



# Monumental Achievements

Through Progressive Developments

2013 Annual Report

# Inspired by belief and the will to succeed, ideas transpired.

GMV believes the idea in creating possibilities of its immense venture capital focus and facilities for the maritime transportation services, as it continues to steer the nation's growth and value creation to become a premier entity, in the changing and challenging industry of tomorrow today.







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## VISION

"To be a premier venture capital provider in leading the development of high quality and competitive maritime transportation services, while ensuring value creation for our stakeholders".

## MISSION

"To be a catalyst in spearheading the physical and economic development of Malaysian maritime transportation services through joint ventures, in a professional, fair, efficient and transparent manner for all the stakeholders".

## PRINCIPAL ACTIVITY

Marine venture capital investment holding.



# BUSINESS PROFILE

Global Maritime Ventures Berhad (GMVB) was incorporated on 19 May 1993 as a vehicle to manage the RM500 Million fund under the Government's Shipping Ventures Fund (SVF). GMVB is a subsidiary of Bank Pembangunan Malaysia Berhad.

GMVB is a marine venture capital investment holding company incorporated to accelerate the development of the country's maritime industry. As the country's principal venture capital provider in the maritime industry, GMVB's mandated role is to develop the national shipping business sector through building strategic alliances with local partners to jointly acquire vessels for domestic as well as international operations.



2013 Annual Report

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Datuk Dr. Abdul Samad Haji Alias  
(*Chairman*)

Dato' Mohd Zafer Mohd Hashim

Datin Husniarti Tamin

Eshah Meor Suleiman

Taufiq Ahmad @ Ahmad Mustapha Ghazali

Dato' Ir Abdul Rahim Abu Bakar

Haji Abdul Aziz Ishak

Rashidah Mohd Sies

(*Alternate Director to Eshah Meor Suleiman*)

## CHIEF EXECUTIVE OFFICER

Ahmad Sharifuddin Abdul Kadir

## CHIEF OPERATING OFFICER

Abdul Karim Ismail

## COMPANY SECRETARY

Razali Hassan  
(LS 005531)

## AUDITORS

Messrs. Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur

## REGISTERED OFFICE

Aras 16, Menara Bank Pembangunan, Bandar Wawasan  
No. 1016, Jalan Sultan Ismail  
50250 Kuala Lumpur

## PRINCIPAL PLACE OF BUSINESS

Aras 15, Menara Bank Pembangunan, Bandar Wawasan  
No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur

## BANKER

CIMB Bank Berhad

## WEBSITE

[www.gmv.com.my](http://www.gmv.com.my)

# NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the **Twenty First Annual General Meeting** of **Global Maritime Ventures Berhad** will be held at **Dewan Utama, Level 6, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur** on **Monday, 23 June 2014** at **12:00 noon** for the following purposes: -

## AS ORDINARY BUSINESS

- 
- |    |   |              |
|----|---|--------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.  | RESOLUTION 1 |
| 2. | To re-elect the following Directors who retire pursuant to Article 63 of the Company's Articles of Association: -   |              |
|    | (i) Datin Husniarti binti Tamin; and  | RESOLUTION 2 |
|    | (ii) Encik Taufiq Ahmad @ Encik Ahmad Mustapha bin Ghazali.   | RESOLUTION 3 |
| 3. | To consider and if thought fit to pass the following resolution: -  | RESOLUTION 4 |
|    | <b>"THAT</b> Tan Sri Datuk Dr. Abdul Samad bin Haji Alias who retires pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting". |              |
| 4. | To approve the payment of Directors' fees for the financial year ended 31 December 2013.  | RESOLUTION 5 |
| 5. | To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.   | RESOLUTION 6 |
-

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

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## AS SPECIAL BUSINESSES

6. To consider and if thought fit, to pass the following resolution: -

### **ORDINARY RESOLUTION**

#### **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965**

“**THAT**, subject to the provision of Section 132D of the Companies Act, 1965, the Company's Articles of Association and the approvals of the relevant government/regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at such time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

RESOLUTION 7

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

**Razali Hassan** (LS 005531)  
Company Secretary

Kuala Lumpur  
30 May 2014

### **NOTES :-**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote instead of him. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965<sup>1</sup> shall not apply to the Company.
2. In the case of a Corporate Member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer of the Corporation or attorney duly authorised.
3. The Proxy Form must be deposited at the Registered Office of the Company at Aras 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Failure to lodge your Proxy Form within the stipulated time may result in your proxy being precluded from attending and voting at the Meeting or any adjournment thereof.
5. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the Meeting should the member subsequently decide to do so.

<sup>1</sup> a member shall not be entitled to appoint a person who is not a member as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar in a particular case.



# GMVB FLEET TONNAGE

AS AT 31 DECEMBER 2013

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NO	NAME OF VESSELS	VESSEL TYPE	YEAR BUILT	GRT	DWT	BHP
CORPORATE INVESTMENT IN SYARIKAT BORCOS SHIPPING SDN BHD (100%)						
1	M.V Borcos 21	Standby Vessel	1992	181	123	1,420
2	M.V Borcos 12	Mooring Launch	1994	49	27	600
3	M.V Borcos 13	Mooring Launch	1995	49	27	600
4	M.V Borcos 118	Fast Crew Boat	1999	115	24	2,000
5	M.V Borcos Fateh	Utility Mooring Launch Vessel	1999	218	45	2,700
6	M.V Borcos Fadel	Utility Vessel	1999	218	45	2,700
7	M.V Borcos Basma 1	Dumb Barge	2003	4,475	10,109	-
8	M.V Borcos Tariq 1	Tug Boat	2004	289	72	2,890
9	M.V Borcos Sabhan 1	Safety Standby Vessel	2004	219	74	1,440
10	M.V Borcos Sabhan 2	Safety Standby Vessel	2004	219	74	1,440
11	M.V Borcos Sabhan 3	Safety Standby Vessel	2004	219	74	1,440
12	M.V Borcos Sabhan 4	Safety Standby Vessel	2004	379	220	2,000
13	M.V Borcos Tasneem 3	Anchor Handling Tug & Supply	2007	1,419	1,474	4,544
14	M.V Borcos Tasneem 4	Anchor Handling Tug & Supply	2008	1,706	1,724	5,220
15	M.V Borcos Tasneem 5	Anchor Handling Tug & Supply	2010	1,706	1,724	5,220
16	M.V Borcos Tasneem 6	Anchor Handling Tug & Supply	2010	1,706	1,724	5,444
17	M.V Borcos Tasneem 7	Anchor Handling Tug & Supply	2010	1,706	1,724	5,444
18	M.V Borcos Tasneem 8	Anchor Handling Tug & Supply	2010	1,706	1,724	5,444
19	M.V Borcos Tasneem 9	Anchor Handling Tug & Supply	2010	1,706	1,724	5,444
20	M.V Borcos Thahirah 1	Anchor Handling Tug & Supply	2011	3,511	2,300	12,060
21	M.V Borcos Thahirah 2	Anchor Handling Tug & Supply	2012	3,511	2,300	12,060
No. of Pax						
22	M.V Borcos Firdaus 1	Super Fast Crew Boat	2005	238	80	4,500
23	M.V Borcos Firdaus 2	Super Fast Crew Boat	2006	238	51	4,500
24	M.V Borcos Firdaus 3	Super Fast Crew Boat	2007	238	51	4,500
25	M.V Borcos Firdaus 4	Super Fast Crew Boat	2007	238	51	4,500
26	M.V Borcos Firdaus 5	Super Fast Crew Boat	2007	238	51	4,500
27	M.V Borcos Firdaus 6	Super Fast Crew Boat	2007	238	51	4,500
28	M.V Borcos Firdaus 7	Super Fast Crew Boat	2008	238	51	4,500
29	M.V Borcos Firdaus 8	Super Fast Crew Boat	2008	238	51	4,500
30	M.V Borcos Firdaus 9	Super Fast Crew Boat	2008	238	51	4,500
31	M.V Borcos Firdaus 10	Super Fast Crew Boat	2012	238	60	4,500
32	M.V Borcos Firdaus 11	Super Fast Crew Boat	2012	238	60	4,500

# GMVB FLEET TONNAGE (CONT'D.)

AS AT 31 DECEMBER 2013

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NO	NAME OF VESSELS	VESSEL TYPE		YEAR BUILT	GRT	DWT	BHP
CORPORATE INVESTMENT IN ORKIM SDN BHD (91%)							
33	MT Orkim Power	Product Tanker		2008	5,353	7,000	-
34	MT Orkim Leader	Product Tanker		2008	5,353	7,000	-
35	MT Orkim Merit	Product Tanker		2008	5,353	7,000	-
36	MT Orkim Express	Product Tanker		2009	5,353	7,000	-
37	MT Orkim Challenger	Product Tanker		2009	7,920	9,950	-
38	MT Orkim Discovery	Product Tanker		2009	7,920	9,950	-
39	MT Orkim Reliance	Product Tanker		2010	7,920	9,950	-
40	MT Orkim Glory	Product Tanker		2012	7,920	7,000	-
GMV-BAHTERA SDN BHD							
41	MT Kosmo Naura	Product Tanker		2009	5,353	7,000	-
42	MT Nur Syamsina	Product Tanker		2009	5,353	7,000	-
NO	NAME OF VESSELS	VESSEL TYPE	GMVB'S PORTION (EQUITY)	YEAR BUILT	GRT	DWT	BHP
JV WITH ALAM MARITIM (M) SDN BHD							
43	MV Setia Tangkas	Anchor Handling Tug & Supply	40%	2006	1,470	1,475	5,150
44	MV Setia Unggul	Anchor Handling Tug & Supply	40%	2006	1,470	1,475	5,150
45	MV Setia Sakti	Support Maintenance Vessel	40%	2006	2,996	2,250	5,150
JV WITH GAGASAN CARRIERS SDN BHD							
46	MT Imbak	Chemical Tanker IMO II/III	40%	2007	7,057	10,800	-
47	MT Gagasan Pahang	Product Tanker	60%	2008	5,511	7,000	-
48	MT Gagasan Kedah	Product Tanker	60%	2009	5,511	7,000	-
JV WITH GLOBAL CARRIERS SDN BHD							
49	MT Budi Mesra	Product Tanker	49%	2008	5,153	7,000	-
50	MT Budi Mesra Dua	Product Tanker	49%	2008	5,153	7,000	-
51	MT Budi Ikhlas	Product Tanker	49%	2008	7,626	10,000	-
JV WITH EFOGEN SDN BHD							
52	MV Sea Weasel	Anchor Handling Tug & Supply	49%	2008	1,943	1,575	6,500

# BOARD OF DIRECTORS



## TAN SRI DATUK DR. ABDUL SAMAD BIN HAJI ALIAS INDEPENDENT NON-EXECUTIVE CHAIRMAN

**Tan Sri Datuk Dr. Abdul Samad bin Haji Alias** was appointed as the Non-Executive Chairman of Global Maritime Ventures Berhad (GMVB) on October 14, 2008. He holds a Bachelor Degree in Commerce from the University of Western Australia and is a member of the Malaysian Institute of Certified Public Accountants (MICPA), a fellow of the Institute of Chartered Accountants Australia and a member of the Malaysian Institute of Accountants (MIA).

He was the President of MICPA and had served as a member of Malaysian Accounting Standards Board, Financial Reporting Foundation and Companies Commission of Malaysia and he was also the President of MIA. Prior to his appointment as Chairman of Bank Pembangunan Malaysia Berhad, he was the Non-Executive Chairman of Messrs. Ernst & Young.

He is the Chairman of Malaysia Deposit Insurance Corporation and Malaysian Venture Capital Management Berhad (MAVCAP). He currently sits on the Board of TH Plantation Berhad Group, MAVCAP Group and Bursa Malaysia Berhad.





**DATO' MOHD ZAFER BIN MOHD HASHIM**  
**NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Dato' Mohd Zafer bin Mohd Hashim** was appointed as the Non-Independent Non-Executive Director of GMVB on 20 August 2009. He holds a Bachelor of Science in Economics and Mathematics from the London School of Economics and Political Science, University of London. He is a Chartered Accountant by profession and a fellow of the Institute of Chartered Accountants in England and Wales.

He began his career with Price Waterhouse in London. He was previously the Chief Financial Officer of Maybank Investment Bank Berhad and Bank Muamalat Malaysia Berhad. Prior to Bank Muamalat Malaysia Berhad, he was attached to MMC Corporation Berhad as a General Manager.

He is currently the President/Group Managing Director of Bank Pembangunan Malaysia Berhad. He also sits on the Board of Malaysian Bulk Carriers Berhad and Malaysia Industry-Government Group for High Technology.



**DATIN HUSNIARTI BINTI TAMIN**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Datin Husniarti binti Tamin** was appointed as an Independent Non-Executive Director of GMVB on 1 September 2006. She holds a Bachelor of Economic (Honours) from University of Malaya and a Master of Business Administration (MBA) from University of Oregon, USA.

She started her career in 1972 as the Assistant Secretary in the Economic Planning Unit ("EPU") in the Prime Minister's Department. During her tenure in EPU, she held several positions in various sections of the Unit. In 1996, she undertook the position of Deputy Secretary General in charge of energy at Ministry of Energy, Communications and Multimedia. Subsequently, in the year 2000, she moved up to become the Deputy Secretary General (Systems and Control) at the Treasury, Ministry of Finance, where she retired in October 2004.

Currently, she sits on the Board of Syarikat Borcos Shipping Sdn Bhd and several other private companies of GMVB Group. She is also a member of the Risk Management Committee and Audit and Examination Committee of GMVB.



**ESHAH BINTI MEOR SULEIMAN**  
**NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Eshah binti Meor Suleiman** was appointed as a Non-Independent Non-Executive Director of GMVB on 25 June 2008. She obtained a Bachelor of Economics (Honours) Degree from University of Malaya, Diploma in Public Administration from the National Institute of Public Administration (INTAN) and a Master of Business Administration (Finance) from Oklahoma City University, USA.

She started her career in the Malaysian civil service since 1981 as Assistant Director (Macro Economic Section) Economic Planning Unit of the Prime Minister's Department and since then, she has held various posts in the Malaysian Government before appointed as Deputy Under Secretary, Investment, MOF (Inc.) and Privatisation Division [formerly known as MOF (Inc.) Companies, Privatisation and Public Enterprise Division] in August 2003. She is currently the Under Secretary, Investment, MOF (Inc.) and Privatisation Division.

She currently holds directorship in Malaysia Airports Holdings Berhad, Pos Malaysia Berhad and serves as Alternate Director in Telekom Malaysia Berhad and Malaysian Airline System Berhad as well as a director in Westports Malaysia Sdn Bhd, a non-listed company. She is also a member of the Audit and Examination Committee of GMVB.



**DATO' IR ABDUL RAHIM BIN ABU BAKAR**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Dato' Ir. Abdul Rahim bin Abu Bakar** was appointed as an Independent Non-Executive Director of GMVB on 3 June 2010. He holds a Bachelor of Science Electrical Engineering (Honours) from the Brighton College of Technology, United Kingdom. He is a member of the Institute of Engineers, Malaysia and is a Professional Engineer, Malaysia (P.Eng). He also holds the Electrical Engineer Certificate of Competency Grade 1.

He began his career in 1969 with the then National Electricity Board for 10 years in various technical and engineering positions. From 1979 to 1983, he served with Pemas Charter Management Sdn Bhd and subsequently, attached to Malaysia Mining Corporation Berhad (MMC) in various senior positions till 1991. Prior to his appointment as Managing Director of Petronas Gas Berhad in 1995, he served MMC Engineering Services Sdn Bhd and subsequently to MMC Engineering Group Berhad as the Managing Director. He retired from PETRONAS as the Vice President of Petrochemical Business on 31 August 2002.

At present, he sits on the Board of Telekom Malaysia Berhad, Scomi Engineering Berhad, Scomi Group Berhad and Westport Holdings Berhad and several other private limited companies. He is also a member of the Risk Management Committee of GMVB.



**TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Taufiq Ahmad @ Ahmad Mustapha bin Ghazali** was appointed as an Independent Non-Executive Director of GMVB on 1 September 2010. He is a member of the Malaysian Institute of Accountants, a fellow of the Association of Chartered Certified Accountants (UK), an associate of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Masters in Business Administration (MBA) from the University of Leicester, England.

He was previously attached to an international accounting firm as a partner and has more than 30 years experience in statutory audits, financial accounting and corporate finance. He was the Managing Partner of Deloitte KassimChan from 1998 to 2009 and was the Chairman of Deloitte Southeast Asia from 2008 to May 2009.

He sits on the Board of Prolexus Berhad, Malaysia Packaging Industry Berhad, Tambun Indah Land Berhad and several other private limited companies. He is the Chairman of Audit and Examination Committee of GMVB.

## HAJI ABDUL AZIZ BIN ISHAK

### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

**Haji Abdul Aziz Ishak** was appointed to the Board on 26 January 2012. A Naval Architect by profession, Abdul Aziz holds an Ordinary National Certificate in Nautical Science from the Riversdale College of Technology, Liverpool, United Kingdom in 1974 and a Bachelor of Science in Naval Architecture and Ocean Engineering from the University of Glasgow, Scotland, United Kingdom in 1981.

He has over 30 years of experience in the Oil and Gas and marine industry. He started his career as a Cadet and Deck Navigating Officer with Blue Funnel Line in Liverpool in 1971 before joining PETRONAS, Marine Department in 1983. He was the Managing Director/Chief Executive Officer of PETRONAS Maritime Group of Companies before retiring in May 2007.

Currently, he is the Executive Director of Mentor Solutions & Resources Sdn. Bhd. He also sits on the Board of Bank Pembangunan Malaysia Berhad, Dayang Enterprise Holdings Berhad, Nippon Kaiji Kyokai Classification of Ships Berhad, Miles Academy Sdn. Bhd, Mentor Project Management Sdn. Bhd and Mentor Turnaround Management Sdn. Bhd.

He is the Chairman of the Risk Management Committee of GMVB.



## RASHIDAH BINTI MOHD SIES

### ALTERNATE DIRECTOR FOR ESHAH BINTI MEOR SULEIMAN

**Rashidah binti Mohd Sies** was appointed as an Alternate Director to Eshah binti Meor Suleiman on 20 April 2011. She holds a Bachelor in Business Administration (Finance) from Idaho State University, USA and holds a Master of Business Administration (MBA) from US International University, USA.

She began her career in 1989 with MOF as an Assistant Secretary in Finance Division. During her tenure in MOF, she held several positions and currently serves in the Economy Sector of Bahagian Pelaburan, MKD dan Penswastan as Principal Assistant Secretary.

