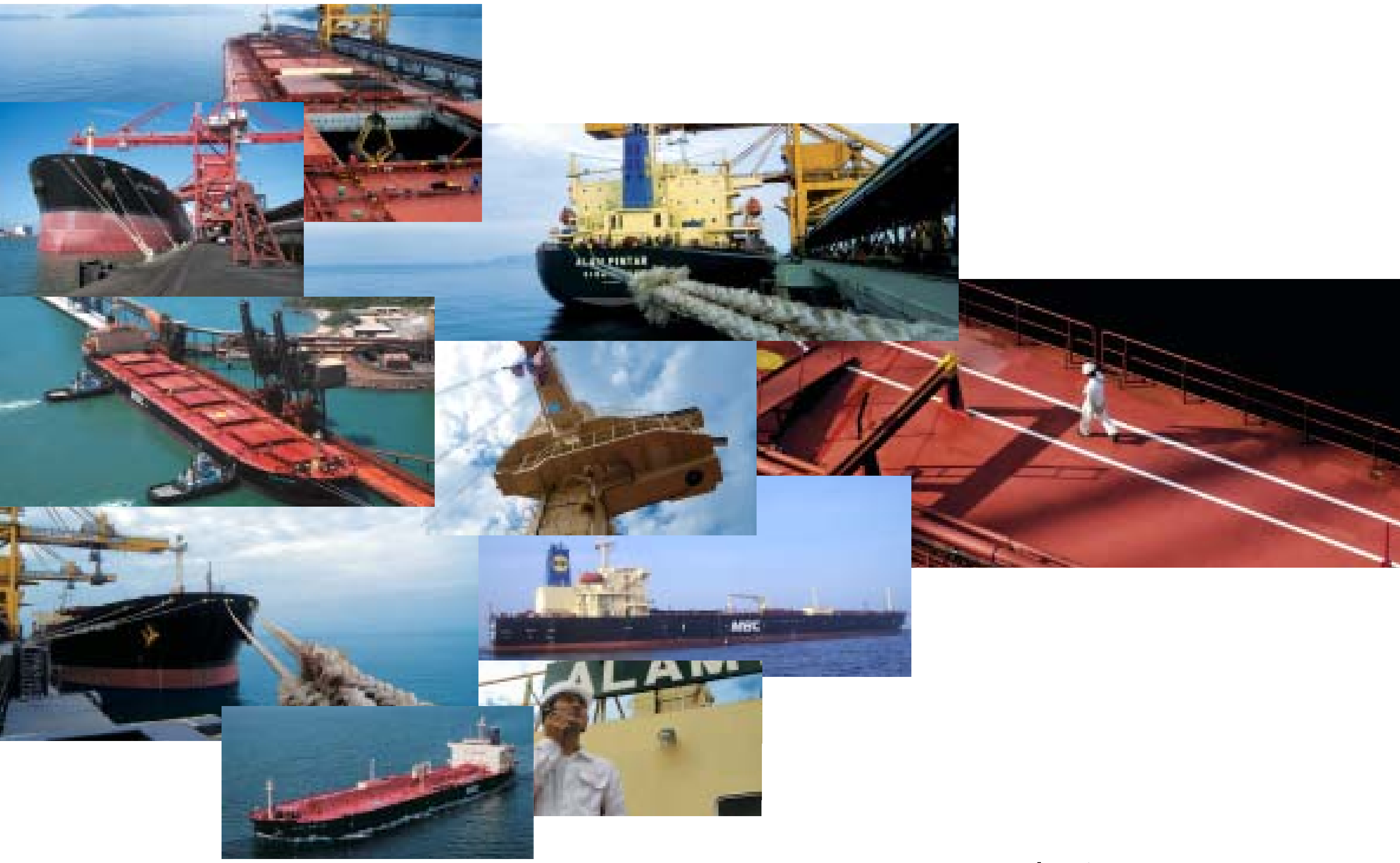


annual report '06

MALAYSIAN BULK CARRIERS BERHAD

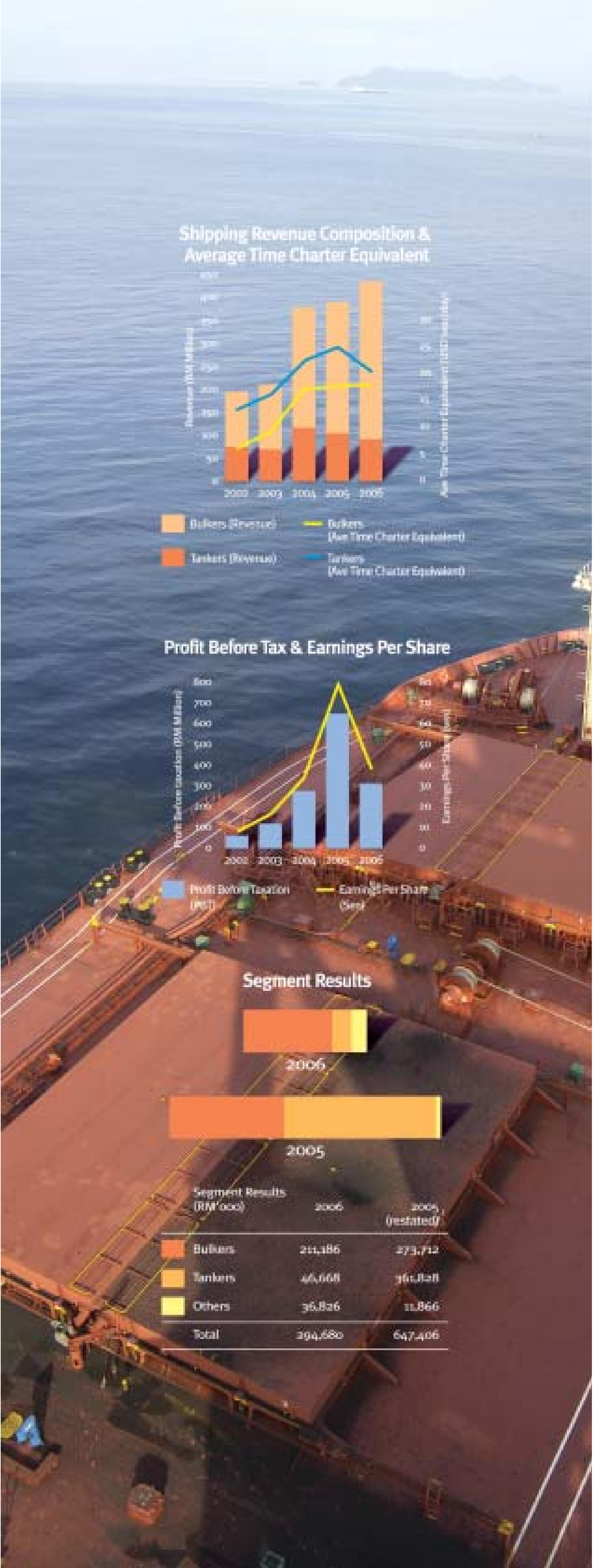
175953-W


LUMUT PORT
LEKIR BULK TERMINAL
LUMUT PORT
ALAM PINTAR
SINGAPORE

"It's blue skies ahead as MBC sails on. With our current young fleet of 18 vessels plus 3 newbuildings to be delivered this year, and a strong balance sheet, we are poised for growth when the opportunity arises."


LEKIR BULK TERMINAL
LUMUTPORT

contents



Segment Results (RM'000)	2006	2005 (restated)
Bulkers	211,186	273,712
Tankers	46,668	361,828
Others	36,826	11,866
Total	294,680	647,406

Statement of Income Data:
TURNOVER

Revenue
Operating expenses

Other operating income
Administration expenses

Finance cost
Share of results of associate

Profit before taxation
Taxation

Profit for the year

Attributable to:
Equity holders of the Company
Minority Interests

Yield on shareholders' funds

Balance Sheet Data (at end of year):
Cash and cash equivalents
Total assets
Long term debt, including current portion and RPS
Total equity
Debt/equity ratio

Other Financial Data:
Earnings before interest, depreciation, amortisation & tax
Net cash provided by operating activities
Net cash from/(used in) investing activities
Net cash from/(used in) financing activities

Fleet Data:
Number of vessels (at end of year)
Total tonnage in DWT (MT '000)
Average age of fleet (in years)

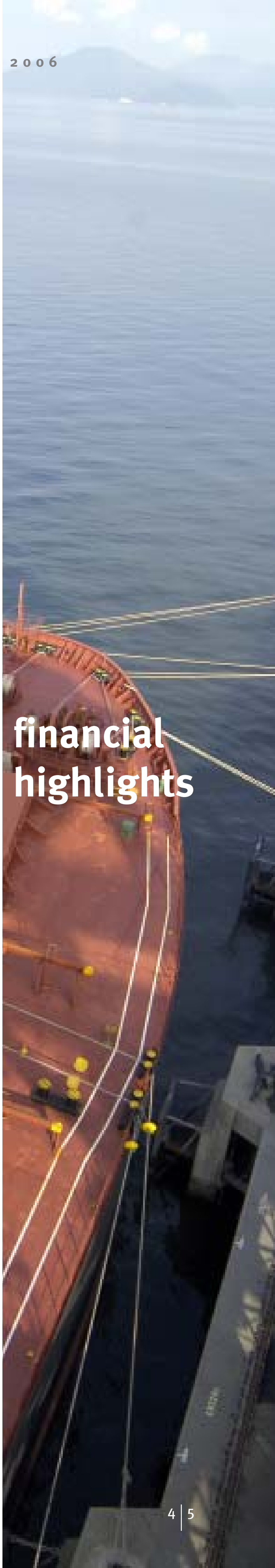
Total operating days (days) #
Total hire days (days)#

Average Time Charter Equivalent per vessel per day (USD)
- bulkers
- tankers

Per Share Data:
Net cash provided by operating activities per share, basic (sen)
Earnings per share attributable to equity holders of the Company, basic (sen)
Weighted average number of shares, basic ('000)
Dividends per share (sen)

Note: # Includes chartered-in vessels' hire and operating days

Audited Year Ended 31 December				
2002 (restated) RM '000	2003 (restated) RM '000	2004 (restated) RM '000	2005 (restated) RM '000	2006 RM '000
195,773	213,009	382,288	395,783	441,600
195,773	213,009	382,288	395,783	441,600
(159,101)	(110,023)	(123,438)	(144,375)	(172,409)
36,672	102,986	258,850	251,408	269,191
40,375	40,755	54,373	435,504	84,259
(9,978)	(10,869)	(13,872)	(25,495)	(19,476)
67,069	132,872	299,351	661,417	333,974
(6,510)	(8,662)	(19,402)	(16,946)	(36,071)
0	0	(16)	6,709	15,584
60,559	124,210	279,933	651,180	313,487
(325)	(119)	(722)	(26)	(1,161)
60,234	124,091	279,211	651,154	312,326
59,011	120,504	269,475	640,164	300,565
1,223	3,587	9,736	10,990	11,761
60,234	124,091	279,211	651,154	312,326
7%	13%	36%	67%	20%
253,130	79,259	56,091	775,093	692,794
1,157,077	1,285,374	1,297,246	2,017,935	2,088,395
184,051	469,572	262,291	412,741	409,316
924,974	777,751	990,431	1,544,780	1,607,151
0.20	0.60	0.26	0.27	0.25
97,130	147,881	297,579	282,073	350,434
111,918	132,523	292,557	259,602	270,380
102,748	(279,560)	(29,047)	422,439	(120,086)
(97,075)	(26,834)	(286,678)	37,224	(183,311)
16	15	15	17	18
594	632	632	894	929
9	9	10	9	10
6,862	5,232	5,490	5,500	6,485
6,664	5,158	5,300	5,357	6,378
6,101	9,416	17,716	18,093	18,281
13,489	16,474	22,738	25,128	20,638
16	19	37	32	34
8	17	34	80	38
700,000	714,247	800,000	800,000	800,000
5	7	12	17	30




LEKIR BULK TERMINAL
LUMUT PORT
LEKIR BULK TERMINAL
LUMUT
ALAM PINTAR

"Insight and foresight has been our strategy.
Our timely entry costs and strategic partnerships ensure our competitive advantage over others."

TEO JOO KIM • Executive Chairman | KUOK KHOON KUAN • Chief Executive Officer

"Group revenue increased 11.6% to RM441.6 million whilst profits were a credible RM312.3 million. Excluding profits from sale of ships, the comparative performance in 2006 is 30.7% higher."

chairman & ceo's statement

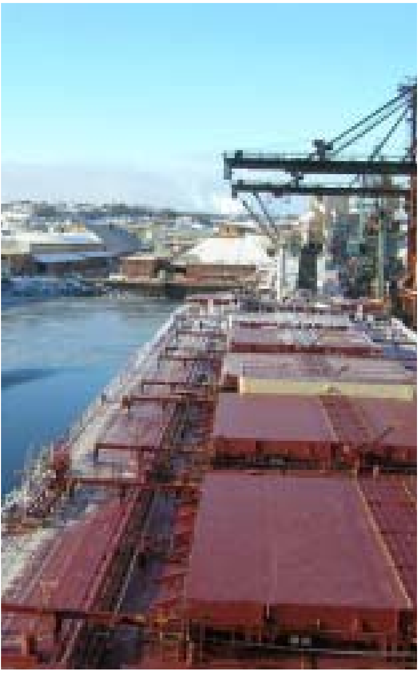
Financial Performance

We are pleased to report yet another strong performance for the year 2006. Group revenue increased 11.6% to RM441.6 million whilst profits were a credible RM312.3 million. Excluding profits from sale of ships, the comparative performance in 2006 is 30.7% higher.

