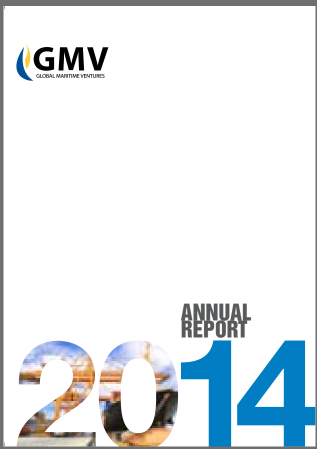

EMPOWERING OPPORTUNITIES

With the energy and drive to steer GMVB to become the country's principal venture capital provider, we are meeting future needs of the maritime industry. By empowering opportunities to grow amidst the challenges, we are progressing towards a nation's developed aspiration. As we set our path forward with the strategy and commitment to our core strengths, GMVB is sailing on the winds of change. By transforming, supporting, creating diversity and leadership, we see joint and key partnerships as the way forward to the future of the industry.

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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".

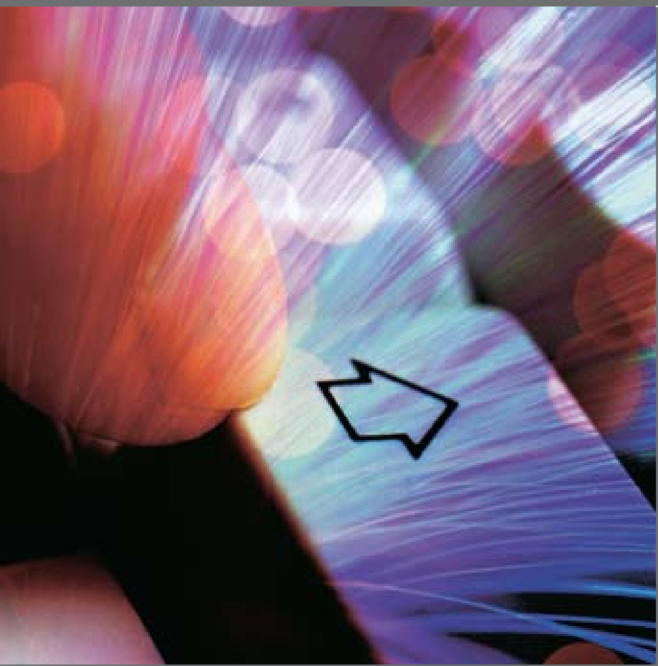
MISSION

"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.

Corporate Information

BOARD OF DIRECTORS

YM Raja Datuk Zaharaton Raja Zainal Abidin
(Chairperson)

Dato' Ir Abdul Rahim Abu Bakar

Taufiq Ahmad @ Ahmad Mustapha Ghazali

Rosli Abdullah

Rashidah Mohd Sies

CHIEF EXECUTIVE OFFICER

Dato' Ahmad Sharifuddin Abdul Kadir

CHIEF OPERATING OFFICER

Sofian Mohd Ariff

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN
that the Twenty Second 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 **WEDNESDAY, 24 JUNE 2015** at **11:30 A.M.** for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
   RESOLUTION 1

2. To re-elect the following Director who retire pursuant to Article 63 of the Company's Articles of Association, and being eligible has offered himself for re-election:-

   Dato' Ir Abdul Rahim Abu Bakar
   RESOLUTION 2

3. To re-elect the following Directors retiring pursuant to Article 68 of the Articles of Association of the Company and being eligible have offered themselves for re-election:-

   (i) YM Raja Datuk Zaharaton Raja Zainal Abidin;
   RESOLUTION 3

   (ii) Rosli Abdullah; and
   RESOLUTION 4

   (iii) Rashidah Mohd Sies
   RESOLUTION 5

4. To approve the payment of Directors' fees for the year ended 31 December 2014.
   RESOLUTION 6

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.
   RESOLUTION 7

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

   ORDINARY RESOLUTION

   AUTHORITY TO ALLOT 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 authorized 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 8

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

Razali Hassan (LS 005531)
Company Secretary

Kuala Lumpur
2 June 2015

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 in his/her stead. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965[1] 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.*

[1] *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*

Fleet Tonnage

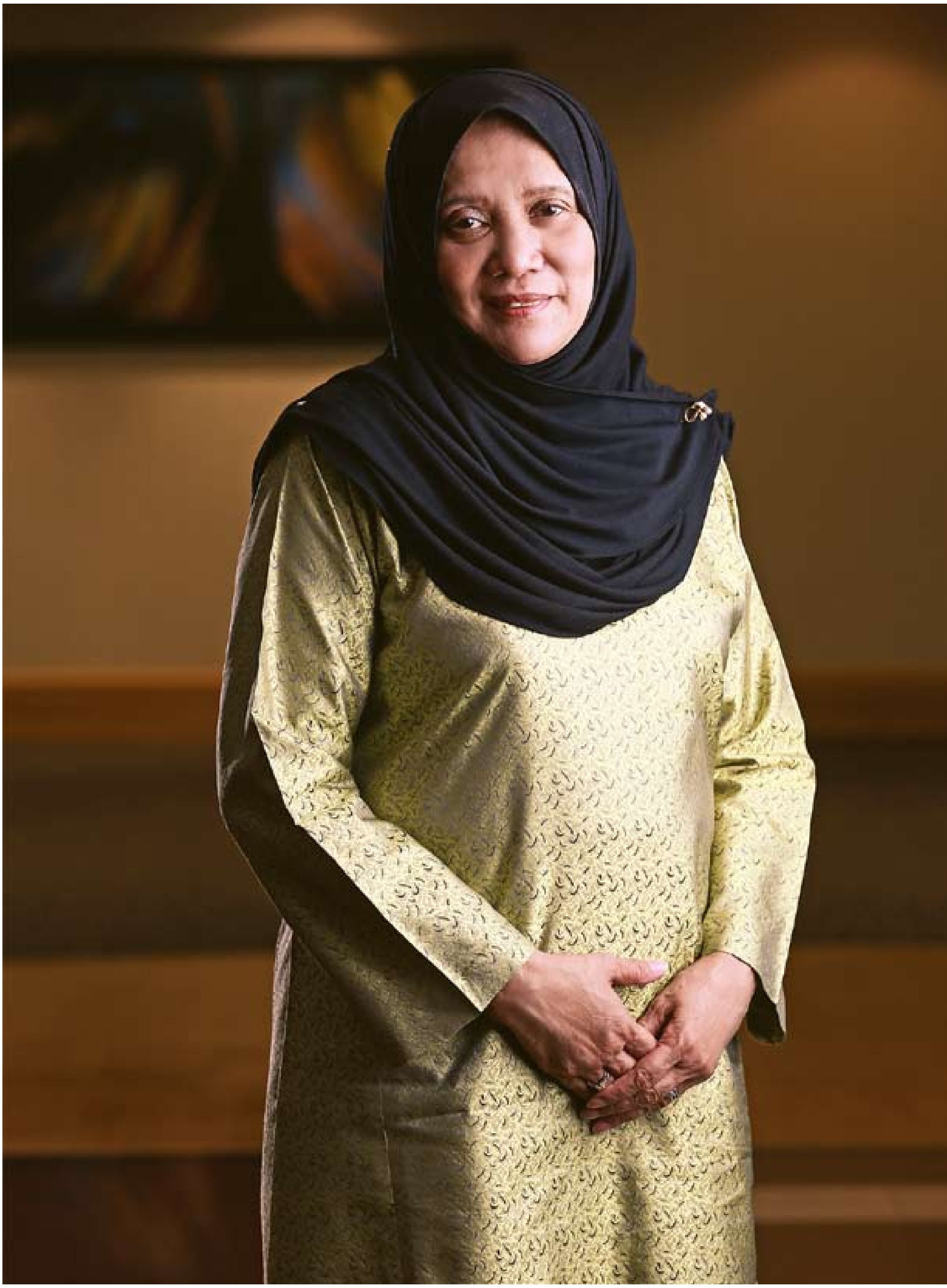
As at 31 December 2014

No	Name of Vessel	Vessel Type	Year Built	GRT	DWT	BHP
	Corporate Investment in Syarikat Borcos Shipping Sdn Bhd (GMVB's shareholding: 100%)					
1	M.V Borcos Sabhan 1	Safety Standby Vessel	2004	219	74	1,440
2	M.V Borcos Sabhan 2	Safety Standby Vessel	2004	219	74	1,440
3	M.V Borcos Sabhan 3	Safety Standby Vessel	2004	219	74	1,440
4	M.V Borcos Sabhan 4	Safety Standby Vessel	2004	379	220	2,000
5	M.V Borcos Firdaus 1	Super Fast Crew Boat	2005	238	75	4,500
6	M.V Borcos Firdaus 2	Super Fast Crew Boat	2005	238	75	4,500
7	M.V Borcos Firdaus 3	Super Fast Crew Boat	2007	238	75	4,500
8	M.V Borcos Firdaus 4	Super Fast Crew Boat	2006	238	75	4,500
9	M.V Borcos Firdaus 5	Super Fast Crew Boat	2007	238	75	4,500
10	M.V Borcos Firdaus 6	Super Fast Crew Boat	2007	238	75	4,500
11	M.V Borcos Firdaus 7	Super Fast Crew Boat	2008	238	75	4,500
12	M.V Borcos Firdaus 8	Super Fast Crew Boat	2008	238	75	4,500
13	M.V Borcos Firdaus 9	Super Fast Crew Boat	2008	238	75	4,500
14	M.V Borcos Firdaus 10	Super Fast Crew Boat	2012	238	75	4,500
15	M.V Borcos Firdaus 11	Crew Utility Vessel	2012	238	75	4,500
16	M.V Borcos Tasneem 3	Offshore Support Vessel	2007	1,419	1,369	5,444
17	M.V Borcos Tasneem 4	Offshore Support Vessel	2007	1,706	1,450	5,220
18	M.V Borcos Tasneem 5	Offshore Support Vessel	2007	1,706	1,450	5,220
19	M.V Borcos Tasneem 6	Offshore Support Vessel	2009	1,695	1,650	5,444
20	M.V Borcos Tasneem 7	Offshore Support Vessel	2009	1,695	1,790	5,444
21	M.V Borcos Tasneem 8	Offshore Support Vessel	2009	1,709	1,773	5,444
22	M.V Borcos Tasneem 9	Offshore Support Vessel	2009	1,709	1,798	5,444
23	M.V Borcos Thahirah 1	Offshore Support Vessel	2011	3,511	2,900	12,060
24	M.V Borcos Thahirah 2	Offshore Support Vessel	2012	3,511	2,900	12,060
25	M.V Borcos 13	Mooring Launch	1993	49	15	606

GMVB Fleet Tonnage

No	Name of Vessel	Vessel Type	GMVB's Shareholding	Year Built	DWT	BHP
	JV with Alam Maritim (M) Sdn. Bhd.					
26	MV Setia Tangkas	Anchor Handling Tug & Supply	40%	2007	1,204	5,150
27	MV Setia Unggul	Anchor Handling Tug & Supply	40%	2007	1,204	5,150
28	MV Setia Sakti	Support Maintenance Vessel	40%	2008	2,200	5,150
	JV with Gagasan Carriers Sdn. Bhd.					
29	MT Imbak	Chemical Tanker IMO II/III	40%	2008	10,800	N/A
30	MT Gagasan Pahang	Product Tanker	60%	2010	7,000	N/A
31	MT Gagasan Kedah	Product Tanker	60%	2011	7,000	N/A
	JV with Efogen Sdn. Bhd.					
32	MV Sea Weasel	Anchor Handling Tug & Supply	49%	2009	1,575	6,500
	JV with Global Carriers Bhd					
33	MT Budi Mesra	Product Tanker	49%	2008	7,000	N/A
34	MT Budi Mesra Dua	Product Tanker	49%	2008	7,000	N/A
35	MT Budi Ikhlas	Product Tanker	49%	2008	10,000	N/A

Board of Directors



Board of Directors

YM RAJA DATUK ZAHARATON RAJA ZAINAL ABIDIN
Independent Non-Executive Chairman

YM Raja Datuk Zaharaton Raja Zainal Abidin was appointed as Chairman of GMVB on 24 June 2014. She has served the Government of Malaysia in various capacities from 1971 to 2005. Principally, her main task has been in policy analyses and financial evaluation. Her last post in Government was Director General of Economic Planning Unit.

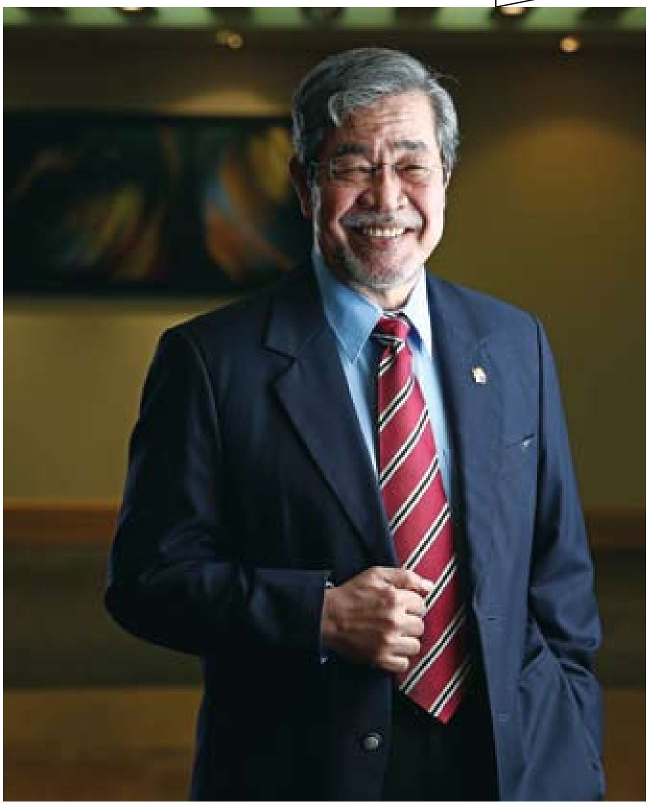
Upon retirement, the Government of Malaysia appointed her as Chairman of Technology Park Malaysia Corporation Sdn Bhd from January 2006 to December 2008. Thereafter she was appointed by the Government as Chairman of Ninebio Sdn Bhd from January 2009 for a two year period. She also currently sits on the boards of Primeworks Studios Sdn Bhd, Big Tree Outdoor Sdn Bhd, Synchrosound Studio Sdn Bhd, Kumpulan RZA Sdn Bhd, Astra Capital Sdn Bhd and Areca Capital Sdn Bhd.

She is also the Chairman of Investment Committee of GMVB.

Board of Directors

DATO' IR ABDUL RAHIM ABU BAKAR

Independent Non-Executive Director



Dato' Ir. Abdul Rahim 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 Pernas 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 then moved on to Petronas as its Vice President in charge of Petrochemical Business in 1999 and retired on 31 August 2002.

At present, he sits on the Board of Telekom Malaysia Berhad, Scomi Engineering Berhad, Scomi Group Berhad and several other private limited companies. He is also the Chairman of Nominating & Remuneration Committee and Member of Audit & Risk Management Committee of GMVB.