She currently sits on the Board of Bank Pertanian Malaysia Berhad. She is also an alternate member to Eshah binti Meor Suleiman in the Audit & Examination Committee of GMVB.





# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present to you, the Annual Report of Global Maritime Ventures Berhad (GMVB), for the financial year ended 31 December 2013.

In a nutshell, 2013 turned out to be just as difficult for the shipping industry as we anticipated it would be. The financial performance of the Company was severely impacted, as a matter of fact more adversely than previously expected, as a result of a damp economic environment which commenced at the start of the year.

A significant gap between supply and demand, the former being greater than the latter continue to plague the shipping industry, as you are reading this.

Nevertheless we will continue to be diligent in improving operational efficiencies and taking advantage of market momentum, among other strategies employed to resuscitate GMVB.

## GMVB'S FINANCIALS

The Group registered revenues of RM313.34 million for FY2013, an increase of RM246.41 million when compared to the previous year. The strong revenue growth demonstrates the Group's resilience amidst the challenging economic climate.

Additionally, the strategic consolidation exercise with Syarikat Borcos Shipping Sdn Bhd (Borcos) a major player in the offshore sector and Orkim Sdn Bhd (Orkim) a product tanker operator also contributed to the overall increase in Group revenue.

Despite the higher revenue, GMVB's earnings mirrored the overall damp sentiment in the shipping industry, as the Group posted a net loss of RM158.56 million albeit, compared to RM182.31 million net loss in FY2012. Largely to blame were softer freight rates, arising from tonnage oversupply, combined with low market activity which adversely impacted operations. Adding to the losses were impairments and a one off provision.

While time charter rates remained volatile, the Group managed its fleet to deliver consistent revenues, with the majority of our vessels being chartered on period charters, with the industry's most respected charterers.

At the Company level, a net loss amounting to RM120.88 million was posted against revenue of RM47.03 million as compared to RM119.75 million in net loss from RM3.56 million in revenue for 2012. Growth in revenue at the Company level was primarily attributable to dividends received from our investments in shipowning companies under joint ventures with Wawasan Shipping Sdn Bhd and

SPVs namely GMV-Orkim Sdn Bhd and GMV-Jasa Sdn Bhd. Although, a strong sense of uncertainty continued to pervade the shipping industry, positive signs also began to emerge as the markets for tankers gained traction towards the end of the year. Our offshore support vessels continued to make strong contributions to the company's bottom line which nevertheless remained depressed.

Overall, we continue to have substantial financial flexibility to weather the turbulent conditions, and to support the continuation of our prudent and focused investments in fleet expansion.

## DIVIDENDS

Having considered the Group's immediate funding requirements and its operating cash flow requirements, as well as taking into account the continuing challenging environment, the Board of Directors is not recommending any dividend for the financial year.

I cannot stress enough of our desire, to see GMVB emerging stronger from this downturn and a company that delivers sustainable value to all its stakeholders.

## HIGHLIGHTS OF 2013

In 2013 the global, as well as regional economies were weak while aggressive fleet expansion activities continued, for a fifth year running, causing the challenging environment.

The world economy declined to 2.9% from 3.2% in 2012. Growth was driven down by weaker domestic demand, and a slowdown in several key emerging economies such as China and India, as well as by a protracted recession in the euro area. On the home front, the Malaysian economy sustained its growth momentum, expanding by 4.7% in 2013 albeit down from 5.6% in the previous year. Regional economies as well, were more or less insulated from the global contagion, with intra Asean trade cushioning the otherwise damp climate.

Nevertheless considering shipping relies heavily on trade flows and growth in emerging markets to generate demand for tankers and bulk carriers, the slowdown in trade severely impacted our bottom-line. The World Trade Organisation's projected trade growth for 2013 was 3.3%, but is forecasted to rise to 5% in 2014.

On another note, 2013 was yet another year of falling asset values, both for newbuildings and second hand vessels across all subsectors of shipping. Thus, it's a given that the past financial year was a tough one for the petroleum tanker sector, with shipbuilders in South Korea, China and Japan all reporting an increase in new orders. The increase in new orders came despite the problem of overcapacity

that persist in the tanker sector.

The chemical tanker sector had a quiet period but there were signs of an increase in freight rates towards the tail end of the year. Consolidation, pool formation and mergers are some of the strategies adopted by shipowners to help tide them over the poor market conditions.

Meanwhile as for GMVB, the Company investments are in chemical, product tankers and offshore support vessels. The majority of these ships around 68% are on long term charters while the remainder operate in the spot market. Our focus on placing a part of our fleet under long-term contracts is a conscious part of our portfolio rebalancing strategy to contain and minimise the cyclical downside of the shipping industry. Over the past years we have done relatively well to reduce our exposure to freight rate volatility in the petroleum shipping segment.

Financing for the shipping industry has become tighter partly due to the bleak economic outlook. Considering the sharp drop in vessel values, many ship owners have breached loan-to-value and liquidity covenants, and have had to request lenders to either provide them with waivers or revise loan terms.

Companies that have comfortable cash flows, low gearing levels and large liquid reserves will be well placed to take advantage of lower vessel prices and to augment their capacity.

Motivated by adverse pressures the demolition market has been very active in 2013. Given the poor performance of dry bulk freight rates, bulk carriers dominated the demolition market. High demolition volumes are also expected in 2014 as freight markets continue to underperform.





Nevertheless the offshore business achieved marked improvements and increased profit contributions, after establishing a presence both in the regional and international markets through strategic partnerships. With the presence of financially strong oil majors in Malaysian waters, the offshore support business has witnessed stability over the last few years.

The world economy declined to 2.9% from 3.2 % in 2012. Growth was driven down by weaker domestic demand, and a slowdown in several key emerging economies such as China and India, as well as by a protracted recession in the euro area. On the home front, the Malaysian economy sustained its growth momentum, expanding by 4.7% in 2013 albeit down from 5.6% in the previous year. Regional economies as well, were more or less insulated from the global contagion, with intra Asean trade cushioning the otherwise damp climate.

During the year we have charted some notable milestones with our investments portfolios.

Our foray into the offshore business through the ownership and operation of various offshore support vessels (OSV) is one of those steps to remain competitive and position GMVB as a offshore provider in the region. GMVB's 100% acquisition into Borcos in September last year is an initiative towards this end. The secured and recurring income stream from the offshore business have proven precious.

Much of the positivism surrounding the OSV market stems from state controlled oil major Petroliaam Nasional Bhd (PETRONAS) spending a whopping RM300 billion in capital expenditure for a five year period ending 2015. During the year in review, about RM20 billion worth of contracts were dished out for pipe-laying, topside maintenance and hook up construction and commissioning.

## EXPANSION IN ANTICIPATION

The significant expansion of our fleet was a key achievement over the past year. During the year in review, GMVB's fleet increased to 54 vessels comprising 1 chemical tanker, 16 product tankers and 37 OSVs. This represents a dramatic increase from the 28 vessels in our fleet as of end 2012.

These new additions not only increased the size of the fleet, but also diversified the types of vessels we operate. As part of our efforts to achieve an optimal operating fleet size, GMVB sold its final four old chemical tankers of the Selendang series under the joint venture with Wawasan Shipping Sdn Bhd in the first half of 2013. Thus we now have a relatively young, diversified fleet.

GMVB also increased its stake in Orkim by 51 per cent making it a majority shareholder in the latter in March 2013.

Orkim is an active player in the product tanker sector. We are confident that this consolidation will be able to create a more scalable and robust shipping entity.

Much of these expansions were timed to ensure GMVB rides the wave, when the market takes a turn for the better.

While expansion plans have been put in place, as a venture capitalist, GMVB has also an important role to play in that of supporting and nurturing market leaders among Bumiputra entrepreneurs. Both our partners Icon Fleet Sdn Bhd and Jasa Merin (M) Sdn Bhd (Jasa Merin) exited the joint venture by the redemption of the Redeemable Convertible Preference Shares and Jasa Merin exercising its Call Option on GMVB's shares held in the respective joint venture companies.

While pursuing our business commitments, we also fulfilled our responsibility to the industry by sponsoring cadets in the Nautical and Marine Engineering Diploma Studies at the Akademi Laut Malaysia (ALAM). To support the Country's vision of becoming a maritime nation, GMVB has collaborated with ALAM and sponsored

about 70 seafarers since its inception.

## EXPECTATIONS FOR 2014

As we move into a new financial year in 2014, we will continue to be challenged and tested by difficult operating conditions prevalent in the shipping industry. Nevertheless, the shipping industry is poised to emerge from its longest downturn, buoyed by an end to years of overcapacity resulting in depressed freight rates since the end 2008.

Pundits have it that world GDP will expand by 3.2% in 2014 against 2.4% in 2013, which is generally a positive sign for all shipping sectors. With the global economy on an upward trend and the domestic demand continuing to fuel the Malaysian economy, 2014 presents itself with unique opportunities for GMVB to tap into.

The first quarter of 2014 is characterised by a mixture of significant uncertainty and opportunity for shipowners and investors. The markets are in a bottom cycle, with second hand and new building prices at cyclical low levels. At the same time, the world economy is showing some potential for a strong recovery soon, and new fuel-efficient vessels are an added incentive for shipyards. Taking this into consideration, we may well see a nascent recovery in most shipping markets in 2014 and 2015.

To put things in perspective, delivery of new ships is declining, demolition remains at encouraging levels and demand for long-haul transportation is rising. We are mindful that tonnage demand is expected to recover in 2014 on account of an increase in oil demand amidst a global economic recovery that is gaining strength. Scrapping activities have also increased as owners face difficulties in trading older vessels and are unwilling to bear the high maintenance cost of such vessels.



The global demand growth reflects the continued strong performance of Asian economies fuelled by growth in countries like China and India. Nevertheless, despite the firm growth in demand the fleet oversupply remains a dampener to rates.

To withstand the volatile market, owners are depending on time charters to bolster their earning to stay solvent as expectations for the spot market ahead remain conservative. Fortunately for us, most of our tankers and offshore vessels are working on long term time charter contract with oil and gas majors i.e. PETCO and Shell.

Dry cargo ships are likely to see the strongest recovery in 2014. This is the first time growth in demand for shipping of iron ore, coal, grain and minor bulks such as fertilizer, logs and soya beans has been greater than dry bulk fleet growth since 2007, as the industry finally shakes off a surge in new ship orders in the wake of the boom.

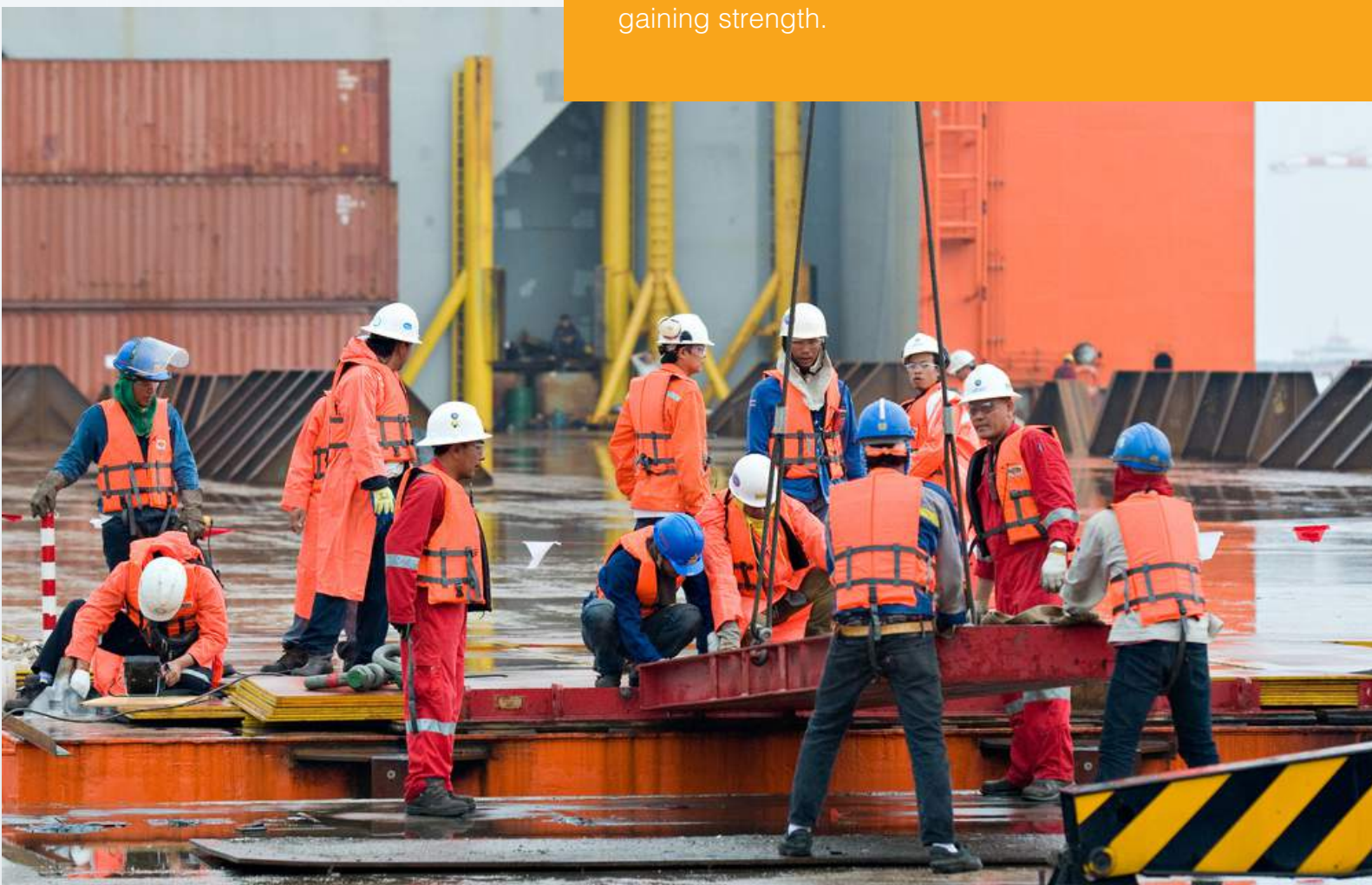
Looking ahead, tanker rates also seem set to rise as fleet growth slows, while strategic oil reserve projects in China and India should boost already solid Asian demand. As far as the product tanker market is concerned, it's poised for a marked recovery in 2014 as new vessel orders appear to be at reasonable levels, relative to demand growth forecasts. Consolidation of tonnage would be beneficial for the sector as a whole. Strong demand on the other hand comes from developing economies where there is insufficient refinery capacity necessitating

sea borne refined product imports.

The year 2014 offers the chemical shipping sector some glimmer of hope. Freight rates in the chemical tanker segment enjoyed an upward climb on most trade routes throughout 2013. Global demand is expected to increase from 2014 onwards as more Middle East and US petrochemicals are likely to join the market due to the availability of competitive feedstock and large plant expansions. The positive impact of shale gas on the US petrochemical sector will benefit the chemical tanker trade with rising demand in Asia, which is likely to result in longer voyages, which in turn will result in greater tonne-mile demand, boosting vessel employment.

In the offshore segment, the current oil price level is supportive of investments. There was a succession of offshore discoveries in 2013 and we continue to believe in increased activity for offshore rigs in general and ultra-deep water rigs in particular. The growth in demand for subsea construction vessels will continue to accelerate in the years to come. The fleet is not only growing by numbers but also in terms of complexity. Overall the outlook for offshore market services remains positive mainly in the regional markets including the Middle East and Asia.

We are mindful that tonnage demand is expected to recover in 2014 on account of an increase in oil demand amidst a global economic recovery that is gaining strength.







GMVB's strategy moving forward is based on its 5 Year Blue Print, which will chart the direction of the company, irrespective of market conditions. Interestingly enough, the Blue Print shows a new direction for GMVB to evolve beyond its current mandate of investment approach in shipowning/shipping companies via equity participation.

## THE WAY FORWARD

Despite the challenging outlook, there is still light at the end of the tunnel.

GMVB's strategy moving forward is based on its 5 Year Blue Print, which will chart the direction of the company, irrespective of market conditions. Interestingly enough, the Blue Print shows a new direction for GMVB to evolve beyond its current mandate of investment approach in shipowning/shipping companies via equity participation.

We need to enhance and energise our role through diversification, covering both asset based and service based sectors, and pushing for a presence in new segments within the industry. Much of the diversification is slated to take place around three sectors, shipyards, commercial and technical maritime consultancy, and maritime training.

Also in the pipeline are the floatation exercises of our units, which will result in GMVB unlocking value in investments. With the benchmark FBMKLCI at record levels, above 1800 points, an initial public offering by a Government Link Companies involved in the booming oil and gas sector is likely to be well received.

This should enhance our role as a venture capitalist, and entrench our commitment to help transform, support and create new market leaders among entrepreneurs. GMVB is also likely to identify new key foreign partners for future JVs with existing domestic partners. This could improve local







talent, via knowledge transfers. Also GMVB will continue to support the training of seafarers by providing training berths on-board our vessels and ensure continuous career employment for GMVB cadets upon graduation on our vessels. We are also looking to form smart partnerships with maritime training institutes to address the shortage of Malaysian crew.

