigns are the HSSE Department's yearly initiatives to educate remind employees on the importance of adopting a good HSSE practice. The campaigns initiated in the year under review were:

Campaign Name	Details
1 Alam Zero is Hero	Group had officially re-launched the HSSE Campaign 1 Alam Zero is Hero on 1 March 2019, during the Marine Crew Engagement Session 01/2019. 1 Alam Zero is Hero comprises of five (5) elements: 
1 Alam Monsoon Campaign 2019/2020	1 Alam Monsoon Campaign was launched in early October 2019. The campaign was a reminder to all AMRB fleet and crew to heed precautions and alerts during monsoon. The campaign includes: I. Sharing of Do's and Don'ts during a monsoon; II. Manual of Permitted Operation (MOPO) Compliance reminders; III. Empowerment of Stop Work authority; IV. Preparation during an emergency – emergency drill; and V. Risk Assessment prior to commencement of work.

Drug and Alcohol Testing and Other Inspections

As part of compliance to Drug and Alcohol Policy, the HSSE Department had conducted an unannounced drug test for both off-shore and on-shore employees. A total of 101 Marine crew were screened, all of whom were tested negative.

Offshore					
Date	Location	Number of crew screened	Date	Location	Number of crew screened
20 Feb 2019	MV Setia Station 2	12	21 Apr 2019	MV OLV Venture 1	5
27 Mar 2019	MV Setia Cekap	5	22 Apr 2019	MV Setia Rentas	4
27 Mar 2019	MV Setia Teguh	5	23 Apr 2019	MV Setia Luhur	5
02 Apr 2019	MV Setia Gigih	14	14 Nov 2019	MV Setia Jihad	8
04 Apr 2019	MV Setia Wira	12	14 Nov 2019	MV Setia Rentas	8

Onshore		
Date	Location / Area / Department	Number of crew screened
13 Jun 2019	HSE, ISM, Procurement, Project and Operation & Technical Staff	23 staff screened

The Group HSSE Working Committee also performed continuous inspections to ensure that the workplace is safe, hazard free and environmentally friendly for employees. The inspection is conducted on a monthly basis at each work location.

Mentor-Mentee Programme

AMRB's Mentor-Mentee programme has continued in the year under review since year 2008. It is categorised as staff welfare and led by the HSSE Department. The programme enables active sharing of information between shore staff and vessel crew. Office staff, predominantly non-technical, assumes the role of a Mentoring team (Mentor), with the vessel as the Mentee. Mentors will periodically visit Mentees to build better rapport and thereby create more effective working relationships between office staff and offshore crew. The programme holds specific objectives to achieve, which are to:

- Increase employee's motivation towards better performance;
- Enhance commitment, awareness, cooperation and a sense of responsibility for the Company and its achievements; and
- Create close relationships and goodwill among employees, the Management and the operations at AMRB.

For the year under review, there were five (5) on-board Mentor-Mentee visits, where a total of five (5) mentees were involved. List below shows the activities under the Mentor-Mentee Programme:

Visit Date	Vessel / Mentee	Mentor Team
27 Mar 2019	MV Setia Teguh	i. AGM Marine Assurance ii. HQ HSSE Representative iii. Technical Executive
18 Sep 2019	MV Setia Zaman	i. AGM Marine Assurance ii. ICT Executive iii. Technical Executive iv. Account Executive, IGS v. Procurement Assistant, IGS vi. Account Assistant, IGS
31 Oct 2019	OLV Venture 1	i. Group Chief Operating Officer ii. Project and Contract Administrator iii. Chief Operating Officer, SWS iv. General Manager, IGS v. KSB Base Manager vi. KSB HSSE Representative vii. Technical Superintendent
14 Nov 2019	MV Setia Jihad	i. Chief Executive Officer of Joint Venture company ii. General Manager, IGS iii. Head of HSSE Corporate iv. Technical Superintendent v. Operation Superintendent vi. Crewing Executive vii. Logistic Executive, IGS viii. Religious Officer
14 Nov 2019	MV Setia Rentas	i. Chief Executive Officer of Joint Venture company ii. General Manager, IGS iii. Head of HSSE Corporate iv. Technical Superintendent v. Operation Superintendent vi. Crewing Executive vii. Logistic Executive, IGS viii. Religious Officer

Career Advancement and Succession Planning

AMRB's Self Development Pipeline ("SDP") plan forms the basis of our structured and highly effective career advancement and self-development framework on the core competencies of attitude, skill and knowledge. Through this plan, the Group identifies high calibre employees on an upward pathway towards senior-level leadership and prepares them for succession planning. This is also in line with the strategic intention to ensure a seamless lineage of succession-ready leaders for the Group's business continuity.

Selected employees will undergo a comprehensive 6-D transition process which is designed to enhance their leadership and decision-making skills. This process is in collaboration with the Malaysian Maritime Academy ("MMA").

VESSEL AND FUEL MANAGEMENT

AMRB's fleet has earned itself a reputation for superior workability and excellent station-keeping. In order to maintain this high standard, we continuously conduct stringent vessel management. However, in the course of our operations, fuel is still our prime resource and sometimes can be over consumed. Therefore, we always monitor and control on our fuel consumption to ensure optimal use on our vessel. For these reasons, we practice the following considerations:

- Buy and use the right fuel;
- Use proper control procedures when storing and handling fuel; and
- Monitor fuel consumption by individual machine.

Clean Fuel

AMRB has instituted low sulphur Marine Gas Oil ("MGO") with a sulphur content of 0.1% or less instead of using the cheaper high sulphur MGO. Currently, the low sulphur MGO is one of the cleanest marine fuels available and helps to preserve the air quality environment. Bio-degradable oil is also used, where possible.

IMO 2020 mandates a maximum sulphur content of 0.5% in marine fuels globally. As of 1 January 2020, AMRB has complied with the new emission standards for fuel oil used by ships. The driver of this change is the need to reduce the air pollution created in the shipping industry by reducing the sulphur content of the fuels that ships use.

All vessels have a Ship Energy Efficiency Management Plan ("SEEMP"), which is reviewed and endorsed by the Marine Department, Malaysia, and is also regularly reviewed by our ISM Department. Our effort for sustainability and environmental was appreciated and given due recognition when we were awarded the Best Practice for Fuel-Efficient Operation Award in Malaysia World Maritime Week 2018 by Ministry of Transport Malaysia.

In our on-shore operations, we continue to implement energy-saving initiatives in the office and continuously encourage staff to embrace energy-friendly alternatives.

WASTE MANAGEMENT AND POLLUTION PREVENTION

Waste management and Pollution Prevention implemented at on-board vessels are governed by the Marine Pollution ("MARPOL") 73/78 with the objective to minimise pollution of the oceans and seas, including dumping, oil and air pollution. The MARPOL consist of six (6) Annexes that correlates to categories of pollutants, each of which has its own regulation of a particular group of pollution controls.

AMRB subscribes to Annex VI where we enforced air pollution prevention within our Ship Energy Efficiency Management Plan ("SEEMP") and raised accordingly through our Fleet Management for supervision and monitoring. This procedure is also in-line with our Health, Safety and Environment Management System (HSEMS) policy. The ISM Department is still undergoing a framework plan for Annex VI for best measures and performance.

AMRB's on-going efforts have ensured that all vessels comply with SEEMP requirements, including simple instructions and lifestyle changes such as:

Waste Management On-Going Efforts
• 3Rs - Reduce the waste generated, Reuse materials and products, Recycle as much as possible • Send to landfill or disposal sites as the last option. • Wastes must be separated and disposed via the garbage management facility provided. • Switch off any equipment or lights that are not in use for energy efficiency. • Embrace energy and fuel saving alternatives to reduce carbon footprint, such as carpooling. • Embrace water saving behaviours, such as short showers.

Garbage Management Plan

All of our vessels have a garbage management plan where waste separation is carried out on board and recyclables such as plastic, paper and glass are sent to shore recycling facilities. Other types of waste are collected for treatment, recovery or disposal at shore, while waste which are permitted for on-board incineration are disposed of in the shipboard incinerator. The only waste that is allowed to be disposed at sea is food waste (without its container or packaging) and the disposal is carried out in compliance with MARPOL. Minimising the waste sent to final disposal sites will also result in cost savings to the Company.

Biodiversity

We are committed to conserve the marine environment where we operate by minimising the disposal of harmful effluent into the marine waters. One simple but impactful measure we implemented was to switch over to environmentally friendly laundry detergent, which is one of the ISO 14001 targets for our vessels.

The criteria for environmentally friendly detergent is as follows:

- **100% non-toxic and biodegradable**
- **Green certified or eco-labelled**
- **Free from phosphate, sulphates and petrochemicals**
- **Wholly plant-based enzymes in content**

SECURITY

A secured workplace and operation environment is vital for the sustainability of the business but more so, for the basic welfare of the employee. In year 2019, AMRB had formalised a Corporate Security Policy, a comprehensive and holistic security management system framework that incorporates various security considerations including asset, equipment and facility, physical security and cybersecurity, including Client Data Privacy.

Corporate Security Policy

AMRB's Corporate Security policy is guided by International Ship Security ("ISPS code"), Social Security under Maritime Labour Convention 2006 ("MLC '06") and Cyber Security, controlling social media. We also incorporated best practices and feedback from our strategic partners, regulatory authorities and insurance companies to devise a proactive security policy.

The Corporate Security policy and practices have been introduced and implemented in Quarter 3, 2019 in phases and is targeted to be fully practised in Quarter 3, 2020.

CORPORATE SOCIAL RESPONSIBILITY

Enhancing Brand Value and Reputation through Corporate Social Responsibility

AMRB has always made Corporate Social Responsibility ("CSR") a part of the Company's key responsibility despite any business and financial challenges and continues to make a positive difference to the community. CSR not only helps to nurture our goodwill, trust and reputation, but it also helps to improve our organisation's design and dynamics where we inclined to feel more motivated to put in our best at work when we know we are contributing to the greater good and the improvement of communities.

As a Shariah-Compliant counter, we ensure that a part of our annual profits is donated towards charitable causes of selected NGOs. In addition to this, the Group inculcates CSR activities for our own employees in need of a helping hand or as welfare assistance due to unforeseen incidents, such as fire or flood. The Group also encourages volunteerism among employees in order to build compassion, high moral values and the connection to the community and society which is being instilled in our iCARE and our Shared Values.

Supporting Employees through Sports & Social Activities

In addition to activities for the community, AMRB has always advocate our employees to have a work-life balance. We provide continuous encouragement and support to our employees to have a healthy and social lifestyle, take up volunteering, and the contribute time, money or in-kind to the people less unfortunate.

The Kelab Sukan Rekreasi and Kebajikan AMRB ("KSRK") is the driver to this agenda. It is a recreational sports and welfare club by the employees where various activities and programmes were organised for its employees. Among the regular activities include aerobic, badminton, bowling football and hiking sessions. Besides the physical workout, KSRK's activities invariably serve to increase communication and networking amongst each other and also the community.

In the year under review, we undertook the following CSR activities:

- **Football, Badminton and Zumba**

Weekly sport sessions of football, badminton and Zumba were scheduled throughout the year in review at Pusat Komuniti in Bandar Baru Sri Petaling. These sessions were organised by KSRK to ensure AMRB employees stay healthy in body and mind. These free sports activities are open for AMRB employees and Public who wishes to participate.

- **Tazkirah Malam Jumaat Astro Oasis and Alam Free Market**

The event was held on 14 Feb 2019 at Surau Fathul Islam, Bandar Baru Sri Petaling, Kuala Lumpur in conjunction with the Astro Oasis recording of Tazkirah Malam Jumaat ("TMJ"). The forum topic for the series was called "Percintaan Jarak Jauh".

After the recording, AMRB had organised an Alam Free Market charity where we encouraged the surrounding community at Bandar Baru Sri Petaling to take and share what is needed. The goods in this free market include pre-loved children and adult clothing, toys, shoes, bags, accessories, stationery, reading materials, glassware and kitchen and electronic appliances.

- **Kuliah Khas Belajar Al-Quran Dari Zero Bersama Ustaz Kotak – Kuliah Perdana Series**

In conjunction with the month of Ramadan, AMRB organised Quran teachings from zero for beginners with Ustaz Kotak in April. It was a 3-Series of special lecture held from 10 – 17 April 2019 at Surau Al-Husna, Bandar Baru Sri Petaling. This was open to all families of AMRB employees and all Malaysians who are keen to study the Quran from zero.

This is a rare opportunity given for free to those who struggle to recite the Quran or in need of some self-improvement to recite the Quran.

- **Annual Bowling Tournament**

The KSRK organised an annual bowling tournament for all AMRB employees. The tournament was held on 26 April 2019 at Megalane Endah Parade, Taman Sri Endah. 80 employees participated, and Team Superman was the overall champion. Also involved in this event were Senior Management of AMRB who strut in style with the pros.

- **PERKESO Labour Day Run & Ride 2019**

SOCSO organised a Labour Day Run & Ride 2019 in conjunction with the Labour Day 2019 celebration. The event was held on 28 April 2019 at Dataran Putrajaya, Putrajaya. This event was to encourage all employers and workers to adopt a healthy lifestyle for more productive performance. AMRB have sent 25 employees as AMRB's representative for this event participation.

- **Kempen Gerobok #1AlamKitaKongsiRezeki 2.0**

This is a charity box setup at AMRB's Surau Al-Husna to allow staff to donate daily necessities and staples. Employees 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.

This campaign is a continued success of our Charity Box Project-1Alam Kita Kongsi Rezeki (Gerobok Amal). The collection for this charity ran from May 2019 until the end of the year in review.

- **BSB 5.0: Kembara Syahadah RamadanKu**

Our annual Beriadah Sambil Berbakti (BSB) organised by KSRK and Syahadah Care journeyed to Kampung Chiong, Gerik, Perak in helping those are in need. This excursion with a cause, organised on 11-12 May 2019, was to touch people's lives and prepare them for the upcoming month of Ramadan as 90% of the Kampung Chiong community are Muslims. This also provides AMRB participants with some enlightenment on Indigenous people, on how they perceive religion, education, and welfare.

25 AMRB employees and family participated on this excursion. We too, brought cheer and assistance of cash and donations in-kind to residents there. The necessities include diapers, speciality milk and school supplies and donated cash for the various requirements and bills of the home.

This KSRK activities involving recreation and nature tourism which allows AMRB employees to get away and relief themselves from work stress while promoting volunteerism. Participants also have the opportunity to refine their social skills, communication and teamwork while bringing communities together for the greater good.