TAUFIQ AHMAD @ AHMAD MUSTAPHA GHAZALI

Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha 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 is the Chairman of Prolexus Berhad and currently sits on the Board of Malaysia Packaging Industry Berhad, Tambun Indah Land Berhad and several other private limited companies. He is also the Chairman of Audit & Risk Management Committee and Member of Nominating & Remuneration Committee of GMVB.

Board of Directors

ROSLI ABDULLAH
Non-Independent Non-Executive Director

Rosli Abdullah was appointed as Non-Independent Non-Executive Director of GMVB on 1 August 2014. He graduated from Universiti Kebangsaan Malaysia with Master in Business Administration, Post-Graduate Diploma in Accounting and Bachelor in Economics (Honours) from Universiti of Malaya. He is a Chartered Accountant and Member of Malaysian Institute of Accountants (MIA).

He was formerly the Registrar and Chief Executive Officer of MIA. He has served in various capacities in the public and private sectors. His current directorships in companies within Bank Pembangunan Malaysia Berhad ("BPMB") Group include being the Chairman of SME Growth Acceleration Fund Sdn Bhd, Pembangunan Leasing Corporation Sdn Bhd, PLC Credit & Factoring Sdn Bhd, BI Credit & Leasing Berhad and Syarikat Borcos Shipping Sdn Bhd and also director of BPMB and GMV-Borcos Sdn Bhd.

He also sits on the boards of i-VCAP Management Sdn Bhd, Keretapi Tanah Melayu Berhad Group, CapitalMall Malaysia Reit Management Sdn Bhd, Dagang NeXchange Berhad, Malaysia Airport Holdings Berhad, Malaysia Airport Consultancy Services Sdn Bhd, KTM Distribution Sdn Bhd, İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. and LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

He is the Chairman of Audit & Examination Committee and Member of Credit Committee of the Board, Risk Management Committee, Nominating Committee and Remuneration Committee of BPMB. He is also a Member of Investment Committee and Audit & Risk Management Committee of GMVB.

RASHIDAH MOHD SIES
Non-Independent Non-Executive Director

Rashidah Mohd Sies was appointed as Director on 17 November 2014. 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 and currently serves as Head of Unit, Commercial Sector, Government Investment Companies Division, Ministry of Finance (MOF).

She currently sits on the Board of Bank Pertanian Malaysia Berhad (Agro). She is also a member of Investment Committee and Nominating & Remuneration Committee of GMVB.

Chairman's Statement

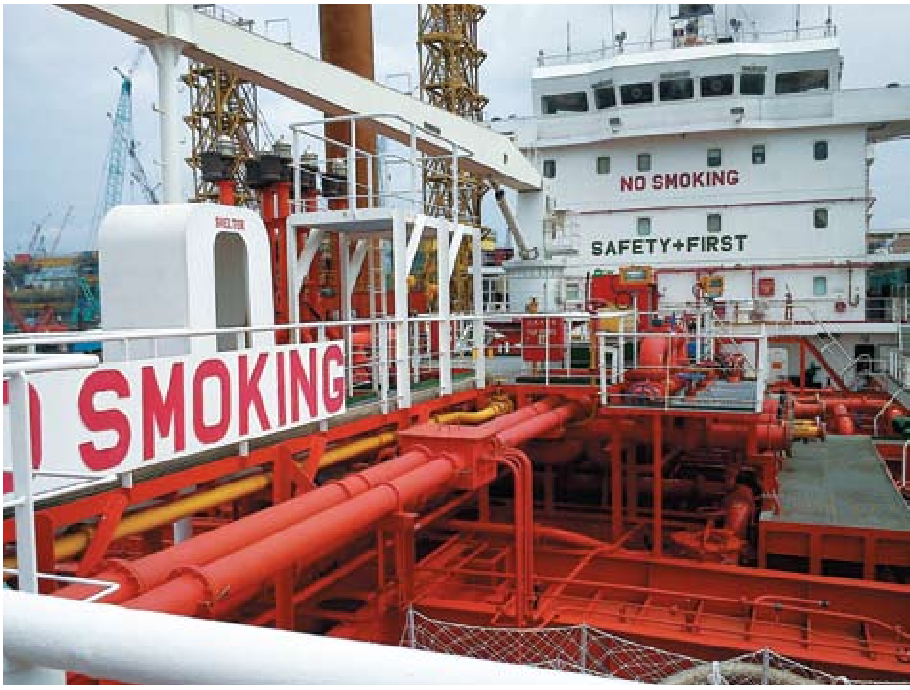
DRIVEN BY LONG-TERM STRATEGIC VENTURES AS WELL AS OUR CONTINUOUS EFFORTS IN IMPROVING OPERATIONAL EFFICIENCIES, I NOW PRESENT THE REPORT ON THE FINANCIAL PERFORMANCE OF GLOBAL MARITIME VENTURES BERHAD (GMVB) FOR THE YEAR ENDED 31 DECEMBER 2014.

GMVB FINANCIALS

The year 2014 was indeed another challenging year for GMVB. Amidst the changing economic trends, low-trending freight rates, oversupply of tonnage and the volatile oil prices, GMVB remain optimistic about the market prospects.

After the global financial crisis six years ago, the world economy is still recovering and struggling to regain its momentum. Investments have not picked up pace in many advanced economies, and emerging market economies are adjusting to lower growth rates compared to those achieved during the post-crisis recovery period. This has also resulted in the slowing down of the global shipping industry and the oil and gas sector, which have revealed a tighter setting in 2014 compared to the previous years.

The tough operating environment is mirrored in the Group's performance which revealed a widening net loss of RM303.86 million in 2014 compared to RM158.86 million in 2013. This is primarily due to impairment on investments and assets. Impairment loss on vessels recorded a total provision of RM164.96 million which has been recognised in the Group's financial statements, a significant increase from RM46.53 million in 2013. Several of the non-performing Companies such as Syarikat Borcos Shipping Sdn Bhd (Borcos) and, JV SOCs under the joint ventures (JV)s with Global Carriers Bhd and Gagasan Carriers Sdn Bhd have been experiencing tight cash flow conditions, leading to conservation of cash for operations through more efficient financial management initiatives.



The performance and provisions on impairment at the Group level has also affected the Company's results, revealing a widening loss of RM296.84 million against revenue of RM4.11 million compared to RM120.88 million net loss from RM47.03 million revenue for year 2013. The drop in revenue at the Company level was primarily attributed to less dividends received from the investee companies for year 2014.

Nevertheless, in 2014, GMVB managed to garner a few short-term returns by undertaking a consolidation of its large investments. In line with that strategic move, GMVB has sold its investments in Orkim Sdn Bhd in December 2014 with a reported net gain of RM21.55 million. Aside from that, GMVB also sold 8 vessels from Borcos worth RM11.26 million.

IT IS OUR DESIRE FOR GMVB TO EMERGE A STRONGER AND MORE RESILIENT PLAYER IN THE SHIPPING INDUSTRY, AND BE ABLE TO DELIVER SUSTAINABLE RETURNS AND VALUE TO SHAREHOLDERS.

Chairman's Statement

Despite the uneven economic prognosis, GMVB is optimistic in recovering and gaining traction in the shipping industry. We must remind ourselves that although the business environment is gloomy, we must rise above the challenge. GMVB has entered 11 strategic joint ventures bringing the current portfolio to a total of 57 vessels since 1993. As at 2014, GMVB has 35 remaining vessels comprising 1 chemical tanker, 5 product tankers and 29 offshore support vessels (OSVs).

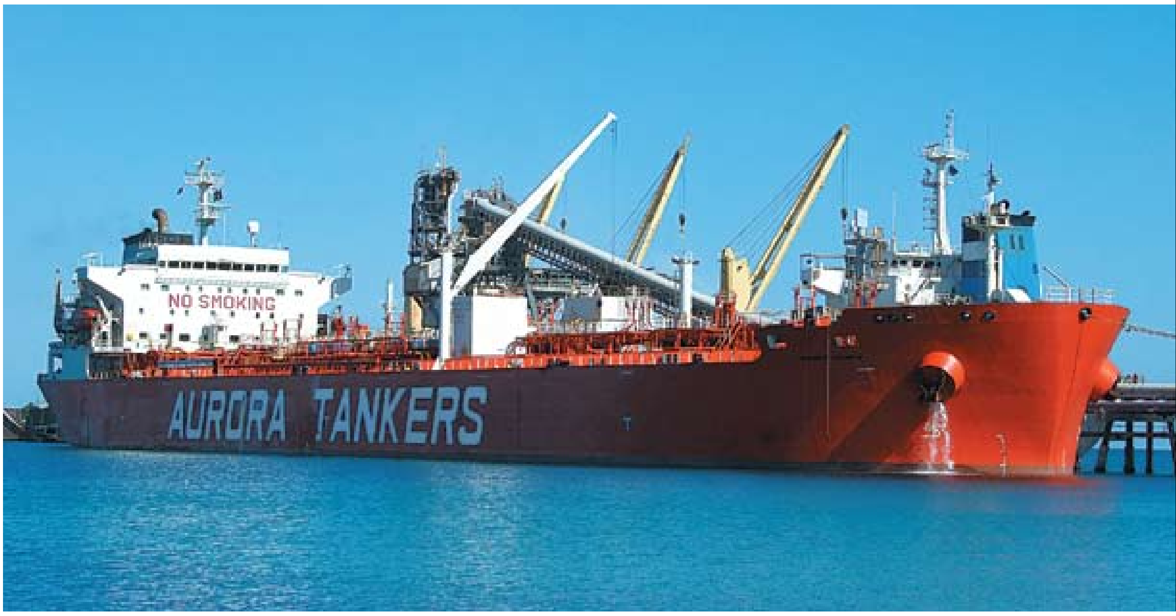
DIVIDEND

As a result of a challenging year in 2014, the Board did not recommend any dividend payments to shareholders. This decision was made in an effort to enable GMVB to manage and distribute its financial resources to critical areas, whilst maximizing returns.

With the current damp operating environment, the shipping industry is anticipating tough times ahead, thus calling for stringent financial management, and more prudent utilisation of cash reserves. These cash reserves will be used to drive the company forward during this difficult period and provide GMVB with the necessary financial resources to capitalise on market opportunities in the months ahead.

It is our desire for GMVB to emerge a stronger and more resilient player in the shipping industry, and be able to deliver sustainable returns and value to shareholders. Despite the downward trends in the past, GMVB is confident of gaining on better times in FY2015, leveraging on the possible opportunities from the improved shipping markets in the future.

Chairman's Statement



HIGHLIGHTS OF 2014

The slowdown in global growth in recent years has resulted in tremendous changes in the shipping industry due to demographic changes and dramatic shifts in manufacturing costs, driving major changes in the global production chain. In a nutshell, the globalization process, which involves the integration of economic activity across borders, has started to plateau due to the large pool of low-cost workers available in countries such as China and India. The primary workhorses of the shipping industry which include container ships, dry bulk vessels, crude and product tankers, are currently struggling to manage an oversupply of tonnage. Freight rates have taken a dip and have been in that state for a while; and are expected to remain low for several years thus making it difficult for investors playing a short term asset game, to exit with expected profits. For some time now, the global shipping industry has been struggling to manage overcapacity, especially with newbuilding prices declining over the years and remaining low.

The year 2014 was indeed a test of our resilience and ability to sustain amidst adverse challenges, increased geo-political tensions and market turmoil. Many countries plunged into a recession whilst some barely stayed afloat.

At home front, in spite of the drag on growth from fiscal consolidation, the Malaysian economy has performed considerably well in 2014 growing right on the target of 6% per annum, as envisaged earlier in the Economic Transformation Program (ETP). Further to this, the introduction of the Good and Services Tax (GST) system in April 2015 as part of fiscal reform, will contribute significantly to the growth of the country's revenue base.

Despite the seemingly resilient Malaysian economy, most shipping segments are experiencing significant levels of uncertainty due to declining oil prices with oil and gas companies reducing their capital expenditure considerably. Despite stringent local content, local OSV players in Malaysia are facing challenges in being sidelined whilst the preferential and cabotage benefits seem to have limited impact on their business operations.

GMVB WILL CONTINUE TO AGGRESSIVELY IDENTIFY AND INITIATE NEW BUSINESS OPPORTUNITIES IN MANDATED AREAS AND ENSURE QUALITY OF BUSINESS PARTNERS IN AN EFFORT TO SUPPORT THE DEVELOPMENT OF THE COUNTRY'S MARITIME INDUSTRY.

Financing options for the local shipping industry has also become increasingly tough in comparison to previous years due to tightening of belts by financial institutions because of the rough global economic conditions. Lending rates have increased and access to funding is also limited due to more stringent controls by financial institutions. Owing to these various external factors, there has been a marked drop in vessel value. This has been further compounded by the weakening of oil prices as well as other reasons such as a mismatch of contract and loan tenures, and the breach of loans and liquidity covenants by shipping entrepreneurs who subsequently request for revision of term loans or waivers.

EXPECTATIONS FOR 2015 AND GMVB'S WAY FORWARD

According to industry and market analysts, weaker crude prices will continue to hold the market down in 2015 thus softening bargaining power in the offshore business. Exploring and producing from offshore deepwater and ultra-deepwater wells encompass significant capital expenditures which requires the support of high oil prices. However, that not being the case, offshore activity is expected to slow down given that benchmark Brent crude prices have plunged by 40 percent since mid-June 2014 owing to the U.S. shale fields, higher output from Libya and sluggish forecasts for oil consumption growth. The prognosis for 2015 seems to be that oil prices will remain at low-trending levels despite small but insignificant hikes from time-to-time.

Chairman's Statement

In view of the less than favorable prognosis for the year ahead, GMVB is committed to maintaining shareholder value and the performance of investee companies at an acceptable level, through stringent controls and strategic measures. GMVB will be consolidating the performance of significant underperforming companies whilst creating awareness amongst relevant authorities on mismatches between contract, loan repayment and life of vessel assets in an effort to improve performance and influence external factors for the benefit of the Group. This will be on the back of consolidation and enhancements to the operational performance of subsidiary, associate and joint venture companies to spur operational excellence and efficiency throughout the deliver, chain taking into consideration approved risk requirements.

GMVB will continue to aggressively identify and initiate new business opportunities in mandated areas and ensure quality of business partners in an effort to support the development of the country's maritime industry. Amidst these strategic initiatives, GMVB is also committed to enhancing corporate governance within the Group. Acknowledging the importance of our human capital, GMVB will focus on human capital development efforts to improve existing skills whilst introducing new maritime related operational skills.

GMVB is geared to face the next five years with a structured plan for the future comprising a five-year blue print taking into considerations the necessary navigations to counter negative forces and to ride on positive waves. We will actively and

meticulously identify and initiate new business opportunities, specifically in shipyard operations, maritime consultancy and maritime training, to ensure revenue generation. GMVB is also embarking on knowledge transfer efforts including provision of training berths on-board and smart partnerships with maritime institutes.