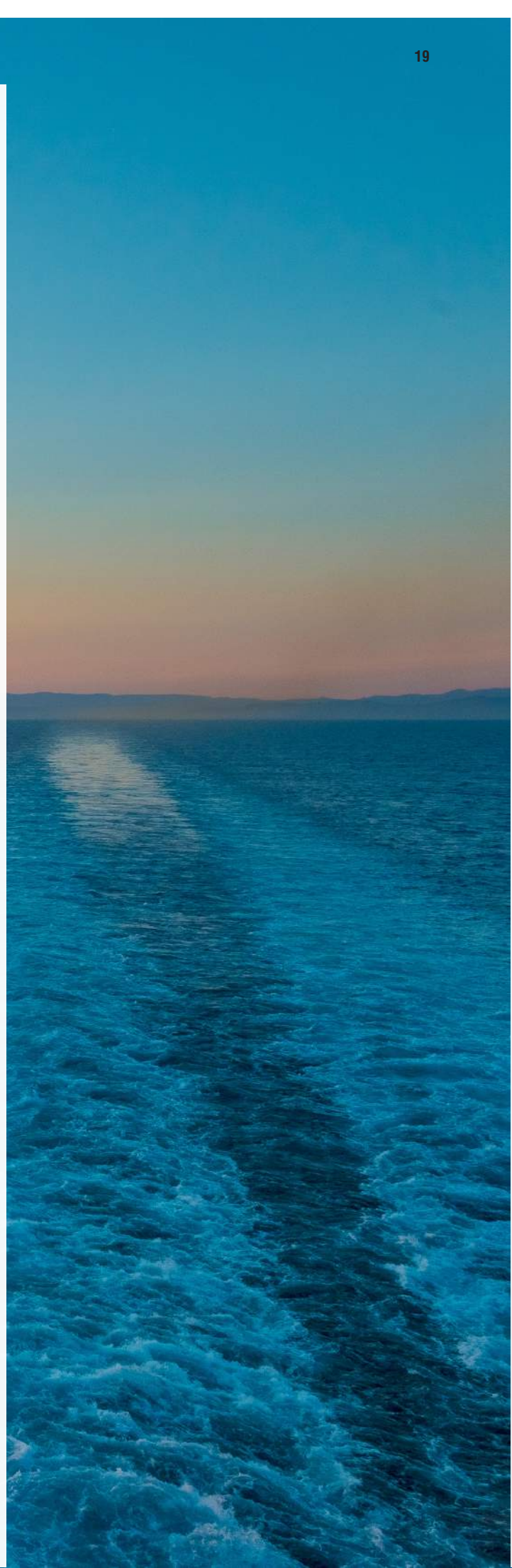
## ACKNOWLEDGEMENT

I welcome on board Encik Ahmad Sharifuddin Abdul Kadir, a Civil Engineer by profession, who was appointed in December 2013 as the Chief Executive Officer of GMVB. He was the Senior General Manager from the office of the Group President & CEO of Sapura Group before assuming his current position. With a wealth of experience in the oil and gas and in technical, operations and banking sectors, we look forward to working with him to bring GMVB to the next phase of its journey.

I would also like to thank my fellow board members for their continued stewardship of the Company as well as for their guidance and counsel. My sincere appreciation also goes out to the management and staff of GMVB for their commitment and contribution to GMVB's success. I would also like to thank all our stakeholders, in particular the Ministry of Finance, Government authorities, our customers, suppliers, business partners, and financiers for their loyal support, trust and confidence in us, and cooperation throughout the year.

I would hereby like to express my indebtedness to all parties who have supported us and hope for your continued assistance, to steer the Company to greater heights.

**TAN SRI DATUK DR. ABDUL SAMAD BIN HAJI ALIAS**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN





## 1. OBJECTIVE

The objective of the Board of Directors Terms of Reference are intended not to limit the powers of the Board but to assist the Board in the exercise of its powers and the fulfillment of its duties.

## 2. RESPONSIBILITIES AND DUTIES

2.1 The Board has several fundamental obligations to perform, but not limited to the following:-

- a. Approve joint venture arrangements with local partners to undertake vessel acquisition and vessel management activities;
- b. Approve investments, advances and/or any form of financial instruments in investee companies;
- c. Approve domestic and external borrowings of the Company;
- d. Ensure that the Company's strategic focus is clearly defined and is in line with the Company's mission, vision and mandated role;
- e. Approve all Business Plans and policies of the Company;
- f. Review, approve and provide feedback on corporate Key Performance Indicators (KPIs) and targets;
- g. Appoint authorised signatories for cheque signatories, promissory notes, drafts, bills of exchange and other negotiable instruments;
- h. Approve acquisition and disposal of fixed assets of the Company;
- i. Supervise the affairs of the Company and to be fully informed of the Company's condition and management policies in ensuring that the Company is soundly managed;
- j. Approve annual budget, revised budget and draft audited financial statements of the Company;
- k. Oversee the financial performance of the Company and ensuring that the Company maintains proper accounting and other records and registers in conformity with approved accounting and financial reporting standards applicable to the Company;
- l. Review financial results, discuss material variances and ensure that corrective actions are taken;
- m. Delegate any of its powers to Committees or to any one member of the Board as it deems fit and to ensure that the powers so delegated are exercised in conformity to any prescribed regulations that may from time to time be imposed by the Board i.e. the Audit and Examination Committee and Risk Management Committee;
- n. Select and appoint senior management personnel who are qualified and competent to administer the affair of the Company effectively and soundly;
- o. Establish a Succession Plan and oversee the development of the Company's future leaders and human capital;
- p. Observe corporate governance and ensure the Company's compliance with the requirements of relevant legislations, rulings, regulations, authorities, guidelines and procedures and Articles of Association of the Company;
- q. Provide strategic directions with regard to IT management and ensure the IT strategic plan supports the Company's strategic business plan and, where necessary, the Bank Pembangunan Group IT strategic plan. Also responsible to approve and monitor the performance or major IT initiatives and plans;
- r. Ensure the Company's Senior Management has adopted prudent and effective policies and procedures to identify, measure, monitor and control/mitigate IT risks; and
- s. Avoid self-serving practices and conflicts of interest.

2.2 The Board will from time to time, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and decide on any necessary changes thereto.

2.3 The Board shall have full authority to seek/obtain any information it requires from any employee of the Company and to commission any investigations, reports or surveys which it deems necessary to help it fulfill its duties and obligations.

2.4 In connection with its duties the Board may obtain, at the Company's expense, any outside legal or other professional advice.

## 3. BOARD OF DIRECTORS' MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2013, the Board of Directors' held ten (10) meetings. A record of the attendance of the Board Members is as follows: -

DIRECTORS	NO. OF MEETINGS ATTENDED
Tan Sri Datuk Dr Abdul Samad bin Haji Alias (Chairman)	10/10
Dato' Mohd Zafer bin Mohd Hashim	8/10
Datin Husniarti binti Tamin	10/10
Eshah binti Meor Suleiman	9/10
Dato' Ir. Abdul Rahim bin Abu Bakar	10/10
Taufiq Ahmad @ Ahmad Mustapha bin Ghazali	10/10
Haji Abdul Aziz bin Haji Ishak	10/10

## 1. OBJECTIVE

The primary objective of the Risk Management Committee (RMC) is to oversee the Senior Management's activities in managing the key risk areas of the Company's related activities and to ensure that the risk management process is in place and functioning effectively.

## 2. ROLES AND RESPONSIBILITIES

The roles and responsibilities of RMC are as follows: -

- a. Recommend appropriate risk management policies, procedures and process in key risk areas such as strategic risk, investment risk, financial risk and operational risk, where applicable;
- b. Reviewing the adequacy of risk management strategies, policies and risk tolerance level of Global Maritime Ventures Berhad (GMVB), and the extent to which these are operating effectively;
- c. Provide oversight and strategic direction of all risks associated with GMVB's activities for the management;
- d. Promoting an integrated approach to evaluate and monitor inter-related risks;
- e. Ensuring that the infrastructure, resources and systems are in place to identify, measure, monitor and control risks;
- f. Reviewing management's periodic information on risk exposures and risk management activities; and
- g. Review and endorse contingency plans for critical and worst case scenarios and address related issues.

## 3. RMC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2013, RMC held three (3) meetings. A record of the attendance of RMC Members is as follows: -

MEMBERS	NO. OF MEETINGS ATTENDED
Haji Abdul Aziz bin Haji Ishak (Chairman)	3/3
Datin Husniarti binti Tamin	3/3
Dato' Ir Abdul Rahim bin Abu Bakar	3/3



## 1. OBJECTIVE

The objective of the Audit and Examination Committee (AEC) is to review the financial condition of GMVB and its subsidiaries, the internal controls, the performance and findings of internal auditors and to recommend appropriate remedial action regularly.

## 2. FUNCTIONS AND RESPONSIBILITIES

2.1 AEC shall carry out and report on the following to the Board: -

- a. Recommend to the Board on the appointment of External Auditors, the fee and other matters pertaining to the resignation or termination or change of External Auditors.
- b. Review with external auditors:
  - their audit plan;
  - their evaluation of the system of internal control;
  - their audit report;
  - their management letter and management's response; and
  - the assistance given by the management and staff to the external auditors.
- c. Carry out the following with regards to the internal audit function: -
  - Review the adequacy of scopes, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - Review and approve internal audit plan;
  - Review audit reports and consider adequacy of Management's actions taken on audit findings or recommendations;
  - Recommend to the Board or Nomination Committee of the Board on the appointment and termination of the Head of Audit & Examination;
  - Recommend to the Remuneration Committee of the Board on the remuneration of the Head of Audit & Examination; and
  - Review any appraisal or assessment of members of the internal audit function as well as decide on their remuneration package, excluding the Head of Audit & Examination.
- d. Receive and consider reports relating to the perpetration and prevention of fraud.
- e. Review the Company's compliance with the related Government regulations.
- f. Review the quarterly result and the year-end financial statement prior to their submission to the Board for its approval.
- g. For the review of the year-end financial statement presentation to the Audit Committee will be conducted by the external auditor, focusing particularly on: -
  - Any changes in or implementation of major accounting policy changes;
  - Adequacy of allowances against contingencies, bad and doubtful debts;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.

## 2. FUNCTIONS AND RESPONSIBILITIES (CONT'D.)

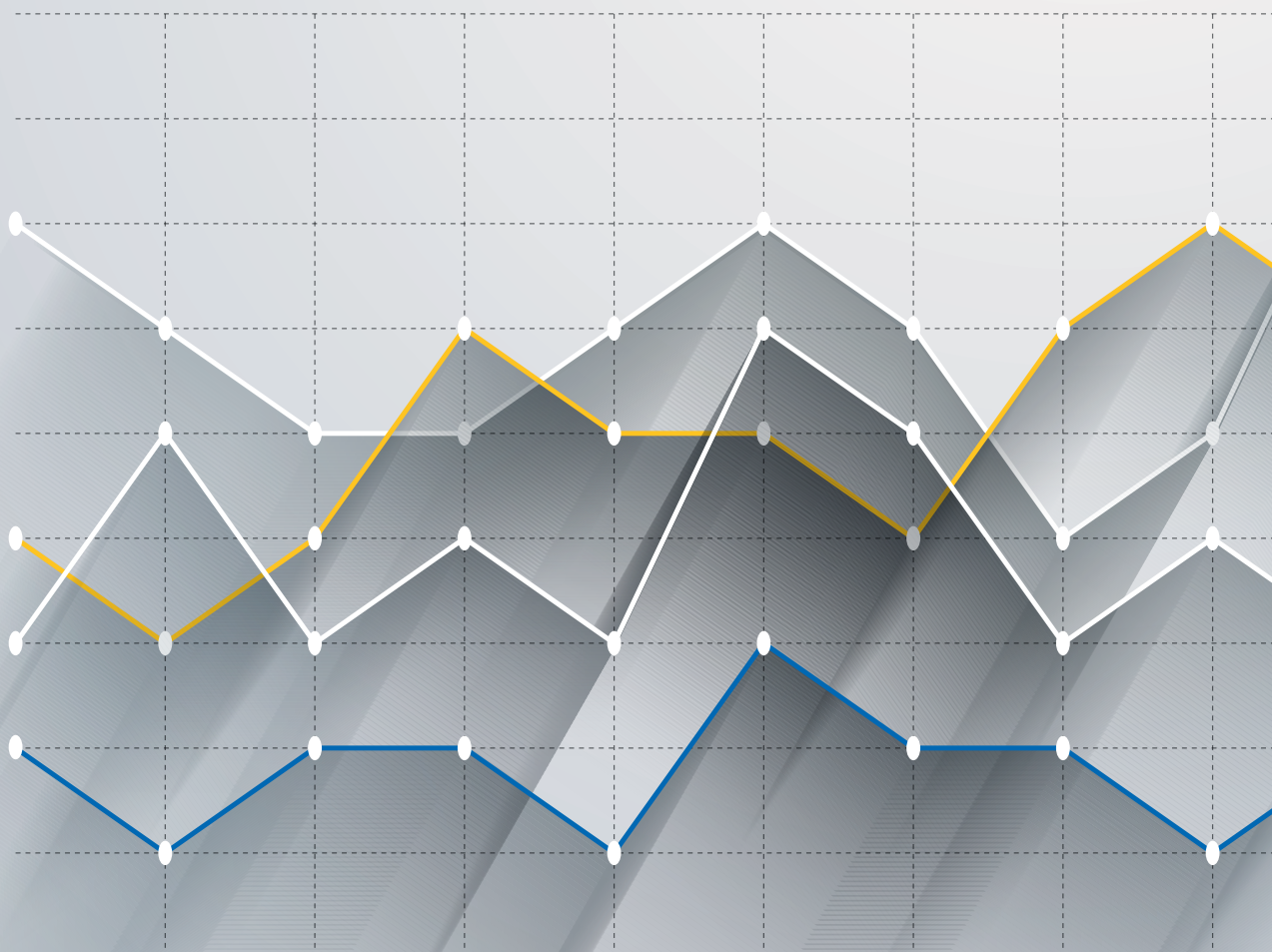
- 2.1 AEC shall carry out and report on the following to the Board (cont'd.): -
- h. Ensure the prompt publication of annual accounts.
  - i. Discuss any problem and reservations arising from the interim and final audits, any matter, which the external auditors may wish to discuss (in the absence of management where necessary).
  - j. Review any related party transactions and conflict of interest situation that may arise in the Company including any transaction, procedure or conduct that raises questions of management integrity.
  - k. Preparation of an AEC report at the end of each financial year, which will be published in the Company's Annual Report. The report shall contain the following information:
    - The composition of the AEC, including name, designation and directorship of the members and whether the director is independent or otherwise;
    - The term of reference of AEC;
    - The number of AEC meetings held in the financial year and detail of attendance of each member; and
    - A summary of the activities of the AEC in the discharge of its functions and duties for the financial year.
- 2.2 The AEC shall update the Board on the issues and concerns discussed during the meetings including those raised by external auditors and where appropriate, make the necessary recommendation to the Board.

## 3. AEC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2013, the AEC held four (4) meetings. A record of the attendance of the AEC Members is as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Taufiq Ahmad @ Ahmad Mustapha bin Ghazali (Chairman)	4/4
Datin Husniarti binti Tamin	4/4
Eshah binti Meor Suleiman	4/4

# DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS



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Statement of changes in equity	37
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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 2013.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a venture capital investment holding company.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

## RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Loss for the financial year	(158,859)	(120,880)
Attributable to:		
Equity holders of the Company	(165,596)	(120,880)
Non-controlling interests	6,737	-
	(158,859)	(120,880)

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

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

## DIVIDEND

No dividend was declared for the financial year ended 31 December 2013.

The directors do not recommend any tax exempt dividend in respect of the financial year ended 31 December 2013.

## DIRECTORS

The names of the directors of the Company since the date of the last report and at the date of this report are:

Tan Sri Dr. Abdul Samad bin Hj. Alias  
Dato' Mohd Zafer bin Mohd Hashim  
Datin Husniarti binti Tamin  
Eshah binti Meor Suleiman  
Dato' Ir. Abdul Rahim bin Abu Bakar  
Taufiq Ahmad @ Ahmad Mustapha bin Ghazali  
Abdul Aziz bin Ishak  
Rashidah binti Mohd Sies  
(Alternate Director to Eshah binti Meor Suleiman)

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregated amount of emoluments received or due and receivable by the directors as shown in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there no known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Notes 5, 6 and 7 to the financial statements.

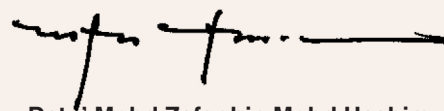
## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 March 2014.



**Tan Sri Dr. Abdul Samad bin Hj. Alias**



**Dato' Mohd Zafer bin Mohd Hashim**

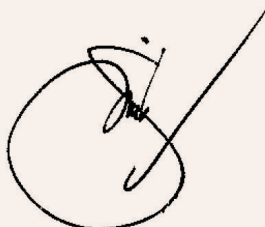


## STATEMENT BY DIRECTORS

### Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dr. Abdul Samad bin Hj. Alias and Dato' Mohd Zafer bin Mohd Hashim, being two of the directors of Global Maritime Ventures Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 124 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 March 2014.



Tan Sri Dr. Abdul Samad bin Hj. Alias



Dato' Mohd Zafer bin Mohd Hashim

## STATUTORY DECLARATION

### Pursuant to Section 169(16) of the Companies Act, 1965

I, Abdul Karim bin Ismail, being the officer primarily responsible for the financial management of Global Maritime Ventures Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 124 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Abdul Karim bin Ismail at Kuala Lumpur in Wilayah Persekutuan on 3 March 2014.



Abdul Karim bin Ismail

Before me,

# INDEPENDENT AUDITORS' REPORT

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TO THE MEMBERS OF GLOBAL MARITIME VENTURES BERHAD  
(INCORPORATED IN MALAYSIA)

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## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Global Maritime Ventures Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company, for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 124.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

# INDEPENDENT AUDITORS' REPORT

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TO THE MEMBERS OF GLOBAL MARITIME VENTURES BERHAD  
(INCORPORATED IN MALAYSIA) (CONT'D.)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("Act"), we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries in Malaysia of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

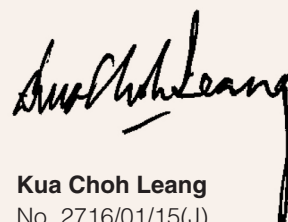
## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**Ernst & Young**  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
3 March 2014



**Kua Choh Leang**  
No. 2716/01/15(J)  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

32

		GROUP		COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipments	4	1,149,045	39,697	88	89
Investments in subsidiaries	5	-	-	43,614	43,614
Investments in associates	6	-	273,357	-	-
Investments in joint ventures	7	75,083	206,650	75	75
Other investments	8	103	49,092	225,852	214,335
Pool working fund	9	1,965	2,446	-	-
Intangible assets	19	178,036	-	-	-
Deferred tax assets	20	15,857	-	-	-
Receivables, deposits and prepayments	10	-	-	390,642	236,125
		1,420,089	571,242	660,271	494,238
Current assets					
Investments in joint ventures	7	3,992	3,077	-	-
Receivables, deposits and prepayments	10	97,246	98,565	5,475	12,255
Inventories	11	2,144	1,543	-	-
Cash and bank balances	12	188,391	372,181	28,933	326,635
		291,773	475,366	34,408	338,890
Non-current asset held for sale	13	2,619	100,915	-	-
		294,392	576,281	34,408	338,890
Total assets		1,714,481	1,147,523	694,679	833,128
Non-current liabilities					
Loans and borrowings	14	638,929	-	-	-
Deferred tax liabilities	20	1,754	-	-	-
		640,683	-	-	-
Current liabilities					
Loans and borrowings	14	177,546	111,311	-	-
Payables and accruals	15	73,098	101,202	2,959	20,528
		250,644	212,513	2,959	20,528
Total liabilities		891,327	212,513	2,959	20,528

# STATEMENTS OF FINANCIAL POSITION

33

AS AT 31 DECEMBER 2013 (CONT'D.)