Financial highlights:-

- Profit attributable to shareholders was RM300.6 million. This represents a return on average shareholder's equity of 19.7%.
- EBITDA was RM350.4 million and EBITDA margin improved to 79.4% of revenue.
- Outstanding installments payable for ships under construction at the end of 2006 stood at RM164.8 million.

During the year, the Group generated a cash inflow totaling RM357.9 million comprising RM270.4 million from operating activities and RM87.5 million from investment and interest income. Contributing also to the Group's cash inflow is RM9.2 million by our partners as debt capital in a joint-venture company.



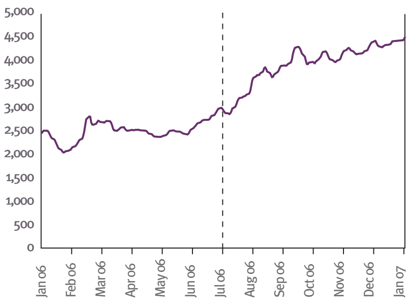
Principal cash out-goings for the year were capital expenditure and construction installments totaling RM165.5 million and interest expense amounting to RM36.1 million. The Group also invested a total of RM42.1 million in quoted investments and in the course of the year repaid RM20.4 million in loans.

All in, cash inflows and outflows for the year was a net inflow to the Group of RM103.0 million. Additionally, the effect of foreign exchange rate changes accounted for RM49.3 million.

The Group closed the year with a strong cash holding of RM692.8 million after paying a RM136.0 million dividend to shareholders.

2006 also saw the introduction of FRS 121, the Accounting Standard for The Effects of Changes in Foreign Exchange Rates. This new standard requires Malaysian companies to maintain their books of accounts in their respective functional currency. In the case of MBC Group, it is United States Dollar (US$). However, the presentation currency for the financial statements shall be in Ringgit Malaysia (RM). The implication of FRS 121 on MBC's balance sheet is significant in that the Group's assets which are predominantly US$ denominated are now required to be restated in its functional currency retrospectively and translated to RM for presentation purposes. This resulted in prior year adjustments for the period ended 31 December 2005 of RM56.1 million and RM35.6 million from Revenue Reserves and Fixed Assets respectively to Exchange Translation Reserves. In respect of the current year, the Exchange Translation Reserves decreased by RM110.1 million due to the strengthening of the RM against the US$, the bulk of it due to the lower RM book value of assets.

Baltic Dry Index
January 2006 to January 2007



The Baltic Dry Index ("BDI") opened the year at 2407 points and dropped to a low of 2033 in January 2006, but picked up during the 2nd quarter of 2006 due to a very active summer market. The BDI opened July at 2983 and climbed to a peak of 4279 in mid-September 2006 before easing back to close the month at 3944, and ended the year at a high of 4397 points. All in, the BDI average for 2006 of 3275 points was only a 3% retraction from 2005's average of 3371 points.

chairman & ceo's statement
(cont'd)

2006 in perspective

In 2006, our total fleet consisted of 18 vessels (14 dry bulk carriers and 4 product tankers) having a total deadweight of 929,494 tonnes. This year's addition to the fleet was the Alam Cantik, a 34,671 dwt Dalian newbuilding product tanker which was delivered in May 2006.

The dry bulk shipping market in 2006 remained strong despite the robust expansion in newbuilding supply. The Baltic Dry Index (BDI) began the year rather weak reaching the year's low of 2,033 points on 25th January 2006. Fears of economic slowdown however receded during the year as global economies shrugged off initial worries regarding escalating interest rate and high oil prices. Consequently, the BDI ended the year on a high note of 4,397 points. Strong growth in China, India and the oil rich Middle Eastern countries boosted strong shipping demand. A return of congestion at certain load ports and longer alternative cargo supply source also positively affected the shipping market.

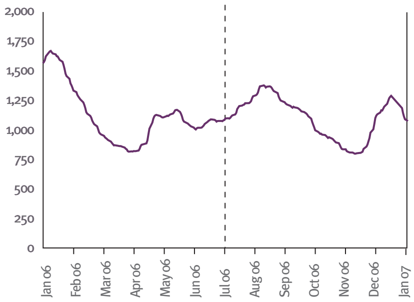
In the tanker sector, active winter demand and increased import needs on account of hurricane Katrina damage to oil refineries helped push rates up in late 2005 into early 2006. The Baltic Clean Tanker Index (BCTI) thus started the year at 1,565 points riding on the back of the strong market of late 2005.

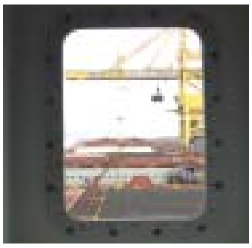
However, 2006 failed to live up to expectations for the tanker market. OPEC's decision to cut production, an uneventful hurricane season along with a mild winter for 2006 dampened the tanker market. The BCTI ended the year down 18% from 1,565 to 1,289 points.

The Group remains committed towards excellence and generating value for our shareholders. The many awards and accolades received attest to our continuing efforts. We are most appreciative of the recognition and credit this to the hard work and dedication of all staff both ashore and at sea.

The Baltic Clean Tanker Index ("BCTI") opened in 2006 at 1565 points and reached its highest value for the year already in the second week of January at 1669 points. Subsequently the index fell steadily to 820 points by the 1st week of April as oil price uncertainty and narrowing refining margins combined to reduce overall vessel fixture activity. The market gained upward momentum during late spring which maintained momentum throughout the summer as gasoline demand improved and extensive pre- emptive inventory build-up of oil products occurred prior to the Atlantic Hurricane Season. The BCTI reached its second highest peak of 2006 at 1377 points in mid August. However market fundamentals reversed throughout the fall as worldwide product inventories remained high as no major oil product supply disruptions occurred. Weakening oil prices, high inventories and resulting reduction in worldwide refinery utilization levels impacted product tanker demand negatively. Mild fall and early winter temperatures in the Northern Hemisphere reduced demand for fuel oil shipments which is normally a significant element of the MR market during fall and winter months. The BCTI reached the year's low of 799 points in mid November but managed to end the year on a recovering trend. Colder temperatures arrived in the December and increased product demand combined with deteriorating weather conditions in the North Atlantic prolonging voyage durations significantly caused a sharp reduction in vessel availability. The BCTI ended the year at 1289 points with the 2006 average of 1112 representing a 16% drop compared with the 2005 average of 1318 points. The market volatility seen throughout 2006 suggest that tanker demand and supply are now more closely balanced as relatively small changes in either cargo or vessel demand can cause large swings in rates.

Baltic Clean Tanker Index
January 2006 to January 2007





MBC has always aspired to establish itself as a major ship owning and operating company within Malaysia and also in the international arena. The Group is today the largest Malaysian dry bulk ship-owner/operator.

Some of the awards received include:

a) "Ship of the Year" award as presented by Lloyd's Maritime Asia, for the Alam Padu

b) "KPMG Shareholder Value Award" - Sectoral Winner in Infrastructure

c) "KPMG Shareholder Value Award" - MBC came in overall second in the list of top 100 listed companies on Bursa Malaysia in terms of value creation for its shareholders

MBC also won the 2006 Lloyd's List Maritime Asia "Bulk Operator Category" award in Malaysia for her ability to generate revenues from both spot and period markets, reliability, age of fleet and ability to handle diverse cargoes.

MBC has always aspired to establish itself as a major ship owning and operating company within Malaysia and also in the international arena. The Group is today the largest Malaysian dry bulk ship-owner/operator. Winning the Lloyd's List Maritime Asia "Bulk Operator Category" award bears testimony to our prominence in the bulk shipping sector.

Dividends and Bonus Issue

The Board is recommending a first and final dividend of 12 sen and a special dividend of 18 sen (total 30 sen per share), tax exempt, for 2006 totaling RM240 million. This is 76% higher than last year and represents a very substantial payout ratio against the Group's attributable profit for the year.

The Group has realized substantial capital gains since it went public. Thus, your Board is recommending this special dividend to reward shareholders for their continued support. Currently there is a lack of attractive investment opportunities in view of high vessel prices. Notwithstanding this substantial dividend payout, the Group would still have sufficient reserves and borrowing options should investment opportunities arise.

The Board is also recommending a bonus issue of 1 MBC share for every 4 shares held.

Outlook and prospects

The dry bulk segment began strongly for 2007 with current (mid February 2007) BDI rates moving up more than 170% from the start of 2006. Forecasts for world GDP growth remains bullish with the International Monetary Fund predicting global growth at 4.9% for 2007. This is only a shade below the 5% average for the 2004 to 2006 period, a level which nonetheless brought about the bull market for all the shipping sectors over the last 4 years.

Iron ore has in recent years emerged as the major driver of dry bulk shipping as it is the single largest seaborne dry bulk commodity traded by volume. Iron ore demand is estimated to increase by at least 300 million tonnes over 2006 to 2008. However, demand is expected to outstrip supply capacity which is projected to increase by about 225 million tonnes. Chinese iron ore imports are expected to be up 9.4% in 2007. Indicatively, Chinese major steel maker, Shanghai Baosteel Group Corporation has recently agreed with various iron ore producers to a 9.5% price increase year on year.

Buoyed by high energy prices, demand for thermal coal is also expected to remain strong.

The optimistic global economic outlook has resulted in considerable interest for period charters at rates close to current spot rates. This combined with a strong start for the year, suggest that 2007 will be another good year for the dry bulk sector.

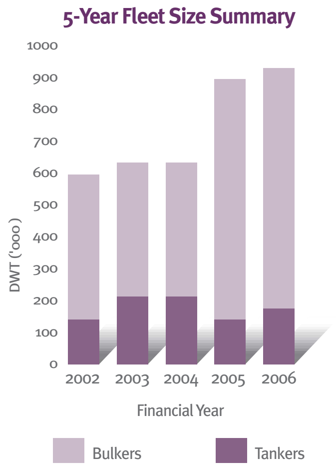
In contrast, the tanker segment started 2007 on a weak note. The implementation of Marpol Annex II cargo reclassification requiring IMO II tankers to carry vegetable oils with effect from 1 January 2007 was expected to increase tanker freights for vegetable oils.

chairman & ceo's statement
(cont'd)

However, the new regulation has so far not brought about the expected freight hike as most palm oil charterers had already fixed ahead fearing a shortage of available tonnage.

Sentiments remain healthy drawing continued investment interest for both newbuildings and second hand tonnage. The strong market over the last 4 years has led to current values for second hand and newbuildings reaching record levels. Whilst earnings remain encouraging, prospects for continued strong markets to justify such high prices appear unrealistic.

The optimistic global economic outlook has resulted in considerable interest for period charters at rates close to current spot rates. This combined with a strong start for the year, suggest that 2007 will be another good year for the dry bulk sector.



Three 35,000 dwt newbuilding product tankers will be delivered by Dalian Shipyard within 2007. Contracted in November 2004, these newbuildings will contribute positively to the Group's income stream.

Fleet Management

The challenge for our Fleet Management team remains seeking the best people for the job. In view of the high cost of vessels, not only is it necessary to ensure that vessels are running efficiently with minimal downtime, we must also be able to make good on our commitment to our customers. The reliability and quality of service, the ability to deliver at a competitive freight rate and a proactive response to the needs of the client are attributes that customers look for in a ship-owner.

Constant education and training programmes for our seafarers are therefore necessary to ensure that they are updated with the latest navigational rules/regulations and safety requirements.

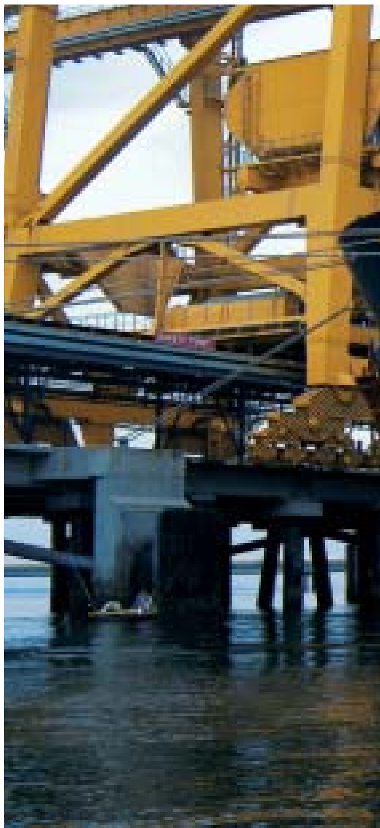
To attract and retain suitable sea-going staff, MBC is committed to not only rewarding and motivating its seafarers but also promoting and encouraging young Malaysians to pursue their interest in maritime studies.

Recognizing the importance of the above, MBC's wholly-owned ship management subsidiary, PSM Perkapalan Sdn Bhd (PPSB) has been sponsoring students for marine cadet training. PPSB sponsored 2 students for such courses in 2006.

Whilst we remain focused on our business, we have not turned a blind eye to environmental issues. As a result, we have gone beyond what is statutorily required and invested in double hull bulkers besides double hull tankers.

Corporate Social Responsibility

Likewise, we are also concerned with the less fortunate and continue to donate to charities and to worthy causes. In 2006, MBC contributed to various deserving causes such as Malaysia Association for the Terminally Ill, National Disaster Aid Trust Funds, Miracle of Hope Home and more recently to Johor Flood Victims.