CORPORATE SOCIAL RESPONSIBILITY

GMVB is cognizant of our responsibilities to employees, our business partners, the communities, the environment and the industry. We have collaborated with the Malaysian Maritime Academy (ALAM) to sponsor 75 seafarers since 1998. GMVB recognises the need to consistently support the maritime industry with skilled and knowledgeable expertise to spur a robust industry. In our collaboration with ALAM, we are addressing the industry's need for qualified and skilled seafarers whilst expanding the sphere of career opportunities for young and aspiring Malaysians. As a responsible employer, GMVB is focused on providing development and learning opportunities to our employees in an effort to build a strong

Chairman's Statement

AS A RESPONSIBLE EMPLOYER, GMVB IS FOCUSED ON PROVIDING DEVELOPMENT AND LEARNING OPPORTUNITIES TO OUR EMPLOYEES IN AN EFFORT TO BUILD A STRONG TALENT POOL AND A RESILIENT LEADERSHIP PIPELINE.

talent pool and a resilient leadership pipeline. The Group has also organized several employee events and engagement initiatives to ensure a healthy corporate culture within the Group. GMVB is also involved in various charitable causes and has made contributions to the less fortunate and the needy in society.

ACKNOWLEDGEMENT

As GMVB broadens its horizon and reach into the global market, I would like to express my sincere gratitude to all parties that have assisted us and supported our business activities and operations through a bullish local and global economic landscape. My sincere appreciation goes out to the various government bodies, authorities, our shareholders, clients, business partners and financiers for their tireless support. I also record my utmost gratitude to the management and employees of GMVB for their loyalty, dedication and unwavering commitment to the progress and development of GMVB in a highly volatile market. I also would like to thank our ship managers, technical crews, professional management teams and operational teams for their dedication and commitment in carrying out their duties. To all our charters, joint venture partners, business associates and professional service providers, thank you for your support and invaluable contributions.

I also express my sincere appreciation to my fellow Board Members and the Audit and Risk Management Committee for their guidance and direction. Your collective efforts and counsel have tremendously contributed to the resilience of GMVB in rough waters. A special thanks goes to our former Directors, YBhg Datin Husniarti binti Tamin, Puan Eshah binti Meor Suleiman and Tn Hj Abdul Aziz bin Hj Ishak who retired on 1 September, 24 June and 29 September 2015 respectively. I would like to extend my sincere gratitude for their invaluable contributions over the years with the Group.

Last but not least, we express our utmost gratitude to you, our shareholders for your patience and for recognizing our potential in spite of tough conditions and challenges.

Let's power up our engines and move forward in full anticipation of success and excellence.

Directors' Responsibilities

1. OBJECTIVE

   The objective of the Board of Directors' ('Board') 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;

   (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;

   (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 fulfills 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 2014, the Board of Directors held fourteen (14) meetings. A record of the attendance of the Board Members is as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
YM Raja Datuk Zaharaton Raja Zainal Abidin (Chairman) (appointed on 24 June 2014)	6/7
Dato' Ir Abdul Rahim Abu Bakar	11/14
Taufiq Ahmad @ Ahmad Mustapha Ghazali	11/14
Rosli Abdullah (appointed on 1 August 2014)	6/6
Rashidah Mohd Sies (appointed on 17 November 2014)	2/2

Audit & Risk Management Committee

The Audit & Risk Management Committee ('ARMC') was established on 22 August 2014 by merging the Audit & Examination Committee and Risk Management Committee which consist of the following:-

(a) Taufiq Ahmad @ Ahmad Mustapha bin Ghazali (Chairman)

(b) YBhg. Dato' Ir Abdul Rahim bin Abu Bakar

(c) Haji Rosli bin Abdullah

1. OBJECTIVE

The objective of the ARMC shall be:-

(a) To review the financial condition of the Company and its subsidiaries, the internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action regularly; and

(b) 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 ARMC are as follows:

2.1 External Auditors

(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:-

(i) their audit plan;

(ii) their evaluation of the system of internal control;

(iii) their audit report;

(iv) their management letter and management's response, and

(v) the assistance given by the management and staff to the external auditors.

(c) Review the quarterly result and the year-end financial statement prior to their submission to the Board for its approval;

(d) For the review of the year-end financial statement presentation to ARMC will be conducted by the external auditor, focusing particularly on the following:-

(i) Any changes in or implementation of major accounting policy changes;

(ii) Adequacy of allowances against contingencies, bad and doubtful debts;

(iii) Significant and unusual events; and

(iv) Compliance with accounting standards and other legal requirements.

(e) Ensure that the accounts are prepared in a timely manner and the prompt publication of annual accounts;

(f) Discuss any problem and reservations arising from the interim and final audits, any matter the external auditors may wish to discuss (in the absence of management where necessary);

(g) Preparation of an ARMC report at the end of each financial year, which will be published in the Company's Annual Report as follows:-

(i) The composition of the ARMC, including name, designation and directorship of the members and whether the director is independent or otherwise;

(ii) The terms of reference of the ARMC;

(iii) The number of ARMC meetings held in the financial year and details of attendance of each member; and

(iv) A summary of the activities of the ARMC in the discharge of its functions and duties for the financial year.

Audit & Risk Management Committee

2.2 Internal Auditors

Carry out the following with regard to the internal audit function:-

(a) Review the adequacy of scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;

(b) Review and approve internal audit plan;

(c) Review audit reports and recommend action to be taken by Management on audit findings or recommendations;

(d) ARMC should satisfy itself that the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness;

(e) Review the effectiveness of internal control process and should ensure that the audit issues and concerns are appropriately and timely address; and

(f) In circumstances where the internal audit is not or not sufficiently proficient in specialised areas, external experts may be engaged to carry out the review. In such situation, ARMC should ensure that the terms and scope of the engagement, the working arrangement with the internal auditors and reporting requirements are clearly established.

2.3 Risk Management

(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 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.

2.4 Others

(a) Receive and consider reports relating to the perpetration and prevention of fraud;

(b) Review the Company's compliance with the related government's regulations;

(c) 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; and

(d) The ARMC shall update the Board on the issues and concerns discussed during their meetings including those raised by external auditors and where appropriate, make the necessary recommendation to the Board.

3. ARMC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2014, ARMC held two (2) meetings. A record of the attendance of ARMC Members is as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Taufiq Ahmad @ Ahmad Mustapha bin Ghazali (Chairman)	1/2
YBhg. Dato' Ir Abdul Rahim bin Abu Bakar	2/2
Haji Rosli bin Abdullah	2/2

Nominating & Remuneration Committee

The Nominating and Remuneration Committee ('NRC') was established on 22 August 2014 which consist of the following:-

(a) Dato' Ir Abdul Rahim Abu Bakar (Chairman)

(b) Taufiq Ahmad @ Ahmad Mustapha Ghazali

(c) Rashidah Mohd Sies

1. OBJECTIVE

The primary objective of the NRC is to provide a formal and transparent procedure on the following:-

(a) Recommendation/endorsement/adoption on the appointment/re-appointment/removal of Board of Directors ('Board'), Board Committee Members, Directors of Subsidiaries, Nominee Directors of joint venture companies and Key Senior Management Officers as well as;

(b) To assess the effectiveness of individual Directors, the Board as a whole and the various Committees of the Board; and

(c) Developing/evaluating/assessing a remuneration policy for Board, Board Committee Members, Nominee Directors and Key Senior Management Officers as well as ensuring that compensation is competitive and consistent with the Company's culture, objectives and strategies.

2. ROLES AND RESPONSIBILITIES

The roles and responsibilities of NRC are as follows:

(a) Establish minimum requirements for the Board to perform their responsibilities effectively;

(b) Oversee the overall composition of the Board and Board Committee Members in terms of the appropriate size and skills, the balance between Non-Executive and Independent Directors, and mix of skills and other core competencies required through annual reviews;

(c) Establish a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board, the contribution of the Board's various Committees;

(d) Recommend to the Board on the removal of Director if he/she is ineffective, errant or negligent in discharging his/her responsibilities for Board approval;

(e) Ensure that all Directors undergo appropriate induction programme and received continuous training in order to keep abreast with the latest developments in the industry;

(f) Evaluate the performance of the Chief Executive Officer ('CEO') before submission to the Board for its approval;

(g) Overseeing the management succession planning and performance evaluation of Key Senior Management Officers for Board's approval;

(h) Recommend to the Board the removal of Key Senior Management Officers if they are ineffective, errant and negligent in discharging their responsibilities;

(i) To consider any other matters as referred to the Committee by the Board;

(j) Recommend a framework of remuneration for Directors and Key Senior Management Officers. The remuneration policy should:-

(i) Be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;

(ii) Reflect the experience, responsibility and commitment in their work as Directors of all Boards and committees under the Group and Key Senior Management Officers;

(iii) Sufficient to attract and retain directors and Key Senior Management Officers of the appropriate calibre, experience and quality needed to manage the Group successfully;

(iv) Be balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages; and

(v) The framework should cover all aspects of remuneration including directors' fees, salaries, allowances and benefit-in-kind.

(k) Recommend specific remuneration packages for Directors and Key Senior Management Officers for Board's approval;

(l) Assess and approve specific remuneration packages of Key Senior Management Officers;

For clause (j) and (k) above, the remuneration packages should (where relevant):-

(i) Be competitive and is consistent with the Group's culture, objective and strategy.

(ii) Take due consideration of the assessments of NRC of the effectiveness and contribution of the Key Senior Management Officers.

(m) Assess and endorse the schemes, Terms of Services and new Terms for Executives and staff of the Group for Board approval;

(n) Recommend the quantum of bonus payment of the CEO based on the assessment of the NRC on the performance of CEO; and

(o) To consider any other matters as referred to the Committee by the Board.

3. NRC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2014, NRC held one (1) meeting. A record of the attendance of NRC Members is as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Dato' Ir Abdul Rahim Abu Bakar (Chairman)	1/1
Taufiq Ahmad @ Ahmad Mustapha Ghazali	1/1
Rashidah Mohd Sies	1/1

Investment Committee

The Investment Committee ('IC') was established on 22 August 2014 which consist of the following:-

(a) YM Raja Datuk Zaharaton Raja Zainal Abidin (Chairman)

(b) Rosli Abdullah

(c) Rashidah Mohd Sies

1. OBJECTIVE

To assist the Board in performing its duties and discharging its responsibilities in evaluating the Company's investment proposals which include and is not limited to investment, merger and acquisitions, new joint venture, divestments and large capital expenditure projects (collectively referred to as 'investment').

2. ROLES AND RESPONSIBILITIES

The roles and responsibilities of IC are as follows:

(a) To review/endorse/recommend appropriate investment proposals for the portfolio as per mandated given;

(b) To consider/endorse/recommend the new and additional investment activities as per mandated given;

(c) To review management's periodic reports on the portfolio's risk and performance profile;

(d) To review and consider appropriate responses/actions to be taken for breaches in limits (this includes internal and/or regulatory limits) and/or non-compliance with the approved terms and conditions provided the aggregate limits/exposures of the borrower/customer on group basis is within the IC's designated authority, beyond which, the proposal must be submitted to the Board for concurrence/modification/veto;

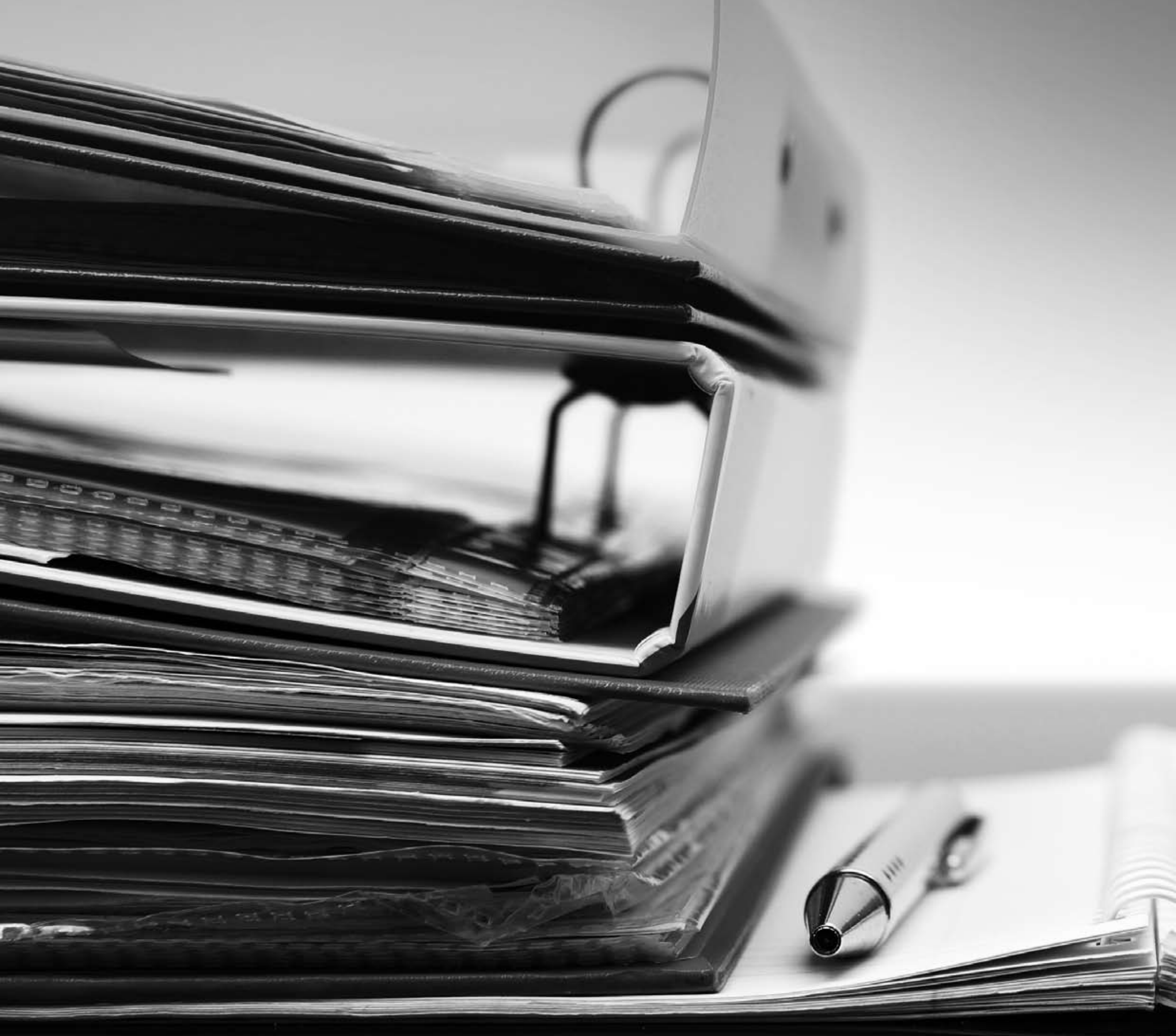
(e) To endorse/recommend all relevant and necessary documentations and agreements in relation to the investments and divestments activities;

(f) To ensure that the Board is updated on the key pertinent issues/risks in relation to the investment profile and proposal approved by IC, when deemed necessary; and

(g) To execute transactions and mandates as per authority granted by the Board.

3. IC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2014, IC has yet to convene its meeting.



Directors' Report and Audited Financial Statements

Directors' Report

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

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	(303,858)	(296,842)
Attributable to:		
Equity holders of the Company	(306,300)	(296,842)
Non-controlling interests	2,442	–
	(303,858)	(296,842)

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 2014.

The directors do not recommend any tax exempt dividend in respect of the financial year ended 31 December 2014.

Directors' Report (cont'd.)