• Majlis Khatam Al-Quran dan Jamuan Raya Perdana

We organised a Hari Raya Eid celebrations alongside a complete recitation of the Quran. The event was followed by a potluck for all AMRB employees, held at Al-Husna Surau and the Multi-purpose Hall respectively. It was an opportunity for employee engagement while celebrating the festivities together.

This celebration was held on 3 July 2019 where Y Bhg Datuk Azmi Ahmad, the GMD/CEO and Tuan Haji Shaharuddin Rahmad, the GCOO gave their warmest greetings on Eid. The event concluded with a group photography session.

• Program Qurban dan & Aqiqah Bersama Keluarga Al-Marhum Ustaz Abdullah Loutfy

Every year AMRB extends the opportunity for our employees to contribute to Qurban and Aqiqah for the less unfortunate in conjunction with Hajj season. After the passing of late Ustaz Abdullah Loutfy, his friends and the Al-Marhum family continues to advocate this programme for the targeted hardcore poor communities in Pattani, Thailand. Employees had donated cash which was equivalent to a piece of a cow or a whole cow to the respective communities for their Eid Qurban celebration.

• Program Qurban & Aqiqah Bersama Ustaz Bashir Mohamed

In the year of review, AMRB is very fortunate to extend another opportunity to our employees for Qurban and Aqiqah contribution in conjunction with Hajj season. The donation will benefit over 50,000 hardcore poor people in several villages in Kashmir, Jammu, Bihar and Jiharkand, India. Employees had donated cash equivalent to a piece of a cow, a whole cow, or a whole goat to the respective communities for their Eid Qurban celebration.

• Hiking KSRK

On 3 August 2019, KSRK organised a hiking retreat to Air Terjun Sungai Lepoh, Hulu Langat. This is open to all AMRB employees and their families. Participants were provided with breakfast and complimentary T-Shirt. 25 participants joined the hike. While it was a healthy activity, it was also a day of fun for the staff and their families who participated in the event.

• Program Sentuhan Komuniti Santuni Alam

In awareness of the importance of "giving back" to the community, around 43 AMRB employees and their respective families joined this cause. KRSK and AMRB had organised the visit alongside with cash contribution and donations in-kind to the Madrasah Tahfiz Al Quran Darul Huda, Mantin, Negeri Sembilan. The objective of this programme was to make a visit and assist these Tahfiz children to improve their living comfort and its facilities there. In addition to this, we also organised a casual self-motivation and leadership talk to these Tahfiz children in order to uplift their spirits and morality so that they achieve their life goals.

This programme promotes the spirit of volunteering to do good, reflect on self, practice and seek Allah's favour in the fellowship of fellow Muslims. It also provides the opportunity to diversify our charity to different and various communities and thus strengthen our friendship and courtesy with them. The programme was conducted on Saturday, 19 October 2019.

• KSRK Members Appreciation Night

The KSRK organised an Appreciation Night for its members at Saloma Bistro in Kuala Lumpur on 29 November 2019. The theme was Retro. The appreciation dinner is our way to thanking the hardworking members who made all the KSRK activities possible and successful. This event also promotes unity and mutual respect among each other and embracing them as family. The event also includes performances by a Malaysian singer and songwriter, Aizat Amdan and thank you speeches by the Senior Management of AMRB.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

FINANCIAL CALENDAR

30 APRIL 2019	Notice of Fourteenth Annual General Meeting Annual Report 2018
24 MAY 2019	First Quarter Report on consolidated results for the financial period ended 31 March 2019
19 JUNE 2019	Fourteenth Annual General Meeting
30 AUGUST 2019	Second Quarter Report on consolidated results for the financial period ended 30 June 2019
19 NOVEMBER 2019	Third Quarter Report on consolidated results for the financial period ended 30 September 2019
28 FEBRUARY 2020	Fourth Quarter Report on consolidated for the financial period ended 31 December 2019
30 JUNE 2020	Annual Audited Accounts for the year results for the financial period ended 31 December 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement ("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 ("the Board').

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

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 Securities website. The Corporate Governance Report provides the details on how the Company has applied each Practice as set out in the Malaysia Code of Corporate Governance 2017 ("MCCG 2017") during the financial year 2019.

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 2019, 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 five(5) corporate risk appetite and tolerance level. This ensures the Company's business sustainability.

  Based on the results of FY2019 Board and Board Committee Evaluation ("2019 BCE"), the Board recognises the need for a strong risk management discipline across the Company to ensure risks are effectively measured and mitigated.

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

- **Monitor Succession Planning**
  The 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 Directors ("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 2019 BCE, 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.

The Board has delegated specific responsibilities to three (3) Board Committees which are entrusted to carry out the Board delegated tasks, namely the BAC,BNRC and Board Risk Management Committee ("BRMC"). These committees have clear defined Terms of Reference ("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 Directors ("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 21 August 2014. As the Chairman, Puan Fina Norhizah binti Haji Baharu Zaman, is primarily responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator and consults the Board promptly over any matter that gives her cause for concern. The Chairman of the Board is responsible for representing the Board to the shareholders. The Chairman acts as a facilitator at Board meetings to ensure that no Board member, whether executive or non-executive, dominates the discussion. The Chairman also ensures that appropriate discussions take place and that relevant opinions among Board members are forthcoming. The Chairman further ensures that discussions result in logical and understandable outcomes, which will lead to appropriate and considered decisions by the Board.

The Group Managing Director, 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 Limits of Authority ("LOA") adopted throughout the Group. The schedule of matters reserved for the collective decision of the Board is also enshrined in the LOA. The LOA is reviewed from time to time to ensure that they are relevant and up to date. The LOA was last reviewed in January 2016.

In accordance with the LOA, operational issues are delegated to the Group Managing Director / Group Chief Executive Officer ("GMD/GCEO"). The GMD / 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 GMD / GCEO supported by the Management Team, implements the Group's LOA as adopted by the Board of Directors, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies. The GMD / 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 GMD / GCEO to the Senior Management Team of the Group. At the senior management level, various working committees such as 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 Chief 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.

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, GMD / 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 GMD / 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.

Anti-Corruption Policy

The Board has approved its Anti-Bribery and Anti-Corruption ("ABAC") policy in June 2020 pursuant to the amendments to the Main Market Listing Requirements in relation to anti-corruption measures from Bursa Malaysia Securities Berhad. he Anti-Corruption Policy shall be approved in the Board meeting in June 2020. The policy is aimed to promote integrity and good corporate governance among employees, Management as well as our stakeholders, eg clients, supplier, consultants, agents, etc.

Fostering Commitment of the Board

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

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

A total of seven (7) meetings were held during the year: Four (4) scheduled Board meetings to deliberate and decide on quarterly financial results, performance reports, pertinent strategic matters, risk assessment and important issues raised that required the Board's input and approval and various other corporate matters based on predetermined agendas. Three (3) special meetings were held during the year; of which the adoption of audited accounts was held in early April 2019. The Board will also attend one (1) meeting in May 2019 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 Listing Requirements of Bursa Securities. The attendance of the members of Board at the Board meetings and 14th Annual General Meeting for the financial year ended 31 December 2019, were as follows:-

Board of Directors	Designation	Board Meeting Attendance	Extraordinary General Meeting	14th AGM Attendance	% of Attendance
Fina Norhizah binti Haji Baharu Zaman (Chairman)	Independent Non-Executive Director	7/7	1/1	1/1	100%
Datuk Azmi bin Ahmad	Non-Independent Executive Director	7/7	1/1	1/1	100%
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	7/7	1/1	1/1	100%
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	7/7	1/1	1/1	100%
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	7/7	1/1	1/1	100%
Mohammad Suhaimi Bin Mohd Yasin (Appointed w.e.f 25 February 2019)	Independent Non-Executive Director	6/6	-	1/1	100%

Paragraph 15.06 of Listing Requirements 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.

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 year 2019:

Courses/Trainings	Attended by
Corporate Governance & Anti-Corruption Integrating Reporting – Communication Value Creation	AHK
Enterprise Risk Management ("ERM") Workshop Strategic Management Planning Fraud Risk Management ("FRM") for Board of Directors and Senior Management Workshop Audit Oversight Board Conversation with Audit Committee MIA's Directors Dialogue on Integrated Reproting	DAW
Mandatory Accreditation Programme (MAP)	MSY

AHK - Encik Ahmad Hassanudin bin Ahmad Kamaluddin
DAW - Dato' Haji Ab Wahab bin Haji Ibrahim
MSY - Encik Mohammad Suhaimi bin Mohd Yasin

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.

2. BOARD COMPOSITION

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

The three (3) INEDS the Company, namely Puan Fina Norhizah binti Haji Baharu Zaman, Dato' Haji Ab Wahab bin Haji Ibrahim and Encik Mohammad Suhaimi Bin Mohd Yasin are not the 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, guided by the competencies, skills, experience and knowledge of the individual candidate, still remain a priority as well as time commitment of the candidates in discharging their roles and responsibilities through attendance at their respective meetings. The Board decides on the appointment of Directors and members to the Committees of the Board after considering the recommendations of the BNRC.

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

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

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

Independence of the Board of Directors

During the financial year under review, the Board of Directors assessed the independence of its INEDs based on criteria set out in Paragraph 1.01 of the Listing Requirements 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 BCE 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 15th Annual General Meeting (“AGM”), the Company will seek its shareholders’ mandate to retain Dato’ Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Haji Baharu Zaman as INEDs of the Company. Dato’ Haji Ab Wahab and Puan Fina Norhizah have served the Company as INEDs for a cumulative period of over nine (9) years.

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 Listing Requirements 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 FY2019, 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 after considering the recommendations of the BNRC.

For new appointments of INED, the assessment on the independence of the proposed Director, which is carried out prior to the appointment, is ascertained in accordance with the criteria set out in the Listing Requirements 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 two (2) INEDs have exceeded nine (9) years.

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

Article 94 states that one-third (1/3) of the Board of Directors for the time being, are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire each year are the Directors who have been the longest in office since their appointment or re-election. The Directors due for re-election by rotation pursuant to Article 94 of the Constitution of the Company at the forthcoming AGM are Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Hj Baharu Zaman.

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

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

Name	Designation	Relevant Provisions
Datuk Azmi Bin Ahmad	Non-Independent Executive Director	Re-election under Article 94
Encik Mohammad Suhaimi Bin Mohd Yasin	Independent Non-Executive Director	Re-election under Article 94
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	Retention under Recommendation 4.3 of the MCCG 2017
Puan Fina Norhizah binti Hj Baharu Zaman	Independent Non-Executive Director	Retention under Recommendation 4.3 of the MCCG 2017

All of the above Directors have complied with the various statutory provisions and other regulatory matters and were recommended for re-election, re-appointment, and retention by the BNRC and were subsequently approved by the Board pursuant to the respective Constitution 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 34,35,38 & 39 of the Annual Report.

Annual Assessment of Directors

At the Board's meeting on 4 March 2020, the BNRC tabled the results of the 2019 BCE. The assessment considered the contribution and performance of Directors as regards to their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance board effectiveness. The evaluation process involved a peer and self-review assessment, where Directors assessed their own and also their fellow Directors' performance and was led by the Chairman of the BNRC and supported by the Company Secretary. All assessments and evaluations carried out by the BNRC in the discharge of its functions were properly documented. The overall results for the Board and Board Committees' self-evaluation were positive and received highly satisfactory advisory ratings across all areas evaluated. The key areas of evaluation, amongst others, were:

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

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

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

The BNRC had also deliberated, reviewed and considered the size, structure and composition of the Board and the Board Committees, including the required mix of skills and experience, core competencies of the Directors for the effective and efficient functioning of the Board and the Board Committees and evaluated the effectiveness of each Director, Board Committee and Board as a whole.

The BNRC was of the view that the current size, structure and composition facilitated good discussions and encouraged contributions and participations from all the Directors. The BNRC had recommended to the Board for the Board composition to be maintained, with the desire to achieve a 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 year 2019. This result indicates a positive level of Board dynamics for the Board to further drive its performance.

Overall, the results of 2019 BCE indicate healthy Boardroom dynamics with good working relationships among the Board members.

Based on the 2019 BCE 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 the relevant experience and expertise to manage the Group effectively. In the Company, the determination of remuneration packages of the Directors is a matter for the Board as a whole, whereas the BNRC deliberates, proposes and reviews the remuneration packages of Directors and key personnel.

The remuneration packages of both INEDs and NIEDs are drawn based on internal guidelines, considering the level of responsibilities, expertise and contribution to the Board and Board Committees. They are also benchmarked against the survey of remuneration packages of other public listed companies in similar industry and within the same band of market capitalisation.

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

In the case of NIEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NIED concerned. The remuneration of the NIEDs will be reviewed by the BNRC and recommended to the Board thereafter. All NIEDs are paid directors' remuneration taking into account any additional responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of Board Committees. In addition, meeting allowance is paid in accordance with the number of Board and Committee Meetings attended by each of them. The directors' fees are approved by the shareholders at the AGM in accordance with the Company's Constitution.

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.

The directors' remuneration which include the executive directors who are also senior management for FY2019 is presented below:-

Description	NIEDs	INEDs	Total
Salaries and other emoluments	2,844,089	-	2,844,089
Defined contribution plan	247,032	-	247,032
Estimated money value of benefits in kind	-	-	-
Fees and other emoluments	-	335,321	335,321

Non-Executive Directors

Name	Directors' Fee (RM)	Salary & Bonus (RM)	Emoluments & Benefits (RM)	Meeting Allowance (RM)	Total (RM)
Fina Norhizah binti Haji Baharu Zaman	113,004	-	-	13,000	126,004
Dato' Haji Ab Wahab bin Haji Ibrahim	104,004	-	-	12,000	116,004
Mohammad Suhaimi bin Mohd Yasin	82,313	-	-	11,000	93,313

Executive Directors

Name	Directors' Fee (RM)	Salary & Bonus (RM)	Emoluments & Benefits (RM)	Meeting Allowance (RM)	Total (RM)
Datuk Azmi bin Ahmad	-	1,151,179	138,144	-	1,289,323
Shaharuddin bin Warno @ Rahmad	-	907,400	108,888	-	1,016,288
Ahmad Hassanudin bin Ahmad Kamaluddin	-	785,510	-	-	785,510

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

The Audit Committee of the Company comprises exclusively INEDs namely Puan Fina Norhizah binti Haji Baharu Zaman, Dato' Haji Ab Wahab bin Haji Ibrahim and Encik Mohammad Suhaimi Bin Mohd Yasin. 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 FY2019 are highlighted on pages 93 to 98 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 BRMC, BAC and the Board for their attention and deliberation. The BRMC assesses and monitors the efficiency of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls are reviewed by the BAC through the work performed internal audit function for the Group.