Whilst we remain focused on our business, we have not turned a blind eye to environmental issues. As a result, we have gone beyond what is statutorily required and invested in double hull bulkers besides double hull tankers.

chairman & ceo's statement
(cont'd)

Corporate Governance

The Board continues to be represented by members having not only the necessary shipping expertise but also experience from the legal, accounting and banking sectors to ensure effectiveness of the Board in its wide functionalities and in meeting its responsibilities towards corporate governance of the Board.

Acknowledgement

Mr. Phua Cheng Tar (alternate Director to Mr. Kuok Khoon Kuan) retired on 31 July 2006. The Board will miss his valuable counsel and we wish to record our sincere appreciation to Mr. Phua for his past services and invaluable contributions and service to the Group.

On behalf of the Board, we wish to thank the management and staff both on shore and on board our vessels for their untiring efforts, dedication and loyalty to the delivery of yet another excellent year's results. We are also most indebted to our customers, business partners and associates for their invaluable support which has been extremely vital to our success.

Finally, our thanks also to all our shareholders for your continued support and confidence in Malaysian Bulk Carriers Berhad.

IN OPERATION

VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)
Bulk Carriers			
1 Alam Sempurna	Feb-84	28,094	10.61
2 Alam Senang	Mar-84	28,098	10.61
3 Alam Gula	May-85	23,418	9.98
4 Alam Selaras	Feb-92	39,110	10.93
5 Alam Selamat	Jul-92	39,110	10.93
6 Alam Mesra	Oct-00	46,644	11.62
7 Alam Makmur	Nov-00	46,644	11.62
8 Alam Padu	Apr-05	87,052	14.13
9 Alam Permai	Jun-05	87,052	14.13
10 Alam Penting	Jul-05	87,052	14.13
11 Alam Pesona	Sep-05	87,052	14.13
12 Alam Pintar	Oct-05	87,052	14.13

VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)
Tankers			
1 Alam Bitara	May-99	45,513	12.20
2 Alam Budi	Mar-01	47,065	12.67
3 Alam Bistari	May-01	47,065	12.67
4 Alam Cantik	May-06	34,671	11.80
5 Alam Cepat	Mar-07	34,671	11.80

NEWBUILDINGS

HULL NO.	YEAR DELIVERY	DWT (MT)	DRAFT (METERS)
Tankers			
1 PC 350-13	June-07	34,671	11.80
2 PC 350-14	Oct-07	34,671	11.80

SOLD IN 2007

VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)
Bulk Carriers			
1 Alam Sejahtera	Jan-85	29,692	10.55
2 Alam Sentosa	Apr-92	39,110	10.93

LOA (METERS)	BEAM (METERS)	HO/HA	GEARS
178.2	23.1	5/5	4Cx25T
178.2	23.1	5/5	4Cx25T
155.8	24.6	4/4	4Cx30T
180.8	30.5	5/5	4Cx25T
180.8	30.5	5/5	4Cx25T
189.8	31.0	5/5	4Cx30T
189.8	31.0	5/5	4Cx30T
229.0	36.5	7/7	Gearless
229.0	36.5	7/7	Gearless
229.0	36.5	7/7	Gearless
229.0	36.5	7/7	Gearless
229.0	36.5	7/7	Gearless

LOA (METERS)	BEAM (METERS)	CGO/SLOP TANKS	GEARS
180.5	32.2	12 CT, 2S	1Cx10T
182.5	32.2	14 CT, 2S	1Cx10T
182.5	32.2	14 CT, 2S	1Cx10T
171.2	27.4	12 CT, 2S, 1 ROT	1Cx10T
171.2	27.4	12CT, 2S, 1 ROT	1Cx10T

LOA (METERS)	BEAM (METERS)	CGO/SLOP TANKS	GEARS
171.2	27.4	12CT, 2S, 1 ROT	1Cx10T
171.2	27.4	12CT, 2S, 1 ROT	1Cx10T

LOA (METERS)	BEAM (METERS)	HO/HA	GEARS
182.8	23.1	5/5	4Cx16T
180.8	30.5	5/5	4Cx25T


LUMUTPORT
LEKIR BULK TERMINAL

"Success is never guaranteed.
Our achievement is the result of committed discipline, our ability to stay on course and the dedicated and motivated teamwork of our personnel and crew."

Board of Directors

Teo Joo Kim
Executive Chairman

Kuok Khoon Kuan
Chief Executive Officer

Wu Long Peng
Executive Director

Dato' Lim Chee Wah
Non-Executive Non-Independent Director

Datuk Haji Abdul Rahim Mohd Zin
Non-Executive Non-Independent Director

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Non-Executive Independent Director

Mohammad bin Abdullah
Non-Executive Independent Director

Tay Beng Chai
Non-Executive Independent Director

Audit Committee

Chairman
Mohammad bin Abdullah

Members
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Wu Long Peng

Nomination & Remuneration Committee

Chairman
Dato' Lim Chee Wah

Members
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Tay Beng Chai

Company Secretaries

Doreen Ng Ngin Hooi (MIA 3539)

Yap Bee Yong (MIA 11165)

Registrar

PPB Corporate Services Sdn Bhd
14th Floor, Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2117 0888
Fax : 03-2117 0999

Registered Office

Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7966 1688
Fax : 03-7966 1628

Auditors

Ernst &Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 9076

Stock Exchange Listing

Bursa Malaysia Securities Berhad, Main Board
Sector : Trading
Stock Name : Maybulk
Stock Code : 5077

Website : www.maybulk.com.my

Wu Long Peng
Executive Director

Tay Beng Chai
Non-Executive Independent Director

Teo Joo Kim
Executive Chairman

Kuok Khoon Kuan
Chief Executive Officer

Dato' Lim Chee Wah
Non-Executive Non-Independent Director

Mohammad bin Abdullah
Non-Executive Independent Director

board of directors

Datuk Haji Abdul Rahim Mohd Zin
Non-Executive Non-Independent Director

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Non-Executive Independent Director



1 Teo Joo Kim *Executive Chairman*

Teo Joo Kim, aged 66, a Singaporean, was appointed to the Board on 25 January 1995 and is currently the Executive Chairman.

Mr. Teo is also the Executive Chairman of Kuok (Singapore) Limited and Pacific Carriers Limited. He qualified from the Institute of Chartered Secretaries and Administrators and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years of experience in the commodity and shipping industry.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended all the four (4) Board Meetings held in the financial year.

2 Kuok Khoon Kuan *Chief Executive Officer*

Kuok Khoon Kuan, aged 59, a Malaysian, was appointed to the Board on 8 June 1995 and is currently the Chief Executive Officer.

Mr. Kuok is also a Director of Kuok (Singapore) Limited. He graduated from University of Singapore with a Bachelor of Arts Degree. He began his career with Malaysian International Shipping Corporation Berhad in 1971 and later joined Pacific Carriers Limited in 1978 and is today its Managing Director. He has over 30 years of experience in the shipping industry.

Mr. Kuok is the nephew of Kuok Hock Nien, who is deemed a major shareholder of the Company. Save for the aforesaid, he does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended all the four (4) Board Meetings held in the financial year.

3 Wu Long Peng *Executive Director*

Wu Long Peng, aged 53, a Singaporean, was appointed to the Board on 21 October 1994 and is a member of the Audit Committee.

Mr. Wu is also the Executive Director of Kuok (Singapore) Limited and Pacific Carriers Limited. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and an Associate Member of the Institute of Certified Public Accountants of Singapore.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended all the four (4) Board Meetings held in the financial year.

4 Dato' Lim Chee Wah

Non-Executive Non-Independent Director

Dato' Lim Chee Wah, aged 67, a Malaysian, was appointed to the Board on 8 June 1995, and is currently the Chairman of the Nomination & Remuneration Committee.

Dato ' Lim is also the Executive Chairman of Malayan Sugar Manufacturing Company Berhad, the Chairman of Jerneh Asia Berhad and Jerneh Insurance Berhad, and the Deputy Chairman of PPB Group Berhad. He is also a trustee of Kuok Foundation Berhad (a charitable organisation). He obtained his Bachelor of Arts (Honours) Degree in Economics from University of Malaya.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended three (3) out of the four (4) Board Meetings held in the financial year.

5 Datuk Haji Abdul Rahim Mohd Zin

Non-Executive Non-Independent Director

Datuk Haji Abdul Rahim Mohd Zin, aged 43, a Malaysian, was appointed to the Board on 31 October 2005.

Datuk Haji Abdul Rahim is the President/ Group Managing Director of Bank Pembangunan Malaysia Berhad. He is also a Director of Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank), Export-Import Bank of Malaysia Berhad, Global Maritime Ventures Berhad and Global Carriers Berhad.

He started his career as a Lecturer in Accounting at Universiti Kebangsaan Malaysia from 1987 to 1989 and was a Finance Executive in Shell Malaysia Trading Sdn Bhd from 1989 to 1990. He has extensive experience in the banking industry. He was with Bumiputra Merchant Bankers Berhad from 1990 to 1996 where his last held position was the General Manager of Corporate Finance; General Manager of Group Finance, Southern Bank Berhad from 1996 to 1998; Senior General Manager of Amanah Merchant Bank Berhad from 1998 to 2000 and Chief Executive Officer of Southern Finance Berhad from 2001 to 2003. He holds a Bachelor of Accountancy Degree from Universiti Kebangsaan Malaysia and a Master of Accountancy from University of Glasgow, Scotland.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended all the four (4) Board Meetings held in the financial year.

6 Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Non-Executive Independent Director

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, aged 57, a Malaysian, was appointed to the Board on 9 July 1996 and is also a member of the Audit Committee and the Nomination & Remuneration Committee.

Dato' Capt. Ahmad Sufian is also the Non-Executive Chairman of WCT Engineering Berhad, GD Express Carrier Berhad and Alam Maritim Resources Berhad. He qualified as a Master Mariner with a Masters Foreign-Going Certificate of Competency from United Kingdom in 1974 and a Diploma in Applied International Management from the Swedish Institute of Management in 1984. He is a Fellow of the Nautical Institute (UK), the Chartered Institute of Logistics and Transport and the Institute Kelautan Malaysia. He has over 35 years of experience in the international maritime industry.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended all the four (4) Board Meetings held in the financial year.

directors' profiles

7 Mohammad bin Abdullah

Non-Executive Independent Director

Mohammad bin Abdullah, aged 66, a Malaysian, was appointed to the Board on 14 October 2003 and is currently the Chairman of the Audit Committee.

Encik Mohammad is also the Chairman of Negara Properties (M) Berhad, MNRB Holdings Berhad, Malaysian Reinsurance Berhad, Malaysian Rating Corporation Berhad, Labuan Reinsurance (L) Ltd and Maydis Berhad (formerly known as Mayban Discount Berhad). His other directorships are in Golden Hope Plantations Berhad, Malayan Banking Berhad, MIMOS Berhad, Aseambankers Malaysia Berhad, MNRB Retakaful Berhad and a number of other private limited companies in the finance, IT and property development industries. A Chartered Accountant with more than 40 years' experience in the accounting profession, Encik Mohammad is also the Registrar of the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Certified Public Accountants (MICPA).

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended three (3) out of the four (4) Board Meetings held in the financial year.

8 Tay Beng Chai

Non-Executive Independent Director

Tay Beng Chai, aged 45, a Malaysian, was appointed to the Board on 14 October 2003 and is also a member of the Nomination & Remuneration Committee.

Mr. Tay is the Managing Partner of Messrs Tay & Partners, Advocates & Solicitors. He holds a Bachelor of Law Degree from the National University of Singapore, and is an advocate and solicitor admitted to practice in Malaysia and Singapore. He has over 20 years experience in corporate, mergers and acquisitions, finance and securities law matters.

He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He attended all the four (4) Board Meetings held in the financial year.

senior management

left to right

Ng Cock Soon *Head of Crew and Marine Departments*

Ooi Kean Meng *Head of Technical Department*

Lim Tau Kok *Director of PSM Perkapalan Sdn Bhd*

Yap Bee Yong *Financial Controller and Company Secretary*

Doreen Ng Ngin Hooi *Company Secretary*

Yee Seng Joo *Head of Information Technology Department*

Roland Chan Moon Fook *General Manager, Chartering Department*

Capt. Chew Choon Beng *Senior Manager, Operations and Post Fixtures Department*


MBC
ALAM PERMAI
SINGAPORE

"MBC is committed to delivering value to its shareholders not only through financial growth but by steadfastly adhering to our reputation for good governance and transparency in all business dealings."

The Board of Directors considers that it has complied with the Best Practices in Corporate Governance as set out in the Malaysian Code on Corporate Governance.

1. BOARD OF DIRECTORS

1.1 Principal Responsibilities

The Board has the overall stewardship responsibilities of providing strategic leadership, overseeing the business conduct, identification and management of principal risks, and ensuring the adequacy and integrity of internal control systems.

A formal schedule of matters specifically reserved for the decision of the Board has been established and is contained in the Group's Financial Authority Limits.

The Board has delegated specific responsibilities to two (2) committees, namely, the Audit Committee and the Nomination & Remuneration Committee, both of which discharge the duties and responsibilities within their respective Terms of Reference. The actual decision is the responsibility of the Board after considering the recommendations of the respective committees.