DIRECTORS

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

Raja Datuk Zaharaton binti Raja Zainal Abidin (appointed w.e.f 24 June 2014)
Dato' Abdul Rahim bin Abu Bakar
Taufiq Ahmad @ Ahmad Mustapha bin Ghazali
Rosli bin Abdullah (appointed w.e.f 01 August 2014)
Rashidah binti Mohd Sies (appointed w.e.f 17 November 2014)
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias (retired w.e.f 23 June 2014)
Eshah binti Meor Suleiman (resigned w.e.f 24 June 2014)
Dato' Mohd Zafer bin Mohd Hashim (resigned w.e.f 25 July 2014)
Abdul Aziz bin Ishak (resigned w.e.f 29 September 2014)
Datin Husniarti binti Tamin (resigned w.e.f 01 September 2014)
Dato' Siti Zauyah binti Md Desa (resigned w.e.f 17 November 2014)

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 disclosed in Note 30 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 32 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 were no known bad debts 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 the amount of the allowance for doubtful debts inadequate to any substantial extent; and

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

Directors' Report (cont'd.)

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) Saved as disclosed in Note 2 to the financial statements, 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 other than as disclosed in Notes 14(a) and 15(c) to the financial statements;

(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; and

(iii) The Group and the Company incurred net losses of RM303,858,000 and RM296,842,000 respectively, and as at 31 December 2014, the Group's and the Company's current liabilities exceeded the current assets by RM49,237,000 and RM1,229,000 respectively. The Group and the Company rely on the holding company of the Company for the continuing financial support and have obtained an undertaking from the holding company to enable the Group and the Company to meet their obligations and liabilities when they fall due.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 5 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 27 March 2015.

Raja Datuk Zaharaton binti Raja Zainal Abidin

Dato' Abdul Rahim bin Abu Bakar

Statement by Directors

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

We, Raja Datuk Zaharaton binti Raja Zainal Abidin and Dato' Abdul Rahim bin Abu Bakar, 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 34 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2015.

Raja Datuk Zaharaton binti Raja Zainal Abidin

Dato' Abdul Rahim bin Abu Bakar

Statutory Declaration

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

I, Dato' Ahmad Sharifuddin bin Abdul Kadir, 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 34 to 127 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 Dato' Ahmad Sharifuddin bin Abdul Kadir
at Kuala Lumpur in Wilayah Persekutuan
on 27 March 2015

Dato' Ahmad Sharifuddin bin Abdul Kadir

Before me,

PESURUHJAYA SUMPAH
W.490
S. ARULSAMY
MALAYSIA

16 - Tingkat Bawah Jalan Pudu,
55100 Kuala Lumpur.

Independent Auditors' Report

to the members of Global Maritime Ventures Berhad (Incorporated in Malaysia)

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 2014 of the Group and of the Company, and the statements of profit or loss, 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 information, as set out on pages 34 to 127.

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 2014 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

o 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

Muhammad Affan bin Daud
No. 3063/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 March 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current assets					
Property, plant and equipment	4	527,692	1,149,045	252	88
Investments in subsidiaries	5	–	–	59,214	269,396
Investments in associates	6	2,845	2,602	300	75
Investments in joint ventures	7	56,791	72,481	–	–
Other investments	8	4,317	103	70	70
Pool working fund	9	2,098	1,965	–	–
Intangible assets	19	15,511	178,036	–	–
Deferred tax assets	20	703	15,857	–	–
Receivables, deposits and prepayments	10	–	–	336,271	390,642
		609,957	1,420,089	396,107	660,271
Current assets					
Investments in joint ventures	7	6,120	3,992	–	–
Receivables, deposits and prepayments	10	63,084	97,246	24,133	5,475
Inventories	11	482	2,144	–	–
Cash and bank balances	12	414,620	188,391	39,187	28,933
		484,306	291,773	63,320	34,408
Non-current asset held for sale	13	–	2,619	–	–
		484,306	294,392	63,320	34,408
Total assets		1,094,263	1,714,481	459,427	694,679
Current liabilities					
Loans and borrowings	14	438,318	177,546	–	–
Payables and accruals	15	95,225	73,098	64,549	2,959
		533,543	250,644	64,549	2,959
Net current (liabilities)/assets		(49,237)	43,748	(1,229)	31,449
Non-current liabilities					
Loans and borrowings	14	99	638,929	–	–
Deferred tax liabilities	20	–	1,754	–	–
		99	640,683	–	–
Total liabilities		533,642	891,327	64,549	2,959

Statements of Financial Position

As at 31 December 2014 (cont'd.)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 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	39,758	(14,032)	–	–
Retained earnings	18	212,738	519,038	94,878	391,720
		552,496	805,006	394,878	691,720
Non-controlling interests		8,125	18,148	–	–
Total equity		560,621	823,154	394,878	691,720
Total equity and liabilities		1,094,263	1,714,481	459,427	694,679

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

Statements of Profit or Loss

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	21	273,116	313,339	4,111	47,031
Cost of sales	22	(216,623)	(210,379)	–	–
Gross profit		56,493	102,960	4,111	47,031
Other items of income:					
Interest income	23	8,415	7,856	13,023	13,952
Other operating income	24	26,587	27,130	793	6
Other items of expenses:					
Administrative expenses		(21,190)	(21,646)	(4,588)	(2,936)
Other operating expenses	25	(304,103)	(153,196)	(301,488)	(173,433)
Finance costs	26	(43,469)	(49,015)	–	(2)
Employee benefit expenses	29	(15,816)	(19,873)	(2,958)	(2,353)
Directors' remuneration	30	(478)	(516)	(478)	(516)
Share of profit/(loss) of joint ventures and associates		11,876	(34,836)	–	–
Loss before taxation	27	(281,685)	(141,136)	(291,585)	(118,251)
Income tax expenses	31	(19,600)	(17,723)	(2,684)	(2,629)
Zakat		(2,573)	–	(2,573)	–
Loss for the year		(303,858)	(158,859)	(296,842)	(120,880)
(Loss)/profit for the year attributable to:					
Equity holders of the parent		(306,300)	(165,596)	(296,842)	(120,880)
Non-controlling interests		2,442	6,737	–	–
		(303,858)	(158,859)	(296,842)	(120,880)

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 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss for the year		(303,858)	(158,859)	(296,842)	(120,880)
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation reserve	17	53,790	43,530	–	–
Total comprehensive loss for the year		(250,068)	(115,329)	(296,842)	(120,880)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		(252,510)	(122,066)	(296,842)	(120,880)
Non-controlling interests		2,442	6,737	–	–
		(250,068)	(115,329)	(296,842)	(120,880)

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 2014

	Attributable to shareholders of the Company					
			I-- Non Distributable --I		Distributable	
Group	Equity, total RM'000	Equity attributable to equity holders of the parent, total RM'000	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Minority interests RM'000
2014						
At 1 January 2014	823,154	805,006	300,000	(14,032)	519,038	18,148
Total comprehensive (loss)/income	(250,068)	(252,510)	–	53,790	(306,300)	2,442
Disposal of a subsidiary	(12,283)	–	–	–	–	(12,283)
Dividends paid to non-controlling interests	(182)	–	–	–	–	(182)
At 31 December 2014	560,621	552,496	300,000	39,758	212,738	8,125
2013						
At 1 January 2013	935,010	927,072	300,000	(57,562)	684,634	7,938
Total comprehensive (loss)/income	(115,329)	(122,066)	–	43,530	(165,596)	6,737
Subscription of shares in a subsidiary by non-controlling interests	12,998	–	–	–	–	12,998
Dividends paid to non-controlling interests	(15,613)	–	–	–	–	(15,613)
Issuance of convertible redeemable preference shares	6,088	–	–	–	–	6,088
At 31 December 2013	823,154	805,006	300,000	(14,032)	519,038	18,148

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 2014

	Distributable		
	Share capital RM'000	Retained earnings RM'000	Total RM'000
Company			
2014			
At 1 January 2014	300,000	391,720	691,720
Total comprehensive loss	–	(296,842)	(296,842)
At 31 December 2014	300,000	94,878	394,878
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

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 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities				
Loss before tax	(281,685)	(141,136)	(291,585)	(118,251)
Adjustments for:				
Share of (profit)/loss of joint ventures and associates	(11,876)	34,836	–	–
Depreciation of property, plant and equipment	71,644	64,158	113	45
Impairment loss on investments in joint ventures	–	11,555	–	–
Impairment loss on investments in subsidiaries	–	–	4,869	–
Net impairment loss on fair value adjustments on loans to subsidiaries	–	–	11,266	–
Net impairment loss on investments in subsidiaries	–	–	165,743	165,599
Impairment loss on vessels	164,964	46,535	–	–
Impairment loss on goodwill	–	76,664	–	–
Amortisation of intangible assets	37,037	9,541	–	–
Loss/(gain) on disposal of vessels	4,402	(4,207)	–	–
Gain on disposal of property, plant and equipment	(569)	–	–	–
Property, plant and equipment written off	–	60	22	–
Interest expense	43,469	49,015	–	2
Interest income	(8,415)	(7,856)	(13,023)	(13,952)
Dividend income	(89)	–	(4,111)	(47,031)
Allowance of doubtful debts	30,997	6,093	60,310	7,278
Gain on bargain purchase	–	(11,972)	–	–
Gain on disposal of other investments	–	(3,089)	–	–
Unrealised loss/(gain) on foreign exchange	7,403	(2,300)	–	–
Inventories written off	707	–	–	–
Gain on disposal of a subsidiary	(21,547)	–	–	–
Operating profit/(loss) before changes in working capital	36,442	127,897	(66,396)	(6,310)
Changes in working capital:				
Inventories	955	387	–	–
Receivables, deposits and prepayment	21,757	138,856	(14,898)	(154,812)
Payables and accruals	35,966	(73,343)	63,414	(18,927)
Pool working fund	(133)	481	–	–
Cash generated from/(used in) operations	94,987	194,278	(17,880)	(180,049)
Interest received	8,415	7,856	11,414	10,469
Tax refunded	1,394	1,553	–	–
Tax paid	(5,730)	(4,425)	(3,867)	(1,271)
Interest expense	(43,469)	(49,015)	–	(2)
Net cash generated from/(used in) operating activities	55,597	150,247	(10,333)	(170,853)

Statements of Cash Flows

For the financial year ended 31 December 2014 (cont'd.)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipments	(64,345)	(266,692)	(299)	(44)
Net cash outflow on acquisition of subsidiaries	–	(244,602)	–	–
Purchase of redeemable preference shares in joint ventures	(1,383)	(8,206)	–	–
Purchase of redeemable preference shares in subsidiaries	–	–	–	(211,136)
Purchase of ordinary shares in an associate	(225)	–	(225)	–
Purchase of other investments	(4,214)	–	–	–
Proceeds from redemption of redeemable preference shares in subsidiaries	–	–	17,000	–
Proceeds from disposal of property, plant and equipment	2,694	94,183	–	–
Proceeds from disposal of vessels	24,127	7,609	–	–
Proceeds from disposal of non-current asset held for sale	2,619	–	–	–
Proceeds from disposal of other investments	–	52,111	–	37,300
Proceeds from issuance of convertible redeemable preference shares	–	6,088	–	–
Proceeds from disposal of joint ventures	–	101,619	–	–
Cash inflow on disposal of a subsidiary	257,464	–	–	–
Dividend received	889	–	4,111	47,031
Advances to joint ventures	(670)	(10,232)	–	–
Net cash generated from/(used in) investing activities	216,956	(268,122)	20,587	(126,849)
Cash flows used in financing activity				
Repayment of loans and borrowings, representing net cash used in financing activity	(65,192)	(61,216)	–	–
Net increase/(decrease) in cash and cash equivalents	207,361	(179,091)	10,254	(297,702)
Effect of exchange rate fluctuations on cash held	20,178	(12,462)	–	–
Cash and cash equivalents at beginning of financial year	180,628	372,181	28,933	326,635
Cash and cash equivalents at end of financial year	408,167	180,628	39,187	28,933

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

Notes to the Financial Statements

– 31 December 2014

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 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.

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.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standard ("IFRSs") and the requirements of 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 for certain financial instruments that have been measured at their fair values.

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

The Group and the Company incurred net losses of RM303,858,000 (2013: RM158,859,000) and RM296,842,000 (2013: RM120,880,000) respectively, and as at 31 December 2014, the Group's and the Company's current liabilities exceeded the current assets by RM49,237,000 (2013: Net current assets of RM43,748,000) and RM1,229,000 (2013: Net current assets of RM31,449,000) respectively. The Group and the Company rely on the holding company of the Company for the continuing financial support and have obtained an undertaking from the holding company to enable the Group and the Company to meet their obligations and liabilities as and when they fall due.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in Accounting Policies

On 1 January 2014, 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 2014.

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

Description	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
IC Interpretation 21 Levies	1 January 2014

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

(a) Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group and the Company, since none of the entities in the Group and the Company have any offsetting arrangements.

(b) Amendments to MFRS 10, 12 and 127 : Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

(c) Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

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

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

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.

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

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

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

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

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

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

(ii) Rights arising from other contractual arrangements; and

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combination and goodwill

Business combinations 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Notes to the Financial Statements
31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

Business combination and goodwill (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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.

2.6 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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.6 Investments in associates and joint ventures (cont'd.)

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

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

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.7 Foreign currencies

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

The functional currency of the Company is RM and that of certain subsidiaries is United States Dollar ("USD"). The financial statements are presented in RM, which is the presentation currency.

(i) Transactions and balances

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

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Notes to the Financial Statements

31 December 2014 (cont'd.)

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. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Subsequent to recognition, vessels and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.9 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

– Disclosure for significant assumptions	Note 3
– Property, plant and equipment	Note 2.8
– Intangible assets and goodwill	Note 2.20

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;

- Loans and receivables;

- Held-to-maturity investments; and

- Available-for-sale financial investments.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.11 Financial assets (cont'd.)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. The Group has designated financial assets at fair value through profit or loss which has been disclosed in Note 8 to the financial statements. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. The Group and the Company did not have any embedded derivatives during the years ended 31 December 2014 and 2013.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2014 and 2013.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.11 Financial assets (cont'd.)

(iv) Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group and the Company evaluate whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group or the Company is unable to trade these financial assets due to inactive markets, the Group or the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss. The Group and the Company did not have any AFS financial investments during the years ended 31 December 2014 and 2013.

Derecognition

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

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

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

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

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.12 Impairment of financial assets

The Group and the Company assess, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group or the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

AFS financial investments

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group or the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

For AFS financial investments, the Group and the Company assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.12 Impairment of financial assets (cont'd.)

AFS financial investments (cont'd.)

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of 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, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables as well as accrued expenses.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.14 Financial liabilities (cont'd.)

Other financial liabilities

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of 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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

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.

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

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

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.17 Income taxes (cont'd.)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

– When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

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").

Notes to the Financial Statements

31 December 2014 (cont'd.)

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 off 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.

Notes to the Financial Statements
31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.21 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(ii) As lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.22 Revenue recognition (cont'd.)

(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.

(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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.25 Current versus non-current classification

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

(i) expected to be realised or intended to sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

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

2.26 Offsetting of financial instruments

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

Notes to the Financial Statements

31 December 2014 (cont'd.)

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. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The impairment review comprises a comparison of the carrying amount of the assets and the assets' fair value less cost of disposal amount.

The fair value of the assets is determined by an independent professional valuer. The valuer has utilised market approach in valuing the assets.

(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.