	NOTE	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	16	300,000	300,000	300,000	300,000
Foreign currency translation reserve	17	(14,032)	(57,562)	-	-
Retained earnings	18	519,038	684,634	391,720	512,600
		805,006	927,072	691,720	812,600
Non-controlling interests		18,148	7,938	-	-
Total equity		823,154	935,010	691,720	812,600
Total equity and liabilities		1,714,481	1,147,523	694,679	833,128

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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	NOTE	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Revenue	21	313,339	66,926	47,031	3,558
Cost of sales	21	(210,379)	(66,971)	-	-
<b>Gross profit/(loss)</b>		102,960	(45)	47,031	3,558
<b>Other items of income:</b>					
Interest income		7,856	20,149	10,469	15,261
Interest recognised on re-measurement of intercompany loans to fair value		-	-	3,483	-
Gain from disposal of vessels		4,207	-	-	-
Other income		10,951	460	6	-
Gain on bargain purchase		11,972	-	-	-
<b>Other items of expenses:</b>					
Administrative expenses		(21,646)	(5,622)	(3,452)	(3,692)
Interest recognised on re-measurement of intercompany loans to fair value		-	-	-	(6,736)
Operating expenses:					
- Impairment loss on investments in subsidiaries		-	-	-	(9,450)
- Impairment loss on investments in joint ventures		(11,555)	(8,435)	-	-
- Impairment loss on other investments		-	-	(165,599)	(114,013)
- Impairment loss on vessels	23	(46,535)	(148,703)	-	-
- Impairment loss on goodwill	19	(76,664)	-	-	-
- Amortisation of intangible assets	19	(9,541)	-	-	-
- Loss from disposal of vessels		-	(24,735)	-	-
- Allowance for doubtful debts		(4,715)	(3,695)	(7,278)	-
- Others		(4,186)	-	(556)	-
Employee benefit expenses	24	(20,389)	(24,517)	(2,353)	(1,254)
Finance costs		(49,015)	(5,036)	(2)	(3)
Share of (loss)/profit of joint ventures and associates		(34,836)	22,667	-	-
<b>Loss before taxation</b>	22	(141,136)	(177,512)	(118,251)	(116,329)
Taxation	26	(17,723)	(4,795)	(2,629)	(3,425)
<b>Loss for the financial year</b>		(158,859)	(182,307)	(120,880)	(119,754)



# STATEMENTS OF COMPREHENSIVE INCOME

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D.)

	NOTE	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Loss for the financial year		(158,859)	(182,307)	(120,880)	(119,754)
Other comprehensive income/(expense)					
Foreign currency translation reserve		44,311	(7,129)	-	-
Total comprehensive loss for the financial year		(114,548)	(189,436)	(120,880)	(119,754)
(Loss)/profit attributable to:					
Equity holders of the parent		(165,596)	(121,138)	(120,880)	(119,754)
Non-controlling interests		6,737	(61,169)	-	-
		(158,859)	(182,307)	(120,880)	(119,754)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		(122,066)	(126,122)	(120,880)	(119,754)
Non-controlling interests		7,518	(63,314)	-	-
		(114,548)	(189,436)	(120,880)	(119,754)

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
	-----NON DISTRIBUTABLE-----					DISTRIBUTABLE
	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT, TOTAL		FOREIGN CURRENCY TRANSLATION RESERVE		RETAINED EARNINGS	MINORITY INTERESTS
	EQUITY, TOTAL	RM'000	SHARE CAPITAL	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
<b>2013</b>						
At 1 January 2013	935,010	927,072	300,000	(57,562)	684,634	7,938
Total comprehensive (loss)/income	(114,548)	(122,066)	-	43,530	(165,596)	7,518
Subscription of shares in a subsidiary by non-controlling interests	12,217	-	-	-	-	12,217
Dividends paid to non-controlling interests	(15,613)	-	-	-	-	(15,613)
Issuance of convertible redeemable preference shares	6,088	-	-	-	-	6,088
<b>At 31 December 2013</b>	<b>823,154</b>	<b>805,006</b>	<b>300,000</b>	<b>(14,032)</b>	<b>519,038</b>	<b>18,148</b>
<b>Group</b>						
<b>2012</b>						
At 1 January 2012	1,120,201	1,053,194	300,000	(52,578)	805,772	67,007
Total comprehensive loss	(189,436)	(126,122)	-	(4,984)	(121,138)	(63,314)
Dividends paid to non-controlling interests	(1,139)	-	-	-	-	(1,139)
Issuance of convertible redeemable preference shares	5,384	-	-	-	-	5,384
<b>At 31 December 2012</b>	<b>935,010</b>	<b>927,072</b>	<b>300,000</b>	<b>(57,562)</b>	<b>684,634</b>	<b>7,938</b>

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 2013

37

	SHARE CAPITAL	DISTRIBUTABLE RETAINED EARNINGS	TOTAL
	RM'000	RM'000	RM'000
Company 2013			
At 1 January 2013	300,000	512,600	812,600
Total comprehensive loss	-	(120,880)	(120,880)
At 31 December 2013	300,000	391,720	691,720
2012			
At 1 January 2012	300,000	632,354	932,354
Total comprehensive loss	-	(119,754)	(119,754)
At 31 December 2012	300,000	512,600	812,600

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Loss before tax	(141,136)	(177,512)	(118,251)	(116,329)
<b>Adjustments for:</b>				
Share of loss/(profit) of joint ventures and associates	34,836	(22,667)	-	-
Depreciation of property, plant and equipments	74,762	35,591	45	65
Impairment loss on investments in joint ventures	11,555	8,435	-	-
Impairment loss on investments in subsidiaries	-	-	-	9,450
Impairment loss on other investments	-	-	165,599	114,013
Impairment loss on vessels	46,535	148,703	-	-
Impairment loss on goodwill	76,664	-	-	-
Amortisation of intangible assets	9,541	-	-	-
(Gain)/loss on disposal of vessels	(4,207)	24,735	-	-
Property, plant and equipments written off	60	-	-	-
Interest expense	49,015	5,036	2	3
Interest income	(7,856)	(20,149)	(10,469)	(15,261)
Dividend income	(551)	(1,800)	(47,031)	(3,558)
Allowance of doubtful debts	4,715	3,695	7,278	-
Gain on bargain purchase	(11,972)	-	-	-
Gain on disposal of other investments	(3,089)	-	-	-
Interest recognised on re-measurement of intercompany loans to fair value	-	-	(3,483)	6,736
Unrealised gain on foreign exchange	(2,300)	-	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>136,572</b>	<b>4,067</b>	<b>(6,310)</b>	<b>(4,881)</b>
<b>Changes in working capital:</b>				
Inventories	387	270	-	-
Receivables, deposits and prepayment	140,234	(7,589)	(154,812)	(129,583)
Payables and accruals	(73,343)	50,577	(18,927)	(5,066)
Pool working fund	481	564	-	-
<b>Cash generated from/(used in) operations</b>	<b>204,331</b>	<b>47,889</b>	<b>(180,049)</b>	<b>(139,530)</b>
Interest received	7,856	20,149	10,469	15,261
Tax refunded	1,553	128	-	-
Tax paid	(4,425)	(6,092)	(1,271)	(5,065)
Interest expense	(49,015)	(5,036)	(2)	(3)
<b>Net cash generated from/(used in) operating activities</b>	<b>160,300</b>	<b>57,038</b>	<b>(170,853)</b>	<b>(129,337)</b>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D.)

39

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipments	(266,692)	(48,146)	(44)	-
Acquisition of an associate, net of cash acquired	-	(105,000)	-	-
Net cash outflow on acquisition of subsidiaries	(244,602)	-	-	-
Purchase of redeemable preference shares in joint ventures	(8,206)	-	-	-
Purchase of redeemable preference shares in subsidiaries	-	-	(211,136)	(61,657)
Proceeds from disposal of property, plant and equipments	101,792	49,387	-	-
Proceeds from disposal of other investments	52,111	15,000	37,300	41,110
Proceeds from issuance of convertible redeemable preference shares	6,088	5,385	-	-
Proceeds from disposal of joint ventures	101,619	-	-	-
Acquisition of other investments	-	(47,326)	-	-
Dividend received	551	1,800	47,031	3,558
(Advances)/repayment of advances from joint ventures	(10,232)	19,045	-	-
<b>Net cash used in investing activities</b>	<b>(267,571)</b>	<b>(109,855)</b>	<b>(126,849)</b>	<b>(16,989)</b>
<b>Cash flows from financing activity</b>				
Repayment of loans and borrowings, representing net cash used in financing activity	(61,216)	(78,007)	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(168,487)</b>	<b>(130,824)</b>	<b>(297,702)</b>	<b>(146,326)</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(23,066)</b>	<b>3,878</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>372,181</b>	<b>499,127</b>	<b>326,635</b>	<b>472,961</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>180,628</b>	<b>372,181</b>	<b>28,933</b>	<b>326,635</b>

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

31 DECEMBER 2013

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## 1. CORPORATE INFORMATION

Global Maritime Ventures Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business and registered office of the Company are located at Level 15 and Level 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur respectively.

The principal activity of the Company is that of a venture capital investment holding company. The principal activities of the subsidiaries are described in Note 5.

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

The holding company and ultimate holding body of the Company is Bank Pembangunan Malaysia Berhad, a company incorporated and domiciled in Malaysia and The Minister of Finance (Incorporation) ("MOF"), a body corporate which was incorporated under the Minister of Finance (Incorporation) Act, 1957.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 March 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards in Malaysia ("MFRS"), International Financial Reporting Standard ("IFRS") and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The functional currency of certain subsidiaries is United States Dollar ("USD"). The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The functional currency of the Company is RM, and its financial statements are also presented in RM.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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

### 2.2 CHANGES IN ACCOUNTING POLICIES

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

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

MFRS AND AMENDMENTS TO MFRS		EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 1	Annual improvements 2009 - 2011 Cycle	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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

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

### 2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### **MFRS 10 Consolidated Financial Statements**

MFRS 10 replaces part of MFRS 127 - Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The application of MFRS 10 does not have any significant effect on the financial performance and position of the Group and of the Company.

#### **MFRS 11 Joint Arrangements**

MFRS 11 replaces MFRS 131 - Interests in Joint Ventures and IC Interpretation 113 Joint Ventures – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for joint controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

MFRS 11 has been applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

The application of MFRS 11 does not have any significant effect on the financial performance and position of the Group and of the Company.

#### **MFRS 12 Disclosures of Interests in Other Entities**

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

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

### 2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, joint ventures and associates in separate financial statements.

#### MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of the audited financial statements, the following MFRS and Amendments to MFRS were issued but not yet effective and have not been applied by the Group and the Company:

MFRS AND AMENDMENTS TO MFRS		EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendment to MFRS 2, 3, 8, 116, 124 and 138	Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Amendment to MFRS 3, 13 and 140	Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9	Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The adoption of the above standards and interpretations will not have any significant effect on the financial performance and position of the Group and of the Company.

### 2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.



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

### 2.4 BASIS OF CONSOLIDATION (CONT'D.)

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

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

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

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

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

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

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

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

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

### 2.4 BASIS OF CONSOLIDATION (CONT'D.)

#### **Business combination**

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.20.

#### **Transactions with non-controlling interests ("NCI")**

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

### 2.5 SUBSIDIARIES

A subsidiary is an entity over which the Group has all the following:

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

### 2.6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

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

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

### 2.7 FOREIGN CURRENCIES

#### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is Ringgit Malaysia ("RM") and that of certain subsidiaries is United States Dollar ("USD"). The financial statements are presented in RM, in compliance with MFRS.

#### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's and its subsidiaries' functional currencies are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

#### (iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the currency translation reserve within equity.

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



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

### 2.8 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All vessels and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Depreciation of vessels and 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:

Leasehold land	19 years
Buildings	50 years
Motor vehicles	5 years
Furniture and fittings	6 - 7 years
Office equipment	6 - 7 years
Office renovation	3 years
Computers	5 years
Vessels	5 - 30 years
Dry docking	1.5 - 5 years

Dry docking costs which enhance the useful lives of the vessels are capitalised in the year in which they are incurred and amortised over the period until the next dry docking.

Vessels under construction is not depreciated as the asset is not available for use.

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

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 and the unutilised portion of the revaluation surplus is taken directly to retained earnings.

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

### 2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs to.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset recoverable amount is the higher of an asset or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cashflows 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 risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

### 2.10 INVENTORIES

Inventories comprise lubricants on board for own consumption and spare parts for vessels. Inventories are stated at lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Lubricants: Costs are assigned on weighted average cost basis
- Spare parts: Costs are assigned on a first-in first-out basis

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

### 2.11 FINANCIAL ASSETS

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity ("HTM") investments and available-for-sale ("available-for-sale") financial assets.

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

### 2.11 FINANCIAL ASSETS (CONT'D.)

#### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

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

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

#### (c) Held-to-maturity investments ("HTM")

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

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

### 2.11 FINANCIAL ASSETS (CONT'D.)

#### (d) Available-for-sale financial assets ("available-for-sale")

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

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

### 2.12 IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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



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

### 2.12 IMPAIRMENT OF FINANCIAL ASSETS (CONT'D.)

#### (a) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

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

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

#### (b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.14 FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

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

### 2.14 FINANCIAL LIABILITIES (CONT'D.)

#### **(b) Other financial liabilities**

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

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

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

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

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

### 2.15 FINANCIAL GUARANTEE CONTRACTS

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

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

Where financial guarantees in relation to loan or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

### 2.16 BORROWING COSTS

Borrowing costs comprise debts issuance costs and interest costs. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

### 2.17 INCOME TAXES

#### (a) Current tax

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

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

#### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

### 2.17 INCOME TAXES (CONT'D.)

#### **(b) Deferred tax (cont'd.)**

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

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

### 2.18 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.19 EMPLOYEE BENEFITS

#### **(a) Short term benefits**

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

#### **(b) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").



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

### 2.20 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 goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

#### (ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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

### 2.21 LEASED ASSETS

#### (i) Finance leases

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### ii) Operating leases

Leases, where the Group or the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### 2.22 REVENUE RECOGNITION

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

#### (i) Share of pool profit

Share of pool profit arising from the ship-owning subsidiaries' participation in pool arrangements is accounted for on an accrual basis.

#### (ii) Charter hire income

Charter hire fees are accounted for on an accrual basis.

#### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

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

### 2.22 REVENUE RECOGNITION (CONT'D.)

#### **(iv) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend rate.

#### **(v) Services**

Revenue from chartering of vessels is recognised in profit or loss upon services rendered to customers.

#### **(vi) Rental income**

Rental income from renting of equipment is recognised in profit or loss on a straight line basis over the term of the lease.

### 2.23 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

### 2.24 SHARE CAPITAL

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

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

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 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 within the next financial year are discussed below.

#### (a) Impairment of vessels

The Group assesses whether there is any indication that the vessels may be impaired at each reporting date. If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets' and the assets' value-in-use amount.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from vessels and also to choose a suitable discount rate in order to calculate to present value of those cash flows. The carrying amount of the vessels was disclosed in Note 4.

#### (b) Impairment of investments in subsidiaries and joint ventures

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

If indicators are present, these investments are subjected to impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgments made by management in the process of applying the Group's accounting policies in respect of investment in subsidiaries and joint ventures are as follows:

- (i) The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and in the economic environment; and
- (ii) Depending on their nature and the location in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

Once a suitable method of valuation is selected, management makes certain 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 a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trends.

#### Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts. The carrying amounts of the investments in subsidiaries and joint ventures were disclosed in Notes 5 and 7.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 4. PROPERTY, PLANT AND EQUIPMENTS

GROUP	LAND RM'000	BUILDINGS RM'000	VESSELS RM'000	DRYDOCKING EXPENSES RM'000	VESSELS UNDER CONSTRUCTION RM'000	FURNITURE, FITTINGS AND OFFICE EQUIPMENT RM'000	OFFICE RENOVATION RM'000	MOTOR VEHICLE RM'000	COMPUTERS RM'000	TOTAL RM'000
At 31 December 2013 Cost										
At 1 January 2013	-	-	40,280	-	-	202	297	155	283	41,217
Additions	-	-	229,812	16,455	20,079	130	-	-	216	266,692
Acquisition of subsidiaries	1,193	1,805	1,069,924	4,730	37,660	3,782	173	2,862	164	1,122,293
Disposal	-	-	(1,768)	-	-	-	-	(1,407)	-	(3,175)
Reclassification	-	-	38,913	-	(38,913)	-	-	-	-	-
Write off	-	-	-	-	(26)	(559)	-	-	-	(585)
Transfer to assets held for sale	-	-	(4,669)	-	-	-	-	-	-	(4,669)
Effect of movements in exchange rates	-	-	54,797	-	123	-	-	-	-	54,920
At 31 December 2013	1,193	1,805	1,427,289	21,185	18,923	3,555	470	1,610	663	1,476,693

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 4. PROPERTY, PLANT AND EQUIPMENTS (CONT'D.)

GROUP (CONT'D.)	LAND RM'000	BUILDINGS RM'000	VESSELS RM'000	DRYDOCKING EXPENSES RM'000	VESSELS UNDER CONSTRUCTION RM'000	FURNITURE, FITTINGS AND OFFICE EQUIPMENT RM'000	OFFICE RENOVATION RM'000	MOTOR VEHICLE RM'000	COMPUTERS RM'000	TOTAL RM'000
<i>Accumulated depreciation</i>										
At 1 January 2013	-	-	671	-	-	180	297	118	254	1,520
Depreciation for the financial year	63	36	68,335	5,737	-	427	18	109	37	74,762
Acquisition of subsidiaries	418	208	197,500	392	-	2,352	59	2,518	111	203,558
Disposal	-	-	(1,634)	-	-	-	-	(1,322)	-	(2,956)
Write off	-	-	-	-	-	(525)	-	-	-	(525)
Transfer to assets held for sale	-	-	(2,050)	-	-	-	-	-	-	(2,050)
Effect of movements in exchange rates	-	-	6,804	-	-	-	-	-	-	6,804
At 31 December 2013	481	244	269,626	6,129	-	2,434	374	1,423	402	281,113
<i>Accumulated impairment losses</i>										
At 1 January 2013	-	-	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	46,535	-	-	-	-	-	-	46,535
At 31 December 2013	-	-	46,535	-	-	-	-	-	-	46,535
<i>Net carrying amounts</i>	712	1,561	1,111,128	15,056	18,923	1,121	96	187	261	1,149,045

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 4. PROPERTY, PLANT AND EQUIPMENTS (CONT'D.)