1.2 Composition

The Board presently comprises the following members:-

	Attendance at Board Meetings
Teo Joo Kim *Executive Chairman*	4 / 4
Kuok Khoon Kuan *Chief Executive Officer*	4 / 4
Wu Long Peng *Executive Director*	4 / 4
Dato' Lim Chee Wah *Non-Executive Non-Independent Director*	3 / 4
Datuk Haji Abdul Rahim Mohd Zin *Non-Executive Non-Independent Director*	4 / 4
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid *Non-Executive Independent Director*	4 / 4
Mohammad bin Abdullah *Non-Executive Independent Director*	3 / 4
Tay Beng Chai *Non-Executive Independent Director*	4 / 4
Phua Cheng Tar *- Alternate to Kuok Khoon Kuan (resigned on 31 July 2006)*	2 / 2

There is a clear division of responsibilities between the Executive Chairman and the Chief Executive Officer. The Executive Chairman is responsible for the overall strategic direction of the Group, whereas the Chief Executive Officer is responsible for the management of the business.

The Board considers that its composition consisting of Directors with a diverse mix of skills and experience in shipping, business, corporate, finance and law bring to the Board not only the essential commercial skills relevant for sound investment decisions, but also the practical and operational experience to professionally manage the Company.

The profile of each Director is set out in pages 24 to 26 of this Annual Report.

1.3 Board Meetings and Supply of Information

The Board meetings are scheduled in advance at the end of the financial year to enable Directors to plan ahead. During the financial year ended 31 December 2006, a total of four (4) meetings were held. The record of each Director's attendance thereat is as set out above.

The agenda and full set of board papers are distributed at least one (1) week prior to the meeting of the Board to ensure that sufficient time is given to Directors to review the matters to be discussed. This includes various reports covering market conditions, outlook, investment opportunities and financial performance.

All Directors have full access to the assistance and the services of the Company Secretaries including where necessary, the advice of independent professionals.

1.4 Re-Election

In accordance with the Company's Articles of Association, 1/3 of the Directors or if their number is not 3 or a multiple of 3, then the number nearest 1/3 shall retire from office at every Annual General Meeting and be eligible for re-election.

1.5 Continuing Education Programmes

The Directors are encouraged to attend continuing education programmes and seminars so as to keep abreast with current developments in the industry as well as any changes in laws and regulations.

1.6 Nomination & Remuneration Committee

The Nomination & Remuneration Committee was established on 18 March 2005 following the merger of the Nomination Committee and the Remuneration Committee, with duties, functions and responsibilities in accordance with those provided by the Malaysian Code of Corporate Governance, and agreed upon by the Board and the Nomination & Remuneration Committee.

During the financial year ended 31 December 2006, the Nomination & Remuneration Committee had one (1) meeting, with full attendance at the meeting, to discuss and make the necessary recommendation to the Board of Directors with regards to the remuneration of the Directors.

2. DIRECTORS' FEES

Details of the Directors' fees for the financial year ended 31 December 2006 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	-	-
Fees	215,000	352,000
Bonus	-	-
Benefits-in-kind	-	-
Total	**215,000**	**352,000**

The Directors' fees for the financial year ended 31 December 2006 fall within the following bands:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	-
RM50,000 to RM100,000	3	5
RM100,001 and above	-	-

corporate governance statement

corporate governance statement (cont'd)

3. SHAREHOLDERS

The Company is committed in maintaining good communications with its investors. In this respect, announcements are made as and when necessary to inform investors about developments and events within the Group, including timely release of the quarterly financial results.

In addition, results briefings are held after release of the half-year and full year financial results for the media, fund managers and analysts for an overview of the Group's performance. Quarterly results on the Group and announcements released by the Company can be accessed from Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com

The Company uses the Annual General Meeting ("AGM") as the forum to communicate with its shareholders. The results and progress of the Group are reported in the Annual Report issued to all shareholders, who are given the opportunity to ask questions or seek clarification about the performance and business of the Group at the AGM.

In addition to the published Annual Report and Quarterly Reports announced to Bursa Malaysia Securities Berhad, shareholders and investors may also access information about the Group via the Company's corporate website at www.maybulk.com.my

Any queries about the Group's business and development or concern about the Group can be conveyed through the Company Secretaries or at the AGM.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board considers that it has provided a balanced, fair and representative assessment of its business in its quarterly results and annual financial statements.

4.2 Internal Control

The statement on the Company's internal control system is set out on page 36 of this Annual Report.

4.3 Relationship with Auditors

The Board maintains a formal, professional and transparent relationship with the External Auditors through the Audit Committee, guided by the Listing Requirements, the Malaysian Code on Corporate Governance and the Audit Committee's terms of reference.

4.4 Statement of Board of Directors' Responsibility for Preparing the Financial Statements

The statement explaining the Board of Directors' responsibility for preparing the annual financial statements is set out on page 82 of this Annual Report.

audit committee report

1. THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members of the Board of whom two (2) are Non-Executive Independent Directors:-

Mohammad bin Abdullah *(Chairman)*
Non-Executive Independent Director
A member of the Malaysian Institute of Accountants (MIA)

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Non-Executive Independent Director

Wu Long Peng
Executive Director

2. MEETINGS AND ATTENDANCE

The Audit Committee meets periodically to carry out its functions and duties in accordance with its Terms of Reference. During the financial year ended 31 December 2006, the Audit Committee had a total of four (4) meetings with full attendance at each meeting.

3. TERMS OF REFERENCE

3.1 Purpose

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities for the financial reporting process, system of internal control, audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct.

3.2 Composition

The Audit Committee shall consist of at least three (3) members but no more than six (6) members elected among the members of the Board, a majority of whom are independent. The members of the Audit Committee shall elect a chairman from among their number, who shall be a Non-Executive Independent Director.

3.3 Authority

The Audit Committee is empowered to, in accordance with the procedures determined by the Board of Directors and at the cost of the Company:-

- Investigate any matters within its Terms of Reference;
- Have full and unrestricted access to all information in relation to the Company and its subsidiaries ("the Group");
- Have direct communication channels with the External Auditors and Internal Auditors;
- Obtain external independent professional advice or assistance;
- Convene closed meetings with the External Auditors or outside counsel, whenever deemed necessary;
- Appoint, compensate and oversee the work of the External Auditors; and
- Resolve any disagreement between management and the External Auditors regarding financial reporting.

3.4 Meetings and Attendance

The Audit Committee shall meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require.

The quorum for a meeting shall consist of a majority of Independent Directors. Directors, employees, auditors or others may attend meetings upon the invitation of the Audit Committee. Where necessary, the Audit Committee will conduct private meetings with auditors.

Due notice of issues should be given and conclusions in discharging the Audit Committee's duties and responsibilities should be recorded.

3.5 Duties and Responsibilities

The Audit Committee shall, amongst others, discharge the following duties and responsibilities:-

- Review with the Internal Auditors, the scope, functions, adequacy of resources, authority, internal audit programme and results, processes or investigation undertaken and the action taken on their recommendations;
- Review the quarterly results and annual financial statements of the Group prior to the approval by the Board of Directors;
- Review any related party transaction and conflict of interest situation, including any transaction, procedure or course of conduct;
- Review with the External and Internal Auditors, the effectiveness of the Group's system of internal controls, including information technology security and control;
- Review the effectiveness of the External Auditors, including their appointment, audit fee and any questions of resignation or dismissal;
- Review the effectiveness of the Internal Audit's functions, including the appointment, termination or resignation of senior internal audit staff;
- Consider other topics as defined by the Board of Directors; and
- Report its activities, issues and related recommendations to the Board of Directors, and any matter which has not been satisfactorily resolved, thus resulting in a breach of the Listing Requirements.

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

For the financial year ended 31 December 2006, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference. The main areas of activities undertaken by the Audit Committee were as follows:-

(a) reviewed the Internal Audit plan;

(b) reviewed the major findings of Internal Audit reports and their recommendations relating thereto;

(c) reviewed the quarterly results/announcements of the Company and made recommendations to the Board of Directors for approval prior to the release of the results to Bursa Malaysia Securities Berhad;

(d) reviewed the annual audited financial statements of the Group/Company and made relevant recommendations to the Board of Directors for approval;

(e) reviewed the Internal Audit reports on related party transactions undertaken by the Group including the procedures monitoring recurrent related party transactions;

(f) reviewed with the External Auditors their audit plan;

(g) reviewed the External Auditors' audit findings and recommended to the Board of Directors on further actions to be undertaken;

(h) met with the External Auditors to discuss on the issues that they may have without the presence of the management;

(i) reviewed the Audit Committee Report and Statement on Internal Control for inclusion into the Company's 2005 Annual Report; and

(j) reviewed the Group's compliance on the following areas, where relevant:-

- Listing Requirements of Bursa Malaysia Securities Berhad.
- Provisions of the Companies Act, 1965 and other legal requirements.
- Applicable approved accounting standards in Malaysia.

5. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT

The Audit Committee in particular, is assisted by the Internal Auditors, where the Internal Auditors undertake the audit and compliance functions of the Group in line with the Internal Audit Plan.

The Internal Audit focuses on determining whether the controls provide reasonable assurance of effective and efficient operations, the reliability and integrity of financial data and reports, and compliance with laws, regulations and contracts.

The Internal Audit Plan covers the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of compliance to the internal control systems which comprises key components of control environment, risk assessment process, operational control activities, information and communication system and monitoring practices.

statement on internal control

This Statement on Internal Control is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad with regards to the Group's compliance with the Principles and Best Practices provisions relating to internal control under the Code.

1. **Board Responsibility**

   The Board of Directors is responsible for maintaining the Company's internal control system to safeguard the shareholders' investment and the Group's assets. This includes financial, operational and compliance controls, and risk management.

   In addition, the Board is directly involved in identifying the risks relating to various aspects of the Group's business. The Board also monitors and manages these risks on an ongoing basis.

   The Board has established appropriate control structure and environment, and ongoing monitoring activities to ensure the effectiveness of the internal control system.

2. **Control Structure**

   The Board has established a structure with clearly defined areas of responsibility and delegated authority.

   The Audit Committee assists the Board in its responsibilities over the system of internal control. Its independence is assured by the composition of a majority of Independent Directors. As highlighted in the Audit Committee Report, the Audit Committee has full access and direct communication with the External and Internal Auditors in discharging its responsibilities.

   The Internal Auditors assist the Audit Committee with the examination and evaluation of the adequacy and effectiveness of internal control system, including control environment, risk assessment process and operational control activities.

3. **Control Environment**

   The Group's Financial Authority Limits and Operations Manual provide the framework for management to deal with business and operational risks and the procedures for reporting information to the Board. These are properly documented and reviewed on an ongoing basis.

   The budgeting process takes place annually, where each business unit prepares its own budget for review by the Executive Directors, and approval by the Board.

   When setting budgets, management identifies, evaluates and reports the potential business risks.

   The Board reviews management reports on the financial results, business and market activities and the Company's operations on a quarterly basis. The Executive Directors review these matters on a continuing basis.

   Emphasis is also placed on the quality and competency of employees with continuing training and development encouraged.

4. **Monitoring and Review Activities**

   The processes for monitoring the internal control system are embedded in the periodic examination by the Internal Auditors of the adequacy and effectiveness of internal control.

   The findings of the Internal Auditors are reported directly to the Audit Committee. The Audit Committee also reviews the reports from the External Auditors on issues relating to internal controls and financial reporting. The Audit Committee in turn reports to the Board, its findings and consequently its conclusion on the effectiveness of the internal control system annually.

   There are no material internal control failures nor have any of the reported weaknesses resulted in material financial losses or contingencies during the financial year ended 31 December 2006.

5. **Effectiveness of Internal Control**

   The Board believes that the Company's system of internal control provides a reasonable though not absolute assurance that weaknesses or deficiencies are identified and corrective actions are taken in a timely manner.

   The development of this internal control system is an ongoing process and the Board will continue to take steps to improve it.

   The Board confirms that it has reviewed the effectiveness of the system of internal control and is not aware of any significant weakness or deficiency for the financial year ended 31 December 2006.

financial statements

directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are described in Note 10 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	312,326	87,571
Attributable to:		
Equity holders of the Company	300,565	87,571
Minority interests	11,761	-
	312,326	87,571

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the Statements of Changes in Equity.

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

(a) the effects arising from the changes in accounting policies due to the adoption of the new and revised FRSs which has resulted in an increase in the Group's and the Company's profit for the year by RM27,024,000 and RM55,215,000 respectively as disclosed in Note 2.3(e)(ii) to the financial statements; and

(b) the effects arising from changes in estimates where the residual value of vessels was revised resulting in an increase in the Group's profit for the year by RM5,330,000 as disclosed in Note 2.4 to the financial statements.

DIVIDENDS

During the year, the Company paid a first and final dividend of 12 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM96,000,000 and a special dividend of 5 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM40,000,000 in respect of the year ended 31 December 2005 as reported in the Directors' Report of that year.

The Directors recommend a first and final dividend of 12 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM96,000,000 and a special dividend of 18 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM144,000,000 subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. In accordance with FRS 110 - Events After the Balance Sheet Date, the proposed dividends are not reflected in the current year's financial statements. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2007.

SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are disclosed in Note 28 to the financial statements.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and as at the date of this report are:

Teo Joo Kim
Kuok Khoon Kuan
Wu Long Peng
Dato' Lim Chee Wah
Datuk Haji Abdul Rahim Mohd Zin
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Mohammad bin Abdullah
Tay Beng Chai

Alternate Director

Phua Cheng Tar - alternate to Kuok Khoon Kuan (resigned on 31 July 2006)

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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in Note 24 to the financial statements.

DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, interests in shares in the Company as stated below:

	Number of Ordinary Shares of RM0.25 Each			
	At	During the financial year		At
	1.1.2006	Bought	Sold	31.12.2006
Teo Joo Kim	1,377,000	-	-	1,377,000
Kuok Khoon Kuan	1,703,000	-	-	1,703,000
Wu Long Peng	1,300,000	-	-	1,300,000
Dato' Lim Chee Wah	1,450,000	100,000	-	1,550,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	695,000	30,000	-	725,000
Tay Beng Chai	300,000	-	-	300,000
Mohammad bin Abdullah	100,000	-	-	100,000

Datuk Haji Abdul Rahim Mohd Zin does not have any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

(ii) to ensure that any current assets which were unlikely to realise their value 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.

OTHER STATUTORY INFORMATION (CONT'D)

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

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of an event subsequent to the financial year are disclosed in Note 29 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

Kuok Khoon Kuan **Wu Long Peng**

Petaling Jaya, Selangor Darul Ehsan
27 February 2007

statement by directors pursuant to section 169(15) of the Companies Act 1965

We, Kuok Khoon Kuan and Wu Long Peng, being two of the Directors of Malaysian Bulk Carriers Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 43 to 76 are drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

Kuok Khoon Kuan **Wu Long Peng**

Petaling Jaya, Selangor Darul Ehsan
27 February 2007

statutory declaration pursuant to section 169(16) of the Companies Act 1965

I, Yap Bee Yong, being the Officer primarily responsible for the financial management of Malaysian Bulk Carriers Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 76 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 Yap Bee Yong at
Petaling Jaya in Selangor Darul Ehsan
on 27 February 2007 **Yap Bee Yong**

Before me,

report of the auditors

to the members of Malaysian Bulk Carriers Berhad (incorporated in Malaysia)

We have audited the financial statements set out on pages 43 to 76. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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.

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 Companies Act 1965.

Ernst & Young
AF: 0039
Chartered Accountants

Choong Mei Ling
No. 1918/09/08 (J)
Partner

Kuala Lumpur, Malaysia
27 February 2007

income statements for the year ended 31 december 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 (restated)	Company 2006 RM'000	Company 2005 RM'000 (restated)
Revenue	3	**441,600**	395,783	**92,500**	145,400
Operating expenses		**(172,409)**	(144,375)	**-**	-
		269,191	251,408	**92,500**	145,400
Other operating income		**84,259**	435,504	**3,493**	297,916
Administration expenses		**(19,476)**	(25,495)	**(7,894)**	(6,760)
Profit from operations		**333,974**	661,417	**88,099**	436,556
Finance cost		**(36,071)**	(16,946)	**(67)**	(3,279)
Share of results of associate		**15,584**	6,709	**-**	-
Profit before taxation	4	**313,487**	651,180	**88,032**	433,277
Taxation	7	**(1,161)**	(26)	**(461)**	151
Profit for the year		**312,326**	651,154	**87,571**	433,428
Attributable to:					
Equity holders of the Company		**300,565**	640,164	**87,571**	433,428
Minority interests		**11,761**	10,990	**-**	-
		312,326	651,154	**87,571**	433,428
Earnings per share attributable to equity holders of the Company (sen)	8	**37.57**	80.02		
Net dividends per share (sen)	22	**30**	17	**30**	17

The accompanying notes form an integral part of the financial statements.

balance sheets as at 31 december 2006

		Group		Company	
	Note	2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
ASSETS					
NON-CURRENT ASSETS					
Fixed assets	9	**1,021,312**	1,007,942	**8,299**	7,865
Subsidiaries	10	**-**	-	**946,604**	799,971
Associate	11	**36,397**	25,461	**-**	-
		1,057,709	1,033,403	**954,903**	807,836
CURRENT ASSETS					
Consumable stores		**6,216**	7,882	**-**	-
Trade receivables	12	**33,148**	27,327	**-**	-
Other receivables and prepayments	13	**84,363**	23,892	**636**	1,102
Amounts due from subsidiaries	14	**-**	-	**129,152**	406,181
Investments	15	**178,103**	150,338	**-**	-
Short term deposits	16	**676,671**	772,310	**32,687**	33,097
Cash and bank balances		**16,123**	2,783	**4,607**	168
		994,624	984,532	**167,082**	440,548
Non-current asset classified as held for sale		**36,062**	-	**-**	-
		1,030,686	984,532	**167,082**	440,548
TOTAL ASSETS		**2,088,395**	2,017,935	**1,121,985**	1,248,384
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	17	**200,000**	200,000	**200,000**	200,000
Reserves	18	**1,354,117**	1,299,698	**663,076**	772,881
		1,554,117	1,499,698	**863,076**	972,881
Minority interests		**53,034**	45,082	**-**	-
Total equity		**1,607,151**	1,544,780	**863,076**	972,881
NON-CURRENT LIABILITIES					
Borrowings	19	**336,014**	389,540	**-**	-
Deferred tax liabilities	20	**-**	74	**-**	-
		336,014	389,614	**-**	-
CURRENT LIABILITIES					
Other payables	21	**71,451**	60,238	**14,343**	3,224
Borrowings	19	**73,302**	23,201	**-**	-
Amounts due to subsidiaries	14	**-**	-	**244,566**	272,279
Provision for taxation		**477**	102	**-**	-
		145,230	83,541	**258,909**	275,503
Total liabilities		**481,244**	473,155	**258,909**	275,503
TOTAL EQUITY AND LIABILITIES		**2,088,395**	2,017,935	**1,121,985**	1,248,384

The accompanying notes form an integral part of the financial statements.

statement of changes in equity for the year ended 31 december 2006

GROUP	Note	← Attributable to Equity Holders of the Company → Distributable: Share capital RM'000	Retained profit RM'000	Non-distributable: Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Total reserves RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 January 2005										
As previously stated		200,000	555,953	98,791	34,159	25,000	2,172	716,075	32,553	948,628
Effects of adopting FRS 121		-	(51,520)	-	-	-	93,323	41,803	-	41,803
At 1 January 2005 (restated)		200,000	504,433	98,791	34,159	25,000	95,495	757,878	32,553	990,431
Subscription for shares issued by a subsidiary		-	-	-	-	-	-	-	1,520	1,520
Transfer to capital redemption reserve upon redemption of RPS		-	(15,000)	-	-	15,000	-	-	-	-
Profit for the year		-	640,164	-	-	-	-	640,164	10,990	651,154
Dividend	22	-	(96,000)	-	-	-	-	(96,000)	-	(96,000)
Currency translation differences		-	-	-	-	-	(2,344)	(2,344)	19	(2,325)
At 31 December 2005 (restated)		200,000	1,033,597	98,791	34,159	40,000	93,151	1,299,698	45,082	1,544,780
At 1 January 2006										
As previously stated		**200,000**	**1,089,657**	**98,791**	**34,159**	**40,000**	**1,473**	**1,264,080**	**45,082**	**1,509,162**
Effects of adopting FRS 121		**-**	**(56,060)**	**-**	**-**	**-**	**91,678**	**35,618**	**-**	**35,618**
At 1 January 2006 (restated)		**200,000**	**1,033,597**	**98,791**	**34,159**	**40,000**	**93,151**	**1,299,698**	**45,082**	**1,544,780**
Profit for the year		**-**	**300,565**	**-**	**-**	**-**	**-**	**300,565**	**11,761**	**312,326**
Dividend	22	**-**	**(136,000)**	**-**	**-**	**-**	**-**	**(136,000)**	**-**	**(136,000)**
Currency translation differences		**-**	**-**	**-**	**-**	**-**	**(110,146)**	**(110,146)**	**(3,809)**	**(113,955)**
At 31 December 2006		**200,000**	**1,198,162**	**98,791**	**34,159**	**40,000**	**(16,995)**	**1,354,117**	**53,034**	**1,607,151**

The accompanying notes form an integral part of the financial statements.

statement of changes in equity for the year ended 31 december 2006 (cont'd)

COMPANY	Note	Share capital RM'000	Distributable Retained profit RM'000	Non-distributable Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Total reserves RM'000	Total RM'000
At 1 January 2005									
As previously stated		200,000	234,446	98,791	47,524	25,000	-	405,761	605,761
Effects of adopting FRS 121		-	(90,504)	-	-	-	120,341	29,837	29,837
At 1 January 2005 (restated)		200,000	143,942	98,791	47,524	25,000	120,341	435,598	635,598
Transfer to capital redemption reserve upon redemption of RPS		-	(15,000)	-	-	15,000	-	-	-
Profit for the year		-	433,428	-	-	-	-	433,428	433,428
Dividend	22	-	(96,000)	-	-	-	-	(96,000)	(96,000)
Currency translation differences		-	-	-	-	-	(145)	(145)	(145)
At 31 December 2005 (restated)		200,000	466,370	98,791	47,524	40,000	120,196	772,881	972,881
At 1 January 2006									
As previously stated		**200,000**	**556,179**	**98,791**	**47,524**	**40,000**	**-**	**742,494**	**942,494**
Effects of adopting FRS 121		**-**	**(89,809)**	**-**	**-**	**-**	**120,196**	**30,387**	**30,387**
At 1 January 2006 (restated)		**200,000**	**466,370**	**98,791**	**47,524**	**40,000**	**120,196**	**772,881**	**972,881**
Profit for the year		**-**	**87,571**	**-**	**-**	**-**	**-**	**87,571**	**87,571**
Dividend	22	**-**	**(136,000)**	**-**	**-**	**-**	**-**	**(136,000)**	**(136,000)**
Currency translation differences		**-**	**-**	**-**	**-**	**-**	**(61,376)**	**(61,376)**	**(61,376)**
At 31 December 2006		**200,000**	**417,941**	**98,791**	**47,524**	**40,000**	**58,820**	**663,076**	**863,076**

The accompanying notes form an integral part of the financial statements.

cash flow statements for the year ended 31 december 2006

	Group		Company	
	2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**313,487**	651,180	**88,032**	433,277
Adjustments for:				
Depreciation of fixed assets	**40,170**	40,119	**708**	175
Impairment loss on investment in subsidiaries	**-**	-	**440**	1,443
Writeback of provision for doubtful debts	**(62)**	(476)	**-**	-
Writeback of provision for impairment on quoted investment	**(3,163)**	-	**-**	-
Provision for cost sharing of expenses	**-**	6,500	**-**	495
Gain on disposal of fixed assets	**-**	(118,148)	**-**	-
Gain on disposal of subsidiaries	**-**	(294,013)	**-**	(294,016)
Gain on disposal of quoted investments	**(5,905)**	(291)	**-**	-
Fixed assets written off	**1**	20	**-**	-
Unrealised gain on quoted investments	**(29,443)**	(7,936)	**-**	-
Unrealised exchange (gain)/loss	**(5,008)**	683	**(7)**	20
Dividend income	**(1,304)**	(951)	**(92,500)**	(145,400)
Interest income	**(39,294)**	(14,011)	**(1,931)**	(2,352)
Interest expenses and other financing costs	**36,071**	13,667	**67**	-
Dividend on RPS	**-**	3,279	**-**	3,279
Net foreign exchange difference	**(7,150)**	1,396	**-**	-
Share of results of associate	**(15,584)**	(6,709)	**-**	-
Operating profit/(loss) before working capital changes	**282,816**	274,309	**(5,191)**	(3,079)
Changes in working capital:				
Consumable stores	**1,666**	(1,975)	**-**	-
Receivables	**(35,990)**	(25,413)	**343**	66,225
Payables	**22,861**	14,152	**11,486**	(11,433)
Subsidiaries	**-**	-	**257,331**	(358,452)
Cash generated from/(used in) operations	**271,353**	261,073	**263,969**	(306,739)
Tax paid	**(973)**	(1,471)	**(331)**	(866)
Net cash generated from/(used in) operating activities	**270,380**	259,602	**263,638**	(307,605)
CASH FLOWS FROM INVESTING ACTIVITIES				
Construction cost incurred for fixed assets	**(161,765)**	(353,918)	**-**	-
Purchase of new equipment and capitalisation of dry docking cost	**(2,979)**	(8,372)	**-**	-
Purchase of other fixed assets	**(728)**	(1,340)	**(1,738)**	-
Purchase of quoted investments	**(42,131)**	(70,737)	**-**	-
Investment in subsidiaries	**-**	-	**(200)**	(1,889)
Dividend received	**1,304**	951	**92,500**	145,400
Interest received	**39,294**	14,011	**1,931**	2,352
Proceeds from disposal of quoted investments	**43,108**	22,355	**-**	-
Proceeds from disposal of fixed assets	**57**	254,809	**-**	-
Proceeds from disposal of subsidiaries	**-**	572,020	**-**	572,055
Proportionate shareholders' loan to associate	**-**	(7,340)	**-**	-
Loan repayment from associate company	**3,754**	-	**-**	-
Net cash generated from/(used in) investing activities	**(120,086)**	422,439	**92,493**	717,918
Cash flows carried forward	**150,294**	682,041	**356,131**	410,313

cash flow statements for the year ended 31 december 2006 (cont'd)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Cash flows brought forward	**150,294**	682,041	**356,131**	410,313
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest and other financing costs	**(36,071)**	(13,667)	**(67)**	-
Repayment of loans	**(20,421)**	(115,667)	**-**	-
Repayment of lease financing	**-**	(7,822)	**-**	-
Drawdown of loans	**-**	273,681	**-**	-
Drawdown of finance lease	**-**	140,767	**-**	-
Repayment of loan from subsidiaries	**-**	-	**(212,218)**	(158,406)
Redemption of RPS	**-**	(150,000)	**-**	(150,000)
RPS dividend paid	**-**	(5,079)	**-**	(5,079)
Proceeds from issuance of ordinary shares to minority shareholder	**-**	1,520	**-**	-
Loan from minority shareholders of subsidiaries	**9,181**	9,491	**-**	-
Dividend paid	**(136,000)**	(96,000)	**(136,000)**	(96,000)
Net cash generated from/(used in) financing activities	**(183,311)**	37,224	**(348,285)**	(409,485)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(33,017)**	719,265	**7,846**	828
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**(49,282)**	(263)	**(3,817)**	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**775,093**	56,091	**33,265**	32,437
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**692,794**	775,093	**37,294**	33,265
Cash and cash equivalents comprise:				
Short term deposits	**676,671**	772,310	**32,687**	33,097
Cash and bank balances	**16,123**	2,783	**4,607**	168
	692,794	775,093	**37,294**	33,265

The accompanying notes form an integral part of the financial statements.

notes to the financial statements 31 december 2006

1. GENERAL

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company and its subsidiaries are at Level 17 and 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and comply with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 and early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement, as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting except for those subsidiaries indicated in Note 10 to the financial statements which are consolidated using the merger method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated balance sheet. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years.