4. PROPERTY, PLANT AND EQUIPMENT

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 2014										
Cost										
At 1 January 2014	1,193	1,805	1,427,289	21,185	18,923	3,555	470	1,610	663	1,476,693
Additions	–	40	–	38,353	23,654	154	1,046	168	930	64,345
Disposal of a subsidiary	–	–	(622,991)	(8,058)	(9,913)	(1,808)	(209)	–	(358)	(643,337)
Disposal	–	–	(46,299)	(5,433)	(114)	–	–	–	–	(51,846)
Reclassification	–	–	1,011	18,209	(19,220)	–	–	–	–	–
Effect of movements in exchange rates	–	–	42,623	2,958	1,057	–	–	–	–	46,638
At 31 December 2014	1,193	1,845	801,633	67,214	14,387	1,901	1,307	1,778	1,235	892,493

4. PROPERTY, PLANT AND EQUIPMENT (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
Accumulated depreciation										
At 1 January 2014	481	244	269,626	6,129	–	2,434	374	1,423	402	281,113
Depreciation for the year	63	36	58,055	12,005	–	204	607	129	545	71,644
Disposal of a subsidiary	–	–	(184,976)	(4,727)	–	(1,048)	(94)	–	(50)	(190,895)
Disposal	–	–	(17,770)	(3,422)	–	–	–	–	–	(21,192)
Effect of movements in exchange rates	–	–	11,423	1,209	–	–	–	–	–	12,632
At 31 December 2014	544	280	136,358	11,194	–	1,590	887	1,552	897	153,302
Accumulated impairment losses										
At 1 January 2014	–	–	46,535	–	–	–	–	–	–	46,535
Charge for the financial year	–	–	164,964	–	–	–	–	–	–	164,964
At 31 December 2014	–	–	211,499	–	–	–	–	–	–	211,499
Net carrying amounts	649	1,565	453,776	56,020	14,387	311	420	226	338	527,692

4. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

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

4. PROPERTY, PLANT AND EQUIPMENT (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
Accumulated depreciation										
At 1 January 2013	–	–	671	–	–	180	297	118	254	1,520
Depreciation for the year	63	36	57,731	5,737	–	427	18	109	37	64,158
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	–	–	17,408	–	–	–	–	–	–	17,408
At 31 December 2013	481	244	269,626	6,129	–	2,434	374	1,423	402	281,113
Accumulated impairment losses										
At 1 January 2013	–	–	–	–	–	–	–	–	–	–
Charge for the financial year	–	–	46,535	–	–	–	–	–	–	46,535
At 31 December 2013	–	–	46,535	–	–	–	–	–	–	46,535
Net carrying amounts	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 2014 (cont'd.)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company	Furniture, fittings and office equipment RM'000	Office renovation RM'000	Motor vehicle RM'000	Computer RM'000	Total RM'000
At 31 December 2014					
Cost					
At 1 January 2014	220	297	155	308	980
Additions	–	97	168	34	299
Write off	(29)	–	–	–	(29)
At 31 December 2014	191	394	323	342	1,250
Accumulated depreciation					
At 1 January 2014	195	296	133	268	892
Depreciation for the year	–	14	60	39	113
Write off	(7)	–	–	–	(7)
At 31 December 2014	188	310	193	307	998
Net carrying amounts	3	84	130	35	252

Company	Furniture, fittings and office equipment RM'000	Office renovation RM'000	Motor vehicle RM'000	Computer RM'000	Total 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 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 2014 (cont'd.)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

4.1 Security

As at 31 December 2014, all vessels and leasehold land of the Group have been pledged as security for borrowings granted to a subsidiary (Note 14).

4.2 Assets under hire purchase arrangements

Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase arrangements with a carrying amount of RM97,000 (2013: RM142,000).

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	25,169	20,300
Less: Accumulated impairment losses	(20,969)	(16,100)
	4,200	4,200
Investments in redeemable convertible preference shares and redeemable preference shares	476,875	498,744
Less: Accumulated impairment losses	(438,705)	(272,962)
	38,170	225,782
Fair value adjustments on loans to subsidiaries	39,414	39,414
Less: Accumulated impairment losses	(22,570)	–
	59,214	269,396

(a) Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective interest (%) 2014	2013
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

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. INVESTMENTS IN SUBSIDIARIES (cont'd.)

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

Name	Country of incorporation	Principal activities	Effective interest (%) 2014	2013
Held by the Company (cont'd.)				
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	Dormant	70	70
Tiara Navigation Sdn Bhd^*	Malaysia	Dormant	70	70
Held by Glory Incentive Sdn Bhd				
Permata Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Gemala Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Ratna Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Kencana Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Ayu Navigation Sdn Bhd^	Malaysia	Dormant	70	70
Held by GMV-Bahtera Sdn Bhd ("GMV-Bahtera")				
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	100
Held by GMV-Orkim Sdn Bhd				
Orkim Sdn Bhd ("Orkim")	Malaysia	Ship-owning	–	91
Held by Syarikat Borcos Shipping Sdn Bhd				
Wijaya Navigation Sdn Bhd#"	Malaysia	Dormant	100	100
Borcos Tasneem Offshore Ltd#	Malaysia	Vessel chartering	100	100
Borcos Firdaus Marine Offshore Ltd#	Malaysia	Vessel chartering	100	100
Borcos SSV Marine Offshore Ltd#	Malaysia	Vessel chartering	100	100
Borcos Franklin Offshore Mooring Sdn Bhd ("BFOMSB")#"	Malaysia	Dormant	51	51
Cendana Lagenda Sdn Bhd#	Malaysia	Vessel chartering	100	100
P.T. Borcos Nusantarajaya#"	Malaysia	Vessel chartering	100	100

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. INVESTMENTS IN SUBSIDIARIES (cont'd.)

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

Name	Country of incorporation	Principal activities	Effective interest (%) 2014	2013
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

* Represents companies under liquidation

“ The financial statements of these subsidiaries have not been audited. The Group has consolidated these subsidiaries using its management accounts.

5. INVESTMENTS IN SUBSIDIARIES (cont'd.)

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

(i) Summarised statement of financial position

	BFOMSB		Wawasan Group		Orkim Group		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non current assets	–	–	–	–	–	416,067	–	416,067
Current assets	829	809	26,077	30,750	–	58,823	26,906	90,382
Total assets	829	809	26,077	30,750	–	474,890	26,906	506,449
Non current liabilities	–	–	–	–	–	286,152	–	286,152
Current liabilities	25	25	306	5,236	–	72,935	331	78,196
Total liabilities	25	25	306	5,236	–	359,087	331	364,348
Net assets	804	784	25,771	25,514	–	115,803	26,575	142,101
Equity attributable to the owners of the Company	410	400	18,040	17,860	–	105,693	18,450	123,953
Carrying value of non-controlling interests	394	384	7,731	7,654	–	10,110	8,125	18,148

5. INVESTMENTS IN SUBSIDIARIES (cont'd.)

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

(ii) Summarised statement of comprehensive income

	BFOMSB		Wawasan Group		Orkim Group		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	–	–	–	16,498	143,494	136,392	143,494	152,890
Cost of sales	–	–	–	(9,324)	(88,298)	(80,135)	(88,298)	(89,459)
Other income	–	–	33	152	1,266	14,437	1,299	14,589
Administrative expenses	(20)	(43)	(814)	1,808	(9,371)	(8,704)	(10,185)	(6,896)
Finance costs	–	–	(3)	(263)	(16,080)	(16,302)	(16,083)	(16,565)
(Loss)/profit before tax	(20)	(43)	(784)	8,871	31,011	45,688	30,227	54,559
Income tax	–	–	–	–	(192)	(398)	–	(398)
(Loss)/profit for the year	(20)	(43)	(784)	8,871	30,819	45,290	30,227	54,161
(Loss)/profit for the financial representing total comprehensive (loss)/ income for the year	(20)	(43)	(784)	8,871	30,819	45,290	30,015	54,161
Total comprehensive (loss)/income attributable to the owners of the Company	(10)	(22)	(549)	6,210	28,132	41,214	27,573	47,424
Total comprehensive (loss)/ income attributable to the non-controlling interests	(10)	(21)	(235)	2,661	2,687	4,076	2,442	6,737
	(20)	(43)	(784)	8,871	30,819	45,290	30,015	54,161
Dividends paid to non-controlling interest	–	–	(182)	(15,613)	–	–	(182)	(15,613)

5. INVESTMENTS IN SUBSIDIARIES (cont'd.)

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

(iii) Summarised statement of cash flows

	BFOMSB		Wawasan Group		Orkim Group		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net cash (used in)/generated from operating activities	–	–	(31)	24,588	–	66,863	(31)	91,451
Net cash generated from/ (used in) investing activities	–	–	33	100,914	–	(17,133)	33	83,781
Net cash used in financing activities	–	–	–	(91,017)	–	(23,562)	–	(114,579)
Net increase in cash and cash equivalents	–	–	2	34,485	–	26,168	2	60,653
Effects of foreign exchange rate changes	–	–	–	(34,485)	–	–	–	(34,485)
Cash and cash equivalents at beginning of financial year	–	–	2	2	–	21,116	2	21,118
Cash and cash equivalents at the end of the financial year	–	–	4	2	–	47,284	4	47,286

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. INVESTMENT 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.

In previous financial year, 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 previous 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 in previous financial year were as follows:

	Fair value recognised on acquisition RM'000
Assets	
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
Liabilities	
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

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. INVESTMENT 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.

In previous financial year, 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 2014. Had the acquisition date taken effect at the beginning of the previous 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. In previous financial year, the fair value of Orkim Sdn Bhd's identifiable assets and liabilities were determined provisionally pending the completion of purchase price allocation ("PPA") on Orkim Sdn Bhd's identifiable assets, liabilities and contingent liabilities. Orkim Sdn Bhd's business combination has been accounted for using these provisional values in previous financial year. The Group has recognised adjustments to these provisional values upon the completion of the PPA exercise during the financial year.

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. INVESTMENT IN SUBSIDIARIES (cont'd.)

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

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

Details of net assets acquired and provisional intangible assets arising from the acquisition in previous financial year were as follows:

	Fair value recognised on acquisition RM'000
Assets	
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
Liabilities	
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 2014 (cont'd.)

5. INVESTMENT IN SUBSIDIARIES (cont'd.)

(d) Internal restructuring exercise

On 30 September 2014, pursuant to the internal restructuring exercise, GMV-Bahtera's entire shareholdings in Magna Meridian Sdn Bhd ("MMSB") and Matlamat Emas Sdn Bhd ("MESB") were transferred to Orkim Sdn Bhd ("Orkim") via share swap. The consideration for this exercise was satisfied by the issuance of 1,215,218 ordinary shares in Orkim to GMV-Bahtera.

(e) Disposal of subsidiaries

On 18 December 2014, the Group disposed its entire interest in Orkim representing 91.28% of the issued and paid-up share capital of Orkim to Ekuiti National Berhad for a total cash consideration of RM298,981,981.

Details of the disposal of subsidiaries as at date of disposal were as follows:

	MMSB RM'000	MESB RM'000	Orkim RM'000	Total RM'000
Assets				
Property, plant and equipment	21,670	21,763	409,009	452,442
Goodwill (Note 19)	–	–	518	518
Cash and cash equivalents	2,905	918	37,695	41,518
Trade and other receivables	1,162	1,441	18,216	20,819
Inventories	–	–	707	707
Tax recoverable	433	715	48	1,196
	26,170	24,837	466,193	517,200
Liabilities				
Borrowings	(14,857)	(14,857)	(286,405)	(316,119)
Trade and other payables	(4,571)	(2,805)	(24,889)	(32,265)
Deferred tax liabilities	(1,031)	(1,037)	314	(1,754)
Provision for taxation	–	–	(32)	(32)
	(20,459)	(18,699)	(311,012)	(350,170)
Net assets	5,711	6,138	155,181	167,030

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. INVESTMENT IN SUBSIDIARIES (cont'd.)

(e) Disposal of subsidiaries (cont'd.)

	At the date of disposal RM'000
Net identifiable assets disposed @ 91.28%	152,465
Goodwill recognised upon acquisition (Note 19)	82,149
Intangible assets recognised upon acquisition (Note 19)	52,870
Amortisation of intangible assets	(10,049)
Proceed from disposal	(298,982)
Gain on disposal	(21,547)

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

Total cash consideration received from the disposal of subsidiaries	298,982
Cash and bank balances of Orkim	(41,518)
Cash inflow to the Group on disposal	257,464

(f) Disposal of investments in redeemable convertible cumulative preference shares ("RCCPS") and redeemable cumulative preference shares ("RCPS")

In the previous financial year:

(i) A subsidiary, GMV-Omni Sdn Bhd disposed its existing 11,722,022 units of 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 RCPS for a total cash consideration of RM37,299,600 to Efogen Sdn Bhd.

Notes to the Financial Statements

31 December 2014 (cont'd.)

6. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	643	418	300	75
Share of post of acquisition reserve	2,545	2,527	–	–
Less: Accummulated impairment losses	(343)	(343)	–	–
	2,845	2,602	300	75

Details of the Group's and the Company's associates are as follows:

Name	Country of incorporation	Principal activities	Effective interest (%) 2014	Effective interest (%) 2013	Note
Wawasan Bulk Services Sdn Bhd	Malaysia	Ship management	30%	30%	
Syarikat Borcos Shipping Sdn Berhad#	Malaysia	Ship-owning	–	–	i
Orkim Sdn Bhd	Malaysia	Ship-owning	–	–	ii
Held by Syarikat Borcos Shipping Sdn Bhd					
Berkat Perkapalan Sdn Bhd#	Malaysia	Dormant	49%	49%	

Audited by a firm other than Ernst & Young

In the previous 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.

Notes to the Financial Statements
31 December 2014 (cont'd.)

6. INVESTMENTS IN ASSOCIATES (cont'd.)

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

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

(a) Summarised statement of financial position

	2014 RM'000	2013 RM'000
Assets:		
Non-current assets	470	424
Cash and cash equivalents	29,949	32,408
Other current assets	4,228	5,195
Total current assets	34,177	37,603
Total assets	34,647	38,027
Liabilities:		
Non-current liabilities	31	30
Current liabilities (excluding trade and other payables and provisions)	24,146	27,193
Trade and other payables and provisions	988	2,133
Total current liabilities	25,134	29,326
Total liabilities	25,165	29,356
Net assets	9,482	8,671

Notes to the Financial Statements

31 December 2014 (cont'd.)

6. INVESTMENTS IN ASSOCIATES (cont'd.)

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

(b) Summarised statement of comprehensive income

	2014 RM'000	2013 RM'000
Revenue, representing gross profit	3,677	17,759
Other income	13,192	116
Administrative expenses	(15,871)	(17,235)
Operating expenses	–	(34)
Profit from operations, representing profit before taxation	998	606
Taxation	(187)	169
Loss for the year	811	775
Other comprehensive income	–	313
Total comprehensive loss	811	1,088

(c) Reconciliation of the summarised financial information

	2014 RM'000	2013 RM'000
Net assets at 1 January	8,672	7,584
Profit for the year	811	775
Other comprehensive income	–	313
Net assets at 31 December	9,483	8,672
Interests in joint ventures	30%	30%
Carrying value of Group's interest in joint ventures	2,845	2,602

Notes to the Financial Statements

31 December 2014 (cont'd.)

7. INVESTMENTS IN JOINT VENTURES

	Group	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	62,415	61,032
Share of post acquisition reserves	6,670	(4,406)
Less: Accumulated impairment losses	(20,071)	(20,071)
	49,014	36,555
Advances to joint ventures:		
– within 1 year	6,120	3,992
– 1 to 2 years	6,079	3,992
– 2 to 5 years	7,390	11,975
– more than 5 years	30,087	26,911
	49,676	46,870
Less: Accumulated allowances for doubtful debts	(35,779)	(6,952)
	62,911	76,473
Analysed as:		
Short term investment	6,120	3,992
Long term investment	56,791	72,481
	62,911	76,473

The advances to joint ventures bear an interest of 2.4% to 7% (2013: 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 2014 (cont'd.)