GROUP (CONT'D.)	FURNITURE, FITTINGS AND OFFICE EQUIPMENT									
	LAND	BUILDINGS	VESSELS	DRYDOCKING EXPENSES	VESSELS UNDER CONSTRUCTION	OFFICE RENOVATION	MOTOR VEHICLE	COMPUTERS	TOTAL	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 31 December 2012										
Cost										
At 1 January 2012	-	-	670,573	48,802	-	202	155	283	720,312	
Additions	-	-	41,211	6,935	-	-	-	-	48,146	
Disposal	-	-	(118,248)	(16,775)	-	-	-	-	(135,023)	
Transfer to assets held for sale	-	-	(529,972)	(36,864)	-	-	-	-	(566,836)	
Effect of movements in exchange rates	-	-	(23,284)	(2,098)	-	-	-	-	(25,382)	
At 31 December 2012	-	-	40,280	-	-	202	155	283	41,217	

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 4. PROPERTY, PLANT AND EQUIPMENTS (CONT'D.)

GROUP (CONT'D.)	LAND	BUILDINGS	VESSELS	DRYDOCKING EXPENSES	VESSELS UNDER CONSTRUCTION	FURNITURE, FITTINGS AND OFFICE EQUIPMENT	OFFICE RENOVATION	MOTOR VEHICLE	COMPUTERS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation										
At 1 January 2012	-	-	345,206	26,751	-	164	297	86	238	372,742
Depreciation for the financial year	-	-	22,707	12,820	-	16	-	32	16	35,591
Disposal	-	-	(67,456)	(15,854)	-	-	-	-	-	(83,310)
Transfer to assets held for sale	-	-	(286,722)	(21,542)	-	-	-	-	-	(308,264)
Effect of movements in exchange rates	-	-	(13,064)	(2,175)	-	-	-	-	-	(15,239)
At 31 December 2012	-	-	671	-	-	180	297	118	254	1,520
Accumulated impairment losses										
At 1 January 2012	-	-	9,699	-	-	-	-	-	-	9,699
Charge for the financial year	-	-	148,703	-	-	-	-	-	-	148,703
Transfer to assets held for sale	-	-	(157,657)	-	-	-	-	-	-	(157,657)
Effect of movements in exchange rates	-	-	(745)	-	-	-	-	-	-	(745)
At 31 December 2012	-	-	-	-	-	-	-	-	-	-
Net carrying amounts	-	-	39,609	-	-	22	-	37	29	39,697

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 4. PROPERTY, PLANT AND EQUIPMENTS (CONT'D.)

COMPANY	FURNITURE, FITTINGS AND OFFICE EQUIPMENT					OFFICE RENOVATION		MOTOR VEHICLE		COMPUTER		TOTAL	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2013													
Cost													
At 1 January 2013	202	297	155					282				936	
Additions	18	-	-					26				44	
At 31 December 2013	220	297	155					308				980	
Accumulated depreciation													
At 1 January 2013	180	296	118					253				847	
Depreciation for the financial year	15	-	15					15				45	
At 31 December 2013	195	296	133					268				892	
Net carrying amounts	25	1	22					40				88	



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 4. PROPERTY, PLANT AND EQUIPMENTS (CONT'D.)

COMPANY (CONT'D.)	FURNITURE, FITTINGS AND OFFICE EQUIPMENT					OFFICE RENOVATION	MOTOR VEHICLE	COMPUTER	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2012									
Cost									
At 1 January/31 December 2012	202		297		155		282		936
Accumulated depreciation									
At 1 January 2012	164		296		85		237		782
Depreciation for the financial year	16		-		33		16		65
At 31 December 2012	180		296		118		253		847
Net carrying amounts	22		1		37		29		89

### 4.1 SECURITY

As at 31 December 2013, certain vessels of the Group with a carrying amount of RM1,047,227,000 have been pledged as security for borrowings granted to the Group (Note 14).

As at 31 December 2013, the leasehold land of the Group with a carrying amount of RM711,000 is charged to banks as security for the terms loans granted to the Group (Note 14).

### 4.2 ASSETS UNDER HIRE PURCHASE ARRANGEMENTS

Included in property, plant and equipments of the Group are motor vehicles acquired under hire purchase arrangements with a carrying amount of RM142,000.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	13,650	13,650
Less: Accumulated impairment losses	(9,450)	(9,450)
	4,200	4,200
Loans to subsidiaries	39,414	39,414
	<b>43,614</b>	<b>43,614</b>

(a) Details of the subsidiaries are as follows:

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST (%)	
			2013	2012
HELD BY THE COMPANY				
Glory Incentive Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Alam Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Gagasan Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Bahtera Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Efogen Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Regional Sdn Bhd	Malaysia	Dormant	100	100
GMV-Orkim Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Offshore Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Global Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Jasa Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Omni Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Borcos Sdn Bhd	Malaysia	Investment holding	100	100
Mutiara Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Intan Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Nilam Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Kasa Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Mayang Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Sari Navigation Sdn Bhd^	Malaysia	Ship-owning	70	70
Tiara Navigation Sdn Bhd^	Malaysia	Dormant	70	70

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST (%)	
			2013	2012
Held by Glory Incentive Sdn Bhd				
Permata Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Gemala Navigation Sdn Bhd ^	Malaysia	Ship-owning	70	70
Ratna Navigation Sdn Bhd^	Malaysia	Ship-owning	70	70
Kencana Navigation Sdn Bhd^	Malaysia	Ship-owning	70	70
Ayu Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Held by GMV-Bahtera Sdn Bhd				
Magna Meridian Sdn Bhd	Malaysia	Ship-owning	100	-
Matlamat Emas Sdn Bhd	Malaysia	Ship-owning	100	-
Held by GMV-Borcos Sdn Bhd				
Syarikat Borcos Shipping Sdn Bhd #	Malaysia	Ship-owning	100	35
Held by GMV-Orkim Sdn Bhd				
Orkim Sdn Bhd	Malaysia	Ship-owning	91	40
Held by Syarikat Borcos Shipping Sdn Bhd				
Wijaya Navigation Sdn Bhd #	Malaysia	Dormant	100	-
Borcos Tasneem Offshore Ltd #	Malaysia	Vessel chartering	100	-
Borcos Firdaus Marine Offshore Ltd #	Malaysia	Vessel chartering	100	-
Borcos SSV Marine Offshore Ltd #	Malaysia	Vessel chartering	100	-
Borcos Franklin Offshore Mooring Sdn Bhd #	Malaysia	Dormant	51	-
Cendana Lagenda Sdn Bhd #	Malaysia	Vessel chartering	100	-
P.T. Borcos Nusantarajaya #	Malaysia	Vessel chartering	100	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST (%)	
			2013	2012
Held by Orkim Sdn Bhd				
Orkim Merit Sdn Bhd	Malaysia	Ship owners	100	-
Orkim Express Sdn Bhd	Malaysia	Ship owners	100	-
Orkim Energy Sdn Bhd	Malaysia	Shipping and freight management	100	-
Orkim Energy Sdn Bhd	Malaysia	Shipping brokers, shipping and freight management	100	-
Orkim Marine Sdn Bhd	Malaysia	Shipping brokers, shipping and freight management	100	-
Orkim Ship Management Sdn Bhd	Malaysia	Shipping brokers, shipping and freight management	100	-
Delmar Marine Venture Sdn Bhd	Malaysia	Shipping brokers, shipping and freight management	100	-
Orkim Leader Sdn Bhd	Malaysia	Ship owners	100	-
Orkim Power Sdn Bhd	Malaysia	Ship owners	100	-
Orkim Challenger Sdn Bhd	Malaysia	Ship owners	100	-
Orkim Discovery Sdn Bhd	Malaysia	Ship owners	100	-
Orkim Reliance Sdn Bhd	Malaysia	Ship owners	100	-

^ Represents companies under Wawasan Group

# Audited by a firm other than Ernst & Young

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Summarised financial information of Wawasan Group and Orkim Sdn Bhd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination:

(i) Summarised statements of financial position

	WAWASAN GROUP		ORKIM SDN BHD		TOTAL	
	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non current assets	-	2,447	416,067	-	416,067	2,447
Current assets	30,750	205,530	59,642	-	90,392	205,530
Total assets	30,750	207,977	475,709	-	506,459	207,977
Non current liabilities	-	-	286,152	-	286,152	-
Current liabilities	5,236	181,517	72,960	-	78,196	181,517
Total liabilities	5,236	181,517	359,112	-	364,348	181,517
Net assets	25,514	26,460	116,597	-	142,111	26,460
Equity attributable to the owners of the Company	17,860	18,522	106,103	-	123,963	18,522
Non-controlling interests	7,654	7,938	10,494	-	18,148	7,938



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

- (b) Summarised financial information of Wawasan Group and Orkim Sdn Bhd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd.):

(ii) Summarised statements of comprehensive income

	WAWASAN GROUP		ORKIM SDN BHD		TOTAL	
	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,486	53,239	136,392	-	152,878	53,239
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	8,871	(256,324)	45,290	-	54,161	(256,324)
Total comprehensive income/(loss) attributable to the owners of the Company	6,210	(179,427)	41,214	-	47,424	(179,427)
Total comprehensive income/(loss) attributable to the non-controlling interests	2,661	(76,897)	4,076	-	6,737	(76,897)
	8,871	(256,324)	45,290	-	54,161	(256,324)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

- (b) Summarised financial information of Wawasan Group and Orkim Sdn Bhd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd.):

(iii) Summarised statements of cash flows

	WAWASAN GROUP		ORKIM SDN BHD		TOTAL	
	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	24,588	35,168	66,863	-	91,451	35,168
Net cash generated from/(used in) investing activities	100,914	41,521	(17,133)	-	83,781	41,521
Net cash used in financing activities	(91,017)	(77,829)	(23,562)	-	(114,579)	(77,829)
Net increase/(decrease) in cash and cash equivalents	34,485	(1,140)	26,168	-	60,653	(1,140)
Effects of foreign exchange rate changes	(34,485)	1,140	-	-	(34,485)	1,140
Cash and cash equivalents at beginning of the financial year	2	2	21,116	-	21,118	2
Cash and cash equivalents at the end of the financial year	2	2	47,284	-	47,286	2

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

### (c) Acquisition of subsidiaries

#### (i) Acquisition of Syarikat Borcos Shipping Sdn Bhd

On 31 January 2013, the Company, via its subsidiary, GMV-Borcos Sdn Bhd further acquired 2,925,000 units of ordinary shares and 25,000,000 units of irredeemable convertible preference shares, representing the remaining 65% equity interest in Syarikat Borcos Shipping Sdn Bhd (2012: 35% owned associate), for a total cash consideration of RM240,450,000.

Syarikat Borcos Shipping Sdn Bhd contributed revenue of approximately RM140,685,000 and loss after taxation of approximately RM71,452,000 to the Group for the period from the date of acquisition to 31 December 2013. Had the acquisition taken effect at the beginning of the financial year, the revenue and loss after taxation contributed to the Group would have been RM153,475,000 and RM77,949,000 respectively.

Details of net assets acquired, goodwill and intangible assets arising from the above acquisition are as follows:

	FAIR VALUE RECOGNISED ON ACQUISITION
	RM'000
<b>Assets</b>	
Property, plant and equipment	724,553
Deferred tax assets	26,968
Intangible assets (Note 19)	52,040
Cash and cash equivalents	84,147
Trade and other receivables	52,545
Inventories	988
	941,241
<b>Liabilities</b>	
Borrowings	(568,207)
Trade and other payables	(26,287)
Provision for taxation	(6,551)
	(601,045)
Total identifiable net assets at fair value	340,196
Deconsolidation of an associate	(29,865)
Goodwill arising on acquisition (Note 19)	76,664
	386,995

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

### (c) Acquisition of subsidiaries (cont'd.)

#### (i) Acquisition of Syarikat Borcos Shipping Sdn Bhd (cont'd.)

The effect of the acquisition on cash flows is as follows:

	RM'000
Total cost of the business combination	386,995
Less : Previously paid in acquired 35% equity interest	(146,545)
Paid during the financial year in acquired remaining equity interest	240,450
Less: Cash and cash equivalents of subsidiary acquired	(84,147)
Net cash outflow on acquisition	156,303

#### (ii) Acquisition of Orkim Sdn Bhd

On 29 March 2013, the Company, via its subsidiary, GMV-Orkim Sdn Bhd further acquired 19,186,286 units of ordinary shares, representing 51% equity interest in Orkim Sdn Bhd (2012: 40% owned associate), for a total cash consideration of RM110,000,000.

Orkim Sdn Bhd contributed revenue of approximately RM102,294,000 and profit after taxation of approximately RM33,941,000 to the Group for the period from the date of acquisition to 31 December 2013. Had the acquisition date taken effect at the beginning of the financial year, the revenue and profit after taxation contributed to the Group would have been RM136,392,000 and RM45,254,000 respectively.

The initial accounting for Orkim Sdn Bhd's combination in the consolidated financial statements of the Group involves identifying and determining the fair value to be assigned to Orkim Sdn Bhd's identifiable assets and liabilities and the cost of the combination. As at 31 Dec 2013, the fair value of Orkim Sdn Bhd's identifiable assets and liabilities can only be determined provisionally pending the completion of purchase price allocation ("PPA") on Orkim Sdn Bhd's identifiable assets, liabilities and contingent liabilities. The Orkim Sdn Bhd's business combination has been accounted for using these provisional values. The Group shall recognise any adjustments to these provisional values upon the completion of the PPA exercise within 12 months from the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

### (c) Acquisition of subsidiaries

(ii) Acquisition of Orkim Sdn Bhd (cont'd.)

Details of net assets acquired and provisional intangible assets arising from the acquisition are as follows:

	FAIR VALUE RECOGNISED ON ACQUISITION
	RM'000
<b>Assets</b>	
Property, plant and equipment	194,182
Investment in associates	27,128
Goodwill (Note 19)	518
Cash and cash equivalents	21,701
Trade and other receivables	65,234
	308,763
<b>Liabilities</b>	
Borrowings	(190,411)
Trade and other payables	(11,652)
Deferred tax liability	(26)
Provision for taxation	(1,037)
	(203,126)
Total identifiable net assets at fair value	105,637
Non-controlling interest measured at fair value	(19,412)
Deconsolidation of an associate	(6,244)
Provisional intangible assets (Note 19)	135,019
	215,000

The effect of the acquisition on cash flows is as follows:

	RM'000
Total cost of the business combination	215,000
Less : Previously paid in acquired 40% equity interest	(105,000)
Paid during the financial year in acquired 51% equity interest	110,000
Less: Cash and cash equivalents of subsidiary acquired	(21,701)
Net cash outflow on acquisition	88,299



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 6. INVESTMENTS IN ASSOCIATES

	GROUP	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	-	251,545
Share of post acquisition reserves	-	21,812
	-	273,357

(a) Details of the Group's associates are as follows:

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST (%)		NOTE
			2013	2012	
Syarikat Borcos Shipping Sdn Berhad #	Malaysia	Ship-owning	-	35	i
Orkim Sdn Bhd	Malaysia	Ship-owning	-	40	ii

# Audited by a firm other than Ernst & Young

During the financial year:

- (i) The Group has further acquired 65% equity interest in Syarikat Borcos Shipping Sdn Bhd for a total cash consideration of RM240,450,000. As a result, the company became a wholly owned subsidiary of the Group.
- (ii) The Group has further acquired 51% equity interest in Orkim Sdn Bhd for a total cash consideration of RM110,000,000. As a result, the company became a 91% owned subsidiary of the Group.

Details of the investments in subsidiaries are disclosed in Note 5.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 6. INVESTMENTS IN ASSOCIATES (CONT'D.)

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

- (i) Summarised statements of financial position and statements of comprehensive income

	<b>SYARIKAT BORCOS SHIPPING SDN BHD</b>	<b>ORKIM SDN BHD</b>	<b>TOTAL</b>
	2012	2012	2012
	RM'000	RM'000	RM'000
Non current assets	742,656	222,854	965,510
Current assets	132,882	86,975	219,857
Total assets	875,538	309,829	1,185,367
Non current liabilities	434,116	173,515	607,631
Current liabilities	162,461	40,166	202,627
Total liabilities	596,577	213,681	810,258
Net assets	278,961	96,148	375,109
Revenue	157,331	75,261	232,592
Total comprehensive (loss)/income	(7,166)	16,275	9,109

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

	<b>SYARIKAT BORCOS SHIPPING SDN BHD</b>	<b>ORKIM SDN BHD</b>	<b>TOTAL</b>
	2012	2012	2012
	RM'000	RM'000	RM'000
Net assets as at 1 January	480,649	252,820	733,469
(Loss)/profit for the financial year	(7,166)	16,275	9,109
Net assets as at 31 December	473,483	269,095	742,578
Interest in associates	35%	40%	(469,221)
Carrying value of Group's interest in associates	165,719	107,638	273,357

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	61,107	127,224	75	75
Share of post acquisition reserves	(1,879)	60,253	-	-
Less: Accumulated impairment losses	(20,071)	(8,516)	-	-
	39,157	178,961	75	75
Advances to joint ventures:				
- within 1 year	3,992	3,077	-	-
- 1 year to 2 years	3,992	3,077	-	-
- 2 years to 5 years	11,975	9,230	-	-
- more than 5 years	19,959	15,382	-	-
	39,918	30,766	-	-
	79,075	209,727	75	75
Analysed as:				
Short term investment	3,992	3,077	-	-
Long term investment	75,083	206,650	75	75
	79,075	209,727	75	75

The advances to joint ventures bear an interest of 2.4% to 7% (2012: 2.4% to 7%) per annum and repayable on a quarterly basis over a period of 10 years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

Details of the joint ventures whose financial year end are conterminous with the Group are as follows:

NAME OF JOINT VENTURES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST (%)	
			2013	2012
Wawasan Bulk Services Sdn Bhd	Malaysia	Ship management	30	30
Alam Eksplorasi (M) Sdn Bhd	Malaysia	Ship-owning, ship operator, ship agency, chartering and other related to shipping industry	40	40
Alam Synergy I (L) Inc	Malaysia	Ship-owning, ship operator and charter hire of vessel	40	40
Alam Synergy II (L) Inc	Malaysia	Ship-owning, ship operator and charter hire of vessel	40	40
Alam Synergy III (L) Inc	Malaysia	Ship-owning, ship operator and charter hire of vessel	40	40
Formasi Cekal Sdn Bhd	Malaysia	Ship-owning, ship operator, and to undertake all kinds of contract to carry merchant goods	40	40
Baycorp Ship Management Sdn Bhd	Malaysia	Ship management	40	40
Gagasan Ked Sdn Bhd	Malaysia	Ship-owning	60	60
Gagasan Paha Sdn Bhd	Malaysia	Ship-owning	60	60
Global Bmesra Sdn Bhd	Malaysia	Ship-owning and freighting	49	49
Global Bmesra Dua Sdn Bhd	Malaysia	Ship-owning and freighting	49	49
Global Bikhlas Sdn Bhd	Malaysia	Ship-owning and freighting	49	49
Sea Weasel Ltd	Malaysia	Ship-owning and freighting	49	49
Orkim Leader Sdn Bhd	Malaysia	Ship-owning and freighting	-	40
Orkim Power Sdn Bhd	Malaysia	Ship-owning and freighting	-	40
Orkim Merit Sdn Bhd	Malaysia	Ship-owning and freighting	-	40
Orkim Express Sdn Bhd	Malaysia	Ship-owning and freighting	-	40
Orkim Challenger Sdn Bhd	Malaysia	Ship-owning and freighting	-	49
Orkim Discovery Sdn Bhd	Malaysia	Ship-owning and freighting	-	49
Orkim Reliance Sdn Bhd	Malaysia	Ship-owning and freighting	-	49
JM Global 1 (Labuan) Plc	Malaysia	Ship-owning and freighting	-	49
JM Global 2 (Labuan) Plc	Malaysia	Ship-owning and freighting	-	49
JM Global 3 (Labuan) Plc	Malaysia	Ship-owning and freighting	-	49
JM Global 4 (Labuan) Plc	Malaysia	Ship-owning and freighting	-	49

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

The voting rights for all the joint ventures mentioned above are equal for both the joint venture parties.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using equity method.