The difference between the cost of acquisition over the nominal value of the share capital is classified as capital reserve.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any goodwill which is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(b) Investment in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(j).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(c) Consumable Stores

Consumable stores which comprise lubricant oil stocks, bunkers and ship provisions are stated at the lower of cost and net realisable value, cost being determined on a first-in first-out basis. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items.

(d) Fixed Assets and Depreciation

Fixed assets are stated at cost less depreciation and impairment losses. Depreciation is calculated on the straight line basis to write off the cost of the assets net of residual value over their expected useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(j). Cost of vessels includes the cost of any major enhancement and improvement which increase the future benefits from the vessel beyond their previously assessed standard of performance. Expenditure for routine replacements and repairs is written off immediately in the income statement.

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

No depreciation is provided for construction in progress.

The term of the leasehold land is 99 years, expiring in 2097. The land is stated at cost and not depreciated.

The depreciation rates used are as follows:

Vessels	25 years
Dry docking	2 - 3 years
Leasehold property/Depot site development	2% per annum
Vehicles	20% per annum
Office equipment	20% - 33 1/3% per annum
Furniture and fittings	10% per annum
Renovations	33 1/3% per annum

2.2 Summary of Significant Accounting Policies (cont'd)

(d) Fixed Assets and Depreciation (cont'd)

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

An item of fixed asset 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 the income statement.

(e) Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value, plus directly attributable transaction cost except for financial assets at fair value through profit or loss, which are recognised at fair value. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss' and are classified as current assets. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

(ii) Loans and receivables

Loans and receivables with a short duration are not discounted. They are measured at cost, which is the consideration given. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the Group and the Company will not be able to collect the debt.

Loans and receivables include trade and other receivables, amounts due from subsidiaries, associates and fellow subsidiaries and loan to subsidiaries in the balance sheet.

(f) Investment Securities

Investment securities are classified as financial assets at fair value through profit or loss. The accounting policies for financial assets at fair value through profit or loss are stated in Note 2.2(e)(i).

(g) Determination of Fair Value

The fair values of quoted financial assets are based on quoted market bid prices at balance sheet date. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to the current market value of other instruments that are substantially the same, discounted cash flow analysis or other valuation models.

2.2 Summary of Significant Accounting Policies (cont'd)

(h) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currrency of the primary economic environment in which the entity operates ("the functional currency"). The Company has identified United States Dollar ("USD") as its functional currency as the Company operates in an international market where the functional currency is mainly USD. The financial statements are presented in Ringgit Malaysia (RM), which is the Company's presentation currency as stipulated by FRS 121 for financial statements presented in Malaysia.

The consolidated financial statements are presented in Ringgit Malaysia (RM).

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the exchange translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

(iii) Foreign operations

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at the exchange rates at the dates of transactions or the average exchange rates for the year.

All resulting exchange differences are taken to the Exchange Translation Reserve within equity.

The exchange rates used for translation for each unit of the main foreign currencies in the Group are as follows:

	Year end rates	
	2006	**2005**
United States Dollar (USD)	3.526	3.776
Singapore Dollar (SGD)	2.299	2.268

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank, and deposits with banks and licensed financial institutions and exclude deposits pledged.

(j) Impairment of Assets

The carrying amounts of the Group's and of the Company's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying value of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

(k) Financial Liabilities

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

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the financial instrument. All interest related charges are recognised as an expense in "finance cost" in the income statement.

Interest bearing and non-interest borrowings are recognised at cost. The carrying value approximates the fair value of borrowings. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost, which is the initial cost less any principal repayments. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Trade and other payables with short duration are not discounted. They are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(l) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for the leased assets is in accordance with that for depreciable fixed assets as described in Note 2.2(d).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

2.2 Summary of Significant Accounting Policies (cont'd)

(m) Deferred Taxation

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(n) Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Financial instruments are offset when the Group has an enforceable legal right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policies for financial instruments recognised on the balance sheet are disclosed in the individual policy statements associated with each item.

(o) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in reserves in the period in which they are declared.

(p) Derivative Financial Instruments

Off balance sheet financial derivatives include forward contracts in the foreign exchange and capital markets. Derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other payables in the balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognised in the income statement.

2.2 Summary of Significant Accounting Policies (cont'd)

(q) Income Recognition

(i) Charterhire income

The time charter equivalent of income from the companies' various ship chartering activities are recognised on a time proportion basis.

(ii) Investment income

Dividend income from investment in subsidiaries and associates is recognised in the Company's income statement when the right to receive payment is established. Dividend income from quoted investments is accounted for as and when receivable.

(iii) Rental income

Rental income is recognised on an accrual basis.

(iv) Ship brokerage and charterhire commission

Ship brokerage and charterhire commission are recognised when services are rendered.

(v) Management fees

The fees earned from the management of vessels, crew and technical matters are recognised when services are rendered.

(vi) Interest income

Interest income is recognised on an accrual basis.

(r) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the statutory pension scheme, the Employees Provident Fund. Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(s) Non-current Assets Held for Sale and Discontinued Operations

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 FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Investments in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition, the Group has early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement for the financial period beginning 1 January 2006.

The Group has not early adopted the following FRSs and amendments:

FRS	**Effective for financial periods beginning on or after**
FRS 117 - Leases	1 October 2006
FRS 124 - Related Party Disclosures	1 October 2006
FRS 6 - Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119_{2004} - Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Liabilities	1 July 2007
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 : Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8 : Scope of FRS 2	1 July 2007

The Group is exempted from disclosing the possible impact of applying FRS 117 and FRS 124 in the period of initial application.

The others are not revelant to the Group's operations and the adoption of the Amendments and Interpretations will have no impact on the financial statements of the Group and the Company.

The adoption of revised FRS 2, 102, 108, 110, 116, 127, 128, 131, 132, 133, 136, 138 and 140 does not result in significant changes in accounting policies of the Group. The change in accounting policy arising from the adoption of FRS 3 has not been applied retrospectively as it is impracticable to obtain the fair values of the respective companies at the date of the merger.

The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets held for sale are classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

(a) FRS 5: Non-current Assets Held for Sale and Discontinued Operations (cont'd)

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. This change in accounting policy has had no impact on amounts reported for 2005. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively. There were no effects on the Company's financial statements.

(b) FRS 101: Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively. These changes in presentation have no impact on the Company's financial statements.

(c) FRS 121: The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company has identified United States Dollar ("USD") as its functional currency as the Company operates in an international market where the functional currency is mainly USD. The financial statements are presented in Ringgit Malaysia, which is the Company's presentation currency, as stipulated by FRS 121 for financial statements presented in Malaysia.

This change in accounting policy has been accounted for retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively.

(d) FRS 139: Financial Instruments: Recognition and Measurement

The Group has adopted the deferred FRS 139 prospectively on 1 January 2006. At that date, financial assets within the scope of deferred FRS 139 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method. At 1 January 2006, differences between the carrying values and fair values of financial assets at fair value through profit or loss were not significant and accordingly not recognised in retained profits.

The change in accounting policy has no impact on amounts reported for 2005. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

(e) Summary of Effects of Adopting New and Revised FRSs on the Current Year's Financial Statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year.

(i) Effects on balance sheets as at 31 December 2006

	Increase/(Decrease)				
Description of change	FRS 5 RM'000	FRS 101 RM'000	FRS 121 RM'000	FRS 139 RM'000	Total RM'000
Group					
Fixed assets	(36,062)	-	10,147	-	(25,915)
Investments	-	-	-	29,443	29,443
Non-current assets held for sale	36,062	-	-	-	36,062
Exchange translation reserve	-	-	69,336	-	69,336
Retained profit	500	-	(59,189)	29,443	(29,246)
Total equity	500	53,034	10,147	29,443	93,124
Company					
Fixed assets	-	-	(595)	-	(595)
Investments in subsidiaries	-	-	24,821	-	24,821
Exchange translation reserve	-	-	58,820	-	58,820
Retained profit	-	-	(34,594)	-	(34,594)
Total equity	-	-	24,226	-	24,226

(ii) Effects on income statements for the year ended 31 December 2006

	Increase/(Decrease)				
Description of change	FRS 5 RM'000	FRS 101 RM'000	FRS 121 RM'000	FRS 139 RM'000	Total RM'000
Group					
Operating expenses	(500)	-	2,919	-	2,419
Other operating income	-	-	-	29,443	29,443
Share of results of associate	-	(90)	-	-	(90)
Profit before taxation	500	(90)	(2,919)	29,443	26,934
Taxation	-	(90)	-	-	(90)
Profit for the year	500	-	(2,919)	29,443	27,024
Earnings per share - Basic (sen)	0.06	-	(0.36)	3.68	3.38
Company					
Other operating income	-	-	55,215	-	55,215
Profit before taxation	-	-	55,215	-	55,215
Profit for the year	-	-	55,215	-	55,215

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

(f) Restatement of Comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated	Increase/(Decrease) FRS 101	Increase/(Decrease) FRS 121	Restated
	RM'000	RM'000	RM'000	RM'000
Balance Sheet:				
At 1 January 2005				
Group				
Fixed assets	1,061,383	-	41,803	1,103,186
Exchange translation reserve	2,172	-	93,323	95,495
Retained profit	555,953	-	(51,520)	504,433
Company				
Exchange translation reserve	-	-	120,341	120,341
Retained profit	234,446	-	(90,504)	143,942
At 31 December 2005				
Group				
Fixed assets	972,324	-	35,618	1,007,942
Exchange translation reserve	1,473	-	91,678	93,151
Retained profit	1,089,657	-	(56,060)	1,033,597
Total equity	1,464,080	45,082	35,618	1,544,780
Company				
Investments in subsidiaries	53,396	-	30,387	83,783
Exchange translation reserve	-	-	120,196	120,196
Retained profit	556,179	-	(89,809)	466,370
Income Statement:				
For the year ended 31 December 2005				
Group				
Operating expenses	139,835	-	4,540	144,375
Profit before taxation	655,720	-	(4,540)	651,180
Profit for the year	655,694	-	(4,540)	651,154
Company				
Other operating income	297,221	-	695	297,916
Profit before taxation	432,582	-	695	433,277
Profit for the year	432,733	-	695	433,428

2.4 Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group already has in place processes which require a regular review of residual values of its vessels. As a result of a review carried out early this year, the Group has revised the residual value of its vessels. The last revision prior to this was in 2003.

The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge of the Group for the current financial year have been reduced by RM5,330,000.

2.5 Significant Accounting Estimates and Judgements

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

(i) Depreciation of Fixed Assets

The Group's cost of the vessels less their estimated scrap values are depreciated on a straight-line basis over the estimated useful lives. The useful lives and scrap values of the vessels are an estimation and these are common estimations applied in the shipping industry. Changes in market development and individual conditions of the vessel might impact the economic useful life and the scrap value. Accordingly future depreciation charges could be subject to revision.