The Statement on Risk Management and Internal Control set out on pages 99 to 102 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.

An electronic version of the full Annual Report is available on the Company's website for download. The complete printed version of the Aannual 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 Securities 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 Bursa link, 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 25 days before the meeting as required under the Listing Requirements of Bursa Securities, in order to facilitate full understanding and evaluation of the issues involved.

During the AGM, the GMD/GCEO 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.

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 2019 are set out on pages 100 to 181 of this Annual Report.

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 2019.

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 andquality 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 2019, 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 9 June 2020.

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

Employee Share Option ("ESOS")

The Company has 2019 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 30 January 2019. As at 31 December 2019, ESOS options over 110,410,742 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 2019	% granted as at 31 Dec 2019 of total available *	No of ESOS options exercised	No of ESOS options outstanding
Executive Directors	41,600,742	30%	-	41,600,742
Senior Management	21,200,000	15%	-	21,200,000
Other Employees	47,610,000	34%	-	47,610,000
TOTAL	**110,410,742**		**-**	**110,410,742**

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%.

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 2019 ("FY2019") 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%
Mohamad Suhaimi bin Mohd Yasin *(Independent Non-Executive Director)*	5/5	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 ("NIED") in the BAC during FY2019.

A total of four (4) quarterly BAC and one (1) special BAC meeting were conducted in FY2019. The Notice to the BAC meetings was circulated as per the required notice period by the Company Secretary who is the Secretary to the BAC meeting.

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 NIEDs and the Management. Four (4) separate sessions were held between the BAC and the External Auditors. Prior to the BAC Meetings, private sessions were also held between the Chairman and the Head of Internal Audit.

Minutes of all five (5) BAC meetings in FY2019 were prepared by the Secretary of the BAC and were distributed to each BAC members where the BAC Chairman reviewed the Minutes and confirmed it in each BAC meeting in FY2019.

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 three 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 three 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 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

(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 three (3) months.

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.

DUTIES AND RESONSIBILITIES OF THE BOARD AUDIT COMMITTEE ("BAC") OF ALAM MARITIM GROUP OF COMPANES

The duties and responsibilities of the BAC are:

(a) Financial Reporting

- To review the quarterly, and annual financial statements of the Group, 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 Maximse opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Group Policies & Authorities;
- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the BAC itself.

(e) Internal Audit

- To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Group specifically:
  - > To review Internal Audit plans and to be satisfied as to their consistency with the Risk Management Framework used, adequacy of coverage and audit methodologies employed;
  - > To be satisfied that the Internal Audit department within the Group has the proper resources and standing to enable them to complete their mandates and approved audit plans;
  - > To review status reports from Internal Audit and ensure that appropriate actions have been taken to implement the audit recommendations.
  - > To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
  - > To review any appraisal or assessment of the performance of the members of the Internal Audit, approve any appointment or termination of senior staff members of Internal Audit and inform 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 Management Letters ("ML") 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 2019

During the year, the BAC has carried out its duties in accordance with its TOR as specified by Bursa and the Duties and Responsibilities as endorsed by the Board. Thus, main issues reviewed by the BAC were summarised as follows:

- Reviewed the Internal Audit Plans and scope for the Company and the Group prepared by the Internal Auditors and the External Auditors respectively;
- Reviewed 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;
- Reviewed the quarterly financial results and Annual Reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- Reviewed the related party transactions entered into by the Company and the Group and the disclosure of such transactions in the Annual Report of the Company;
- 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.
- Reviewed the past audit results for lessons learnt and improvement to the future internal audit.
- Sharing of audit findings by Audit Oversight Board ("AOB") of Securities Commission Malaysia on the performance of statutory auditors of selected Public Interest Entities ("PIE").

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STATEMENT ON INTERNAL AUDIT FUNCTION

Internal Audit and Risk Managment ("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 Department 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 Department 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 FY2019, there were three (3) audit resources in IARM Department to undertake key risk audit areas within the Group of which all internal audit areas planned has been successfully completed and reported. Nevertheless, the current internal audit resource strength is continuously trained and monitored to ensure that the planned risk-based internal audits and risk management functions are well executed.

The BAC reviews 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 FY2019, a total of approximately RM316,602 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 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 FY2019 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.

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

This report is made in accordance with a resolution of the Board dated 9 June 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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' ("Group") risk management and internal control for the Financial Year ended 31 December 2019 ("FY2019").

RESPONSIBILITY

The Board of Directors of Alam Maritim Resources Berhad 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") recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and to identify, assess and respond to risks to achieve the 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 FY2019, the BRMC reviewed, deliberated and provided advice on matters pertaining to the key corporate risks, risk assessment of projects and operations, and developed the 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.

Effective October 2019, the Group strengthened its risks management's monitoring exercise through a monthly ALAM Management Committee ("AMC") meeting where each Department highlights their business and operating key performance and issues so that they will be mitigated on monthly basis, in addition to the quarterly Group Risk Management Working Committee ("GRMWC"). The members in the AMC comprise of selected Head of Departments ("HOD") where the meeting is chaired by the GMD / GCEO. This formation of AMC was approved by the Board following to the brainstorm session in the special BRMC held in year 2019.

KEY INTERNAL CONTROL PROCESS

In order to ensure Regulatory Compliance, Transparencies, prevent Conflict-of-Interest, Health, Safety, Security and Environment Protection, the Group's risk management framework and internal control system comprises the following key processes:

1. CONTROL ENVIRONMENT

1.1. Board Committees

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

1.2. Independence of the Board Audit Committee

The BAC comprises non-executive members of the Board, all members being independent. The Committee has full access to both Internal and External Auditors and it meets with the External Auditors without any executive present at least twice a year.

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 ("BRMC")

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

3.2 The main responsibility of BRMC is to provide a strategic direction to the Management in managing Enterprise Wide Risk ("EWR") within the Group via risk oversight so that the Group continue maintaining its effective risk assessment with mitigations plans in all aspects of the Groups' business activities as well to ensure the Management update their policies and procedures where necessary which shall help to guide the Group's objectives are achieved as planned.

3.3 The BRMC is assisted by the Group Risk Management Working Committee ("GRMWC") which comprise of all HODs. The GRMWC is chaired by the GMD/GCEO of the Group. The GRMWC is responsible for ensuring the effective implementation of the Group Risk Management Framework and the management of risks and controls associated with Group operations as well as compliance to applicable Laws, Regulations and Requirements. The GRMWC is also responsible for periodical reporting of key risk exposures to the BRMC.

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

4. RISK MANAGEMENT FRAMEWORK

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

Three (3) Line of Defense in Risk Management

First Line of Defense Head Of Departments ("HOD")
Second Line of Defense Group Risk Management Working Committee ("GRMWC")
Third Line of Defense Board Risk Management Committee ("BRMC")

5. ACCOUNTABILITY AND RISK TOLERANCE

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

5.2 Our level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have "exceeded risk tolerance" and those which have not. We have a structured framework where all relevant risks level and mitigations' effectiveness from each Departments are assessed during quarterly engagements with HOD, followed by quarterly deliberations in the GRMWC and BRMC. The risk, detail issues, contributing factors, risks' impact as well as mitigations are assessed to ensure the respective departments' objectives are not hampered by their identified risks. Ultimately the Group's corporate agenda and objectives are met as desired, where the remedial actions are planned, executed and monitored regularly.

6. RISK MANAGEMENT REPORTING

6.1 The Risk Management Framework ("RMF") provides a comprehensive regular review and reporting. On continuing basis, the Group Internal Audit and Risk Management Department co-ordinates with all HOD to regularly review and update their respective risk register. Potential major risks and mitigation plans and action taken were discussed at GRMWC and are reported to the BRMC and the Board of Directors.

6.2 To ensure that our RMF and processes remain sound and are in compliance with International recognised standards, we had revised our existing Matrix and renamed Business Risk Assessment ("BARA") and will incorporate into existing procedures. The BARA will incorporate four (4) parameters will be assessed in determining the root cause of the risks i.e. Human, Environment, Asset and Reputation (collectively known as "HEAR" factors).

7. CONTROL ACTIVITIES

7.1 Policies, Procedures and Limits of Authority

Well defined financial limits of authority on all financial commitments for each level of management within the Group and clearly documented internal policies, standards and procedures are in place 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.

7.2 Strategic Business Planning, Budgeting and Reporting

Regular and comprehensive information provided by management for monitoring of performance against strategic plan, covering all key financial, investment and operational indicators. On a quarterly basis, the GMD/GCEO reviews with the Board on all issues covering, but not restricted to, strategy, performance, resources and standards of business conduct; detailed budgeting process established requiring all business units to prepare budgets annually which are discussed and approved by the Board; and effective reporting systems which expose significant variances against budgets and plan are in place to monitor performance.

8. INSURANCE AND PHYSICAL SAFEGUARD

8.1 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.

8.2 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.

9. INFORMATION AND COMMUNICATION

9.1 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.

9.2 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.

10. EFFECTIVE REGULAR MONITORING

10.1 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.

10.2 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.

10.3 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) no. 5 issued by the Malaysian Institute of Accountants ("MIA").

Based on their review, the external auditor have reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

RPG no. 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 9 June 2020.

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 2019.

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	**(80,280,833)**	**(35,393,781)**
Attributable to:		
Equity holders of the Company	**(79,479,150)**	**(35,393,781)**
Non-controlling interests	**(801,683)**	**-**
	(80,280,833)	**(35,393,781)**

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.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the total number of issued ordinary shares of the Company was increased from 924,460,921 to 1,035,019,974 by way of conversion of Redeemable Convertible Notes comprising 110,559,053 new ordinary shares issued at the price of RM0.09 per shares.

The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. There were no other issuance of shares during the financial year.

There were no issuance of debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company has an Employees' Share Option Scheme ("ESOS"), which was approved at the Extraordinary General Meeting on 10 January 2019 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 34 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:

Expiry date	Exercise price (RM)	Number of shares
2 April 2024	RM0.105	22,082,149

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 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**
Mohammad Suhaimi Bin Mohd Yasin

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

The directors of the Company's subsidiaries in office 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:

Samuel Bernard Sassoon
Ho Swee Peng

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 of the Group and Company 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 Group and Company) by reason of a contract made by the Group and 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' REMUNERATION

Details of Directors' remuneration are disclosed in Note 10 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There is no indemnities coverage and insurance premiums paid for the Directors, officers and auditors of the Group and the Company during the financial year.

HOLDING COMPANY

The Directors regard SAR Venture Holdings (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the Company's immediate holding company.

SIGNIFICANT AND SUBSEQUENT EVENTS

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

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 9 to the financial statements

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:

	As at 1.1.2019	Number of Ordinary Shares During the year Bought	Sold	As at 31.12.2019
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 1.1.2019	Expired	Granted	Exercised	As at 31.12.2019
Datuk Azmi Bin Ahmad	924,000	(924,000)	2,773,383	-	2,773,383
Shaharuddin Bin Warno @ Rahmad	900,000	(900,000)	2,773,383	-	2,773,383
Ahmad Hassanudin Bin Ahmad Kamaluddin	900,000	(900,000)	2,773,383	-	2,773,383

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 2019.

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.

OTHER STATUTORY INFORMATIONS (CONT'D)

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.

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.

AUDITORS

The Auditors, Messrs. ALJAFREE SALIHIN KUZAIMI PLT, 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

Selangor, Malaysia
Dated: 26 June 2020

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 17 to 117 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 2019 and financial performance of the Company for the financial year ended 31 December 2019.

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

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 17 to 117 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 Selangor, Malaysia }
this day of 26 June 2020 }

MD NASIR BIN NOH

Before me:

Commissioner for Oaths
Selangor, Malaysia
26 June 2020

INDEPENDENT AUDITORS' REPORT

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

OPINION

We have audited the financial statements of Alam Maritim Resources Berhad ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 December 2019 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements 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 17 to 117 .

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and of their financial performance and their 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 OF 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 for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
1. Impairment of Group's property, vessels and equipment As at 31 December 2019, the carrying value of vessels is RM225,304,671, representing 80% of the Group's property, vessels and equipment and 40% of the Group's total assets. The prolonged periods of certain vessels being idle were impairment indicators assessed by management. An assessment was performed in accordance with the requirements of MFRS 136: *Impairment of assets.* The recoverable amounts for vessels that are laid up are determined based on fair value less costs to sell ("FVLCTS"), and for assets identified for continuing use, these are determined based on value-in-use ("VIU"). An impairment loss of RM39.4 million for the vessels was recognised during the financial year. We focused on this area as significant estimates and judgements were applied in arriving at the fair value and VIU calculations. Refer to Note 3(b)(iii) on critical accounting estimates and assumptions, Note 2(g) and Note 2(j) on summary of significant accounting policies and Note 13 to the financial statements.	• Evaluated and validated management's assessments for impairment indicators for the vessels based on the financial results during the year; • For vessels with impairment indicators, we have performed the following procedures: In relation to the FVLCTS for vessels that are laid up: • We discussed with management on the basis of the expected selling price and checked the estimated selling price with valuation performed by independent valuers and offers received from potential buyers, where available; • We compared the selling price of recent disposals of vessels against the preliminary offer prices to assess the average loss/gain rates on disposal; • For laid up vessels, we have compared the conditions of these vessels by corroborating to operational and lay up reports from third parties; and In relation to the VIU for vessels identified for continuing use: • We evaluated the reasonableness of key assumptions used by management in arriving at the projected cash flows (i.e. likelihood of award of tender) by comparing to historical and market data; • We held discussions with management on future prospects of the Group's business in its surrounding region;

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
1. Impairment of Group's property, vessels and equipment equipment (continued)	• Understood the likelihood of awards of future prospects and checked the information with bidding document, correspondences with potential customers and scope of work of similar projects performed by the Group; • Compared management's discount rates against the industry's weighted average cost of capital; and • Tested the mathematical accuracy of the VIU calculations prepared by management. Based on the procedures performed above, we did not find any material exceptions.
2. Revenue and costs recognition – offshore construction contract The Group recognises revenue from an offshore construction contract over time in the Consolidated Statement of Comprehensive Income. Progress of completion is measured using input method which is based on the contract costs incurred up to the end of the reporting period as a percentage of estimated total costs of the project. The Group recognised revenue from offshore construction contract of RM151,067,516 million. The revenue recognised from the offshore construction contract represent 49% of total Revenue of the Group for the financial year ended 31 December 2019. Revenue recognition of a construction contract is inherently complex and we focused on this area because there are significant management estimates and judgements involved in determining the: • Stage of completion; • Extent of the construction costs incurred to date; • Estimated total construction costs; and • Need to estimate liquidated ascertained damages ("LAD") on the project where the estimated completion date is beyond the contractual completion date. Refer to Note 3 (b) (v) on critical accounting estimates and judgements, Notes 2(r) and 2(n) on summary of significant accounting policies and Note 21 to the financial statements.	We tested the operating effectiveness of the key controls in respect of the review and approval of project budget to assess the reliability of the budget. We identified and assessed the significant estimates and judgements made by management in the recognition of revenue and costs arising from construction contract. This was performed by corroborating the stage of completion and extent of costs incurred to date on the project by agreeing to internal or external quantity surveyors' latest valuations. We have also agreed, on a sample basis, costs incurred to the supporting documentation such as subcontractor claim certificates and invoices from vendors. We assessed the reasonableness of the estimated total construction costs of the project by agreeing to supporting documentation such as approved budgets, quotations, correspondences, contracts and variation orders with sub-contractors. With regards to potential delays, we assessed the potential cause of any delay by inspecting correspondences with project owner and corroborated key judgment applied by management in assessing any requirements for considerations of LAD to determine the transaction price of the project. Based on the procedures performed, we noted no material exceptions.