The principal activities of the entities are ship management and ship-owning companies. It is strategic for the Group's business development in shipping business sector through building strategic alliances with local partners to jointly acquire vessels for domestic as well as international operations.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its joint ventures.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

During the financial year:

- (i) The Company, via its subsidiary, GMV-Orkim Sdn Bhd disposed its existing 60% equity interest in Orkim Reliance Sdn Bhd, Orkim Discovery Sdn Bhd and Orkim Challenger Sdn Bhd and 40% of equity interest in Orkim Express Sdn Bhd, Orkim Power Sdn Bhd, Orkim Leader Sdn Bhd and Orkim Merit Sdn Bhd for a total cash consideration of RM52,156,000 to Orkim Sdn Bhd.
- (ii) The Company, via its subsidiary, GMV-Jasa Sdn Bhd disposed its existing 49% equity interest in JM Global 1 (Labuan) Plc, JM Global 2 (Labuan) Plc, JM Global 3 (Labuan) Plc and JM Global 4 (Labuan) Plc for a total cash consideration of RM49,463,000 to Jasa Merin (Malaysia) Sdn Bhd.

The Group's aggregate share of current assets, non-current assets, current liabilities and results of the joint ventures is as follows:

- (a) Summarised statements of financial position

	2013	2012
	RM'000	RM'000
<b>Assets:</b>		
Non-current assets	395,460	1,267,605
Current assets	168,280	299,754
Total assets	563,740	1,567,359
<b>Liabilities:</b>		
Non-current liabilities	270,688	889,846
Current liabilities	194,456	286,258
Total liabilities	465,144	1,176,104
<b>Net assets</b>	<b>98,596</b>	<b>391,255</b>

Details of the statements of financial position for each joint venture are disclosed in page 67 to page 72.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

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

	WAWASAN BULK SERVICES SDN BHD		ALAM EKSPLORASI (M) SDN BHD		ALAM SYNERGY I (L) INC		ALAM SYNERGY II (L) INC		ALAM SYNERGY III (L) INC		SUBTOTAL 1	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	424	404	1	1	28,311	29,919	29,198	29,156	71,754	71,424	129,688	130,904
Cash and cash equivalent	32,408	69,828	561	3,317	1,893	3,378	158	85	883	1,534	35,903	78,142
Other current assets	4,267	10,101	43,526	24,769	6,688	4,832	3,776	1,957	22,599	19,480	80,856	61,139
Total current assets	36,675	79,929	44,087	28,086	8,581	8,210	3,934	2,042	23,482	21,014	116,759	139,281
Total assets	37,099	80,333	44,088	28,087	36,892	38,129	33,132	31,198	95,236	92,438	246,447	270,185
Non-current liabilities	30	29	-	-	7,505	9,915	10,417	11,127	30,855	36,476	48,807	57,547
Current liabilities (excluding trade and other payables and provisions)	-	-	8,610	25,912	2,759	2,878	5,675	3,975	24,229	31,694	41,273	64,459
Trade and other payables and provisions	28,519	72,720	35,021	988	822	1,071	809	341	3,546	1,312	68,717	76,432
Total current liabilities	28,519	72,720	43,631	26,900	3,581	3,949	6,484	4,316	27,775	33,006	109,990	140,891
Total liabilities	28,549	72,749	43,631	26,900	11,086	13,864	16,901	15,443	58,630	69,482	158,797	198,438
Net assets	8,550	7,584	457	1,187	25,806	24,265	16,231	15,755	36,606	22,956	87,650	71,747



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

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

	FORMASI CEKAL SDN BHD				GAGASAN PAHA SDN BHD				GAGASAN KED SDN BHD				BAYCORP SHIP MANAGEMENT SDN BHD				SUBTOTAL 2	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	36,164	57,761	23,013	34,973	23,012	35,168	331	333	82,520	128,235								
Cash and cash equivalent	626	124	867	1,184	1,211	1,216	9	16	2,713	2,540								
Other current assets	1,760	3,901	2,274	136	447	204	10,293	7,842	14,774	12,083								
Total current assets	2,386	4,025	3,141	1,320	1,658	1,420	10,302	7,858	17,487	14,623								
Total assets	38,550	61,786	26,154	36,293	24,670	36,588	10,633	8,191	100,007	142,858								
Non-current liabilities	55,813	42,181	27,855	24,662	31,174	26,442	94	7	114,936	93,292								
Current liabilities (excluding trade and other payables and provisions)	5,131	17,989	12,560	10,646	2,341	8,545	10,486	8,093	30,518	45,273								
Trade and other payables and provisions	8,276	1,797	3,491	1,442	2,631	1,521	533	507	14,931	5,267								
Total current liabilities	13,407	19,786	16,051	12,088	4,972	10,066	11,019	8,600	45,449	50,540								
Total liabilities	69,220	61,967	43,906	36,750	36,146	36,508	11,113	8,607	160,385	143,832								
Net (liabilities)/assets	(30,670)	(181)	(17,752)	(457)	(11,476)	80	(480)	(416)	(60,378)	(974)								

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

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

	GLOBAL BMESRA SDN BHD			GLOBAL BMESRA DUA SDN BHD			GLOBAL BIKHLAS SDN BHD			SEA WEASEL LTD			SUBTOTAL 3		
	2013	2012		2013	2012		2013	2012		2013	2012		2013	2012	
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000	
Non-current assets	37,535	40,603		39,565	41,021		62,015	56,716		44,137	46,614		183,252	184,954	
Cash and cash equivalents	1,904	1,533		910	846		24	21		708	1,648		3,546	4,048	
Other current assets	5,338	16,061		9,636	17,015		2,905	17,848		12,609	18,289		30,488	69,213	
Total current assets	7,242	17,594		10,546	17,861		2,929	17,869		13,317	19,937		34,034	73,261	
Total assets	44,777	58,197		50,111	58,882		64,944	74,585		57,454	66,551		217,286	258,215	
Non-current liabilities	20,119	20,119		20,876	20,876		37,451	32,110		28,499	35,787		106,945	108,892	
Current liabilities (excluding trade and other payables and provisions)	9,143	4,858		10,393	3,614		14,409	9,985		-	1,149		33,945	19,606	
Trade and other payables and provisions	1,466	1,695		756	1,862		1,485	897		1,365	1,105		5,072	5,559	
Total current liabilities	10,609	6,553		11,149	5,476		15,894	10,882		1,365	2,254		39,017	25,165	
Total liabilities	30,728	26,672		32,025	26,352		53,345	42,992		29,864	38,041		145,962	134,057	
Net assets	14,049	31,525		18,086	32,530		11,599	31,593		27,590	28,510		71,324	124,158	

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

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

	JM GLOBAL 1 (LABUAN) PLC	JM GLOBAL 2 (LABUAN) PLC	JM GLOBAL 3 (LABUAN) PLC	JM GLOBAL 4 (LABUAN) PLC	SUBTOTAL 4
	2012	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	101,926	108,038	117,663	118,802	446,429
Cash and cash equivalents	1,146	1,100	6,414	4,722	13,382
Other current assets	5,099	4,246	7,337	4,721	21,403
Total current assets	6,245	5,346	13,751	9,443	34,785
Total assets	108,171	113,384	131,414	128,245	481,214
Non-current liabilities	85,192	85,192	109,294	109,294	388,972
Current liabilities (excluding trade and other payables and provisions)	10,442	10,460	706	696	22,304
Trade and other payables and provisions	518	10	30	10	568
Total current liabilities	10,960	10,470	736	706	22,872
Total liabilities	96,152	95,662	110,030	110,000	411,844
Net assets	12,019	17,722	21,384	18,245	69,370

Note : JM Global 1 (Labuan) Plc, JM Global 2 (Labuan) Plc, JM Global 3 (Labuan) Plc and JM Global 4 (Labuan) Plc were disposed off with effect from 24 December 2013.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

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

	ORKIM CHALLENGER SDN BHD	ORKIM MERIT SDN BHD	ORKIM EXPRESS SDN BHD	ORKIM POWER SDN BHD	ORKIM LEADER SDN BHD	ORKIM DISCOVERY SDN BHD	ORKIM RELIANCE SDN BHD	SUBTOTAL 5
	2012	2012	2012	2012	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	61,127	48,546	47,820	49,950	50,568	61,023	58,049	377,083
Cash and cash equivalents	6,747	3,018	3,003	1,108	964	8,704	5,654	29,198
Other current assets	303	531	1,016	2,506	3,196	308	746	8,606
Total current assets	7,050	3,549	4,019	3,614	4,160	9,012	6,400	37,804
Total assets	68,177	52,095	51,839	53,564	54,728	70,035	64,449	414,887
Non-current liabilities	40,505	28,371	29,745	31,565	32,386	41,378	37,193	241,143
Current liabilities (excluding trade and other payables and provisions)	5,095	4,114	4,111	4,067	3,729	5,209	5,397	31,722
Trade and other payables and provisions	649	4,409	4,913	930	2,223	1,150	794	15,068
Total current liabilities	5,744	8,523	9,024	4,997	5,952	6,359	6,191	46,790
Total liabilities	46,249	36,894	38,769	36,562	38,338	47,737	43,384	287,933
Net assets	21,928	15,201	13,070	17,002	16,390	22,298	21,065	126,954

Note : Orkim Challenger Sdn Bhd, Orkim Merit Sdn Bhd, Orkim Express Sdn Bhd, Orkim Power Sdn Bhd, Orkim Leader Sdn Bhd, Orkim Discovery Sdn Bhd and Orkim Reliance Sdn Bhd were disposed off with effect from 15 January 2013.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

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

	SUBTOTAL 1		SUBTOTAL 2		SUBTOTAL 3		SUBTOTAL 4		SUBTOTAL 5		TOTAL	
	2013	2012	2013	2012	2013	2012	2012	2012	2012	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	129,688	130,904	82,520	128,235	183,252	184,954	446,429	377,083	395,460	1,267,605		
Cash and cash equivalents	35,903	78,142	2,713	2,540	3,546	4,048	13,382	29,198	42,162	127,310		
Other current assets	80,856	61,139	14,774	12,083	30,488	69,213	21,403	8,606	126,118	172,444		
Total current assets	116,759	139,281	17,487	14,623	34,034	73,261	34,785	37,804	168,280	299,754		
Total assets	246,447	270,185	100,007	142,858	217,286	258,215	481,214	414,887	563,740	1,567,359		
Non-current liabilities	48,807	57,547	114,936	93,292	106,945	108,892	388,972	241,143	270,688	889,846		
Current liabilities (excluding trade and other payables and provisions)	41,273	64,459	30,518	45,273	33,945	19,606	22,304	31,722	105,736	183,364		
Trade and other payables and provisions	68,717	76,432	14,931	5,267	5,072	5,559	568	15,068	88,720	102,894		
Total current liabilities	109,990	140,891	45,449	50,540	39,017	25,165	22,872	46,790	194,456	286,258		
Total liabilities	158,797	198,438	160,385	143,832	145,962	134,057	411,844	287,933	465,144	1,176,104		
Net assets/(liabilities)	87,650	71,747	(60,378)	(974)	71,324	124,158	69,370	126,954	98,596	391,255		

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income

	2013	2012
	RM'000	RM'000
Revenue	123,453	336,808
Cost of sales	(126,923)	(184,100)
Gross profit	(3,470)	152,708
Other income	16,880	7,114
Administrative expenses	(28,070)	(37,301)
Operating expenses	(67,450)	(23,823)
Profit from operations	(82,110)	98,698
Finance costs	(12,201)	(52,786)
(Loss)/profit before taxation	(94,311)	45,912
Taxation	(333)	(5,270)
(Loss)/profit net of taxation	(94,644)	40,642
Other comprehensive income/(loss)	309	(48)
Total comprehensive (loss)/income	(94,335)	40,594
Dividend paid	(2,000)	(3,000)
	(96,335)	37,594

Details of the statements of comprehensive income for each joint venture are disclosed in page 74 to page 80.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	WAWASAN BULK SERVICES SDN BHD		ALAM EKSPLORASI SDN BHD		ALAM SYNERGY I (L) INC		ALAM SYNERGY II (L) INC		ALAM SYNERGY III (L) INC		SUBTOTAL 1	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,663	16,512	39,385	43,390	7,897	8,955	4,907	5,565	18,975	21,476	74,827	95,898
Cost of sales	-	-	(37,997)	(42,495)	(3,176)	(5,801)	(3,276)	(2,756)	(6,419)	(6,710)	(50,868)	(57,762)
Gross profit	3,663	16,512	1,388	895	4,721	3,154	1,631	2,809	12,556	14,766	23,959	38,136
Other income	13,367	201	30	36	44	373	297	415	2,878	994	16,616	2,019
Administrative expenses	(16,298)	(17,426)	-	-	-	-	-	-	-	-	(16,298)	(17,426)
Operating expenses	-	(249)	(2,003)	(53)	(810)	(859)	(818)	(847)	(307)	(10,544)	(3,938)	(12,552)
Profit/(loss) from operations	732	(962)	(585)	878	3,955	2,668	1,110	2,377	15,127	5,216	20,339	10,177
Finance costs	-	-	-	-	(394)	(612)	(614)	(660)	(1,457)	(1,953)	(2,465)	(3,225)
Profit/(loss) before taxation	732	(962)	(585)	878	3,561	2,056	496	1,717	13,670	3,263	17,874	6,952
Taxation	(75)	4	(145)	(222)	(20)	(20)	(20)	(20)	(20)	(20)	(280)	(278)
Profit/(loss) net of taxation	657	(958)	(730)	656	3,541	2,036	476	1,697	13,650	3,243	17,594	6,674

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	WAWASAN BULK SERVICES SDN BHD		ALAM EKSPLORASI SDN BHD		ALAM SYNERGY I (L) INC		ALAM SYNERGY II (L) INC		ALAM SYNERGY III (L) INC		SUBTOTAL 1	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial year	657	(958)	(730)	656	3,541	2,036	476	1,697	13,650	3,243	17,594	6,674
Other comprehensive income/(loss)	309	(48)	-	-	-	-	-	-	-	-	309	(48)
Total comprehensive income/(loss)	966	(1,006)	(730)	656	3,541	2,036	476	1,697	13,650	3,243	17,903	6,626
Dividend paid	-	(3,000)	-	-	(2,000)	-	-	-	-	-	(2,000)	(3,000)
	966	(4,006)	(730)	656	1,541	2,036	476	1,697	13,650	3,243	15,903	3,626

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	FORMASI CEKAL SDN BHD				GAGASAN PAHA SDN BHD				GAGASAN KED SDN BHD				BAYCORP SHIP MANAGEMENT SDN BHD				SUBTOTAL 2	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,907	16,744	2,811	5,950	7,068	6,887	2,186	3,400	21,972	32,981								
Cost of sales	(36,289)	(16,360)	(19,054)	(6,808)	(17,404)	(6,947)	(14)	(17)	(72,761)	(30,132)								
Gross (loss)/profit	(26,382)	384	(16,243)	(858)	(10,336)	(60)	2,172	3,383	(50,789)	2,849								
Other income	202	-	15	1,078	1	1,089	-	14	218	2,181								
Administrative expenses	(184)	(161)	(203)	(90)	(266)	(92)	(493)	(4,149)	(1,146)	(4,492)								
Operating expenses	-	(53)	-	-	-	-	(1,709)	(3)	(1,709)	(56)								
(Loss)/profit from operations	(26,364)	170	(16,431)	130	(10,601)	937	(30)	(755)	(53,426)	482								
Finance costs	(4,125)	(4,308)	(864)	(1,036)	(955)	(1,100)	(1)	(2)	(5,945)	(6,446)								
Loss before taxation	(30,489)	(4,138)	(17,295)	(906)	(11,556)	(163)	(31)	(757)	(59,371)	(5,964)								
Taxation	-	-	-	-	-	-	(33)	-	(33)	-								
Loss net of taxation	(30,489)	(4,138)	(17,295)	(906)	(11,556)	(163)	(64)	(757)	(59,404)	(5,964)								

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	GLOBAL BMESRA SDN BHD			GLOBAL BMESRA DUA SDN BHD			GLOBAL BIKHLAS SDN BHD			SEA WEASEL LTD			SUBTOTAL 3	
	2013	2012		2013	2012		2013	2012		2013	2012		2013	2012
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000
Revenue	5,789	7,632		7,979	7,796		1,780	15,056		11,106	11,650		26,654	42,134
Cost of sales	(142)	-		(348)	-		(507)	-		(2,297)	(3,992)		(3,294)	(3,992)
Gross profit	5,647	7,632		7,631	7,796		1,273	15,056		8,809	7,658		23,360	38,142
Other income	15	382		-	417		31	19		-	-		46	818
Administrative expenses	(2,846)	(4,028)		(2,870)	(3,593)		(2,860)	(4,312)		(2,050)	-		(10,626)	(11,933)
Operating expenses	(20,226)	(3,117)		(17,640)	(2,473)		(16,278)	(3,036)		(7,659)	(2,589)		(61,803)	(11,215)
(Loss)/profit from operations	(17,410)	869		(12,879)	2,147		(17,834)	7,727		(900)	5,069		(49,023)	15,812
Finance costs	(66)	(1,509)		(1,565)	(1,510)		(2,160)	(2,332)		-	-		(3,791)	(5,351)
(Loss)/profit before taxation	(17,476)	(640)		(14,444)	637		(19,994)	5,395		(900)	5,069		(52,814)	10,461
Taxation	-	(485)		-	(1,255)		-	(3,082)		(20)	(20)		(20)	(4,842)
(Loss)/profit net of taxation	(17,476)	(1,125)		(14,444)	(618)		(19,994)	2,313		(920)	5,049		(52,834)	5,619