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 (%) 2014	2013
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
JM Global 1 (Labuan) Plc*	Malaysia	Ship-owning and freighting	–	–
JM Global 2 (Labuan) Plc*	Malaysia	Ship-owning and freighting	–	–
JM Global 3 (Labuan) Plc*	Malaysia	Ship-owning and freighting	–	–
JM Global 4 (Labuan) Plc*	Malaysia	Ship-owning and freighting	–	–

^ Collectively known as Alam Group.

Collectively known as Gagasan Group.

@ Collectively known as Global Group.

~ Known as Efogen Group.

* In the previous financial year, 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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

(a) Summarised statement of financial position

	2014 RM'000	2013 RM'000
Assets		
Non-current assets	307,204	414,311
Current assets	156,144	97,006
Total assets	463,348	511,317
Liabilities		
Non-current liabilities	245,050	229,925
Current liabilities	212,633	191,780
Total liabilities	457,683	421,705
Net assets	5,665	89,612

Details of the statements of financial position for each joint venture are disclosed in page 86 to page 89.

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Alam Eksplorasi Sdn Bhd		Alam Synergy I (L) Inc		Alam Synergy II (L) Inc		Alam Synergy III (L) Inc		Subtotal 1	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	1	1	26,631	28,310	27,271	29,203	71,711	75,510	125,614	133,024
Cash and cash equivalents	7,594	1,190	1,296	1,893	1,072	2,080	861	883	10,823	6,046
Other current assets	24,608	32,457	8,603	6,603	5,552	1,854	13,984	22,641	52,747	63,555
Total current assets	32,202	33,647	9,899	8,496	6,624	3,934	14,845	23,524	63,570	69,601
Total assets	32,203	33,648	36,530	36,806	33,895	33,137	86,556	99,034	189,184	202,625
Non-current liabilities	–	–	5,928	8,034	8,956	10,889	27,864	32,842	42,748	51,765
Current liabilities (excluding trade and other payables and provisions)	612	522	2,725	2,452	2,651	2,538	6,710	27,572	12,698	33,084
Trade and other payables and provisions	30,310	32,525	641	415	3,134	3,248	6,530	2,462	40,615	38,650
Total current liabilities	30,922	33,047	3,366	2,867	5,785	5,786	13,240	30,034	53,313	71,734
Total liabilities	30,922	33,047	9,294	10,901	14,741	16,675	41,104	62,876	96,061	123,499
Net assets	1,281	601	27,236	25,905	19,154	16,462	45,452	36,158	93,123	79,126

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Formasi Cekal Sdn Bhd		Gagasan Paha Sdn Bhd		Gagasan Ked Sdn Bhd		Baycorp Ship Management Sdn Bhd		Subtotal 2	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	34,051	37,806	20,984	24,656	21,311	24,656	357	328	76,703	87,446
Cash and cash equivalents	633	633	488	886	553	675	–	9	1,674	2,203
Other current assets	32,137	2,001	11,320	1,024	13,478	131	13,343	10,344	70,278	13,500
Total current assets	32,770	2,634	11,808	1,910	14,031	806	13,343	10,353	71,952	15,703
Total assets	66,821	40,440	32,792	26,566	35,342	25,462	13,700	10,681	148,655	103,149
Non-current liabilities	55,813	36,600	26,531	23,438	28,518	25,673	80	79	110,942	85,790
Current liabilities (excluding trade and other payables and provisions)	34,122	27,025	20,194	15,769	13,852	5,804	12,754	10,486	80,922	59,084
Trade and other payables and provisions	14,305	6,235	5,590	3,928	4,374	2,663	1,329	557	25,598	13,383
Total current liabilities	48,427	33,260	25,784	19,697	18,226	8,467	14,083	11,043	106,520	72,467
Total liabilities	104,240	69,860	52,315	43,135	46,744	34,140	14,163	11,122	217,462	158,257
Net (liabilities)/assets	(37,419)	(29,420)	(19,523)	(16,569)	(11,402)	(8,678)	(463)	(441)	(68,807)	(55,108)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Global Bmesra Sdn Bhd		Global Bmesra Dua Sdn Bhd		Global Blkhlas Sdn Bhd		Sea Weasel Ltd		Subtotal 3	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	15,925	37,535	15,925	39,565	18,375	62,015	54,662	54,726	104,887	193,841
Cash and cash equivalents	1,646	1,904	1,935	910	2,376	24	29	708	5,986	3,546
Other current assets	5,253	614	5,463	320	2,553	1,313	1,367	5,909	14,636	8,156
Total current assets	6,899	2,518	7,398	1,230	4,929	1,337	1,396	6,617	20,622	11,702
Total assets	22,824	40,053	23,323	40,795	23,304	63,352	56,058	61,343	125,509	205,543
Non-current liabilities	16,579	16,579	16,579	17,149	29,724	25,906	28,478	32,736	91,360	92,370
Current liabilities (excluding trade and other payables and provisions)	5,068	8,907	11,071	5,743	13,903	18,891	–	–	30,042	33,541
Trade and other payables and provisions	11,711	3,296	5,952	2,554	1,524	4,822	3,571	3,366	22,758	14,038
Total current liabilities	16,779	12,203	17,023	8,297	15,427	23,713	3,571	3,366	52,800	47,579
Total liabilities	33,358	28,782	33,602	25,446	45,151	49,619	32,049	36,102	144,160	139,949
Net (liabilities)/assets	(10,534)	11,271	(10,279)	15,349	(21,847)	13,733	24,009	25,241	(18,651)	65,594

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Subtotal 1		Subtotal 2		Subtotal 3		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	125,614	133,024	76,703	87,446	104,887	193,841	307,204	414,311
Cash and cash equivalents	10,823	6,046	1,674	2,203	5,986	3,546	18,483	11,795
Other current assets	52,747	63,555	70,278	13,500	14,636	8,156	137,661	85,211
Total current assets	63,570	69,601	71,952	15,703	20,622	11,702	156,144	97,006
Total assets	189,184	202,625	148,655	103,149	125,509	205,543	463,348	511,317
Non-current liabilities	42,748	51,765	110,942	85,790	91,360	92,370	245,050	229,925
Current liabilities (excluding trade and other and provisions)	12,698	33,084	80,922	59,084	30,042	33,541	123,662	125,709
Trade and other payables and provision	40,615	38,650	25,598	13,383	22,758	14,038	88,971	66,071
Total current liabilities	53,313	71,734	106,520	72,467	52,800	47,579	212,633	191,780
Total liabilities	96,061	123,499	217,462	158,257	144,160	139,949	457,683	421,705
Net assets/(liabilities)	93,123	79,126	(68,807)	(55,108)	(18,651)	65,594	5,665	89,612

Notes to the Financial Statements

31 December 2014 (cont'd.)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

(b) Summarised statement of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	139,876	116,355
Cost of sales	(89,740)	(130,275)
Gross profit/(loss)	50,136	(13,920)
Other income	2,688	829
Administrative expenses	(87,027)	(13,845)
Operating expenses	(34,114)	(32,229)
Loss from operations	(68,317)	(59,165)
Finance costs	(15,467)	(14,967)
Loss before taxation	(83,784)	(74,132)
Taxation	(163)	2,108
Loss for the year	(83,947)	(72,024)

Details of the statements of comprehensive income for each joint venture are disclosed in page 91 to page 94.

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Alam Eksplorasi Sdn Bhd		Alam Synergy I (L) Inc		Alam Synergy II (L) Inc		Alam Synergy III (L) Inc		Subtotal 1	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	42,061	39,391	5,288	7,897	7,224	4,907	19,712	18,975	74,285	71,170
Cost of sales	(41,125)	(39,919)	(3,181)	(3,176)	(3,204)	(3,276)	(7,628)	(6,442)	(55,138)	(52,813)
Gross profit	936	(528)	2,107	4,721	4,020	1,631	12,084	12,533	19,147	18,357
Other income	25	30	30	44	30	297	10	283	95	654
Administrative expenses	–	(84)	–	–	–	–	–	–	–	(84)
Operating expenses	(224)	–	(490)	(711)	(913)	(718)	(1,596)	(2,202)	(3,223)	(3,631)
Profit/(loss) from operation	737	(582)	1,647	4,054	3,137	1,210	10,498	10,614	16,019	15,296
Finance costs	–	–	(296)	(394)	(425)	(483)	(1,184)	(1,172)	(1,905)	(2,049)
Profit/(loss) before taxation	737	(582)	1,351	3,660	2,712	727	9,314	9,442	14,114	13,247
Taxation	(57)	(8)	(20)	(20)	(20)	(20)	(20)	(20)	(117)	(68)
Profit/(loss) for the year	680	(590)	1,331	3,640	2,692	707	9,294	9,422	13,997	13,179

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Formasi Cekal Sdn Bhd		Gagasan Paha Sdn Bhd		Gagasan Ked Sdn Bhd		Baycorp Ship Management Sdn Bhd		Subtotal 2	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	5,741	10,109	10,173	2,817	5,400	7,404	1,995	2,185	23,309	22,515
Cost of sales	(9,003)	(34,769)	(12,123)	(19,136)	(7,029)	(16,422)	(727)	(7)	(28,882)	(70,334)
Gross (loss)/profit	(3,262)	(24,660)	(1,950)	(16,319)	(1,629)	(9,018)	1,268	2,178	(5,573)	(47,819)
Other income	106	–	16	108	311	–	–	2	433	110
Administrative expenses	(423)	(185)	(151)	(259)	(447)	(177)	(369)	(2,203)	(1,390)	(2,824)
Operating expenses	–	(314)	–	(2,028)	–	(1,925)	(891)	–	(891)	(4,267)
(Loss)/profit from operations	(3,579)	(25,159)	(2,085)	(18,498)	(1,765)	(11,120)	8	(23)	(7,421)	(54,800)
Finance costs	(4,420)	(4,080)	(869)	(854)	(959)	(876)	(4)	(2)	(6,252)	(5,812)
(Loss)/profit before taxation	(7,999)	(29,239)	(2,954)	(19,352)	(2,724)	(11,996)	4	(25)	(13,673)	(60,612)
Taxation	–	–	–	–	–	–	(26)	–	(26)	–
Loss for the year	(7,999)	(29,239)	(2,954)	(19,352)	(2,724)	(11,996)	(22)	(25)	(13,699)	(60,612)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Global Bmesra Sdn Bhd		Global Bmesra Dua Sdn Bhd		Global Blkhlas Sdn Bhd		Sea Weasel Ltd		Subtotal 3	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	11,520	5,789	10,337	7,979	15,384	1,780	5,041	7,122	42,282	22,670
Cost of sales	(348)	(1,650)	(339)	(1,695)	(575)	(1,486)	(4,458)	(2,297)	(5,720)	(7,128)
Gross profit	11,172	4,139	9,998	6,284	14,809	294	583	4,825	36,562	15,542
Other income	441	34	441	–	1,278	31	–	–	2,160	65
Administrative expenses	(23,003)	(3,068)	(24,665)	(2,980)	(37,851)	(2,839)	(118)	(2,050)	(85,637)	(10,937)
Operating expenses	(8,896)	(10,124)	(9,935)	(9,361)	(11,169)	(4,762)	–	(84)	(30,000)	(24,331)
(Loss)/profit from operations	(20,286)	(9,019)	(24,161)	(6,057)	(32,933)	(7,276)	465	2,691	(76,915)	(19,661)
Finance costs	(1,519)	(1,459)	(1,467)	(1,535)	(2,647)	(2,143)	(1,677)	(1,969)	(7,310)	(7,106)
(Loss)/profit before taxation	(21,805)	(10,478)	(25,628)	(7,592)	(35,580)	(9,419)	(1,212)	722	(84,225)	(26,767)
Taxation	–	225	–	411	–	1,560	(20)	(20)	(20)	2,176
Loss for the year	(21,805)	(10,253)	(25,628)	(7,181)	(35,580)	(7,859)	(1,232)	702	(84,245)	(24,591)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Subtotal 1		Subtotal 2		Subtotal 3		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	74,285	71,170	23,309	22,515	42,282	22,670	139,876	116,355
Cost of sales	(55,138)	(52,813)	(28,882)	(70,334)	(5,720)	(7,128)	(89,740)	(130,275)
Gross profit/(loss)	19,147	18,357	(5,573)	(47,819)	36,562	15,542	50,136	(13,920)
Other income	95	654	433	110	2,160	65	2,688	829
Administrative expenses	–	(84)	(1,390)	(2,824)	(85,637)	(10,937)	(87,027)	(13,845)
Operating expenses	(3,223)	(3,631)	(891)	(4,267)	(30,000)	(24,331)	(34,114)	(32,229)
Profit/(loss) from operations	16,019	15,296	(7,421)	(54,800)	(76,915)	(19,661)	(68,317)	(59,165)
Finance costs	(1,905)	(2,049)	(6,252)	(5,812)	(7,310)	(7,106)	(15,467)	(14,967)
Profit/(loss) before taxation	14,114	13,247	(13,673)	(60,612)	(84,225)	(26,767)	(83,784)	(74,132)
Taxation	(117)	(68)	(26)	–	(20)	2,176	(163)	2,108
Profit/(loss) for the year	13,997	13,179	(13,699)	(60,612)	(84,245)	(24,591)	(83,947)	(72,024)

Notes to the Financial Statements

31 December 2014 (cont'd.)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

(c) Reconciliation of the summarised financial information

	2014 RM'000	2013 RM'000
Net assets at 1 January	89,612	157,156
Loss for the year	(83,947)	(72,024)
Dividend paid	–	(2,000)
Issuance of share capital	–	6,480
Net assets at 31 December	5,665	89,612
Interests in joint ventures	(11,262)	(52,913)
Carrying value of Group's interest in joint ventures	(5,597)	36,699
Less: Cumulative unrecognised losses b/f	(39,402)	(441)
Share of unrecognised losses for the year	(15,209)	585
Net carrying value of Group's interest in joint ventures	49,014	36,555

Reconciliation of the summarised financial information for each joint venture are disclosed in page 96 to page 99.

Notes to the Financial Statements
31 December 2014 (cont'd.)