There are no key audit matters in relation to the financial statements of the Company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report and other sections of the 2019 Annual 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 other information and we do not express any form of assurance conclusion thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the 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 or 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 judgement 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.

- 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.

- Conclude on the appropriateness of 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's or 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 or the Company to cease to continue as a going concern.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- 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 of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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 the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act;

(b) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and

(c) the auditors' reports on the financial statements of the subsidiaries were not subjected to any qualification and did not include any adverse comments made under Sub-section (3) of Section 266 of the Act. The subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

OTHER MATTERS

The financial statements of the Group and the Company for the year ended 31 December 2018 were audited by another auditor whom has expressed an unmodified opinion on these statements on 19 April 2019.

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.

AL JAFREE SALIHIN KUZAIMI PLT
AF 1522
Chartered Accountants

SIRI BIN SANYUT
No. 03078/07/2021J
Chartered Accountant

Dated : 26 June 2020
Selangor, Malaysia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	4	**306,669,474**	95,367,199	**-**	-
Cost of sales	5	**(292,505,574)**	(90,313,012)	**-**	-
Gross profit		**14,163,900**	5,054,187	**-**	-
Other income	6	**7,179,197**	5,908,031	**5,025,454**	6,402,829
Employee benefits expenses	7	**(18,151,637)**	(20,147,404)	**(301,806)**	(195,387)
Other expenses		**(68,099,179)**	(107,288,755)	**(37,132,216)**	(846,245)
Operating (loss)/profit		**(64,907,719)**	(116,473,941)	**(32,408,568)**	5,361,197
Finance costs	8	**(5,237,685)**	(11,435,530)	**(2,985,213)**	(6,296,182)
Share of results of associates		**-**	21,450,497	**-**	-
Share of results of joint ventures		**(10,607,967)**	(61,664,930)	**-**	-
Loss before tax	9	**(80,753,371)**	(168,123,904)	**(35,393,781)**	(934,985)
Taxation	11	**472,538**	509,841	**-**	(308,608)
Net loss for the financial year		**(80,280,833)**	(167,614,063)	**(35,393,781)**	(1,243,593)
Other comprehensive income:					
Other comprehensive loss to be classified to profit or loss in subsequent period (net of tax):					
Foreign currency translation, representing other comprehensive loss for the year, net of tax		**(893,550)**	(1,754,756)	**-**	-
Total comprehensive loss for the year		**(81,174,383)**	(169,368,819)	**(35,393,781)**	(1,243,593)
Loss attributable to:					
Equity holders of the Company		**(79,479,150)**	(170,940,589)	**(35,393,781)**	(1,243,593)
Non-controlling interests		**(801,683)**	3,326,526	**-**	-
		(80,280,833)	(167,614,063)	**(35,393,781)**	(1,243,593)
Total comprehensive loss attributable to:					
Owners of the parent		**(80,555,934)**	(171,970,326)	**(35,393,781)**	(1,243,593)
Non-controlling interests		**(618,449)**	2,601,507	**-**	-
		(81,174,383)	(169,368,819)	**(35,393,781)**	(1,243,593)
Loss per share attributable to owners of the parent:					
Basic (sen)	12(a)	**(8.40)**	(18.50)		
Diluted (sen)	12(b)	**(8.40)**	(18.50)		

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Assets					
Non-current asset					
Property, vessels and equipment	13	**281,165,438**	334,404,744	**-**	-
Investment properties	14	**-**	-	**-**	-
Intangible assets	15	**-**	-	**-**	-
Investments in subsidiaries	16	**-**	-	**66,558,440**	100,303,120
Investments in associates	17	**-**	-	**-**	-
Interest in joint ventures	18	**55,798,939**	70,064,964	**-**	-
Deferred tax assets	19	**9,785,947**	5,537,612	**-**	-
		346,750,324	410,007,320	**66,558,440**	100,303,120
Current assets					
Inventories	20	**770,697**	1,109,355	**-**	-
Amount due from subsidiaries	31	**-**	-	**414,005,155**	358,427,080
Contract asset	21	**28,945,359**	-	**-**	-
Trade receivables	22	**96,465,893**	35,163,393	**-**	-
Other receivables	23	**101,888,210**	79,260,433	**5,279,508**	5,007,679
Tax recoverable		**2,655,839**	6,132,041	**-**	-
Cash and bank balances	24	**71,554,013**	81,775,922	**29,795,917**	28,738,327
		302,280,011	203,441,144	**449,080,580**	392,173,086
Non-current asset held for sale	25	**-**	10,978,265	**-**	-
		302,280,011	214,419,409	**449,080,580**	392,173,086
Total assets		**649,030,335**	624,426,729	**515,639,020**	492,476,206
Equity and Liabilities					
Equity					
Share capital	26	**406,265,386**	396,314,966	**406,265,386**	396,314,966
Other reserves	27	**(2,530,165)**	654,855	**-**	2,108,236
Retained earnings	28	**(72,430,956)**	4,939,958	**(32,897,778)**	2,496,003
		331,304,265	401,909,779	**373,367,608**	400,919,205
Non-controlling interests		**(4,103,665)**	(3,485,216)	**-**	-
Total equity		**327,200,600**	398,424,563	**373,367,608**	400,919,205

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-current liabilities					
Borrowings	29	**75,317,251**	87,100,822	**65,000,000**	9,000,000
Other payables	33	**-**	-	**-**	6,400,000
Deferred tax liabilities	19	**14,996,678**	11,068,345	**-**	-
		90,313,929	98,169,167	**65,000,000**	15,400,000
Current liabilities					
Borrowings	29	**47,566,781**	35,325,028	**9,000,000**	66,000,000
Trade payables	32	**117,225,520**	41,658,147	**-**	12,018
Other payables	33	**65,056,767**	50,704,068	**67,983,993**	9,999,227
Tax payable		**1,666,738**	145,756	**287,420**	145,756
		231,355,223	127,832,999	**77,271,413**	76,157,001
Total liabilities		**321,669,152**	226,002,166	**142,271,413**	91,557,001
Total equity and liabilities		**649,030,335**	624,426,729	**515,639,020**	492,476,206

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Attributable to owners of the parent					
	Non-distributable		Distributable			
	Share capital (Note 26) RM	Other reserves (Note 27) RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interest RM	Total equity RM
As at 1 January 2018	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 loss	-	(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
As at 1 January 2019	**396,314,966**	**654,855**	**4,939,958**	**401,909,779**	**(3,485,216)**	**398,424,563**
Loss for the financial year	**-**	**-**	**(79,479,150)**	**(79,479,150)**	**(801,683)**	**(80,280,833)**
Other comprehensive loss	**-**	**(1,076,784)**	**-**	**(1,076,784)**	**183,234**	**(893,550)**
Expiry of employee share options	**-**	**(2,108,236)**	**2,108,236**	**-**	**-**	**-**
Ordinary shares issued pursuant to the RCN	**9,950,420**	**-**	**-**	**9,950,420**	**-**	**9,950,420**
As at 31 December 2019	**406,265,386**	**(2,530,165)**	**(72,430,956)**	**331,304,265**	**(4,103,668)**	**327,200,600**

Company	Non-distributable		Distributable	
	Share capital (Note 26) RM	Other reserves (Note 27) RM	Retained earnings (Note 28) RM	Total equity RM
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
As at 1 January 2019	**396,314,966**	**2,108,236**	**2,496,003**	**400,919,205**
Ordinary shares issued pursuant to the RCN	**9,950,420**	**-**	**-**	**9,950,420**
Expiry of employee share options	**-**	**(2,108,236)**	**-**	**(2,108,236)**
Total comprehensive loss for the financial year	**-**	**-**	**(35,393,781)**	**(35,393,781)**
As at 31 December 2019	**406,265,386**	**-**	**(32,897,778)**	**373,367,607**

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation	**(80,753,371)**	(168,123,904)	**(35,393,781)**	(934,985)
Interest income	**(1,783,787)**	(1,322,095)	**-**	(106,263)
Interest recharged to subsidiaries	**-**	-	**-**	(6,296,175)
Property, vessels and equipment:				
- Depreciation	**31,516,018**	38,410,382	**-**	-
- Loss on disposal	**1,492,525**	(2,169,528)	**-**	-
- Impairment	**39,439,339**	13,573,736	**-**	-
Finance costs	**5,237,685**	11,435,530	**-**	6,296,182
Trade receivables				
- Impairment loss	**-**	251,062	**-**	-
Net unrealised foreign exchange (gain)/ loss	**209,947**	(1,121,644)	**(856,394)**	166,660
Share of results of associates	**-**	(21,450,497)	**-**	-
Share of results of joint ventures	**10,607,967**	61,664,930	**-**	-
Impairment loss on investment in associates	**-**	60,463,501	**-**	-
Impairment loss on interest in joint ventures	**4,935,914**	17,864,178	**-**	-
Impairment loss on interest in subsidiaries	**-**	-	**33,744,680**	-
Operating profit/(loss)before working capital exchange	**10,902,237**	9,475,651	**(2,505,459)**	(874,581)
Changes in working capital:				
Inventories	**338,658**	403,898	**-**	-
Contract asset	**(28,945,359)**	-	**-**	-
Trade and other receivables	**(78,266,701)**	88,898,100	**3,896,184**	(184,303)
Trade and other payables	**87,272,857**	(29,065,335)	**3,446,949**	5,137,575
Cash flows generated from operations	**(8,698,308)**	69,712,314	**4,836,919**	4,078,691
(used in)/Interest paid	**(5,237,685)**	(11,435,530)	**-**	(6,296,182)
Taxation paid	**(408,586)**	(631,656)	**-**	-
Net cash flows (used in)/generated from operating activities	**(14,344,579)**	57,645,128	**4,837,638**	(2,217,491)

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows generated from/(used in) investing activities				
Purchase of property, vessels and equipment	**(9,213,553)**	(2,854,245)	**-**	-
Proceed from disposal of property, vessel and equipment	**1,410,334**	1,673,885	**-**	-
Proceed investment in joint ventures	**-**	(499,587)	**-**	-
Decrease in amounts due from subsidiaries	**-**	-	**(12,730,468)**	(3,279,554)
Interest received	**1,783,787**	1,322,095	**-**	6,402,438
Net cash flows (used in)/generated from investing activities	**(6,019,432)**	(357,852)	**(12,730,468)**	3,122,884
Cash flows generated from/(used in) financing activities				
Proceed from issuance of RCN	**9,950,420**	-	**9,950,420**	-
Repayment of:				
- Term loans	**(1,100,774)**	(8,912,072)	**(1,000,000)**	-
- MTN	**(1,000,000)**	(15,721,360)	**-**	-
- Hire purchase and finance lease liabilities	**(294,385)**	(505,876)	**-**	-
Dividend paid to non-controlling interest	**-**	(2,602,846)	**-**	-
Cash set aside for marginal deposit	**-**	(493,248)	**-**	-
Movement in sinking fund	**994,765**	(860,210)	**1,818,566**	(925,415)
Net cash flows generated from/(used in) financing activities	**8,550,026**	(29,095,612)	**10,768,986**	(925,415)
Net (decrease)/increase in cash and cash equivalents	**(11,813,985)**	28,191,664	**2,876,156**	(20,022)
Net foreign exchange difference	**-**	171,001	**-**	-
Cash and cash equivalents at beginning of the financial year	**33,841,377**	5,478,712	**216,898**	236,920
Cash and cash equivalents at the end of the financial year (Note 24)	**22,027,392**	33,841,377	**3,093,054**	216,898

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

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 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 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.

The preparation of financial statements in conformity with MFRS required the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report amounts of the revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgment in the process of applying the Group and the Company is accounting policies.

Adoption of new and revised standards

The following are accounting standards, interpretations and amendments of the MFRS 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 2020

- The conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendments to MFRS 3: Definition of Business Combination

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

- MFRS 17, Insurance Contracts

MFRS, 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

Other than adoption of MFRS 16, the adoption of other pronouncements did not have significant impact on the financial statements of the Group and Company. The details of the adoption of MFRS 16 are disclosed in Note 39.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation

(i) 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.

(ii) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (Cont'd)

(iii) Changes in Group composition (Cont'd)

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 from contracts with customers is recognised by reference to each distinct promise of goods and services (a performance obligation) in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. When the standalone selling prices are not directly observable, they are estimated based on expected cost-plus margin. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Charter hire of vessels, ship catering and other shipping related income

The Group provides vessels and associated services to customers at the request of the customer. Provision of vessels and associated services is single performance obligation. Revenue from chartering and hiring of vessels is recognised over the period based on time lapsed method, determined based on the actual time lapsed relative to the total services period. There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practices unless otherwise as applicable and disclosed in the financial statements. Accrued income is recognised within trade receivables when the services have been rendered but pending billings to be made.

For income from the hire of third party vessels, it is assessed whether the Group is acting as a principal or an agent. Where it has been assessed that the Group is acting as an agent, income is recognised net of charter costs.

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.

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%

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Intangible assets (Cont'd)

(ii) Other intangible assets (Cont'd)

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

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 MFRS.

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.

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

s) Lease

On 1 January 2019, the Group have adopted MFRS 16 Leases ("MFRS 16") which replaces the previous leasing guidance under MFRS 117 Leases. The newly adopted MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet) and requires a lessee to recognise a "right-of-use" asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The Group's activities as lessor are not material to-date.