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	JM GLOBAL 1 (LABUAN) PLC	JM GLOBAL 2 (LABUAN) PLC	JM GLOBAL 3 (LABUAN) PLC	JM GLOBAL 4 (LABUAN) PLC	SUBTOTAL 4
	2012	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,339	19,521	18,425	13,728	68,013
Cost of sales	(8,910)	(8,354)	(8,835)	(7,795)	(33,894)
Gross profit	7,429	11,167	9,590	5,933	34,119
Other income	144	280	21	20	465
Administrative expenses	(394)	(394)	(726)	(701)	(2,215)
Profit from operations	7,179	11,053	8,885	5,252	32,369
Finance costs	(6,953)	(6,953)	(4,770)	(4,339)	(23,015)
Profit before taxation	226	4,100	4,115	913	9,354
Taxation	(3)	(20)	(20)	-	(43)
Profit net of taxation	223	4,080	4,095	913	9,311

Note : JM Global 1 (Labuan) Plc, JM Global 2 (Labuan) Plc, JM Global 3 (Labuan) Plc and JM Global 4 (Labuan) Plc were disposed off with effect from 24 December 2013. Equity accounting for the results of these joint ventures companies was accounted for up to the date of disposal.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	ORKIM CHALLENGER SDN BHD	ORKIM MERIT SDN BHD	ORKIM EXPRESS SDN BHD	ORKIM POWER SDN BHD	ORKIM LEADER SDN BHD	ORKIM DISCOVERY SDN BHD	ORKIM RELIANCE SDN BHD	SUBTOTAL 5
	2012	2012	2012	2012	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	15,006	11,126	10,998	15,504	15,550	15,006	14,592	97,782
Cost of sales	(6,851)	(6,543)	(6,893)	(11,836)	(12,423)	(6,780)	(6,994)	(58,320)
Gross profit	8,155	4,583	4,105	3,668	3,127	8,226	7,598	39,462
Other income	85	375	612	197	130	104	128	1,631
Administrative expenses	(232)	(90)	(92)	(88)	(106)	(233)	(394)	(1,235)
Operating expenses	-	-	-	-	-	-	-	-
Profit from operations	8,008	4,868	4,625	3,777	3,151	8,097	7,332	39,858
Finance costs	(2,470)	(1,901)	(2,026)	(1,857)	(1,881)	(2,421)	(2,193)	(14,749)
Profit before taxation	5,538	2,967	2,599	1,920	1,270	5,676	5,139	25,109
Taxation	(21)	(13)	(13)	(7)	(3)	(26)	(24)	(107)
Profit net of taxation	5,517	2,954	2,586	1,913	1,267	5,650	5,115	25,002

Note : Orkim Challenger Sdn Bhd, Orkim Merit Sdn Bhd, Orkim Express Sdn Bhd, Orkim Power Sdn Bhd, Orkim Leader Sdn Bhd, Orkim Discovery Sdn Bhd and Orkim Reliance Sdn Bhd were disposed off with effect from 15 January 2013. Equity accounting for the results of these joint ventures companies was accounted for up to the date of disposal.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(b) Summarised statements of comprehensive income (cont'd.)

	SUBTOTAL 1			SUBTOTAL 2			SUBTOTAL 3			SUBTOTAL 4			SUBTOTAL 5			TOTAL		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2013	2012	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	74,827	95,898			21,972	32,981			26,654	42,134			97,782			123,453		336,808
Cost of sales	(50,868)	(57,762)			(72,761)	(30,132)			(3,294)	(3,992)			(58,320)			(126,923)		(184,100)
Gross profit/(loss)	23,959	38,136			(50,789)	2,849			23,360	38,142			39,462			(3,470)		152,708
Other income	16,616	2,019			218	2,181			46	818			1,631			16,880		7,114
Administrative expenses	(16,298)	(17,426)			(1,146)	(4,492)			(10,626)	(11,933)			(1,235)			(28,070)		(37,301)
Operating expenses	(3,938)	(12,552)			(1,709)	(56)			(61,803)	(11,215)			-			(67,450)		(23,823)
Profit/(loss) from operations	20,339	10,177			(53,426)	482			(49,023)	15,812			39,858			(82,110)		98,698
Finance costs	(2,465)	(3,225)			(5,945)	(6,446)			(3,791)	(5,351)			(14,749)			(12,201)		(52,786)
Profit/(loss) before taxation	17,874	6,952			(59,371)	(5,964)			(52,814)	10,461			25,109			(94,311)		45,912
Taxation	(280)	(278)			(33)	-			(20)	(4,842)			(107)			(333)		(5,270)
Profit/(loss) net of taxation	17,594	6,674			(59,404)	(5,964)			(52,834)	5,619			25,002			(94,644)		40,642
Other comprehensive income/(loss)	309	(48)			-	-			-	-			-			309		(48)
Total comprehensive income/(loss)	17,903	6,626			(59,404)	(5,964)			(52,834)	5,619			25,002			(94,335)		40,594
Dividend paid	(2,000)	(3,000)			-	-			-	-			-			(2,000)		(3,000)
	15,903	3,626			(59,404)	(5,964)			(52,834)	5,619			25,002			(96,335)		37,594

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(c) Reconciliation of the summarised financial information

	2013	2012
	RM'000	RM'000
Net assets at 1 January	194,931	353,662
(Loss)/profit for the year	(96,644)	37,642
Other comprehensive income/(loss)	309	(48)
Net assets at 31 December	98,596	391,256
Interests in joint ventures	(59,439)	(212,295)
Carrying value of Group's interest in joint ventures	39,157	178,961

Reconciliation of the summarised financial information for each joint venture are disclosed in page 82 to page 87.

## 31 DECEMBER 2013 (CONT'D.)

	WAWASAN BULK SERVICES																
	SDN BHD			ALAM EKSPLORASI SDN BHD			ALAM SYNERGY I (L) INC			ALAM SYNERGY II (L) INC			ALAM SYNERGY III (L) INC			SUBTOTAL 1	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Net assets at 1 January	7,584	11,590	1,187	531	24,265	22,229	15,755	14,058	22,956	19,713	71,747	68,121					
Profit/(loss) for the financial year	657	(3,958)	(730)	656	1,541	2,036	476	1,697	13,650	3,243	15,594	3,674					
Other comprehensive income/(loss)	309	(48)	-	-	-	-	-	-	-	-	309	(48)					
Net assets at 31 December	8,550	7,584	457	1,187	25,806	24,265	16,231	15,755	36,606	22,956	87,650	71,747					
Interest in joint ventures	30%	30%	40%	40%	40%	40%	40%	40%	40%	40%	(53,445)	(43,807)					
Carrying value of Group's interest in joint ventures	2,566	2,275	183	475	10,322	9,706	6,492	6,302	14,643	9,182	34,206	27,940					

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(c) Reconciliation of the summarised financial information (cont'd.)

	FORMASI CEKAL SDN BHD		GAGASAN PAHA SDN BHD		GAGASAN KED SDN BHD		BAYCORP SHIP MANAGEMENT SDN BHD		SUBTOTAL 2	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net (liabilities)/assets at 1 January	(181)	3,957	(457)	449	80	243	(416)	341	(974)	4,990
Loss for the financial year	(30,489)	(4,138)	(17,295)	(906)	(11,556)	(163)	(64)	(757)	(59,404)	(5,964)
Net (liabilities)/assets at 31 December	(30,670)	(181)	(17,752)	(457)	(11,476)	80	(480)	(416)	(60,378)	(974)
Interest in joint ventures	40%	40%	60%	60%	60%	60%	40%	40%	30,381	509
Carrying value of Group's interest in joint ventures	(12,268)	(72)	(10,651)	(274)	(6,886)	48	(192)	(167)	(29,997)	(465)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(c) Reconciliation of the summarised financial information (cont'd.)

	GLOBAL BMESRA SDN BHD		GLOBAL BMESRA DUA SDN BHD		GLOBAL BIKHLAS SDN BHD		SEA WEASEL LTD		SUBTOTAL 3	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net assets at 1 January	31,525	32,650	32,530	33,148	31,593	29,280	28,510	23,461	124,158	118,539
(Loss)/profit for the financial year	(17,476)	(1,125)	(14,444)	(618)	(19,994)	2,313	(920)	5,049	(52,834)	5,619
Net assets at 31 December	14,049	31,525	18,086	32,530	11,599	31,593	27,590	28,510	71,324	124,158
Interest in joint ventures	49%	49%	49%	49%	49%	49%	49%	49%	(36,375)	(63,321)
Carrying value of Group's interest in joint ventures	6,884	15,447	8,862	15,940	5,684	15,481	13,519	13,970	34,949	60,837

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(c) Reconciliation of the summarised financial information (cont'd.)

	JM GLOBAL 1 (LABUAN) PLC	JM GLOBAL 2 (LABUAN) PLC	JM GLOBAL 3 (LABUAN) PLC	JM GLOBAL 4 (LABUAN) PLC	SUBTOTAL 4
	2012	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Net assets at 1 January	11,797	13,642	17,289	17,332	60,060
Profit for the financial year	223	4,080	4,095	913	9,311
Net assets at 31 December	12,020	17,722	21,384	18,245	69,371
Interest in joint ventures	49%	49%	49%	49%	(35,379)
Carrying value of Group's interest in joint ventures	5,890	8,684	10,478	8,940	33,992



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(c) Reconciliation of the summarised financial information (cont'd.)

	ORKIM CHALLENGER SDN BHD	2012	ORKIM MERIT SDN BHD	2012	ORKIM EXPRESS SDN BHD	2012	ORKIM POWER SDN BHD	2012	ORKIM LEADER SDN BHD	2012	ORKIM DISCOVERY SDN BHD	2012	ORKIM RELIANCE SDN BHD	2012	SUBTOTAL 5
		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000	
Net assets at 1 January	16,411		12,247		10,484		15,089		15,123		16,648		15,950		101,952
Profit for the financial year	5,517		2,954		2,586		1,913		1,267		5,650		5,115		25,002
Net assets at 31 December	21,928		15,201		13,070		17,002		16,390		22,298		21,065		126,954
Interest in joint ventures	49%		40%		40%		40%		40%		49%		49%		(70,297)
Carrying value of Group's interest in joint ventures	10,745		6,080		5,228		6,801		6,556		10,926		10,322		56,657

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 7. INVESTMENTS IN JOINT VENTURES (CONT'D.)

(c) Reconciliation of the summarised financial information (cont'd.)

	SUBTOTAL 1		SUBTOTAL 2		SUBTOTAL 3		SUBTOTAL 4		SUBTOTAL 5		TOTAL	
	2013	2012	2013	2012	2013	2012	2012	2012	2012	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net assets/(liabilities) at 1 January	71,747	68,121	(974)	4,990	124,158	118,539	60,060	101,952	194,931	353,662		
Profit/(loss) for the financial year	15,594	3,674	(59,404)	(5,964)	(52,834)	5,619	9,311	25,002	(96,644)	37,642		
Other comprehensive income/ profit/(loss)	309	(48)	-	-	-	-	-	-	309	(48)		
Net assets/(liabilities) at 31 December	87,650	71,747	(60,378)	(974)	71,324	124,158	69,371	126,954	98,596	391,256		
Interest in joint ventures	(53,445)	(43,807)	30,381	509	(36,375)	(63,321)	(35,379)	(70,297)	(59,439)	(212,295)		
Carrying value of Group's interest in joint ventures	34,205	27,940	(29,997)	(465)	34,949	60,837	33,992	56,657	39,157	178,961		

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets				
- Equity instruments (unquoted), at cost	-	49,022	505,394	328,278
Less: Accumulated impairment losses	-	-	(279,612)	(114,013)
	-	49,022	225,782	214,265
Financial assets at fair value through profit or loss				
- Held for trading	33	-	-	-
Other				
- Golf membership, at cost	70	70	70	70
	103	49,092	225,852	214,335

During the financial year:

- (i) A subsidiary, GMV-Omni Sdn Bhd disposed its existing 11,722,022 units of Redeemable Convertible Cumulative Preference Share ("RCCPS") for a total cash consideration of RM13,811,000 to Icon Fleet Sdn Bhd.
- (ii) A subsidiary, GMV-Efogen Sdn Bhd disposed its existing 37,299,600 units of Redeemable Cumulative Preference Share ("RCPS") for a total cash consideration of RM37,299,600 to Efogen Sdn Bhd.

Financial assets at fair value through profit or loss

Market value of quote investments in Malaysia is RM33,000 as at the date of reporting period.

## 9. POOL WORKING FUND

The amount represents advances from subsidiaries to the pool operators for operating funds of the vessels in the pool. These advances are interest free, unsecured and are refundable only upon termination of the pool agreement signed between the subsidiaries and the pool operators.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	NOTE	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Current Trade receivables					
Third parties	(a)	63,115	3,084	-	-
Less: Allowance for doubtful debts		(1,378)	-	-	-
		61,737	3,084	-	-
Other receivables					
Third parties	(b)	3,351	5,695	892	1,139
Deposits		202	60	61	60
Tax recoverable		1,192	559	-	430
Prepayments		1,875	-	-	-
Amounts due from subsidiaries	(c)	-	-	4,522	10,626
Amounts due from related parties	(d)	28,889	89,167	-	-
		35,509	95,481	5,475	12,255
		97,246	98,565	5,475	12,255
Non-current Other receivables					
Amounts due from subsidiaries	(c)	-	-	390,642	236,125
Total trade and other receivables (current and non-current)		97,246	98,565	396,117	248,380
Add: Cash and cash equivalents	12	180,628	372,181	28,933	326,635
Add: Advances to joint ventures	7	39,918	30,766	-	-
Less: Prepayments		(1,875)	-	-	-
Total loans and receivables		315,917	501,512	425,050	575,015

## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

### (a) Trade receivables

Trade receivables for the third parties relate to amounts due from charterers.

#### Aging analysis of trade receivables

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

	GROUP	
	2013	2012
	RM'000	RM'000
Neither past due nor impaired	30,407	3,084
1 to 30 days past due not impaired	3,383	-
31 to 90 days past due not impaired	8,007	-
More than 91 days past due not impaired	21,318	-
Impaired	(1,378)	-
	61,737	3,084

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are charterers with good payment record with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM32,708,000 that are past due at the reporting date but not impaired and are unsecured in nature.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

### (a) Trade receivables (cont'd.)

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	INDIVIDUALLY IMPAIRED
	2013
	RM'000
Trade receivables - nominal amounts	1,378
Less: Allowance for impairment	(1,378)
	-

#### Movement in allowance accounts:

	INDIVIDUALLY IMPAIRED
	2013
	RM'000
As at 1 January	-
Charge for the financial year	(1,378)
As at 31 December	(1,378)

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

### (b) Other receivables from third parties

Included in other receivables from third parties of the Company is RM817,965 (2012: RM889,983) being loan to staff, bearing an interest of 4% (2012: 4%) per annum and repayable by monthly salary deductions.

### (c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand except for the long term portion which bears interest at 2.4% to 7% (2012: 2.4% to 7%) per annum and is expected to be repayable in full over 10 years.

### (d) Amounts due from related parties

Related parties in these financial statements refer to companies within the IMC Holdings Limited Group of Companies, a corporate shareholder of the ship-owning subsidiaries.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 11. INVENTORIES

	GROUP	
	2013	2012
	RM'000	RM'000
Lubricants and spare parts for vessels, at cost	2,144	1,543

## 12. CASH AND BANK BALANCES AND CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	47,527	4,456	203	167
Deposits with licensed banks	140,864	367,725	28,730	326,468
	188,391	372,181	28,933	326,635
Less: Bank overdrafts	(4,160)	-	-	-
Pledged deposits	(3,603)	-	-	-
Cash and cash equivalents	180,628	372,181	28,933	326,635

The range of interest rates and the maturities of deposits as at 31 December 2013 were 2.78% to 3.40% (2012: 2.18% to 3.55%) per annum and 1 to 37 days (2012: 1 to 277 days) respectively.

Deposits with licensed banks of RM4,160,000 of the Group are pledged as security for bank guarantee facilities to the Group (Note 14).

Other information on financial risks of cash and cash equivalents are disclosed in Note 29.

## 13. NON-CURRENT ASSET HELD FOR SALE

	GROUP	
	2013	2012
	RM'000	RM'000
As at 1 January	100,915	24,581
Reclassified from vessels and equipment (Note 4)	2,619	100,915
Sale of vessels	(100,915)	(24,581)
As at 31 December	2,619	100,915

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 14. LOANS AND BORROWINGS

	GROUP	
	2013	2012
	RM'000	RM'000
<b>Current</b>		
Secured:		
Islamic debt facility	118,122	-
Term loans	55,773	111,311
Finance lease liabilities	48	-
Overdrafts	3,603	-
	177,546	111,311
<b>Non-current</b>		
Secured:		
Islamic debt facility	336,615	-
Term loans	302,187	-
Finance lease liabilities	127	-
	638,929	-
Total loans and borrowings	816,475	111,311

The remaining maturities of the loans and borrowings as at 31 December 2013 are as follows:

	GROUP	
	2013	2012
	RM'000	RM'000
On demand or within one year	177,546	111,311
More than 1 year and less than 5 years	495,463	-
5 years or more	143,466	-
	816,475	111,311

31 DECEMBER 2013 (CONT'D.)

## 14. LOANS AND BORROWINGS (CONT'D.)

### (a) Term loan and Islamic debt facility

The term loans except for the portion of RM52,009,000 below and Islamic debt facility bear interest at the rate ranging from 4.8% to 8% per annum, repayable monthly and secured by the following:

- (i) negative pledges over the leasehold land of the Company;
- (ii) equitable assignment of contract with customers;
- (iii) statutory mortgages over the vessels of the Group;
- (iv) debenture by way of legal charge over the vessels; and
- (v) joint and severally guaranteed by the Directors of the Group.

As at 31 December 2013, certain term loans of the Group with a carrying amount of RM52,009,000 bears interest at the rate ranging from 5% to 5.1% per annum, repayable monthly and secured by the following:

- (i) Facility agreement;
- (ii) Supplementary legal assignment of contract proceeds into Designated Collection Account ("DCA") with the Bank;
- (iii) Supplementary legal assignment over DCA; and
- (iv) Third party Memorandum of fixed deposit of RM6,400,000.