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Alam Eksplorasi Sdn Bhd		Alam Synergy I (L) Inc		Alam Synergy II (L) Inc		Alam Synergy III (L) Inc		Subtotal 1	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net assets at 1 January	601	1,191	25,905	24,265	16,462	15,755	36,158	26,736	79,126	67,947
Profit/(loss) for the year	680	(590)	1,331	3,640	2,692	707	9,294	9,422	13,997	13,179
Dividends paid	–	–	–	(2,000)	–	–	–	–	–	(2,000)
Net assets at 31 December	1,281	601	27,236	25,905	19,154	16,462	45,452	36,158	93,123	79,126
Interest in joint ventures	40%	40%	40%	40%	40%	40%	40%	40%	(55,874)	(47,476)
Carrying value of Group's interest in joint ventures	512	240	10,894	10,362	7,662	6,585	18,181	14,463	37,249	31,650
Cost of investment	120	120	1,541	1,541	2,341	1,541	7,272	7,272	11,274	10,474

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net (liabilities)/assets at 1 January	(29,420)	(181)	(16,569)	(457)	(8,678)	78	(441)	(416)	(55,108)	(976)
Issuance of share capital	–	–	–	3,240	–	3,240	–	–	–	6,480
Loss for the financial year	(7,999)	(29,239)	(2,954)	(19,352)	(2,724)	(11,996)	(22)	(25)	(13,699)	(60,612)
Net liabilities at 31 December	(37,419)	(29,420)	(19,523)	(16,569)	(11,402)	(8,678)	(463)	(441)	(68,807)	(55,108)
Interest in joint ventures	40%	40%	60%	60%	60%	60%	40%	40%	35,099	28,015
Carrying value of Group's interest in joint ventures	(14,968)	(11,768)	(11,714)	(9,941)	(6,841)	(5,207)	(185)	(176)	(33,708)	(27,093)
Less: Cumulative unrecognised losses b/f	(4,304)	–	(9,941)	(274)	(5,207)	–	(176)	(166)	(19,629)	(441)
Unrecognised losses for the year	(10,664)	(4,304)	(1,772)	(9,667)	(1,634)	(5,207)	(9)	(10)	(14,079)	(19,188)
Net carrying value of Group's interest in joint ventures	–	(7,464)	–	–	–	–	–	–	–	(7,464)
Cost of investment	5,112	2,829	4,266	4,266	4,540	4,540	48	48	13,966	11,683
Accumulated impairment losses	(5,112)	(2,829)	(4,266)	(4,266)	(4,540)	(4,540)	(48)	(48)	(13,966)	(11,683)
	–	–	–	–	–	–	–	–	–	–

* The Group has discontinued the recognition of its share of losses for these joint ventures as the share of losses of these joint ventures have equaled to the Group's interest.

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 Blkhlas Sdn Bhd*		Sea Weasel Ltd		Subtotal 3	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net assets at 1 January	11,271	21,524	15,349	22,530	13,733	21,592	25,241	24,539	65,594	90,185
(Loss)/profit for the financial year	(21,805)	(10,253)	(25,628)	(7,181)	(35,580)	(7,859)	(1,232)	702	(84,245)	(24,591)
Net liabilities at 31 December	(10,534)	11,271	(10,279)	15,349	(21,847)	13,733	24,009	25,241	(18,651)	65,594
Interest in joint ventures	49%	49%	49%	49%	49%	49%	49%	49%	9,512	(33,453)
Carrying value of Group's interest in joint ventures	(5,162)	5,523	(5,037)	7,521	(10,705)	6,729	11,764	12,368	(9,139)	32,141
Less: Cumulative unrecognised losses b/f	(5,523)	–	(7,521)	–	(6,729)	–	–	–	(19,773)	–
Unrecognised losses for the year	361	(5,523)	2,484	(7,521)	(3,976)	(6,729)	–	–	(1,130)	(19,773)
Net carrying value of Group's interest in joint ventures	–	–	–	–	–	–	11,764	12,368	11,764	12,368
Cost of investment	10,290	10,290	9,457	9,457	5,880	5,880	3,112	3,112	28,739	28,739

* The Group has discontinued the recognition of its share of losses for these joint ventures as the share of losses of these joint ventures have exceeded to the Group's interest.

7. INVESTMENTS IN JOINT VENTURES (cont'd.)

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

	Subtotal 1		Subtotal 2		Subtotal 3		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net assets/(liabilities) at 1 January	79,126	67,947	(55,108)	(976)	65,594	90,185	89,612	157,156
Profit/(loss) for the financial year	13,997	13,179	(13,699)	(60,612)	(84,245)	(24,591)	(83,947)	(72,024)
Dividend paid	–	(2,000)	–	–	–	–	–	(2,000)
Issuance of share capital	–	–	–	6,480	–	–	–	6,480
Net assets/(liabilities) at 31 December	93,123	79,126	(68,807)	(55,108)	(18,651)	65,594	5,665	89,612
Interest in joint ventures	(55,874)	(47,476)	35,099	28,015	9,512	(33,453)	(11,262)	(52,913)
Carrying value of Group's interest in joint ventures	37,249	31,650	(33,708)	(27,093)	(9,139)	32,141	(5,597)	36,699
Less: Cumulative share of unrecognised losses b/f	–	–	(19,629)	(441)	(19,773)	–	(39,402)	(441)
Share of unrecognised losses for the year	–	–	(14,079)	(19,188)	(1,130)	19,773	(15,209)	585
Net carrying value of Group's interest in joint ventures	37,249	31,650	–	(7,463)	11,764	12,368	49,014	36,555

Notes to the Financial Statements

31 December 2014 (cont'd.)

8. OTHER INVESTMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial assets at fair value through profit or loss				
– Held for trading	4,247	33	–	–
Other				
– Golf membership, at cost	70	70	70	70
	4,317	103	70	70

Financial assets at fair value through profit or loss

Market value of quoted investments in Malaysia is RM4,247,000 (2013: 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.

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current					
Trade receivables					
Third parties	(a)	36,223	63,115	–	–
Less: Allowance for doubtful debts		(3,548)	(1,378)	–	–
		32,675	61,737	–	–
Other receivables					
Third parties	(b)	2,224	3,351	966	892
Deposits		799	202	61	61
Tax recoverable		834	1,192	–	–
Prepayments		1,975	1,875	–	–
Amounts due from subsidiaries	(c)	–	–	23,686	5,102
Less: Allowance for doubtful debts		–	–	(580)	(580)
Amounts due from related parties	(d)	24,577	28,889	–	–
		30,409	35,509	24,133	5,475
		63,084	97,246	24,133	5,475

Notes to the Financial Statements

31 December 2014 (cont'd.)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd.)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current					
Other receivables					
Amounts due from subsidiaries	(c)	–	–	412,035	419,014
Less: Allowance for doubtful debts		–	–	(67,008)	(6,698)
Less: Fair value adjustment		–	–	(8,756)	(21,674)
		–	–	336,271	390,642
Total trade and other receivables (current and non-current)		63,084	97,246	360,404	396,117
Add: Cash and cash equivalents	12	414,620	188,391	39,187	28,933
Add: Advances to joint ventures	7	13,897	39,918	–	–
Less: Prepayments		(1,975)	(1,875)	–	–
Less: Tax recoverable		(834)	(1,192)	–	–
Total loans and receivables		488,792	322,488	399,591	425,050

(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 2014 RM'000	Group 2013 RM'000
Neither past due nor impaired	–	30,407
1 to 30 days past due not impaired	15,910	3,383
31 to 90 days past due not impaired	2,908	8,007
More than 91 days past due not impaired	13,857	19,940
	32,675	31,330
Impaired	3,548	1,378
	36,223	63,115

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 nor impaired

The Group has trade receivables amounting to RM32,675,000 (2013: RM31,330,000) that are past due at the reporting date but not impaired and are unsecured in nature.

Notes to the Financial Statements

31 December 2014 (cont'd.)

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	
	2014 RM'000	2013 RM'000
Trade receivables – nominal amounts	3,548	1,378
Less: Allowance for impairment	(3,548)	(1,378)
	–	–

Movement in allowance accounts:

	2014 RM'000	2013 RM'000
As at 1 January	(1,378)	–
Charge for the year (Note 25)	(2,170)	(1,378)
As at 31 December	(3,548)	(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 RM858,000 (2013: RM818,000) being loan to staff, bearing an interest of 4% (2013: 4%) per annum and repayable by monthly salary deductions.

Notes to the Financial Statements

31 December 2014 (cont'd.)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd.)

(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% (2013: 2.4% to 7%) per annum and is expected to be repayable in full over 10 years.

Movement in allowance accounts:

	Individually impaired	
	2014 RM'000	2013 RM'000
As at 1 January	(7,278)	–
Charge for the year (Note 25)	(60,310)	(7,278)
As at 31 December	(67,588)	(7,278)

(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.

11. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
Lubricants and spare parts for vessels, at cost	482	2,144

12. CASH AND BANK BALANCES AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	4,854	47,527	309	203
Deposits with licensed banks	409,766	140,864	38,878	28,730
Total cash and bank balances	414,620	188,391	39,187	28,933
Less: Bank overdrafts	(3,865)	(3,603)	–	–
Pledged deposits	(2,588)	(4,160)	–	–
Total cash and cash equivalents	408,167	180,628	39,187	28,933

The range of interest rates and the maturities of deposits as at 31 December 2014 were 2.85% to 3.50% (2013: 2.78% to 3.40%) per annum and 1 to 90 days (2013: 1 to 37 days) respectively.

Deposits with licensed banks of RM2,588,000 (2013: 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 34.

Notes to the Financial Statements

31 December 2014 (cont'd.)

13. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2014 RM'000	2013 RM'000
As at 1 January	2,619	100,915
Reclassified from vessels and equipment (Note 4)	–	2,619
Sale of vessels	(2,619)	(100,915)
As at 31 December	–	2,619

14. LOANS AND BORROWINGS

	Group	
	2014 RM'000	2013 RM'000
Current		
Secured:		
Islamic debt facility	357,499	118,122
Term loans	76,926	55,773
Finance lease liabilities	28	48
Overdrafts	3,865	3,603
	438,318	177,546
Non-current		
Secured:		
Islamic debt facility	–	336,615
Term loans	–	302,187
Finance lease liabilities	99	127
	99	638,929
Total loans and borrowings	438,417	816,475

Notes to the Financial Statements

31 December 2014 (cont'd.)

14. LOANS AND BORROWINGS (cont'd.)

The remaining maturities of the loans and borrowings are as follows:

	Group	
	2014 RM'000	2013 RM'000
On demand or within one year	438,318	177,546
More than 1 year and less than 5 years	30	495,463
5 years or more	69	143,466
	438,417	816,475

(a) Term loan and Islamic debt facility

The term loans and Islamic debt facility bear interest at the rate ranging from 4.10% to 7.25% (2013: 4.80% to 8.00%) 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; and

(iv) jointly and severally guaranteed by the Directors of the Group.

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.

As at year end, Syarikat Borcos Shipping Sdn Bhd's debt to equity ratio was 6.95 times, hence, breach of the covenant. Therefore, the Islamic debt facility outstanding amount has been classified as current. Correspondingly, due to the cross default, the entire term loans amounts have also been classified as current.

(b) Finance lease liabilities

The hire purchase liabilities bear flat interest at the rate of 2.50% (2013: 2.38% to 2.80%) per annum and payable as follows:

	Group	
	2014 RM'000	2013 RM'000
Less than one year	28	48
Between one year and two years	30	28
Between two and five years	69	99
	127	175

Notes to the Financial Statements

31 December 2014 (cont'd.)

14. LOANS AND BORROWINGS (cont'd.)

(c) Overdrafts

Bank overdrafts are denominated in RM, bear interest at the rate ranging from 7.0% to 7.5% (2013: 7.6% to 8.1%) per annum and secured by deposit placed with licensed banks (Note 12).

15. PAYABLES AND ACCRUALS

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade					
Third parties	(a)	15,165	43,853	–	–
Non-trade					
Third parties	(a)	2,779	19,196	631	23
Accrued expenses		16,210	4,255	2,367	2,008
Tax payable		998	1,493	315	928
Amounts due to subsidiaries		–	–	1,354	–
Amount due to holding company		582	–	582	–
Amounts due to related parties	(b)	191	4,301	–	–
Other payables	(c)	59,300	–	59,300	–
		80,060	29,245	64,549	2,959
Total payables and accruals		95,225	73,098	64,549	2,959
Less: Tax payable		(998)	(1,493)	(315)	(928)
Add: Loans and borrowings (Note 14)		438,417	816,475	–	–
Total other financial liabilities		532,644	888,080	64,234	2,031

(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.

(c) Other payables

Other payables is related to amount payable to certain banks as a result of payment default by certain joint ventures, which the Company provided corporate guarantees on the loan facilities granted to the joint ventures.

Notes to the Financial Statements

31 December 2014 (cont'd.)

16. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised:				
At 1 January/31 December	300,000	1,000,000	300,000	1,000,000
Issued and fully paid:				
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.

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.

	Group	
	2014 RM'000	2013 RM'000
Foreign currency translation		
At 1 January	(14,032)	(57,562)
Foreign currency translation	53,790	43,530
At 31 December	39,758	(14,032)

18. RETAINED EARNINGS

The Company is under the single tier system and as a result, there is no restriction on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

Notes to the Financial Statements

31 December 2014 (cont'd.)

19. INTANGIBLE ASSETS

	Contract based related intangibles RM'000	Goodwill RM'000	Provisional RM'000	Total RM'000
Group				
Cost				
At 1 January 2013	–	–	–	–
Acquisition of subsidiaries	52,040	77,182	135,019	264,241
At 31 December 2013 and 1 January 2014	52,040	77,182	135,019	264,241
Reclassification	52,870	82,149	(135,019)	–
Disposal of a subsidiary (Note 5)	(42,821)	(82,667)	–	(125,488)
At 31 December 2014	62,089	76,664	–	138,753
Amortisation and impairment				
At 1 January 2013	–	–	–	–
Amortisation for the year	9,541	–	–	9,541
Impairment for the year	–	76,664	–	76,664
At 31 December 2013 and 1 January 2014	9,541	76,664	–	86,205
Amortisation for the year	37,037	–	–	37,037
At 31 December 2014	46,578	76,664	–	123,242
Net carrying amount at 31 December 2014	15,511	–	–	15,511
Net carrying amount at 31 December 2013	42,499	518	135,019	178,036

Contract based related intangibles

Contract based related intangibles relate to the customer contracts that were acquired in business combinations. The intangibles are in respect of contracts that will expire up to FY2017; and is amortised on a straight line basis up to expiry.

Provisional amount

The purchase price allocation ("PPA") exercise on the acquisition of Orkim Sdn Bhd has been carried out by the Group during the financial year. Upon the completion of the PPA exercise, the intangible assets have been allocated accordingly into goodwill and contract based related intangibles.

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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

19. INTANGIBLE ASSETS (cont'd.)

Goodwill

The goodwill recognised in the previous financial year was 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:

	Amount	
	2014 RM'000	2013 RM'000
Borcos	76,664	76,664
Orkim	–	518
	76,664	77,182

Borcos

The recoverable amount of 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 the goodwill with a carrying amount of RM806,993,000 as at 31 December 2013. The impairment charge was recorded within statement 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 and board. 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.

Goodwill arose from Orkim has been derecognised as Orkim has been disposed off during the financial year.