As allowed by the transitional provision of MFRS 16, the Group have elected to apply the simplified transition approach and not to restate the comparative amounts for the year prior to first adoption. Right-of-use assets and corresponding lease liabilities on right-of-use assets will be measured on transition as if the new rules had always been applied.

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified assets for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution rights, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- the lessee has the right to direct the use of the asset. The lessee has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where decision about how and for what purpose the asset is used is predetermined, the lessee has the right to direct the use of the asset if either the lessee has the right to operate the asset; or the lessee designed the asset in a way that predetermines how and for what purpose it will be used.

Contract may contain both lease and non-lease components. The Group allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group are lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) As lessee

Lease term

In determining the lease term, the Group consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group re-assess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group are reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in re-measurements of the lease liabilities. See accounting policy on re-assessment of lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) Lease (Cont'd)

(i) As lessee (Cont'd)

Right-of-use assets ("ROU")

ROU assets are initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

ROU assets that are not investment properties are subsequently measured at costs, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group are reasonably certain to exercise a purchase option, the ROU asset shall be depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurements of the lease liabilities. The ROU asset presented as a separate line item in the statement of financial position.

For existing leasehold properties with no corresponding lease liabilities due to full settlement upfront, at initial date of adoption of MFRS 16, these leasehold properties shall continue to be presented as part of property, plant and equipment.

ROU assets that meet the definition of investment property in accordance with MFRS 140 are presented in the statement of financial position as investment property. Subsequent measurement of the ROU asset is consistent with those investment properties owned by the Group (refer to accounting policy Note 2(h) on investment properties).

Lease liabilities

Lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- penalties payments for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) Lease (Cont'd)

(i) As lessee (Cont'd)

Lease liabilities (Cont'd)

The Group present the lease liabilities within the borrowings line item in the statements of financial position. Interest expense on the lease liabilities is presented within the finance cost in the statements of comprehensive income.

Re-assessment of lease liabilities

Lease liability is re-measured when there is a change in the future variable lease payments arising from a change in an index or rate, or if there is a revision of in-substance fixed lease payments, or a revision in the lease term, or if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, which are not included in the lease liability until they take effect. When these adjustments to the lease payments take effect, the lease liability is re-measured and adjusted against the ROU assets.

Short term leases and leases of low value assets

The Group have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. Payments associated with short-term leases of tools and equipment for oilfield activities, tools and equipment and chartering of vessels for project based activities of short tenure and leases of low value assets are recognised on a straight-line basis over the lease term as expense in profit or loss.

Accounting policies applied until 31 December 2018

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(i) and 2 (iv).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) 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.

(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.

u) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u) Fair value measurement (Cont'd)

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.

v) 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.

w) 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.

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

a) Judgements made in applying accounting policies (Cont'd)

(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.

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 2019, 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.

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

The Group assesses whether there is any indication that an investment in associates and joint ventures may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

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

(v) Construction contracts

The Group recognises contract revenue based on input method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated costs for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contract, including the foreseeable losses, potential claims (variation orders) to owner of the project and counter claims from subcontractors and liquidated ascertained damages ("LAD") based on expected completion dates of the contract. In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Group's project manager, external consultants, where appropriate, and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Group to recover from the subcontractors, the potential LAD imposed on the Group by the project owners for delays in projects caused directly by the subcontractors.

4. REVENUE

	Group	
	2019 RM	2018 RM
Charter hire	**76,615,732**	43,833,025
Offshore installation and construction	**152,858,267**	5,412,726
Diving and sub-sea services	**59,879,646**	25,867,115
Rental of equipment	**2,636,634**	5,719,923
Other shipping related income	**4,609,206**	3,369,626
Vessel's management fees	**7,194,938**	7,969,000
Ship catering	**2,875,051**	3,195,784
	306,669,474	95,367,199

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	
	2019 RM	2018 RM
Wages and allowances	**12,996,427**	17,193,518
Contributions to defined contribution plan - EPF	**962,530**	800,258
Social security contributions	**66,378**	77,762
	14,025,335	18,071,538

6. OTHER INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income	**1,783,787**	1,322,095	**1,184,865**	106,263
Interest income on MTN	**-**	-	**2,985,213**	-
Gain of foreign exchange:				
- Realised	**1,161,894**	117,007	**-**	391
- Unrealised	**2,437,269**	248,606	**855,376**	-
Rental of premises	**198,223**	330,820	**-**	-
Gain on disposal of property, vessels and equipment	**-**	2,169,528	**-**	-
Other income	**1,598,024**	1,719,975	**-**	-
	7,179,197	5,908,031	**5,025,454**	6,402,829

7. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, bonuses and allowances	**14,788,789**	16,129,160	**280,922**	119,136
Contribution to defined contribution plan	**1,512,100**	1,611,086	**-**	-
Social security contributions	**109,453**	101,302	**-**	-
Other staff related expenses	**1,741,295**	2,305,856	**20,884**	76,251
	18,151,637	20,147,404	**301,806**	195,387
Cost of sale (Note 5)	**14,025,335**	18,071,538	**-**	-
	32,176,972	38,218,942	**301,806**	195,387

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM3,091,121 (2018: RM3,238,101) as further disclosed in Note 10.

8. FINANCE COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expense on:				
Term loans	**318,972**	1,864,083	**-**	-
Hire purchase and finance lease liabilities	**46,738**	77,295	**-**	-
Sukuk Ijarah MTN	**2,985,213**	6,296,175	**2,985,213**	6,296,182
Revolving credit	**1,629,548**	2,913,380	**-**	-
Other borrowings	**257,214**	284,597	**-**	-
	5,237,685	11,435,530	**2,985,213**	6,296,182

9. LOSS BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-executive directors'				
Remuneration (Note 10)	**335,321**	277,883	**335,321**	277,883
Auditors' remuneration:				
- Statutory audits	**188,762**	196,400	**47,700**	45,000
- Other auditors	**-**	59,956	**-**	-
Operating leases payment:				
- premises	**900,114**	1,208,256	**-**	-
Property, vessel and equipment:				
- Depreciation (Note 13)	**31,516,018**	38,410,382	**-**	-
- Impairment loss (Note 13)	**39,439,339**	13,573,736	**-**	-
- Loss/(Gain) on disposal	**1,492,525**	(2,169,528)	**-**	-
Impairment loss on trade receivables (Note 21)	**-**	251,062	**-**	-
Impairment loss amount due from joint ventures (Note 22)	**-**	9,778,418	**-**	-
Net unrealised foreign exchange (gain)/losses	**2,647,216**	(1,121,644)	**(1,018)**	166,660
Impairment loss on interest in associates (Note 17)	**-**	60,463,501	**-**	-
Impairment loss on interest in joint venture (Note 18)	**4,935,914**	17,864,178	**-**	-
Inventories:	**-**	11,435,530	**-**	6,296,182
- Impairment loss (Note 20)	**806,074**	464,720	**-**	-
Impairment loss on interest in subsidiaries	**-**	-	**33,744,680**	-

10. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive:				
Salaries and other emoluments	**2,844,089**	2,847,069	**-**	-
Defined contribution plan	**247,032**	247,032	**-**	-
Estimated money value of benefits-in-kind	**-**	144,000	**-**	-
Total executive directors' remuneration	**3,091,121**	3,238,101	**-**	-
Non-executive:				
Fees and other emoluments	**335,321**	277,883	**335,321**	277,883
Total non-executive directors' remuneration	**335,321**	277,883	**335,321**	277,883
Total directors' remuneration	**3,426,442**	3,515,984	**335,321**	277,883

11. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense				
Current financial year				
- Malaysia	**(4,783,161)**	158,948	**-**	-
Under provision in prior financial years				
- Malaysia	**-**	460,273	**-**	308,608
	(4,783,161)	619,221	**-**	308,608
Deferred tax expense				
Temporary differences	**4,326,304**	(5,715,830)	**-**	-
(Over)/Under provision in prior financial years	**(15,681)**	4,586,768	**-**	-
	4,310,623	(1,129,062)	**-**	-
Total income tax expense	**(472,538)**	(509,841)	**-**	308,608

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before tax	**(80,753,371)**	(168,123,904)	**(8,494,507)**	(934,985)
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**(19,380,809)**	(40,349,737)	**-**	(224,396)
Different tax rates in other countries	**212,089**	(82,917)	**-**	-
Different tax rate in other tax jurisdiction	**12,273,566**	19,861,344	**-**	-
Effect of share of result of joint ventures and associates	**132,882**	9,651,466	**-**	-
Expenses non-deductible for tax purposes	**930,822**	5,049,811	**8,494,507**	224,396
Deferred tax assets not recognised	**5,374,773**	313,151	**-**	-
Under provision of income tax in prior years	**-**	460,273		308,608
Under provision of deferred tax in prior years	**(15,861)**	4,586,768	**-**	-
Income tax (credit)/expense for the year	**(472,538)**	(509,841)	**-**	308,608

11. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised tax losses	**32,463,036**	21,960,445	**-**	-
Unabsorbed capital allowances	**8,311,739**	2,227,884	**-**	-
Other deductible temporary differences	**-**	35,036,136	**-**	-
	40,774,775	59,224,465	**-**	-

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.

	2019 RM	2018 RM
Loss attributable to owners of the parent of the Company	**(79,479,150)**	(170,940,589)
Weighted average number of ordinary shares in issue	**944,404,757**	924,460,921
Basic loss per share (sen)	**(8.4)**	(18.5)

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.

	2019 RM	2018 RM
Loss attributable to owners of the parent of the Company	**(79,479,150)**	(170,940,589)
Weighted average number of ordinary shares in issue	**944,404,757**	924,460,921
Adjusted weighted average number of ordinary shares in issue and issuable	**944,404,757**	924,460,921
Diluted loss earnings per share (sen)	**(8.4)**	(18.5)

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

Group	Long term leasahold RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessels RM	Motor vehicle RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Asset under construction RM	Total RM
Cost										
At 1 January 2018	-	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**
Additions	**-**	**-**	**3,324,590**	**5,880,848**	**-**	**-**	**8,115**	**-**	**-**	**9,213,553**
Transfer from non-current assets held for sale (Note 25)	**12,039,510**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,039,510**
Disposals	**-**	**-**	**(7,197,162)**	**-**	**(495,669)**	**-**	**-**	**-**	**-**	**(7,692,831)**
Transfer to subsidiaries	**-**	**-**	**(74,918,131)**	**(12,485,059)**	**(3,050,211)**	**-**	**-**	**-**	**-**	**(90,453,401)**
At 31 December 2019	**12,039,510**	**12,133,167**	**524,968,846**	**43,918,111**	**123,268,997**	**5,023,917**	**7,565,394**	**5,050,232**	**-**	**733,968,174**

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

Group	Long term leasahold RM	Leasehold building RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessels RM	Motor vehicle RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Asset under construction RM	Total RM
Accumulated depreciation										
At 1 January 2018	-	2,549,345	288,534,713	39,075,796	89,273,245	3,913,782	7,186,051	3,493,809	-	434,026,741
Charge 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 25)	-	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**
Charge for the year	**20,269**	**102,304**	**19,559,911**	**2,372,299**	**8,168,440**	**428,512**	**636,054**	**228,229**	**-**	**31,516,018**
Transfer from non-current assets held for sale (Note 24)	**1,061,245**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,061,245**
Disposals	**-**	**-**	**(4,662,500)**	**-**	**(127,472)**	**-**	**-**	**-**	**-**	**(4,789,972)**
Impairment	**-**	**-**	**39,439,339**	**-**	**-**	**-**	**-**	**-**	**-**	**39,439,339**
Transfer to subsidiaries	**-**	**-**	**(74,944,744)**	**(12,532,403)**	**(3,046,288)**	**-**	**-**	**-**	**-**	**(90,523,435)**
Exchange differences		**-**	**-**	**-**	**(357,058)**	**-**	**-**	**-**	**-**	**(357,058)**
At 31 December 2019	**1,081,514**	**3,278,115**	**299,664,175**	**32,637,689**	**99,508,696**	**4,834,728**	**7,496,642**	**4,301,177**	**-**	**452,802,736**
Net book value										
At 1 January 2018	-	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
At 31 December 2019	**10,957,996**	**8,855,052**	**225,304,671**	**11,280,422**	**23,760,301**	**189,189**	**68,752**	**749,055**	**-**	**281,165,438**

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	
	2019 RM	2018 RM
Motor vehicles	**189,189**	617,701

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	
	2019 RM	2018 RM
Leasehold buildings	**8,855,052**	8,957,356
Vessels	**225,304,671**	283,487,380

The Group has performed a review of the recoverable amount of the Group's vessels. Impairment assessment review for each vessels 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 amounting to RM39,439,339 (2018: RM13,573,736). The impairment recognised in the current financial year was based on the recoverable amount of approximately RM255,519,058 (2018: RM297,965,613). The recoverable amount of the vessels 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% (2018: 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	
	2019 RM	**2018 RM**
Cost		
At 1 January	-	1,944,859
Disposal	-	-
Transfer to property, vessels and equipment	-	(1,944,859)
At 31 December	-	-
Accumulated depreciation		
At 1 January	-	295,286
Charge for the year	-	-
Disposal	-	-
Transfer to property, vessels and equipment	-	(295,286)
At 31 December	-	-
Net book value		
At 31 December	-	-

15. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Cost			
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
At 1 January 2019	**1,738,224**	**912,275**	**2,650,499**
Exchange differences	**7,592**	**3,985**	**11,577**
At 31 December 2019	**1,745,816**	**916,260**	**2,662,076**
Accumulated amortisation and impairment			
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
At 1 January 2019	**1,738,224**	**912,275**	**2,650,499**
Exchange differences	**7,592**	**3,985**	**11,577**
At 31 December 2019	**1,745,816**	**916,260**	**2,662,076**
Net book value			
At 31 December 2018	-	-	-
At 31 December 2019	-	-	-

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

Allocation of goodwill

The carrying amount of goodwill is allocated to the Group's cash-generating unit ("CGU") that the goodwill relates to, which is the sub-sea service business.

16. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost	**100,303,120**	100,303,120
Impairment allowance	**(33,744,330)**	-
Written off during the year	**(350)**	-
	66,558,440	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 2019	Group's effective interest 2018
(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
(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

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries, which were incorporated in Malaysia, are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Group's effective interest 2019	Group's effective interest 2018
(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 ll (L) Inc. ("AMI ll")	Federal Territory of Labuan, Malaysia	Ship owning	**100**	100
Alam Maritim Investment lll (L) Inc. ("AMI lll")	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 Al Jafree Salihin Kuzaimi PLT (2018: AFTAAS).
^ Companies struck off on 6 December 2019.