3. REVENUE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Charterhire income	**437,733**	391,503	**-**	-
Depot income	**2,732**	2,927	**-**	-
Ship brokerage and management	**1,135**	1,353	**-**	-
Dividend income from subsidiaries	**-**	-	**92,500**	145,400
	441,600	395,783	**92,500**	145,400

4. PROFIT BEFORE TAXATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
This is arrived at after charging/(crediting):				
Auditors' remuneration				
- current year	**305**	272	**40**	25
- underprovision in prior year	**81**	7	**15**	-
Directors' remuneration (Note 6)	**583**	795	**567**	779
Depreciation of fixed assets	**40,170**	40,119	**708**	175
Fixed assets written off	**1**	20	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**440**	1,443
Writeback of provision for doubtful debts	**(62)**	(476)	**-**	-
Writeback of provision for impairment on quoted investment	**(3,163)**	-	**-**	-
Exchange loss/(gain)				
- realised	**252**	1,118	**1**	1,217
- unrealised	**(5,008)**	683	**(7)**	20
Unrealised gain on quoted investments	**(29,443)**	(7,936)	**-**	-
Gain on disposal of quoted investments	**(5,905)**	(291)	**-**	-
Finance costs				
- interest on loans	**20,855**	7,024	**-**	-
- interest on finance leases	**12,702**	3,379	**-**	-
- LC commission and guarantee fees	**2,514**	3,264	**67**	-
RPS dividend	**-**	3,279	**-**	3,279
Gain on disposal of fixed assets	**-**	(118,148)	**-**	-
Gain on disposal of subsidiaries	**-**	(294,013)	**-**	(294,016)
Interest income	**(39,294)**	(14,011)	**(1,931)**	(2,352)
Rental income	**(261)**	(261)	**(430)**	(853)
Dividend income from quoted investments	**(1,304)**	(951)	**-**	-
Cost sharing of expenses	**10,844**	16,969	**689**	1,266
Rental expenses	**52**	-	**12**	-

5. STAFF AND CREW COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Wages, salaries and bonus	**35,061**	30,208	**3,340**	-
Pension costs				
- defined contribution plans	**1,202**	1,260	**402**	-
Social security costs	**51**	75	**20**	-
Other staff related expenses	**9,735**	7,841	**168**	-
	46,049	39,384	**3,930**	-

6. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Directors of the Company				
Fees:				
Executive	**215**	299	**215**	299
Non-executive	**360**	488	**352**	480
	575	787	**567**	779
Other Directors				
Fees	**8**	8	**-**	-
Total	**583**	795	**567**	779

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive Directors:		
RM50,000 - RM100,000	**3**	1
> RM100,000	**-**	2
Non-Executive Directors:		
< RM50,000	**-**	1
RM50,000 - RM100,000	**5**	3
> RM100,000	**-**	2
	8	9

7. TAXATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Income tax:				
Malaysian income tax	**1,357**	951	**851**	414
Foreign tax	**259**	58	**-**	-
Overprovision in prior years	**(381)**	(627)	**(390)**	(565)
	1,235	382	**461**	(151)
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**(74)**	(356)	**-**	-
	1,161	26	**461**	(151)

7. TAXATION (cont'd)

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

		Group		Company	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
Profit before taxation		**313,487**	651,180	**88,032**	433,277
Tax exempt shipping income	(a)	**(151,566)**	(282,239)	-	-
Profit from companies incorporated in the BVI		**(141,048)**	(52,317)	-	-
Tax exempt dividend income		**(145)**	(90)	**(92,500)**	(145,400)
		(292,759)	(334,646)	**(92,500)**	(145,400)
		20,728	316,534	**(4,468)**	287,877
Taxation at statutory tax rate		**5,804**	88,629	**(1,251)**	80,606
Income not subject to tax		**(5,562)**	(91,705)	-	(81,919)
Effect of difference in tax rates in other countries		**(124)**	-	-	-
Expenses not deductible for tax purposes		**2,085**	2,660	2,102	1,727
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances		**(847)**	-	-	-
Deferred tax assets not recognised during the year		**186**	1,069	-	-
Overprovision of tax in prior years		**(381)**	(627)	**(390)**	(565)
Taxation for the year		**1,161**	26	**461**	(151)

(a) Shipping income derived from the operation of the Group's sea-going Malaysian registered ships and Singapore registered ships is tax exempt under Section 54A of the Malaysian Income Tax Act 1967 and Section 13A of the Singapore Income Tax Act respectively.

Taxation of the Group is in respect of interest income, dividend income from quoted shares and gain on disposal of quoted shares.

Taxation of the Company is in respect of interest income.

The Group has not recognised deferred tax assets in respect of the following:

	Group	
	2006	2005
	RM'000	RM'000
Unutilised tax losses	**4,433**	4,131
Unabsorbed capital allowances	**1,264**	2,090
	5,697	6,221

The unutilised tax losses and unabsorbed capital allowances which are subject to agreement by the Inland Revenue Board, are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

8. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share for the year is calculated by dividing the net profit attributable to equity holders of the Company of RM300,565,000 (2005: RM640,164,000) by the weighted average number of ordinary shares outstanding during the year of 800,000,000 (2005: 800,000,000). The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share has not been presented.

9. FIXED ASSETS

GROUP	Vessels RM'000	Dry docking RM'000	Vessel construction in progress RM'000	Leasehold land RM'000	Leasehold property RM'000	Depot site development RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2006									
Cost									
At 1 January 2006	1,250,360	14,397	130,339	13,060	8,739	2,387	2,395	2,288	1,423,965
Additions	1,090	1,889	161,765	-	-	173	-	555	165,472
Disposals and write off	-	-	-	-	-	-	(96)	(162)	(258)
Reclassification	118,547	-	(118,547)	-	-	-	-	-	-
Derecognition	-	(4,791)	-	-	-	-	-	-	(4,791)
Reclassified as held for sale	(123,795)	(1,954)	-	-	-	-	-	-	(125,749)
Translation difference	(92,452)	(1,005)	(8,805)	-	(579)	-	(38)	(132)	(103,011)
At 31 December 2006	1,153,750	8,536	164,752	13,060	8,160	2,560	2,261	2,549	1,355,628
Accumulated Depreciation									
At 1 January 2006	404,168	8,635	-	-	874	140	1,016	1,190	416,023
Charge for the year	35,567	3,435	-	-	171	51	439	507	40,170
Disposals and write off	-	-	-	-	-	-	(38)	(160)	(198)
Derecognition	-	(4,791)	-	-	-	-	-	-	(4,791)
Reclassified as held for sale	(87,966)	(1,721)	-	-	-	-	-	-	(89,687)
Translation difference	(26,289)	(767)	-	-	(65)	-	(20)	(60)	(27,201)
At 31 December 2006	325,480	4,791	-	-	980	191	1,397	1,477	334,316
Net Book Value									
At 31 December 2006	828,270	3,745	164,752	13,060	7,180	2,369	864	1,072	1,021,312
At 31 December 2005 (restated)									
Cost									
At 1 January 2005	1,141,713	9,289	329,991	13,060	8,739	2,337	1,646	1,872	1,508,647
Additions	2,583	5,789	353,918	-	-	50	749	541	363,630
Disposals and write off	(158,359)	(677)	-	-	-	-	-	(125)	(159,161)
Disposal of subsidiaries	(113,881)	-	(169,268)	-	-	-	-	-	(283,149)
Reclassification	382,218	-	(383,838)	-	-	-	-	-	(1,620)
Translation difference	(3,914)	(4)	(464)	-	-	-	-	-	(4,382)
At 31 December 2005	1,250,360	14,397	130,339	13,060	8,739	2,387	2,395	2,288	1,423,965
Accumulated Depreciation									
At 1 January 2005	397,602	5,670	-	-	699	92	554	845	405,462
Charge for the year	35,771	3,213	-	-	175	48	462	450	40,119
Disposals and write off	(22,130)	(245)	-	-	-	-	-	(105)	(22,480)
Disposal of subsidiaries	(5,136)	-	-	-	-	-	-	-	(5,136)
Translation difference	(1,939)	(3)	-	-	-	-	-	-	(1,942)
At 31 December 2005	404,168	8,635	-	-	874	140	1,016	1,190	416,023
Net Book Value									
At 31 December 2005	846,192	5,762	130,339	13,060	7,865	2,247	1,379	1,098	1,007,942

9. FIXED ASSETS (cont'd)

COMPANY	Leasehold Property RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2006				
Cost				
At 1 January 2006	8,739	-	-	8,739
Additions	-	-	480	480
Transfers from subsidiary companies	-	369	889	1,258
Translation difference	(579)	(24)	(82)	(685)
At 31 December 2006	8,160	345	1,287	9,792
Accumulated Depreciation				
At 1 January 2006	874	-	-	874
Charge for the year	171	120	417	708
Translation difference	(65)	(5)	(19)	(89)
At 31 December 2006	980	115	398	1,493
Net Book Value				
At 31 December 2006	7,180	230	889	8,299
At 31 December 2005				
Cost				
At 1 January 2005 and 31 December 2005	8,739	-	-	8,739
Accumulated Depreciation				
At 1 January 2005	699	-	-	699
Charge for the year	175	-	-	175
At 31 December 2005	874	-	-	874
Net Book Value				
At 31 December 2005	7,865	-	-	7,865

(a) Vessels with an aggregate net book value of RM254,354,000 (2005: RM282,137,000) have been placed as security for loans obtained by the Group (Note 19(a)).

(b) Vessels with an aggregate net book value of RM 56,920,000 (2005: RM68,315,000) have been sold and leased back into the Group under finance lease arrangements (Note 19(b)).

(c) The strata titles for leasehold property with net book value of RM7,180,000 (2005: RM7,865,000) have yet to be issued by the relevant authorities.

10. SUBSIDIARIES

	Company 2006 RM'000	Company 2005 RM'000
Unquoted shares, at cost	**83,281**	88,992
Impairment losses	**(5,303)**	(5,209)
	77,978	83,783
Loans to subsidiaries (secured)	**49,515**	53,030
Loans to subsidiaries (unsecured)	**825,497**	669,998
Loans from subsidiaries (unsecured)	**(6,386)**	(6,840)
	868,626	716,188
Total	**946,604**	799,971

The loans to and from subsidiaries are interest-free with no fixed terms of repayment. Loans to subsidiaries amounting to RM49,515,000 (2005: RM53,030,000) are secured over the respective subsidiaries' vessels.

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2006	Equity interest 2005	Principal activities
Alam Budi Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Alam Gula Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Alam Selaras Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Alam Senang Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Bistari Shipping Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Bitara Shipping Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Red Sea Pacific Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
Tekunmata Sdn Bhd	Malaysia	100%	100%	) Owner and operator of ships
MBC Padu Sdn Bhd [2]	Malaysia	100%	100%	) Owner and operator of ships
PSM Perkapalan Sdn Bhd [5]	Malaysia	100%	100%	) Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	100%	100%	) Shipbroker and manager of ships
- Spectrapoint Sdn Bhd	Malaysia	100%	100%	) Dormant
Lightwell Shipping Inc	British Virgin Islands (BVI)	100%	100%	) Investment holding
- Ambi Shipping Pte Ltd [1]	Singapore	70%	70%	) Owner and operator of ships
- Towertime Holdings Limited [1]	BVI	70%	70%	) Dormant
- Serong Shipping Pte Ltd [3]	Singapore	-	100%	) Dormant
- Suji Shipping Pte Ltd [3]	Singapore	-	100%	) Dormant
- Novel Bright Assets Ltd [1]	BVI	60%	60%	) Dormant
- Everspeed Enterprises Ltd	BVI	100%	100%	) Ship operators
Indah Island Depot Sdn Bhd	Malaysia	90%	90%	) Operation of container depot
Awanapuri Sdn Bhd	Malaysia	100%	100%	) Investment holding
Kohing Investments Limited	BVI	100%	100%	) Investment holding
New Johnson Holdings Limited	BVI	100%	100%	) Investment holding
- Alam Cantik Shipping Limited [1] (formerly known as Smart Windsor Assets Limited)	BVI	100%	100%	) Owner and operator of ships
- Ethiopian Assets Limited [1]	BVI	100%	100%	) Dormant
- Springbright Holdings Limited	BVI	100%	-	) Dormant
- Crestbright Holdings Limited	BVI	100%	-	) Dormant

10. SUBSIDIARIES (cont'd)

Company	Country of incorporation	Equity interest 2006	Equity interest 2005	Principal activities
MBC Equity Management Sdn Bhd [2]	Malaysia	100%	100%	) Trading in marketable securities
Gaintrack Sdn Bhd	Malaysia	100%	100%	) Trading in marketable securities
Alam Tabah Sdn Bhd [2]	Malaysia	100%	100%	) Dormant
Alam Teladan Sdn Bhd [2]	Malaysia	100%	100%	) Dormant
Kenagamas Sdn Bhd [2]	Malaysia	100%	100%	) Dormant
Firstclass Performance Sdn Bhd [4]	Malaysia	100%	100%	) Dormant
Lavenco Sdn Bhd [4]	Malaysia	100%	100%	) Dormant
Polyscent Sdn Bhd [4]	Malaysia	100%	100%	) Dormant
MBC Permai Sdn Bhd [4]	Malaysia	100%	100%	) Dormant
Alam Talang Sdn Bhd [4]	Malaysia	100%	100%	) Dormant
Alam Tangkas Sdn Bhd [4]	Malaysia	100%	100%	) Dormant
Alam Tenggiri Sdn Bhd	Malaysia	100%	100%	) Dormant
Belia Shipping Sdn Bhd	Malaysia	100%	100%	) Dormant
MBC Bakti Sdn Bhd	Malaysia	100%	100%	) Dormant
MBC Bayu Sdn Bhd	Malaysia	100%	100%	) Dormant
MBC Berkat Sdn Bhd	Malaysia	100%	100%	) Dormant
Amatklasik Sdn Bhd	Malaysia	100%	100%	) Dormant
Aturanseni Sdn Bhd	Malaysia	100%	100%	) Dormant
MBC Mutiara Sdn Bhd	Malaysia	100%	100%	) Dormant
MBC Maju Sdn Bhd	Malaysia	100%	100%	) Dormant

[1] Subsidiaries audited by an affiliate of Ernst & Young
[2] Subsidiaries consolidated under the merger method of accounting
[3] Subsidiaries have been struck off from the register of Accounting & Corporate Regulatory Authority, Singapore during the year
[4] Subsidiaries under members' voluntary liquidation during the year
[5] Previous year's equity interest was held by Pacific Ship-Managers Sdn Bhd

11. ASSOCIATE

	Group 2006 RM'000	Group 2005 RM'000
Unquoted shares, at cost	**1,900**	1,900
Share of post acquisition results	**22,274**	6,693
Proportionate shareholders' loan to associate	**12,223**	16,868
	36,397	25,461
The Group's interest in the associate is analysed as follows:		
Share of net assets	**24,174**	8,593

The loan to associate is unsecured, interest-free and has no fixed terms of repayment.