In connection with the Islamic debt facility agreements, the Group, via its subsidiary, Syarikat Borcos Shipping Sdn Bhd has agreed on significant covenant with the lenders to maintain at all times an annual debt to equity ratio of not more than three times.

### (b) Finance lease liabilities

The hire purchases liabilities bear flat interest at the rate ranging from 2.38% to 2.8% per annum and payable as follows:

	GROUP
	2013
	RM'000
Less than one year	48
Between one year and two years	28
Between two and five years	99
	175

### (c) Overdrafts

Bank overdrafts are denominated in RM, bear interest at the rate ranging from 7.6% to 8.1% per annum and secured by deposit placed with licensed banks (Note 12).

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## 15. PAYABLES AND ACCRUALS

	NOTE	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Trade					
Third parties	(a)	43,853	731	-	-
Non-trade					
Third parties	(a)	19,196	54,988	23	11
Accrued expenses		4,255	6,362	2,008	1,890
Tax payable		1,493	105	928	-
Amounts due to related parties	(b)	4,301	39,016	-	18,627
		29,245	100,471	2,959	20,528
Total payables and accruals		73,098	101,202	2,959	20,528
Less: Tax payable		(1,493)	(105)	(928)	-
Add: Loans and borrowings (Note 14)		816,475	111,311	-	-
Total other financial liabilities		888,080	212,408	2,031	20,528

### (a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 90 days terms.

### (b) Amounts due to related parties

Amounts due to related parties are unsecured, interest free and repayable on demand.

## 16. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES OF RM1 EACH		AMOUNT	
	2013	2012	2013	2012
	000	000	RM'000	RM'000
<b>Authorised:</b>				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000
<b>Issued and fully paid:</b>				
At 1 January/31 December	300,000	300,000	300,000	300,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31 DECEMBER 2013 (CONT'D.)

## 17. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from the monetary item which form part of the Group's net investment in those operations.

## 18. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, which expired on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2013 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2013, the Company may distribute the entire retained earnings under the single tier system.

As at 31 December 2013, the Company has tax exempt profits available for distribution of approximately RM176,363,978 (2012: RM200,362,078), subject to agreement with the Inland Revenue Board.

## 19. INTANGIBLE ASSETS

	CONTRACT BASED RELATED INTANGIBLES	PROVISIONAL AMOUNT	GOODWILL	TOTAL
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2013	-	-	-	-
Acquisition of subsidiaries (Note 5)	52,040	135,019	77,182	264,241
At 31 December 2013	52,040	135,019	77,182	264,241
<b>Amortisation and impairment</b>				
At 1 January 2013	-	-	-	-
Amortisation for the financial year	9,541	-	-	9,541
Impairment for the financial year	-	-	76,664	76,664
At 31 December 2013	9,541	-	76,664	86,205
Net carrying amount	42,499	135,019	518	178,036

### Contract based related intangibles

Contract based related intangibles relate to the customer contracts that were acquired in business combinations. The intangibles are amortised on a straight line basis over a period of 5 years.

## 19. INTANGIBLE ASSETS (CONT'D.)

### **Provisional amount**

The purchase price allocation ("PPA") exercise on the acquisition of Orkim Sdn Bhd is still being carried out by the Group. The intangible assets above represents a provisional amount pending the completion of the PPA exercise.

In accordance with Paragraph 45 of MFRS 3, Business Combination, the Group has a grace period of twelve months from the acquisition date to complete the PPA exercise. Management will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

### **Goodwill**

The goodwill recognised during the financial year is from the acquisition of subsidiaries, as disclosed in Note 5(c).

#### **(a) Impairment testing of goodwill**

Goodwill arising from business combinations has been allocated to two individual cash-generating units ("CGU"), which are the business operations, for impairment testing as follows:

- Syarikat Borcos Shipping Sdn Bhd ("Borcos")
- Orkim Sdn Bhd ("Orkim")

The carrying amounts of goodwill allocated to each CGU are as follows:

	<b>BORCOS</b>	<b>ORKIM</b>	<b>TOTAL</b>
	RM'000	RM'000	RM'000
Goodwill	76,664	518	77,182

### **Borcos**

The recoverable amount of the Borcos was RM730,329,000 as at 31 December 2013, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a fifteen-year period. The pre-tax discount rate applied to cash flow projections is 10% and cash flows beyond the five-year period are extrapolated using a 3.0% growth rate. As a result of this analysis, management has recognised an impairment charge of RM76,664,000 against goodwill with a carrying amount of RM806,993,000 as at 31 December 2013. The impairment charge is recorded within statements of comprehensive income.

### **Orkim**

The annual impairment test of goodwill was based on its recoverable amount. The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The cash flow projections are based on best estimates assumptions derived from CGU's experience. There is no impairment of goodwill at the end of the reporting period as all the recoverable amount of the CGU was in excess of the carrying amounts.

## 19. INTANGIBLE ASSETS (CONT'D.)

### (b) Key assumptions used in value in use calculation

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

**Growth rates** – The forecast growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

**Budgeted gross margins** – Gross margins are based on budgeted margins expected to be achieved in the next fifteen-years.

**Market share assumptions** – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period.

**Discount rates** - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

## 20. DEFERRED TAX ASSETS/(LIABILITIES)

	<b>GROUP</b>
	2013
	RM'000
At 1 January	-
Acquisition of subsidiary companies	26,942
Recognised in profit or loss (Note 26)	(12,839)
At 31 December	14,103
Presented after appropriate offsetting as follows:	
Deferred tax assets	15,857
Deferred tax liabilities	(1,754)
	14,103



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## 20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

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

	AT 1 JANUARY	ACQUISITION OF SUBSIDIARIES	RECOGNISED IN PROFIT OR LOSS (NOTE 26)	AT 31 DECEMBER
	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax liabilities of the Group</b>				
Property, plant and equipments	-	(26)	(1,728)	(1,754)
<b>Deferred tax assets of the Group</b>				
Property, plant and equipments	-	(916)	65	(851)
Provisions	-	158	352	510
Other items	-	57	295	352
Unutilised capital allowances	-	22,535	(6,689)	15,846
Unutilised tax losses	-	5,134	(5,134)	-
	-	26,968	(11,111)	15,857

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	GROUP
	2013
	RM'000
Unutilised tax losses	40,932
Unutilised capital allowances	27,025
	67,957

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefit therefrom.

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## 21. REVENUE

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Dividends	-	1,800	54,031	3,558
Charter hire income	298,934	11,074	-	-
Sundry income	1,170	427	-	-
Share of pool profit	13,235	53,625	-	-
	313,339	66,926	54,031	3,558

Cost of sales comprise of direct cost and cost of operation incurred.

## 22. LOSS BEFORE TAXATION

The following items have been included in arriving at loss before taxation:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Non-executive directors' remuneration (Note 25)	2,276	727	516	650
Auditors' remuneration				
- Statutory audits	557	222	60	58
- Other services	41	-	-	-
Depreciation of property, plant and equipments (Note 4)	74,762	35,591	45	65
Rental of office equipment	10	10	10	10
Rental of office	190	190	190	190
Realised gain on foreign exchange	(89)	-	-	-
Unrealised gain on foreign exchange	(2,300)	-	-	-
Dividend income	(551)	(1,800)	(54,031)	(3,558)
Property, plant and equipment written off	60	-	-	-
Gain on disposal of other investments	(3,089)	-	-	-
Loss on disposal of joint ventures	10,385	-	-	-

Certain items of disclosures were disclosed on the face of the statements of comprehensive income in view of their nature and materiality.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (CONT'D.)

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## 23. IMPAIRMENT LOSS ON VESSELS

The Group assessed the recoverable amount of the vessels with indication of impairment. The Group had performed the impairment assessment on vessels by comparing the carrying amounts with the vessels' recoverable amounts.

A total provision of impairment on vessels of RM46,535,000 (2012: RM148,703,000) has been recognised in the financial statements.

## 24. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	18,467	19,009	1,803	783
Employees Provident Fund	1,538	276	207	173
Social security contributions	52	16	11	10
Other benefits	332	5,216	332	288
	20,389	24,517	2,353	1,254

## 25. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Executive directors				
Salaries and other emoluments	1,292	-	-	-
Non-executive directors				
Fees	396	530	348	453
Other emoluments	588	197	168	197
	984	727	516	650
Total directors' remuneration	2,276	727	516	650

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## 26. TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense	4,746	5,020	2,585	3,656
Under/(over)provision of tax expense in prior years	138	(225)	44	(231)
Deferred tax expense	12,839	-	-	-
	17,723	4,795	2,629	3,425

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

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(141,136)	(177,512)	(118,251)	(116,329)
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	(35,284)	(44,378)	(29,563)	(29,082)
Effect of share of results of joint ventures and associates	528	578	-	-
Expenses not deductible for tax purposes	55,936	49,935	44,755	33,628
Income not subject to tax	(26,400)	(1,115)	(14,357)	(890)
Tax losses/temporary differences not recognised	12,839	-	-	-
Effect of lower tax rate in other jurisdiction	6,514	-	-	-
Origination and reversal of temporary differences	4,580	-	-	-
Under/(over)provision of tax expense in prior years	138	(225)	44	(231)
	18,851	4,795	879	3,425

Included in income not subject to tax is tax exempt shipping income, derived from the operations of the Group's sea-going Malaysian registered vessels under Section 54A of the Malaysian Income Tax Act 1967.

## 27. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Agency fees paid to an affiliated company*	562	774	-	-
Interest earned from affiliated companies*	93	501	-	-
Interest earned from joint ventures	1,813	2,771	-	-
Dividend income received from associate	-	-	-	900
Dividend income received from joint ventures	-	1,800	-	-
Accounting fees paid to an associate	7	-	-	-
Rental fees paid to an associate	4	-	-	-
Management fees paid to an associate	60	-	-	-
Berthing charges paid to an associate	183	-	-	-
Loans interest paid to government-related entities #	1,848	-	-	-
Charter revenue gained from government-related entities #	64,080	-	-	-
Rental paid/payable to holding company	190	190	190	190
Group sharing cost payable to holding company	483	425	483	425

\* Affiliated companies are companies which share common directors with the Company.

# Government-related entities comprise of government authorities, affiliation and other organisations controlled by Government of Malaysia.

The directors are of the opinion that all the transactions above 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.

Outstanding balances in respect of the above transactions are disclosed in Note 10 and 15.

- (b) **Compensation of key management personnel**

Key management personnel of the Company comprise solely the Company's directors. Their compensation are as disclosed in Note 25.

## 28. CAPITAL COMMITMENTS

	GROUP AND COMPANY	
	2013	2012
	RM'000	RM'000
Capital expenditure:		
Approved and contracted for investments	98,160	1,131,220
Approved but not contracted for investments	1,544	305,510

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (a) Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risk. The policies for managing each of these risks are summarised below. It is the Group's policy that no trading in derivative financial instruments shall be undertaken.

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.

### (b) Foreign currency risk

The Group and the Company are exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's and the Company's policy is to minimise the exposure of foreign currency risk by monitoring and approving requisitions which involve foreign currencies.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in its functional currency are as follows:

FUNCTIONAL CURRENCY OF GROUP COMPANIES	NET FINANCIAL ASSETS HELD IN CURRENCIES NON-FUNCTIONAL	
	USD	SGD
	RM'000	RM'000
At 31 December 2013		
Ringgit Malaysia	44,890	(7,144)
At 31 December 2012		
Ringgit Malaysia	74,795	-

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

### (b) Foreign currency risk (cont'd.)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	GROUP	
	2013	2012
	RM'000	RM'000
	LOSS FOR THE YEAR	LOSS FOR THE YEAR
USD/RM		
- strengthened 10% (2012: 10%)	(4,002)	(4,896)
- weakened 10% (2012: 10%)	4,002	4,896
SGD/RM		
- strengthened 10% (2012: nil)	(538)	-
- weakened 10% (2012: nil)	538	-

### (c) Liquidity risk

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

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.



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

### (c) Liquidity risk (cont'd.)

#### Analysis of financial instruments by remaining contractual maturities

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

	I----- 2013 -----I			
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial liabilities:				
Payables and accruals	77,611	-	-	77,611
Loans and borrowings	177,546	605,367	104,381	887,294
Total undiscounted financial liabilities	255,157	605,367	104,381	964,905
<b>Company</b>				
Financial liabilities:				
Payables and accruals, represent total undiscounted financial liabilities	2,959	-	-	2,959

	I----- 2012 -----I			
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial liabilities:				
Payables and accruals	101,202	-	-	101,202
Loans and borrowings	111,311	-	-	111,311
Total undiscounted financial liabilities	212,513	-	-	212,513
<b>Company</b>				
Financial liabilities:				
Payables and accruals, represent total undiscounted financial liabilities	20,528	-	-	20,528

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

### (d) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the reporting date, there were no significant concentrations of credit risk other than as disclosed in Note 10. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### 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.
- A carrying amount of RM28,889,000 (2012: RM89,167,000) relating to Group trade and other receivables which are due from related parties.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	GROUP			
	2013		2012	
	RM'000	% OF TOTAL	RM'000	% OF TOTAL
By country:				
Malaysia	60,212	98%	3,037	98%
Singapore	1,525	2%	47	2%
	61,737	100%	3,084	100%

At the reporting date, approximately 30% of the Group's (2012: 92%) trade receivables were due from related parties.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

#### Financial guarantees

The Company provides unsecured financial guarantees to banks and other institutions in respect of facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

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

### (d) Credit risk (cont'd.)

#### Financial guarantees (cont'd.)

A nominal amount of RM78,280,000 (2012: RM315,540,000) relating to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition were not material (2012: not material).

### (e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and advances given to related companies as the Group and the Company had no substantial long-term interest-bearing assets as at 31 December 2013. The investments in financial assets are mainly short term in nature and they are not held for speculative purpose.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate on its loans and borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

At the reporting date, the Group and the Company do not have significant interest risk exposure except as disclosed below.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss for the year would have been RM3,718,000 (2012: RM Nil) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## 30. OPERATING LEASES

### Leases as lessor

The Group leased out its vessels. The future minimum lease receivables under non-cancellable leases are as follows:

	GROUP	
	2013	2,012
	RM'000	RM'000
Less than one year	100,969	-
Between one and five years	109,509	-
	210,478	-

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) The carrying amounts of the financial instruments of the Group are reasonable approximation of their fair value except for the following:

	NOTE	GROUP	
		AMOUNT	FAIR VALUE
		RM'000	RM'000
At 31 December 2013			
Islamic debt facility	14	336,615	495,537
Term loans	14	302,187	420,408
Finance lease liabilities	14	127	218

- (b) Determination of fair value

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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 loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

### (b) Determination of fair value (cont'd.)

#### (ii) Finance lease payables, term loans and Islamic debt facility

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

### (c) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (such as prices) or Indirect (such as derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2013, the Group held the following financial instruments carried at fair value in the statement of financial position:

	2013	LEVEL 1	LEVEL 2	LEVEL 3
	RM	RM	RM	RM
<b>Assets measured at fair value</b>				
Financial asset at fair value through profit of loss:				
Quoted shares in Malaysia	33	33	-	-

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## 32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. The Group also have Single Joint Venture Partner Investment Limit ("SJPIIL") policy in place to serve as a protective fence that preserves shareholders fund and as a conservative requirement to monitor and manage the concentration risk of the Group. The maximum investment limit is set at 35% (2012: 35%) of total paid up capital of the Company latest audited financial statement and shall encompass on all investments in its Joint Venture-Ship Owning Companies ("JV-SOCs") with the joint venture partners.

The Group also 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 low. The Group includes within net debt, borrowings (excluding convertible redeemable preference shares), payables and accruals, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

	NOTE	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	14	816,475	111,311	-	-
Payables and accruals	15	73,098	101,202	2,959	20,528
Less: Cash and cash equivalents	12	(188,391)	(372,181)	(28,933)	(326,635)
Net debt/(surplus)		701,182	(159,668)	(25,974)	(306,107)
Equity attributable to the equity holders of the parent		805,006	927,072	698,720	812,600
Total capital		805,006	927,072	698,720	812,600
Capital and net debt		1,506,188	767,404	672,746	506,493
Gearing ratio		47%	N/A	N/A	N/A

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

I/We \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD/CERTIFICATE OF INCORPORATION)

of \_\_\_\_\_

being a member/members of the abovementioned Company, hereby appoint \_\_\_\_\_

\_\_\_\_\_ (FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of \_\_\_\_\_

and/or \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of \_\_\_\_\_

and failing the abovenamed proxy, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held at Dewan Utama, Level 6, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 23 June 2014 at 12:00 noon and at any adjournment thereof in the manner indicated below:-

NO.	RESOLUTION	FOR	AGAINST
<b>AS ORDINARY BUSINESS</b>			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.		
2.	To re-elect Datin Husniarti binti Tamin as Director pursuant to Article 63 of the Articles of Association of the Company.		
3.	To re-elect Encik Taufiq Ahmad @ Encik Ahmad Mustapha bin Ghazali as Director pursuant to Article 63 of the Articles of Association of the Company.		
4.	To re-appoint Tan Sri Datuk Dr. Abdul Samad bin Haji Alias who retires pursuant to Section 129(6) of the Companies Act to hold office until the conclusion of the next Annual General Meeting.		
5.	To approve the payment of Directors' fees for the financial year ended 31 December 2013.		
6.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
<b>AS SPECIAL BUSINESS</b>			
7.	To authorize Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy/proxies/corporate representative shall vote, the proxy/proxies/corporate representative shall vote or abstain as he/she thinks fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
 Signature(s)/Common Seal of Shareholder(s)

Number of ordinary shares held

#### NOTES:

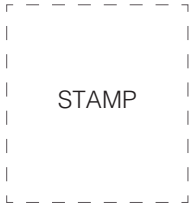
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote instead of him. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965<sup>1</sup> shall not apply to the Company.
- In the case of a Corporate Member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer of the Corporation or attorney duly authorised.
- The Proxy Form must be deposited at the Registered Office of the Company at Aras 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- Failure to lodge your Proxy Form within the stipulated time may result in your proxy being precluded from attending and voting at the Meeting or any adjournment thereof.
- The lodging of the Proxy Form does not preclude a member from attending and voting in person at the Meeting should the member subsequently decide to do so.

<sup>1</sup> a member shall not be entitled to appoint a person who is not a member as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar in a particular case



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The Secretary  
**GLOBAL MARITIME VENTURES BERHAD**  
Aras 16, Menara Bank Pembangunan  
Bandar Wawasan  
No. 1016, Jalan Sulltan Ismail  
50250 Kuala Lumpur



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