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 2019 RM	Group 2018 RM
Unquoted shares, at cost	**61,699,516**	61,699,516
Share of post-acquisition reserves	**-**	-
	61,699,516	61,699,516
Less: Impairment loss	**(61,699,516)**	(61,699,516)
	-	-

SECTION 6 ACCOUNTS

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.	
	2019 RM	2018 RM
Assets and liabilities		
Non-current assets	**203,655,648**	228,063,044
Current assets	**29,621,016**	14,858,677
Total assets	**233,276,664**	242,921,721
Non-current liabilities	**189,280,210**	149,366,812
Current liabilities	**33,093,691**	78,937,682
Total liabilities	**222,373,901**	228,304,494
Net assets	**10,902,763**	14,617,227

(ii) Summarised consolidated statements of comprehensive income

	TH-Alam Holdings (L) Inc.	
	2019 RM	2018 RM
Revenue for the year	**32,611,867**	33,887,064
Depreciation of property, vessel and equipment	**(30,151,193)**	(19,540,389)
Impairment on property, vessel and equipment	**(10,336,312)**	(50,722,867)
Interest income	**79,929**	6,897
Interest expense	**(9,944,453)**	(10,034,316)
Income tax expense	**-**	(40,000)
Loss for the year, representing total comprehensive income	**(18,734,340)**	(64,786,857)

(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.	
	2019 RM	2018 RM
Net assets as at 31 December	**10,902,763**	14,617,227
Loss for the year, representing total comprehensive income	**(18,734,340)**	(64,786,857)
Investment in associates	**49%**	49%
Carrying value of Group's investment in associates	**5,342,354**	7,162,441
Group's share of results of associates	**(9,179,827)**	(31,745,560)

17. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest 2019	Group's effective interest 2018
(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 2019 RM	Group 2018 RM
Unquoted shares, at cost	**93,134,378**	93,134,378
Share of post-acquisition reserves	**1,618,980**	10,949,091
	94,753,358	104,083,469
Redeemable preference shares	**6,000,000**	6,000,000
Less: Impairment loss	**(44,954,419)**	(40,018,505)
	55,798,939	70,064,964

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.

18. INTEREST IN JOINT VENTURES (CONT'D)

(i) Summarised statements of financial position

	ALAM-PE (H) Group RM	ARLI RM
2019		
Non-current assets	**103,934,848**	**85,884,525**
Cash and cash equivalent	**1,500,729**	**164,897**
Other current assets	**32,433,212**	**35,197,301**
Total assets	**137,868,780**	**121,246,723**
Trade and other payables	**7,889,809**	**20,540,385**
Other current liabilities	**100,000**	**118,737,103**
Total liabilities	**7,989,809**	**139,277,488**
Net assets/(liabilities)	**129,878,971**	**(18,030,765)**

	ALAM-PE (H) Group RM	ARLI RM
2018		
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	76,575,028
Total liabilities	9,727,301	102,691,432
Net assets/(liabilities)	172,810,671	17,137,308

(ii) Summarised statements of comprehensive income

	ALAM-PE (H) Group RM	ARLI RM
2019		
Revenue	**14,698,237**	**10,678,244**
Depreciation of property, vessels and equipment	**(11,066,255)**	**(8,745,666)**
Impairment on property, vessels and equipment	**(44,115,273)**	**(24,385,756)**
Interest expense	**-**	**(3,923,485)**
Loss before tax	**(45,145,021)**	**(35,042,728)**
Income tax expense	**(46,719)**	**-**
Total comprehensive loss for the financial year	**(45,191,740)**	**(35,042,728)**

	ALAM-PE (H) Group RM	ARLI RM
2018		
Revenue	18,328,888	5,550,080
Depreciation of property, vessels and equipment	(11,495,745)	(8,680,432)
Impairment on property, vessels and equipment	(24,445,563)	(20,638,992)
Interest expense	-	(9,602,129)
Loss before tax	(33,922,138)	(41,268,468)
Income tax expense	(101,948)	(20,000)
Total comprehensive loss for the financial year	(34,024,086)	(41,288,468)

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	ARLI RM
2019		
Net assets as at 31 December	**129,878,980**	**6,354,991**
Total comprehensive loss for the financial year	**(45,191,740)**	**(35,042,728)**
Interest in joint venture	**51%**	**51%**
Carrying value of Group's interest in joint ventures	**66,238,280**	**3,241,045**
Group's share of joint ventures	**(23,047,787)**	**(17,871,791)**

	ALAM-PE (H) Group RM	ARLI RM
2018		
Net asets as at 31 December	172,810,671	17,137,308
Total comprehensive loss for the financial year	(34,024,086)	(41,288,468)
Interest in joint venture	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)

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest 2019	Group's effective interest 2018
(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 Emirates	Ship owning, ship management, ship operation, maintenance and consultancy	**60**	60
Alam Brompton (L) lnc. ("ABLI") **	Federal Territory of Labuan, Malaysia	Ship owning, ship management, Emirates ship operation, maintenance and consultancy	**51**	51
Alam Fast Boats (L) Inc.	Federal Territory of Labuan, Malaysia	Ship owning, operating and chartering	**60**	60

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 2019	Group's effective interest 2018
(ii) Held through AMLI: (Cont'd)				
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
(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

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 2019	Group's effective interest 2018
(vi) Held through Alam JV:				
Wide Global (L) Inc. ("WG") **	Federal Territory of Labuan, Malaysia	Investment holding and ship owning	**50**	50
(vii) Held through AHSB:				
Subsea Worldwide Solutions Sdn. Bhd. ("SWS")	Malaysia	Providing offshore under water and subsea services	**50**	-

** Audited by firms other than Al Jafree Salihin Kuzaimi PLT (2018:AFTAAS).

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

19. DEFERRED TAXATION

	Group 2019 RM	Group 2018 RM
At 1 January	**5,530,733**	3,896,169
Recognised in profit or loss (Note 11)	**4,310,623**	(1,129,062)
Exchange differences	**(4,630,625)**	2,763,626
At 31 December	**5,210,731**	5,530,733
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(9,785,947)**	(5,537,612)
Deferred tax liabilities	**14,996,678**	11,068,345
	5,210,731	5,530,733

19. DEFERRED TAXATION (CONT'D)

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

Deferred tax liabilities of the Group:

	Accelerated allowances RM
At 1 January 2019	**11,068,345**
Recognised in profit or loss	**8,558,958**
Exchange differences	**(4,630,625)**
At 31 December 2019	**14,996,678**
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

Deferred tax assets of the Group:

	Allowance for doubtful debts RM	Unutilised tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2019	**-**	**(5,537,612)**	**(5,537,612)**
Recognised in profit or loss	**-**	**5,537,612**	**5,537,612**
At 31 December 2019	**-**	**-**	**-**
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)

20. INVENTORIES

	Group	
	2019 RM	2018 RM
At cost:		
Raw materials	**1,248,356**	1,246,221
Spare parts	**328,415**	327,854
Less: Impairment loss	**(806,074)**	(464,720)
	770,697	1,109,355

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was nil (2018: nil).

21. CONTRACT ASSET

	Group 2019 RM	Group 2018 RM
Current		
Contract assets		
Construction contracts	**28,045,359**	-
	28,045,359	-

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development and construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

22. TRADE RECEIVABLES

	Group 2019 RM	Group 2018 RM
Current		
Third parties	**92,516,764**	60,124,521
Accrued charter hire income	**38,162,681**	9,252,425
Less: Allowance for impairment	**(34,213,553)**	(34,213,553)
	96,465,892	35,163,393
Non-current		
Third parties	**54,263,341**	54,263,341
Less: Allowance for impairment	**(54,263,341)**	(54,263,341)
	-	-
Trade receivables, net	**96,465,892**	35,163,393

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 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 39.

22. TRADE RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

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

	Group	
	2019 RM	**2018 RM**
Neither past due nor impaired	**14,505,993**	14,424,613
1 to 30 days past due not impaired	**10,356,153**	10,655,198
31 to 60 days past due not impaired	**11,542,114**	2,803,328
61 to 90 days past due not impaired	**10,564,798**	504,806
91 to 120 days past due not impaired	**11,395,649**	3,452,715
More than 121 days past due not impaired	**38,101,186**	3,322,733
	81,959,900	20,738,780
Impaired	**88,476,894**	88,476,894
	184,942,787	123,640,287

Trade receivables that are neither past due nor impaired

As at 31 December 2019, the Group has trade receivables amounting to RM14,505,993 (2018: RM14,424,613) 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 2019, the Group has trade receivables amounting to RM81,959,900 (2018: RM20,738,780) that are past due at the reporting date but not impaired.

At the reporting date, 65% (2018: 58%) of trade receivables that are past due but not impaired are amounts due from established creditworthy major oil companies with minimum collection risk. The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

Trade receivables that are impaired

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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

	Group	
	2019 RM	**2018 RM**
At 1 January	**88,476,894**	88,225,832
Charge for the year (Note 9)	**-**	251,062
At 31 December	**88,476,894**	88,476,894

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.

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amount due from related parties:				
- Joint ventures	**130,776,253**	113,418,022	**4,936,168**	4,923,722
- Associates	**47,321**	37,179	**45,870**	37,179
	130,823,574	113,455,201	**4,982,038**	4,960,901
Less: Impairment loss	**(61,043,414)**	(61,043,414)	**-**	-
	69,780,160	52,411,787	**4,982,038**	4,960,901
Deposits	**231,049**	1,234,503	**-**	-
Prepayments	**13,901,654**	12,983,300	**-**	-
Sundry receivables	**17,975,347**	12,630,843	**297,470**	46,778
Total other receivables	**101,888,210**	79,260,433	**5,279,508**	5,007,679

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

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

	Group	
	2019 RM	2018 RM
At 1 January	**61,043,414**	51,264,996
Charge for the year (Note 9)	**-**	9,778,418
At 31 December	**61,043,414**	61,043,414

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

24. CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash on hand and at bank	**24,399,417**	34,260,415	**3,093,054**	216,898
Deposits with licensed bank (a)	**47,154,596**	47,515,507	**26,702,863**	28,521,429
Cash and bank balances	**71,554,013**	81,775,922	**29,795,917**	28,738,327
Less: Bank overdrafts (Note 28)	**(3,232,912)**	(646,073)	**-**	-
Amount set aside as sinking fund (b)	**(38,279,046)**	(39,273,809)	**(26,702,863)**	(28,521,429)
Amount set aside as margin deposits for bank guarantee facilities (c)	**(8,014,663)**	(8,014,663)	**-**	-
Total cash and cash equivalents	**22,027,392**	33,841,377	**3,093,054**	216,898

(a) The weighted average effective interest rate per annum and the remaining maturity of deposits of the Group as at 31 December 2019 are 2.4% (2018:2.4%) and 36 days (2018:36 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.

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	**70,558,068**	79,766,862	**29,795,917**	28,738,327
United State Dollar	**1,722**	453,257	**-**	-
Singapore Dollar	**994,223**	1,555,803	**-**	-
	71,554,013	81,775,922	**29,795,917**	28,738,327

25. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2019 RM	2018 RM
At 1 January	**10,978,265**	10,978,265
Transfer to property, vessels and equipment:		
Cost (Note 13)	**(12,039,510)**	-
Accumulated depreciation (Note 13)	**1,061,245**	-
At 31 December	**-**	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.

26. 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 2019	**924,460,921**	**396,314,966**	**-**	**396,314,966**
Addition	**110,559,053**	**9,950,420**	**-**	**9,950,420**
At 31 December 2019	**1,035,019,974**	**406,265,386**	**-**	**406,265,386**
At 1 January 2018/31 December 2018	924,460,921	396,314,966	-	396,314,966

27. OTHER RESERVES

Group	Premium paid on acquisition of non-controlling interest RM	Foreign currency translation reserve RM	Employee share option reserve RM	Total RM
At 1 January 2019	**(4,639,834)**	**3,186,453**	**2,108,236**	**654,855**
Foreign currency translation	**-**	**(1,076,784)**	**-**	**1,375,269**
Transaction with owners:				
Share options granted under ESOS:				
Expiry of employees share options	**-**	**-**	**(2,108,236)**	**(2,108,236)**
At 31 December 2019	**(4,639,834)**	**2,109,669**	**-**	**(78,112)**
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

27. OTHER RESERVES (CONT'D)

Company	Employee share option reserve RM	Total RM
At 1 January 2019	**2,108,236**	**2,108,236**
Share options granted under ESOS:		
Expiry of employees share options	**(2,108,236)**	**(2,108,236)**
At 31 December 2019	**-**	**-**
At 1 January 2018/31 December 2018	2,108,236	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 34. 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.

28. 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.

29. BORROWINGS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term borrowings				
Secured:				
Bank overdrafts (Note 23)	**3,232,912**	646,073	**-**	-
Term loans	**2,225,779**	2,459,823	**-**	-
Sukuk Ijarah MTN	**9,000,000**	9,000,000	**9,000,000**	9,000,000
Hire purchase and finance lease liabilities (Note 29)	**517,131**	369,205	**-**	-
	14,975,822	12,475,101	**9,000,000**	9,000,000
Unsecured:				
Revolving credits	**32,590,959**	22,849,927	**-**	-
	47,566,781	35,325,028	**9,000,000**	9,000,000
Long term borrowings				
Secured:				
Term loans	**9,971,390**	10,838,120	**-**	-
Sukuk Ijarah MTN	**65,000,000**	66,000,000	**65,000,000**	66,000,000
Hire purchase and finance lease liabilities (Note 29)	**345,861**	788,171	**-**	-
	75,317,251	77,626,291	**65,000,000**	66,000,000
Unsecured:				
Revolving credits	**-**	9,474,531	**-**	-
	75,317,251	87,100,822	**65,000,000**	66,000,000
Total borrowings				
Bank overdrafts (Note 23)	**3,232,912**	646,073	**-**	-
Revolving credits	**32,590,959**	32,324,458	**-**	-
Term loans	**12,197,169**	13,297,943	**-**	-
Sukuk Ijarah MTN	**74,000,000**	75,000,000	**74,000,000**	75,000,000
Hire purchase and finance lease liabilities (Note 29)	**862,991**	1,157,376	**-**	-
	122,884,032	122,425,850	**74,000,000**	75,000,000

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Not later than 1 year	**47,049,650**	34,955,824	**9,000,000**	9,000,000
Later than 1 year not later than 2 years	**17,044,845**	26,117,756	**14,400,000**	14,400,000
Later than 2 years not later than 5 years	**57,926,545**	57,850,279	**50,600,00**	51,600,00
Later than 5 years	**-**	2,344,615	**-**	-
	122,021,040	121,268,474	**74,000,000**	75,000,000

29. BORROWINGS (CONT'D)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank overdrafts	**6.60**	6.60	**-**	-
Term loans	**5.00**	5.00	**-**	-
Sukuk Ijarah MTN	**5.00**	5.00	**5.00**	5.00
Revolving credits	**3.80**	3.80	**-**	-

30. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

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	
	2019 RM	2018 RM
Future minimum lease payments:		
Not later than 1 year	**566,321**	409,869
Later than 1 year and not later than 2 years	**234,876**	621,602
Later than 2 year and not later than 5 years	**123,508**	195,040
Later than 5 years	**-**	29,788
Total future minimum lease payments	**923,705**	1,256,299
Less: Future finance charges	**(60,713)**	(98,923)
Present value of finance lease liabilities (Note 28)	**862,992**	1,157,376
Analysis of present value:		
Not later than 1 year	**517,131**	369,205
Later than 1 year and not later than 2 years	**224,823**	582,642
Later than 2 year and not later than 5 years	**121,038**	178,500
Later than 5 years	**-**	27,029
	862,992	1,157,376
Less: Amount due within 12 months (Note 28)	**(517,131)**	(369,205)
Amount due after 12 months (Note 28)	**345,861**	788,171

The Group's hire purchase and finance lease liabilities bear flat interest rates of 2.77% (2018:2.77%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 39.

31. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured and repayable on demand except for an amount of RM74,000,000 (2018: RM75,000,000) which bears interest rate between 5.2% per annum and 5.6% per annum (2018: 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 37.

32. TRADE PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Third parties	**117,225,520**	41,658,147	**771**	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 (2018: 30 to 60 days).

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

33. OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current:				
Amounts due to related parties:				
- Joint ventures	**38,973,223**	14,872,902	**-**	-
- Associates	**3,782,072**	4,031,355	**-**	-
	42,755,295	18,904,257	**-**	-
Financial guarantee contract	**-**	-	**3,600,000**	3,600,000
Accrued expenses	**21,149,629**	27,302,762	**5,949,098**	6,277,296
Sundry payables	**1,151,842**	4,497,049	**307,060**	121,931
	65,056,766	50,704,068	**9,856,158**	9,999,227
Non-current:				
Financial guarantee contract	**-**	-	**-**	6,400,000

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 39.

34. EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

Company has implemented the New ESOS with effect from 2 April 2019 ("Effective Date of New ESOS"), being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities.

Pursuant to the above, the Existing ESOS shall be terminated on 2 April 2019 ("Termination Date of Existing ESOS") and replaced by the New ESOS. As at the Termination Date of the Existing ESOS, the Company has a total of 80,549,000 Outstanding Options, including 36,247,050 Exercisable ESOS Options, all of which shall no longer be exercised into new AMRB Shares.

The maximum number of new AMRB Shares which may be issued and allotted pursuant to the exercise of the New ESOS Options shall not in aggregate exceed 15.0% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the New ESOS.

Subject to any adjustments which may be made under the New ESOS By-Laws, the aggregate number of new AMRB Shares that may be offered and allotted to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person and such other factors that the ESOS Committee may deem relevant subject to the following:

- that the executive directors, non-executive directors and senior management do not participate in the deliberation or discussion of their own allocation;
- not more than ten per cent (10.0%) of the new AMRB Shares available under the Proposed New ESOS shall be allocated to any Eligible Person who, either singly or collectively through Person Connected with the Eligible Person, holds 20.0% or more in the issued share capital of the Company; and
- the AMRB Shares available under the ESOS allocated for the executive directors, non- executive directors and senior management personnel of the Company collectively shall not exceed 50.0% of the total new AMRB Shares available under the Proposed New ESOS.

Subject to any adjustments made under these New ESOS ByLaws and pursuant to the Listing Requirements, the Subscription Price shall be determined by the ESOS Committee and shall be based on the five(5)-day VWAMP of AMRB Shares immediately preceding the date of offer, with a discount, if any, PROVIDED ALWAYS THAT such discount is not more than ten per cent (10.0%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period. The Subscription Price as determined by the ESOS Committee shall be conclusive and binding on the grantee.

The Proposed New ESOS, when implemented, shall be in force for a period of five (5) years from the effective date of implementation of the Proposed New ESOS. The Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the New ESOS for a period of up to a maximum of five (5) years, commencing from the day after the date of expiration of the original five (5) years period.

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

The ESOS Committee may terminate the ESOS at any time before the Date of Expiry without obtaining the approvals from the Grantees who have yet to exercise their Options or the Company's shareholders provided that the Company releases an announcement to Bursa Securities on the following:

- the effective date of termination ("Termination Date")
- the number of Options exercised or shares vested; and
- the reasons and justification for termination.

	Price	Number
Outstanding as at 1 January		**36,247,050**
Expired		**(36,247,050)**
Granted during the year	**RM0.105**	**22,082,149**
Outstanding as at 31 December		**22,082,149**

35. 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:

	2019 RM	2018 RM
Future rental payments:		
Not later than 1 year	**1,298,000**	18,228,000

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:

	2019 RM	2018 RM
Not later than 1 year	**36,793,628**	40,141,240
Later than 1 year and not later than 5 years	**80,343,046**	83,756,176
Not later than 1 year	**117,136,674**	123,897,416

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

36. 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 (2018: RM92.5 million) and USD1.9 million (2018: USD1.9 million).

The Group also has provided a corporate guarantee on proportionate basis for the credit facilities amounting to USD69.6 million (2018: 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.

37. 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.

		2019 RM	2018 RM
Group			
Joint ventures:			
Vessel's management fees	(i)	**7,194,938**	6,469,000
Charter hire vessel		**34,625,804**	29,458,308
Dividend income		**-**	-
Associates:			
Vessel's management fees	(i)	**1,260,000**	1,260,000
Charter hire vessel		**63,301,555**	70,156,722
Company			
Subsidiaries:			
Interest recharged to subsidiaries	(ii)	**2,985,213**	6,296,182

37. RELATED PARTY DISCLOSURES (CONT'D)

(a) Sales and purchase of goods and services (Cont'd)

(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 2019 and 31 December 2018 are disclosed in Notes 23, 31, 32 and 33.

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

(b) Compensation of key management personnel

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term employee benefits	**5,441,720**	5,728,126	**335,321**	277,883
Contributions to defined contribution plan	**483,444**	508,888	**-**	-

Included in the total key management personnel compensation are:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors' remuneration (Note 10)	**3,426,442**	3,515,984	**335,321**	277,883

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	
	2019 RM	2018 RM
At 1 January/31 December	**42,109,000**	42,109,000

38. 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
2019		
Financial liabilities:		
Loans and borrowings (non-current)		
- Term loans	**9,971,390**	8,457,195
- Hire purchase and finance lease liabilities	**578,202**	684,362
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

The fair value of loans and borrowings is determined by discounting the expected future cash flows based on current rates for similar types of borrowing and leasing arrangement.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Contract asset	21
Trade receivables (current)	22
Other receivables	23
Cash and cash equivalents	24
Borrowings (current)	29
Trade payables	32
Other payables	33

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.

38. FAIR VALUE MEASUREMENT (CONT'D)

Determination of fair value

The fair value measurement hierarchies used to measure assets and liabilities disclosed in the financial statements as at 31 December 2019 are as follows:

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using inputs that are not based on observable market data.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2019 are as below:

Group	Date of valuation	Level 2 RM	Level 3 RM	Total RM
2019				
Property, vessels and equipment (Note 13)				
- Vessels	**31 Dec 2019**	**-**	**255,519,058**	**255,519,058**
2018	-			
Property, vessels and equipment (Note 13)				
- Vessels	31 Dec 2018	-	297,965,613	297,965,613

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.

39. 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.

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

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

At the reporting date, approximately:

- 48% (2018: 48%) of the Group's trade receivables were due from 10 (2018: 10) major customers who are located in Malaysia; and

- 46% (2018: 46%) 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.

39. 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% (2018: 29%) 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% (2018: 12%) of the Company's borrowings will mature in less than one year at the reporting date.

<u>Analysis of financial instruments by remaining contractual maturities</u>

	Carrying amount RM	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2019					
Financial liabilities:					
Group					
Trade and other payables	182,282,286	182,282,286	-	-	182,282,286
Borrowings	122,884,032	47,614,971	17,279,721	57,989,340	122,884,032
Total undiscounted financial liabilities	305,166,318	229,897,257	17,279,721	57,989,340	305,166,318
Company					
Trade and other payables	67,983,992	9,856,158	-	-	9,856,158
Borrowings	74,000,000	9,000,000	14,400,000	50,600 000	74,000,000
Total undiscounted financial liabilities	141,983,992	18,856,148	14,400,000	50,600,000	83,856,158

39. 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
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

* 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 70% (2018: 69%) 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 RM35,510 (2018: RM39,720) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sources of interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements of financial position on the borrowings.

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

(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 1% (2018: 5%) of the Group's sales are denominated in foreign currencies whilst almost 5% (2018: 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. 233,612,306

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 2019 RM	Group Loss before tax 2018 RM
Financial liabilities			
USD/RM	- strengthened 3% (2018: 3%)	**(424,716)**	(491,000)
USD/RM	- weakened 3% (2018: 3%)	**424,716**	491,000
SGD/RM	- strengthened 3% (2018: 3%)	**(367,471)**	(419,000)
SGD/RM	- weakened 3% (2018: 3%)	**367,471**	419,000

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 2019 and 31 December 2018.

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.

40. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Borrowings	**122,884,032**	122,425,850	**74,000,000**	75,000,000
Trade and other payables	**182,282,287**	92,362,215	**67,983,992**	16,411,245
Less: Cash and bank balances	**(71,554,013)**	(81,775,922)	**(29,795,917)**	(28,738,327)
Net debt	**233,612,306**	133,012,143	**112,188,075**	62,672,918
Equity attributable to the owners of the parent, representing total capital	**331,304,265**	401,909,779	**373,367,608**	400,919,205
Capital and net debt	**564,916,571**	534,921,922	**485,555,683**	463,592,123
Gearing ratio	**41.4%**	24.9%	**23.1%**	13.5%

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.

- ***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 2019					
Revenue					
Sales to external customers	93,070,234	213,599,240	-	-	306,669,474
Inter segment sales	5,553,311	-	-	(5,553,311)	-
Total revenue	98,623,545	213,599,240	-	(5,553,311)	306,669,474
Results					
Segment results	(60,418,299)	(4,800,437)	(1,509,239)	1,820,256	(64,907,719)
Finance costs	(5,107,915)	(104,662)	(25,108)	-	(5,237,685)
Share of results of associates	-	-	-	-	-
Share of results of joint ventures	(10,607,967)	-	-	-	(10,607,967)
Loss before tax	(76,134,181)	(4,905,099)	(1,534,347)	1,820,256	(80,753,371)
Income tax expenses					472,538
Loss for the year					(80,280,833)
Assets					
Segment assets	248,221,612	22,073,654	7,748,819	3,121,353	281,165,438
Investments in associates	-	-	-	-	-
Interests in joint ventures	67,158,656	499,587	-	(11,859,304)	55,798,939
Unallocated assets	240,781,776	12,046,094	418,194,508	(358,956,421)	312,065,958
Total assets	556,162,044	34,619,335	425,943,327	(367,694,372)	649,030,335
Total liabilities	475,064,593	37,225,108	144,600,144	(335,220,693)	321,829,735
Other segment information:					
Capital expenditure	2,853,203	-	-	-	2,853,203
Depreciation:					
- property, vessels and equipment	25,004,986	6,483,008	28,024	-	31,516,018
Other significant non-cash expenses:					
Impairment loss on:					
- trade receivables	-	-	-	-	-
- interests in joint ventures	4,935,914	-	-	-	4,935,914
- interests in associates	-	-	-	-	-
Impairment of property, vessels and equipment	39,098,781	340,558	-	-	39,439,339

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

42. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) There were new ordinary shares issued following the conversion of Redeemable Convertible Notes comprising 11,111,111 ordinary shares on 6 January 2020 at the price of RM 0.09 per share, 22,222,222 ordinary shares on 29 January 2020 at the price of RM0.09 per share, 31,678,986 ordinary shares on 30 January 2020 at the price of RM 0.0947 per share, and 31,678,986 ordinary shares on 21 February 2020 at the price of RM 0.0947 per share.

(b) On 23 January 2020, the Group had announced to undertake the following: -

(i) a private placement of up to 10% of the total number of issued shares of AMRB to third party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") ("Proposed Private Placement I"); and

(ii) the Board had on 12 May 2020 resolved to fix the issue price for the Private Placement I at RM0.066 per Placement Share I. The issue price of RM0.066 per Placement Share I represents a discount of approximately 9.59% to the 5-day VWAP of AMRB Shares up to and including 8 May 2020, being the last traded day of AMRB Shares immediately preceding the price-fixing date of RM0.073 per AMRB Share.

(iii) the Board had on 18 May 2020 resolved to fix the issue price for the Private Placement I at RM0.070 per Placement Share I. The issue price of RM0.070 per Placement Share I represents a discount of approximately 9.09% to the 5-day VWAP of AMRB Shares up to and including 15 May 2020, being the last traded day of AMRB Shares immediately preceding the price-fixing date of RM0.077 per AMRB Share.

(iv) The private placement I was fully subscribed.

(c) a private placement of up to 20% of the total number of issued shares of AMRB to independent third party investor(s) to be identified later at an issue price to be determined and announced later ("Proposed Private Placement II").

(d) Due to a significant worsening of the macroeconomic outlook as a result of Covid-19 and sharp decline in crude oil prices, both domestically and globally, the Group, based on preliminary assessment, expect that the current situation if prolonged, will have adverse financial impact to the Group's results for the financial year ending 31 December 2020. This is mainly due to:

- Decrease in sales in the near term due to reduced economic activities and delayed fulfilment;
- Some impairment of non-current assets due to idle capacity and negative market outlook

The Group expect that they have sufficient funds from operations for the next 12 months.

The Group are formulating and implementing various strategies and measures including but not limited to drastic cost reduction and rationalization programmes to counter the adverse financial impact arising from the extremely challenging economic and business environment. The Directors believe such measures will enable the Group to weather through this turbulent time.

The Directors are monitoring the situation closely and will continue to assess the impact on the Group's operations and performance as the situation develops and take appropriate action to mitigate the impact as much as possible.

43. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 June 2020.