Notes to the Financial Statements

31 December 2014 (cont'd.)

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 based on using industry data for growth rates (as noted above). Management assessed 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)

	Group	
	2014 RM'000	2013 RM'000
At 1 January	14,103	–
Acquisition of subsidiary companies	–	26,942
Disposal of a subsidiary (Note 5(e))	1,754	–
Recognised in profit or loss (Note 31)	(15,154)	(12,839)
At 31 December	703	14,103
Presented after appropriate offsetting as follows:		
Deferred tax assets	703	15,857
Deferred tax liabilities	–	(1,754)
	703	14,103

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 2013 RM'000	Acquisition of subsidiaries (Note 5(c)) RM'000	Recognised in profit or loss (Note 31) RM'000	At 31 December 2013/1 January 2014 RM'000	Disposal of a subsidiary (Note 5(e)) RM'000	Recognised in profit or loss (Note 31) RM'000	At 31 December 2014 RM'000
Deferred tax liabilities of the Group							
Property, plant and equipment	–	(26)	(1,728)	(1,754)	1,754	–	–
Deferred tax assets of the Group							
Property, plant and equipment	–	(916)	65	(851)	–	–	(851)
Provisions	–	158	352	510	–	(154)	356
Other items	–	57	295	352	–	–	352
Unabsorbed capital allowances	–	22,535	(6,689)	15,846	–	(15,000)	846
Unutilised capital losses	–	5,134	(5,134)	–	–	–	–
	–	26,968	(11,111)	15,857	–	(15,154)	703

Notes to the Financial Statements

31 December 2014 (cont'd.)

20. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd.)

Unrecognised deferred tax assets

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

	Group	
	2014 RM'000	2013 RM'000
Others deductible temporary differences	16,986	–
Unutilised tax losses	165,357	40,932
Unutilised capital allowances	90,749	27,025
	273,092	67,957

Deferred tax assets have not been recognised in respect of these items as it is not probable that they may be used to offset against future taxable profits, which arose from a subsidiary that has been loss-making, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

21. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue				
Dividends	–	–	4,111	47,031
Charter hire income	273,116	298,934	–	–
Sundry income	–	1,170	–	–
Share of pool profit	–	13,235	–	–
	273,116	313,339	4,111	47,031

Notes to the Financial Statements

31 December 2014 (cont'd.)

22. COST OF SALES

	Group	
	2014 RM'000	2013 RM'000
Charter charges	31,793	13,647
Crew costs	46,819	50,806
Depreciation	70,060	63,468
Fuels and lubricants	14,836	11,617
Port charges	6,025	27,310
Repair and maintenance	17,858	16,330
Site office expenses	29,232	27,201
	216,623	210,379

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

23. INTEREST INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income:				
– Subsidiaries	–	–	10,502	8,450
– Joint ventures	2,663	2,121	–	–
– Fixed deposits	5,723	5,703	883	1,987
– Others	29	32	29	32
Interest recognised on re-measurement of intercompany loans to fair value	–	–	1,609	3,483
	8,415	7,856	13,023	13,952

Notes to the Financial Statements

31 December 2014 (cont'd.)

24. OTHER OPERATING INCOMES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Dividend income	89	–	–	–
Gain on disposal of property, plant and equipment	569	–	–	–
Gain on disposal of vessels	–	4,207	–	–
Other income	3,180	8,651	793	6
Gain on bargain purchase	–	11,972	–	–
Gain on foreign exchange				
– realised	1,202	–	–	–
– unrealised	–	2,300	–	–
Gain on disposal of a subsidiary	21,547	–	–	–
	26,587	27,130	793	6

25. OTHER OPERATING EXPENSES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Impairment loss on investments in subsidiaries	–	–	4,869	–
Impairment loss on fair value adjustment on loans to subsidiaries	–	–	22,570	–
Reversal of fair value adjustment	–	–	(11,304)	–
Net impairment loss on fair value adjustment	–	–	11,266	–
Impairment loss on investments in joint ventures	–	11,555	–	–
Impairment loss on investments in subsidiaries	–	–	169,204	165,599
Reversal of impairment loss	–	–	(3,461)	–
Net impairment loss on investments in subsidiaries	–	–	165,743	165,599
Impairment loss on vessels (Note 28)	164,964	46,535	–	–
Impairment loss on goodwill	–	76,664	–	–
Amortisation of intangible assets	37,037	9,541	–	–
Loss on disposal of vessels	4,402	–	–	–
Allowance for doubtful debts:				
– Advance to joint ventures	28,827	4,715	–	–
– Subsidiaries	–	–	60,310	7,278
– Trade receivables	2,170	1,378	–	–
Loss on foreign exchange				
– unrealised	7,403	–	–	–
– realised	–	89	–	–
Loss on corporate guarantees	59,300	–	59,300	–
Others	–	2,719	–	556
	304,103	153,196	301,488	173,433

Notes to the Financial Statements
31 December 2014 (cont'd.)

26. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expenses incurred on:				
– Hire purchases	30	34	–	–
– Term loans	17,589	18,053	–	–
– Islamic debt facility	25,800	30,503	–	–
– Overdrafts	50	190	–	–
– Others	–	235	–	2
	43,469	49,015	–	2

27. LOSS BEFORE TAXATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration				
– Statutory audits	596	557	157	60
– Other services	–	41	–	–
Depreciation of property, plant and equipments (Note 4)	71,644	64,158	113	45
Rental of office equipment	9	10	9	10
Rental of office	451	190	243	190
Realised (gain)/loss on foreign exchange	(1,202)	89	–	–
Unrealised loss/(gain) on foreign exchange	7,403	(2,300)	–	–
Property, plant and equipment written off	–	60	22	–
Gain on disposal of other investments	–	(3,089)	–	–
Inventories written off	707	–	–	–
Loss on disposal of joint ventures	–	10,385	–	–

28. 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 RM164,964,000 (2013: RM46,535,000) has been recognised in the statement of profit or loss.

Notes to the Financial Statements

31 December 2014 (cont'd.)

29. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages, salaries and bonus	13,556	17,531	1,959	1,803
Employees Provident Fund	1,486	1,538	300	207
Social security contributions	59	52	14	11
Other benefits	715	752	685	332
	15,816	19,873	2,958	2,353

30. DIRECTORS' REMUNERATION

	Group/Company	
	2014 RM'000	2013 RM'000
Executive directors		
Salaries and other emoluments	–	–
Non-executive directors		
Fees	303	348
Other emoluments	175	168
	478	516
Total directors' remuneration	478	516

Notes to the Financial Statements

31 December 2014 (cont'd.)

31. TAXATION

The major components of income tax for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statement of profit or loss:				
Current income tax:				
– Malaysian income tax	4,507	4,746	2,687	2,585
– (Over)/under provision in prior years	(61)	138	(3)	44
	4,446	4,884	2,684	2,629
Deferred tax (Note 20):				
– Original and reversal of temporary differences	15,154	12,839	–	–
Income tax expenses recognised in profit or loss	19,600	17,723	2,684	2,629

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

The domestic statutory tax rate will be reduced to 24% in year of assessment 2016.

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss before taxation	(281,685)	(141,136)	(291,585)	(118,251)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(70,421)	(35,284)	(72,896)	(29,563)
Effect of share of results of joint ventures and associates	462	528	–	–
Expenses not deductible for tax purposes	66,227	59,388	76,610	46,505
Income not subject to tax	(27,891)	(26,400)	(1,027)	(14,357)
Deferred tax assets not recognised during the year	51,284	12,839	–	–
Effect of lower tax rate in other jurisdiction	–	6,514	–	–
(Over)/ underprovision of tax expense in prior years	(61)	138	(3)	44
	19,600	17,723	2,684	2,629

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.

Notes to the Financial Statements

31 December 2014 (cont'd.)

32. 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 year:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Agency fees paid to an affiliated company*	415	562	–	–
Interest earned from affiliated companies*	(33)	(93)	–	–
Interest earned from joint ventures	(1,493)	(1,813)	–	–
Dividend income received from joint ventures	(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	92	183	–	–
Loans interest paid to government-related entities#	1,279	1,848	–	–
Charter revenue gained from government-related entities#	(54,873)	(64,080)	–	–
Rental paid/payable to holding company	206	190	206	190
Group sharing cost payable to holding company	499	483	499	483

* 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

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salary and other emoluments	175	1,880	175	168
Fees	354	396	303	348
	529	2,276	478	516

Notes to the Financial Statements

31 December 2014 (cont'd.)

33. COMMITMENTS

(a) Capital commitments

	Group and Company	
	2014 RM'000	2013 RM'000
Capital expenditure:		
Approved and contracted for investments	34,000	15,440
Approved but not contracted for investments	763,570	966,160

(b) Finance lease commitment

The Group has finance leases for certain items of motor vehicles (Note 14(b)). These leases do not have terms of renewal, but have purchase options at nominal value at the end of the lease term. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

	Group	
	2014 RM'000	2013 RM'000
Future minimum finance lease payments:		
Not later than 1 year	34	55
Later than 1 year and not later than 2 years	34	34
Later than 2 years and not later than 5 years	72	129
Total minimum future finance lease payments	140	218
Less: Future finance charge	(13)	(43)
Present value of finance lease payments	127	175

Notes to the Financial Statements

31 December 2014 (cont'd.)

34. 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, foriegn 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:

	Net financial assets held in non-functional currencies	
Functional currency of Group Companies	USD RM'000	SGD RM'000
At 31 December 2014		
Ringgit Malaysia	36,958	(6,468)
At 31 December 2013		
Ringgit Malaysia	44,890	(7,144)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss 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	
	2014 RM'000	2013 RM'000
USD/RM		
– strengthened 10% (2013: 10%)	3,416	4,002
– weakened 10% (2013: 10%)	(3,416)	(4,002)
SGD/RM		
– strengthened 10% (2013: 10%)	(485)	(538)
– weakened 10% (2013: 10%)	485	538

Notes to the Financial Statements

31 December 2014 (cont'd.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(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.

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.

	2014			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Payables and accruals	94,227	–	–	94,227
Loans and borrowings	438,318	34	72	438,424
Total undiscounted financial liabilities	532,545	34	72	532,651
Company				
Financial liabilities:				
Payables and accruals, represent total undiscounted financial liabilities	64,234	–	–	64,234

	2013			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Payables and accruals	71,605	–	–	71,605
Loans and borrowings	177,546	605,367	104,381	887,294
Total undiscounted financial liabilities	249,151	605,367	104,381	958,899
Company				
Financial liabilities:				
Payables and accruals, represent total undiscounted financial liabilities	2,031	–	–	2,031

Notes to the Financial Statements

31 December 2014 (cont'd.)

34. 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 RM24,447,000 (2013: RM28,889,000) 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			
	2014		2013	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	36,223	100%	61,590	98%
Singapore	–	0%	1,525	2%
	36,223	100%	63,115	100%

At the reporting date, approximately 39% of the Group's (2013: 30%) trade and other 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 and investment securities 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.

Notes to the Financial Statements
31 December 2014 (cont'd.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(d) Credit risk (cont'd.)

Financial guarantees

The Group provides financial guarantees to banks and other institutions in respect of facilities granted to certain joint ventures.

The Group monitors on an ongoing basis the results of the joint ventures and repayments made by the joint ventures.

An amount of RM42,228,000 (2013: RM100,560,000) relating to corporate guarantees has been provided by the Group to the banks and other institutions in respect of facilities of its joint ventures. This includes an amount of RM28,302,000 (2013: RM33,720,000) in respect of joint ventures where the joint venture partner has been served with a winding up petition. No provision has been provided in the financial statements for the financial year ended 31 December 2014 in respect of the corporate guarantees provided to the banks as the borrowings have been serviced timely due to securitisation on proceeds for services provided.

(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 2014 and 2013.

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.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date was:

	Group	
	2014 RM'000	2013 RM'000
Fixed rate instruments		
Financial assets	4,317	103
Financial liabilities	(241,123)	(444,488)
	(236,806)	(444,385)
Floating rate instruments		
Financial liabilities	(197,294)	(371,987)

Notes to the Financial Statements

31 December 2014 (cont'd.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(e) Interest rate risk (cont'd.)

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 RM1,479,700 (2013: RM3,718,000) 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.

35. OPERATING LEASES

Leases as lessor

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

	Group	
	2014 RM'000	2013 RM'000
Less than one year	61,095	100,969
Between one and five years	57,140	109,509
	118,235	210,478

36. 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:

		Group	
	Note	Amount RM'000	Fair value RM'000
At 31 December 2014			
Islamic debt facility	14	–	–
Term loans	14	–	–
Finance lease liabilities	14	99	99
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

Notes to the Financial Statements

31 December 2014 (cont'd.)

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(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.

(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.

(iii) Unquoted investments

It is not practical to estimate the fair value of the Company's unquoted investments due to lack of market information and the inability to estimate fair value without incurring excessive costs. However, the Company does not expect the carrying amounts to be significantly different from recoverable amounts.

(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 2014, the Group held the following financial instruments carried at fair value in the statement of financial position:

	2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Assets measured at fair value				
Financial asset at fair value through profit or loss:				
Quoted shares in Malaysia	4,247	4,247	–	–

	2013 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Assets measured at fair value				
Financial asset at fair value through profit or loss:				
Quoted shares in Malaysia	33	33	–	–

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and 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 ("SJPIL") 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% (2013: 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.

	Efogen Group		Alam Group		Gagasan Group		Global Group	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total paid up capital	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Investments in joint ventures	3,112	3,112	11,274	10,474	13,966	11,683	25,627	25,627
Advances to joint ventures	3,552	3,305	13,897	16,608	9,274	7,597	22,953	19,360
Provision for liabilities on corporate guarantee	–	–	–	–	59,300	–	–	–
	6,664	6,417	25,171	27,082	82,540	19,280	48,580	44,987
SJPIL	2%	2%	8%	9%	28%	6%	16%	15%

Notes to the Financial Statements

31 December 2014 (cont'd.)

37. CAPITAL MANAGEMENT (cont'd.)

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 bank balances. Capital includes equity attributable to the equity holders of the parent.

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	14	438,417	816,475	–	–
Payables and accruals	15	95,225	73,098	64,549	2,959
Less: Cash and bank balances	12	(414,620)	(188,391)	(39,187)	(28,933)
Net debt/(surplus)		119,022	701,182	25,362	(25,974)
Equity attributable to the equity holders of the parent, representing capital		552,496	805,006	394,878	691,720
Capital and net debt		671,518	1,506,188	420,240	665,746
Gearing ratio		18%	47%	6%	N/A

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 2013.

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Form of Proxy

GLOBAL MARITIME VENTURES BERHAD (264557-A)
Incorporated in Malaysia

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

of ____

being a member/members of the above mentioned 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 22nd 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 Wednesday, 24 June 2015 at 11:30 a.m. and at any adjournment thereof in the manner indicated below:-

No.	Resolution	For	Against
	AS ORDINARY BUSINESS		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.		
2.	To re-elect Dato' Ir Abdul Rahim Abu Bakar as Director pursuant to Article 63 of the Articles of Association of the Company.		
3.	To re-elect YM Raja Datuk Zaharaton Raja Zainal Abidin as Director pursuant to Article 68 of the Articles of Association of the Company.		
4.	To re-elect Rosli Abdullah as Director pursuant to Article 68 of the Articles of Association of the Company.		
5.	To re-elect Rashidah Mohd Sies as Director pursuant to Article 68 of the Articles of Association of the Company.		
6.	To approve the payment of Directors' fees for the financial year ended 31 December 2014.		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
	AS SPECIAL BUSINESS		
8.	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 ______________ 2015

Number of ordinary shares held

____
Signature(s)/Common Seal of Shareholder(s)

NOTE:

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 in his/her stead. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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.

[1] ***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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STAMP

The Secretary

GLOBAL MARITIME VENTURES BERHAD

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

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