ANALYSIS OF SHAREHOLDINGS
AS AT 2 JUNE 2020

Authorised Share Capital	:	RM500,000,000.00
Issued and Paid-Up Share Capital	:	RM421,922,081.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	On a poll – One vote for every ordinary share held
No. of Voting Shares	:	1,244,882,405

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	137	1.05	5,294	0.000
100 - 1,000	889	6.79	568,325	0.047
1,001 - 10,000	4,894	37.37	29,952,203	2.406
10,001 - 100,000	5,752	43.92	236,481,053	18.996
100,001 – 62,244,119 (*)	1,423	10.87	647,460,094	52.010
62,244,120 and above(**)	2	0	330,415,436	26.542
Total	**13,097**	**100.00**	**1,244,882,405**	**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	0.201	330,539,186 (1)	29.207
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	0.001 (*)	330,415,436 (2)	29.196
AHMAD HASSANUDIN BIN AHMAD KAMALUDDIN	-	0.000 (*)	123,750 (3)	0.010
FINA NORHIZAH BINTI HJ BAHARU ZAMAN	34,000	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	29.196	-	-
DATUK AZMI BIN AHMAD	2,292,748	0.201	330,539,186 (1)	29.207
SHAHARUDDIN BIN WARNO @ RAHMAD	9,900	0.001 (*)	330,415,436 (2)	29.196

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.

ANALYSIS OF SHAREHOLDINGS
AS AT 2 JUNE 2020

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	21.481
2	SAR VENTURE HOLDINGS (M) SDN BHD	87,306,239	7.714
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAJINDER KAUR A/P PIARA SINGH	39,428,868	3.167
4	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO BOON LING (M&A)	14,287,729	1.147
5	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	11,748,900	0.943
6	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW HOCK SEE (MARGIN)	9,510,000	0.763
7	NING SAI PIEW	9,326,200	0.749
8	TING CHEE MING	7,000,000	0.562
9	JOYCELYNN KHO FEI FEI	6,370,000	0.511
10	AZNIZAN BIN HUSSEIN	6,200,000	0.498
11	POH SOON SIM	6,000,000	0.481
12	MOHD SHANAZ BIN RADHA	5,450,000	0.437
13	YUSNAWANNIE BIN OSMAN	5,070,000	0.407
14	GABRIEL KOK CHUNG HIAN	4,756,000	0.382
15	ER SOON PUAY	4,500,000	0.361
16	FOO LEE FEI	4,000,000	0.321
17	MUHAMMAD SABQI BIN MASNAN	3,527,300	0.283
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	3,349,873	0.261
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD HO KAH BENG	3,260,000	0.261
20	MOHD REDHWAN BIN SULTAN MYDIN	3,000,000	0.240
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD SHAFEI BIN ABDULLAH	3,000,000	0.240
22	WONG MOI FONG	3,000,000	0.240
23	YUE TECK SIONG	2,850,000	0.228
24	AFFIN HWANG NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HSU, CHUN-TSANG (M09)	2,800,000	0.224
25	TAN CHEE TIONG	2,770,000	0.222
26	LEE KWANG PENG	2,679,000	0.215
27	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ELENA BINTI IHSAN	2,515,000	0.202
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU SIE KUONG (KUCHING)	2,500,000	0.200
29	LIM SHEN MAW	2,497,900	0.200
30	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR REZWAN BIN IHSAN	2,350,000	0.188

NOTICE OF 15TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting ("15th AGM") of Alam Maritim Resources Berhad ("the Company" or "AMRB") will be conducted fully virtual meeting from the broadcast venue at Multipurpose Hall, No. 38C, Level 1, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur ("Broadcast Venue") on Thursday, 23 July 2020 at 10.00 a.m. via Remote Participation and Voting facilities ("RPV") which are available at Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") TIIH Online website at https://tiih.online, for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 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 existing Memorandum and Articles of Association and being eligible, have offered themselves for re-election: — *Please refer to Explanatory Note (ii)*

   (i) Datuk Azmi Bin Ahmad; and — **Ordinary Resolution 1**
   (ii) Encik Mohammad Suhaimi bin Yasin — **Ordinary Resolution 2**

3. To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM335,321.00 for the Financial Year ended 31 December 2019. — **Ordinary Resolution 3**

4. 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 2020 until the next Annual General Meeting of the Company to be held in 2021. — *Please refer to Explanatory Note (iii)* **Ordinary Resolution 4**

5. To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT 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 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following resolutions which will be proposed as Ordinary Resolutions:

6. **Proposed Continuation in Office as Independent Non-Executive Director in Accordance with the Malaysian Code on Corporate Governance 2017:**

   "**THAT** the following directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company:-

   (i) Dato' Haji Ab Wahab bin Haji Ibrahim; and — **Ordinary Resolution 6**
   (ii) Puan Fina Norhizah bin Haji Baharu Zaman — **Ordinary Resolution 7**

7. **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."

8. **Proposed Renewal of Authority for the Company to Purchase Its Own Shares of Up to 10% of the Issued and Paid-Up Share Capital of the Company.** **Ordinary Resolution 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 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."

9. **Special Resolution 1** **Special Resolution 1**
Proposed Adoption of New Constitution of the Company (Proposed Adoption)

"**THAT** the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in the Circular to shareholder be and is hereby adopted as the new Constitution of the Company, and that the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

10. **Special Resolution 2** **Special Resolution 2**
Proposed Allocation of the New Employees' Share Option Scheme ("New ESOS") Options to Encik Mohammad Suhaimi bin Mohd Yasin

"**THAT** pursuant to the approval by shareholder on the proposed establishment of a New ESOS of up to 15.0% of the total number of issued shares of AMRB ("Proposed New ESOS") and approval of all relevant regulatory authorities being obtained (where required) for the Proposed New ESOS during the External General Meeting of the Company ("EGM") held on Wednesday, 30 January 2019, approval be and is hereby given to the Board to authorise the ESOS Committee at any time and from time to time, to grant Mohammad Suhaimi bin Mohd Yasin, being Independent Non-Executive Director of the Company, subject to the following provisions :

(i) not more than 2.0% of the total new AMRB Shares available under the New ESOS shall be allocated to him, if he, either singly or collectively through persons connected to him (as defined in the Listing Requirements), hold 20.0% or more of the total number of issued shares of AMRB (excluding treasury shares, if any);

(ii) he must not participate in the deliberation or discussion of his own allocation on the New ESOS Options to be offered to him under the Proposed New ESOS; and

subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities, as amended from time to time;

AND THAT the Board is also authorised to allot and issue the corresponding number of new AMRB Shares arising from the exercise of the New ESOS Options that may be granted to him under the New ESOS."

To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

Nuranisma binti Ahmad, MIA, ACIS (MAICSA 7067610)
(SSM PC No. 202008000939)
Nur Aznita binti Taip, ACIS (MAICSA 7067607)
(SSM PC No. 202008003466)
Company Secretaries

Kuala Lumpur
30 June 2020

EXPLANATORY NOTES:-

(i) **Agenda Item No. 1** – Audited Financial Statements for financial year ended 31 December 2019 - 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**
Datuk Azmi bin Ahmad and Encik Mohammad Suhaimi bin Mohd Yasin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

(iii) **Ordinary Resolutions 3 – Payment of Directors' Remuneration to the Non-Executive Directors for the period from 1 January 2020 until the next Annual General Meeting of the Company to be held in 2021.**

Board/Board Committee	Chairperson (RM/Year)	Member (RM/Year)
Board of Directors	RM90,000	RM75,000
Board Audit Committee	RM19,000	RM12,000
Board Risk Management Committee	RM6,000	RM5,000
Board Nomination & Remuneration Committee	RM6,000	RM5,000
Allowance : Meeting Attendance	RM1,000/day	RM1,000/day

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

(i) **Ordinary Resolution 6 & 7** – **Proposed Continuation in Office as Independent Non-Executive Directors** resolution are in line with the recommendation under the **Malaysian Code on Corporate Governance 2017** and this would allow them to continue to serve as the Independent Non-Executive Directors pursuant to the requirement of Paragraph 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The proposed resolutions are to seek shareholders' approval to retain Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Haji Baharu Zaman, Independent Non-Executive Directors, which have served the Company for more than nine (9) years and to hold office until the conclusion of the next AGM of the Company. The Board Nomination and Remuneration Committee ("BNRC") has made the necessary assessment and recommended to the Board of Directors that they be retained as an Independent Directors of the Company based on their abilities to maintain their independence of judgment and to express and maintain unbiased views without any influence. The Board values their contribution to the Company and they are also committed in performing their functions and duties as the Chairman of the Board Audit Committee and Chairman of the Board of Directors' respectively, including but not limited to attendance at Board and Board Committees' meetings.

(ii) **Ordinary Resolution 8** – 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 twenty per centum (20%) 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.

(ii) 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 of the Company.

(iv) The proposed **Special Resolution 1**, if passed, is to revoke its existing M&A in its entirety with immediate effect and in place thereof, adopt a new Constitution, taking into account the Act which came into force on 31 January 2017 and to be aligned with the Listing Requirements.

Information on the proposed renewal of authority for the Company to purchase its own shares and adoption of new Constitution are set out in the Statement to Shareholders dated 30 June 2020 is available at www.alam-maritim.com.my/AMRB/AGM2020.html and www.bursamalaysia.com.my together with the Annual Report 2019, Notice of the 15th AGM, Proxy Form and the Administrative Details of the 15th AGM.

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, 35, 38 and 39 of the Company's Annual Report 2019 respectively, which available on the Company's website at www.alam-maritim.com.my/AMRB/AGM2020.html

NOTES TO MEMBERS AND PROXIES

1. The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act 2016 and Guidance and Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairman of the the 15th AGM to be present at the main venue of the 15th AGM.

2. Members/proxies **WILL NOT BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the 15th AGM.

3. Members are to attend and vote (collectively, "participate") remotely at the 15th AGM via the RPV provided by Tricor through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities provided in the Administrative Guide Details for the 15th AGM in order to participate in the Meeting remotely via RPV facilities for the 15th AGM.

4. Members may submit questions to the Company prior to the 15th AGM via email to info@alam-maritim.com.my or Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login. Questions shall be submitted via email or TIIH Online website no later than Tuesday, 21 July 2020 at 10.00 a.m. Alternatively, Members may use the query box to transmit questions to the Chairman/Board via RPV during live streaming.

Appointment of Proxy/Proxies

1. For the purposes of determining a Member who shall be entitled to participate in the forthcoming 15th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 16 July 2020. Only a depositor whose name appears in the Record of Depositors as at 16 July 2020 shall be entitled to participate in the 15th AGM or appoint proxy/proxies to participate on his/her behalf.

2. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991, and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, is entitled to appoint one (1) or more proxy to exercise all or any of his rights to participate instead of himself/herself at the 15th AGM, and that such proxy needs not be a member.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

5. The instrument of proxy shall be deposited at the Registered Office of the Company at No. 38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur. All proxy forms submitted must be received by the Company no later than Tuesday, 21 July 2020 at 10.00 a.m., being forty-eight (48) hours before the appointed time for holding the 15th AGM.

6. A member who has appointed a proxy or attorney or authorised representative to participate in the 15th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities at Tricor's TIIH Online website at https://tiih.online. Please follow the Procedures for RPV registration in the Administrative Guide Details for the 15th AGM.

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FORM OF PROXY

ALAM MARITIM RESOURCES BERHAD
Co. No. 200501018734 (700849-K)

ALAM MARITIM RESOURCES BERHAD
Co. No. 200501018734 (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 Fifteenth Annual General Meeting of the Company to be conducted fully virtual meeting from the broadcast venue at Multipurpose Hall, No. 38C, Level 1, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 23 July 2020 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:

No	Resolutions	For	Against
1	To re-elect Datuk Azmi bin Ahmad pursuant to Article 94.		
2	To re-elect Encik Mohammad Suhaimi bin Mohd Yasin pursuant to Article 94.		
3	To approve the payment of Directors' fees and remuneration to the Non-Executive Directors amounting RM335,321.00 for the Financial Year ended 31 December 2019.		
4	To approve the payment of Directors' fee and remuneration for the period from 1 January 2020 until the next Annual General Meeting of the Company to be held in 2021.		
5	To re-appoint Messrs. AlJafree Salihin Kuzaimi PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration		
6	Continuation in Office of Dato' Haji Ab Wahab bin Haji Ibrahim as Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance 2017.		
7	Continuation in Office of Puan Fina Norhizah binti Haji Baharu Zaman 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.		
10	To approve the proposed adoption of new Constitution of the Company.		
11	To approve the proposed allocation of New ESOS options to Encik Mohammad Suhaimi bin Mohd Yasin		

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. ***IMPORTANT NOTICE***
   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairperson of the meeting to be present at the main venue of the meeting.
2. *Members/proxies WILL NOT BE PHYSICALLY PRESENT at the Broadcast Venue on the day of the 15th AGM.*
3. *Members are to attend and vote (collectively, "participate") remotely at the 15th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details for the 15th AGM and read the notes below in order to participate remotely via RPV.*
4. *A member who is entitled to attend and vote at the meeting via RPV is entitled to appoint at least one (1) proxy to attend and vote in his stead. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
5. *Members may submit questions to the Board prior to the 15th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than Tuesday, 21 July 2020 at 10.00 a.m. or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.*
6. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SIDCA") and the Company's Constitution, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.*

7. *Where a member of the Company is an exempt authorised nominee as defined under the SIDCA and the Company's Constitution which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
8. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 15th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the 15th AGM.*
9. *9. The instrument of proxy shall be deposited at the Registered office of the Company at No.38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur not later than TUesday, 21 July 2020 at 10.00 a.m., being forty-eight(48) hours before the appointed time for holding the 15th AGM.*
10. *Please ensure ALL the particulars as required in the form of proxy are completed, signed and dated accordingly.*
11. *Last date and time for lodging the form of proxy is Tuesday, 21 July 2020 at 10.00 a.m.*
12. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at No.38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur not later than TUesday, 21 July 2020 at 10am not less than forty-eight (48) hours before the time appointed for holding the 15th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
13. *A corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment at the Registered office of the Company at No.38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur not later than TUesday, 21 July 2020 at 10.00 a.m. or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:*
    - *(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.*
    - *(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
        - *(a) at least two (2) authorised officers, of whom one shall be a director; or*
        - *(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
14. *For the purpose of determining a member who shall be entitled to attend the 15th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at **16 July 2020**. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.*

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POSTAGE

ALAM MARITIM RESOURCES BERHAD.
(Registration No. 200501018734)(700849-k)

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Bandar Baru Sri Petaling,
57000 Kuala Lumpur.

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