Details of the associate are as follows:

Company	Country of incorporation	Equity interest 2006	Equity interest 2005	Principal activities
Eminence Bulk Carriers Pte Ltd	Singapore	50%	50%	Owner and operator of ships

The associate is audited by an affiliate of Ernst & Young.

12. TRADE RECEIVABLES

	Group 2006 RM'000	Group 2005 RM'000
Trade receivables	**33,746**	28,211
Provision for doubtful debts	**(598)**	(884)
	33,148	27,327

13. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables include the following :

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Amounts due from:				
PACC Ship Managers Pte Ltd ("PSML")	**5,634**	4,864	**-**	178
Paccship UK (A) Ltd ("PUKA")	**45,213**	11,190	**-**	-
Tax recoverable	**950**	825	**409**	539
Unrealised gain on currency swap	**23,905**	-	**-**	-

PSML and PUKA are companies in which a substantial shareholder has controlling interest. The balances with PSML relate to advances for payment of operating expenses on behalf of the Group.

The balances with PUKA relate to advances for security deposits and repayments on financing for Group vessels, as well as operating expenses on these vessels.

14. AMOUNTS DUE FROM / (TO) SUBSIDIARIES

Balances with subsidiaries are unsecured, non interest bearing and have no fixed term of repayment. Funds are centralised at Group level, and made available to subsidiaries as and when required.

15. INVESTMENTS

	Group 2006 RM'000	Group 2005 RM'000
Quoted securities, at fair value		
- Malaysia	**23,366**	24,519
- Foreign	**154,737**	125,819
	178,103	150,338

16. SHORT TERM DEPOSITS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Deposits with licensed banks	676,671	772,310	32,687	33,097

The weighted average interest rate during the year was 4.15% (2005: 3.36%) and the average maturity of the deposits at year end was 36 (2005: 19) days.

17. SHARE CAPITAL

Group and Company

	2006 No. of shares ('000)	2005 No. of shares ('000)	2006 RM'000	2005 RM'000
Authorised:				
Ordinary shares of RM0.25 par value each	**2,000,000**	2,000,000	**500,000**	500,000
Issued and fully paid:				
Ordinary shares of RM0.25 par value each	**800,000**	800,000	**200,000**	200,000

18. RESERVES

(a) Capital Reserve

The premium on the shares issued in respect of the subsidiaries accounted for under the merger method of accounting of the Company has been credited to the capital reserve in accordance with the relief granted by Section 60(4) of the Companies Act 1965.

(b) Capital Redemption Reserve

This is in respect of the nominal amount of the RPS redeemed which is credited to the capital redemption reserve in accordance with Section 61(5) of the Companies Act 1965.

(c) Retained Profit

As at 31 December 2006, the Company has tax exempt profit available for distribution of approximately RM281,428,000 (2005: RM330,327,000), subject to the agreement of the Inland Revenue Board. Based on estimated tax credit available under Section 108 of the Income Tax Act 1967 and tax exempt profit as at 31 December 2006, the Company is able to frank payments of dividends amounting to RM332,642,000 (2005: RM380,792,000). Distribution of dividends in excess of these amounts would be subjected to tax at the prevailing statutory tax rate.

19. BORROWINGS

	Group 2006 RM'000	Group 2005 RM'000
(a) Secured loans	**276,187**	269,860
(b) Finance lease payables	**115,011**	132,946
	391,198	402,806
Repayable within 12 months	**(73,302)**	(23,201)
Repayable after 12 months	**317,896**	379,605
(c) Unsecured loans	**18,118**	9,935
	336,014	389,540

19. BORROWINGS (cont'd)

	Group 2006 RM'000	Group 2005 RM'000
Maturity of borrowings, excluding finance leases and unsecured loans is analysed as follows:		
Within 1 year	**10,928**	10,271
Between 1 and 5 years	**43,740**	41,112
After 5 years	**221,519**	218,477
	276,187	269,860

(a) The secured loans relate to the Group's participation in a financing facility and are secured by charges over a subsidiary's vessels as stated in Note 9.

Whilst the secured loans are denominated in Sterling Pound, the Group has swapped the Sterling Pound obligations for US Dollars.

The secured loans are repayable by 25 to 28 equal quarterly instalments with a balloon payment in 2012.

(b) Finance lease payables

	Group 2006 RM'000	Group 2005 RM'000
Minimum lease payments		
Not later than 1 year	**72,928**	31,978
Later than 1 year and not later than 2 years	**14,970**	31,978
Later than 2 years and not later than 5 years	**44,787**	96,021
Later than 5 years	**28,622**	82,379
	161,307	242,356
Less : Future finance charges	**(46,296)**	(109,410)
Present value of finance lease liabilities	**115,011**	132,946
Analysis of present value of finance lease liabilities		
Not later than 1 year	**62,374**	12,930
Later than 1 year and not later than 2 years	**6,698**	13,726
Later than 2 years and not later than 5 years	**22,546**	46,509
Later than 5 years	**23,393**	59,781
	115,011	132,946
Analysed as:		
Due within 12 months	**62,374**	12,930
Due after 12 months	**52,637**	120,016
	115,011	132,946

The secured loans and finance lease payables bear interest at a weighted average rate of 6.56% (2005: 5.00%) per annum.

(c) The unsecured loans from minority shareholders of subsidiaries bear interest at rates ranging from 4.65% to 5.89% (2005: 4.65%) and have no fixed terms of repayment, except for an amount of RM544,000 (2005: RM544,000) which is interest-free.

20. DEFERRED TAX LIABILITIES

Group	Fixed Assets RM'000	Quoted Investments RM'000	Total RM'000
At 1 January 2006	**74**	-	**74**
Recognised in income statement (Note 7)	**(74)**	-	**(74)**
At 31 December 2006	-	-	-
At 1 January 2005	74	356	430
Recognised in income statement (Note 7)	-	(356)	(356)
At 31 December 2005	74	-	74

21. OTHER PAYABLES

		Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Accruals		**34,936**	38,007	**2,762**	1,999
Charter hire in advance		**6,545**	1,141	**-**	-
Due to ship managers and agents		**6,620**	4,883	**-**	-
Other creditors	(Note a)	**23,350**	9,707	**11,581**	730
Provision for cost sharing expenses		**-**	6,500	**-**	495
		71,451	60,238	**14,343**	3,224

(a) Other creditors of the Group include amounts totalling RM11,709,000 (2005: RM7,884,000) and RM2,298,000 (2005: RM nil) due to Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company and PCL (Shipping) Pte Ltd ("PCLS"), a subsidiary of PCL, respectively. Other creditors of the Company include an amount of RM11,573,000 (2005: RM588,000) due to PCL. These balances relate to operating expenses paid on behalf of the Group by PCL and PCLS.

22. DIVIDENDS

	Amount	
	2006 RM'000	2005 RM'000
Recognised during the year		
Dividend on ordinary shares:		
Final dividend for 2005 of 12 sen, tax exempt (2004: 12 sen, tax exempt)	**96,000**	96,000
Special dividend for 2005 of 5 sen, tax exempt (2004: Nil)	**40,000**	-
	136,000	96,000
Proposed for approval at AGM (Not recognised as at 31 December)		
Dividend on ordinary shares:		
Final dividend for 2006 of 12 sen, tax exempt (2005: 12 sen, tax exempt)	**96,000**	96,000
Special dividend for 2006 of 18 sen, tax exempt (2005: 5 sen, tax exempt)	**144,000**	40,000
	240,000	136,000

The Directors recommend a first and final dividend of 12 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM96,000,000 and a special dividend of 18 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM144,000,000, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. In accordance with FRS 110 - Events After the Balance Sheet Date, the proposed dividends are not reflected in the current year's financial statements. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2007.

23. COMMITMENTS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
(a) Capital expenditure approved and contracted for	**164,752**	342,076	-	-
(b) Non-cancellable time charter commitments				
Due within 1 year	**7,723**	-	-	-
Due later than 1 year and not later than 5 years	**36,845**	38,138	-	-
Due later than 5 years	**93,703**	110,905	-	-
	303,023	491,119	-	-

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Transactions with Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company, and its subsidiaries				
(a) Pacific Carriers Limited and its subsidiary, PCL (Shipping) Pte Ltd				
Corporate administration fee	**418**	355	-	-
Commercial fee	**19,202**	16,910	-	-
Charterhire paid	**14,967**	-	-	-
Commission on disposal of vessels	-	3,309	-	-
Net cost sharing of expenses(*)	**17,355**	10,469	**1,184**	771
* Includes: Directors' emoluments	**5,684**	6,727	**367**	496
(b) PACC Ship Managers Pte Ltd, a subsidiary of PCL				
Management fee	**1,006**	699	-	-
Crewing agents fee	**482**	512	-	-
Procurement fee	**2,342**	2,577	-	-
Supervision fee	**744**	1,720	-	-
(c) PCL Group				
Charterhire receivable	**(45,261)**	(54,266)	-	-
Crew management fees	**(513)**	(386)	-	-
Rental receivable	**(63)**	(63)	**(63)**	(63)
Sale of equipment	**(1,315)**	-	-	-
Rental receivable from Agrifert (Malaysia) Sdn Bhd (a subsidiary of a substantial shareholder, Kuok (Singapore) Limited)	**(198)**	(198)	**(198)**	(198)

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Transactions with subsidiaries of a substantial shareholder, PPB Group Berhad				
(a) Share registration fee payable to PPB Corporate Services Sdn Bhd	**47**	44	**47**	44
(b) Insurance premium payable to Jerneh Insurance Berhad	**2,279**	3,189	**36**	-
(c) Commission and brokerage receivable from Katella Sdn Bhd	**(450)**	(734)	**-**	-
Fees for legal services payable to Tay & Partners, a firm of which a Director, Tay Beng Chai, is the Managing Partner	**85**	15	**81**	15

	Company 2006 RM'000	Company 2005 RM'000
Transactions with subsidiaries		
Dividend received from subsidiaries	**(92,500)**	(145,400)
Rental received from subsidiaries	**(169)**	(592)
Corporate administration fees payable to a subsidiary		
- current year	**-**	406
- underprovision in prior year	**-**	160

The Directors are of the opinion that the above transactions were in the normal course of business and at mutually agreed terms.

25. SEGMENTAL INFORMATION

(a) Business Segments

The operating businesses are organised according to the nature of the services provided with each segment representing a strategic buisness unit that serves different markets.

(b) Geographical Segments

As the Group's shipping activities cover the world's shipping lanes, the Directors do not consider it meaningful to allocate revenue, results, assets and liabilities to specific geographical segments.

(c) Allocation Basis and Inter-Segment Charges

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment charges between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include charges between business segments. These charges are eliminated on consolidation.

25. SEGMENTAL INFORMATION (cont'd)

2006	Shipping bulkers RM'000	Shipping tankers RM'000	Ship brokerage and management RM'000	Non shipping RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	342,474	93,468	4,437	2,732	(1,511)	441,600
Inter-segment	1,791	-	(3,302)	-	1,511	-
External	344,265	93,468	1,135	2,732	-	441,600
Results						
Segment results	211,186	46,668	(1,779)	38,605	-	294,680
Interest income						39,294
Finance cost						(36,071)
Share of results of associate						15,584
Taxation						(1,161)
Profit for the year						312,326
Other information						
Segment assets	1,039,607	522,948	17,400	1,710,097	(1,201,657)	2,088,395
Segment liabilities	520,559	331,113	17,676	813,553	(1,201,657)	481,244
Capital expenditure	779	163,965	65	663	-	165,472
Depreciation	25,850	13,150	71	1,099	-	40,170
Other non-cash expenses	(4,762)	(10)	24	(71)	-	(4,819)
2005						
Revenue						
Group total	284,249	105,177	5,300	2,927	(1,870)	395,783
Inter-segment	2,077	-	(3,947)	-	1,870	-
External	286,326	105,177	1,353	2,927	-	395,783
Results						
Segment results	273,712	361,828	1,626	10,240	-	647,406
Interest income						14,011
Finance cost						(16,946)
Share of results of associate						6,709
Taxation						(26)
Profit for the year						651,154
Other information						
Segment assets	1,059,137	547,302	11,845	1,749,121	(1,349,470)	2,017,935
Segment liabilities	408,839	354,706	10,389	1,048,691	(1,349,470)	473,155
Capital expenditure	8,372	353,918	530	810	-	363,630
Depreciation	27,345	11,639	556	579	-	40,119
Other non-cash expenses	409	46	97	(143)	-	409

26. FINANCIAL RISK MANAGEMENT

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the group's businesses whilst managing its currency, interest rate, market, liquidity and credit risks.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks.

Financial risk factors

The Group's activities expose them to a variety of financial risks and price risk (including currency risk, interest rate risk and market risk), credit risk, liquidity risk and cash flow interest rate risk. The Group manages these risks by using derivative financial instruments such as interest rate swaps and foreign exchange contracts to hedge certain risk exposures.

(a) Price Risk

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign exchange risks in relation to the foreign currency loan facilities.

The Group has investments in foreign subsidiaries and associates, whose net assets measured in Ringgit Malaysia are exposed to foreign currency translation risks as their reporting and operations are in foreign currencies.

The Group operates internationally and its foreign currency assets and liabilities give rise to foreign exchange exposures. Foreign currency forward contracts are entered into to manage the Group's exposure to movements in foreign currency exchange rates on specific or total transactions. The duration of such contracts do not exceed a year. Where necessary, the contracts are rolled over at market rates upon maturity or settled at the prevailing exchange rate. The Group maintains a natural hedge, whenever possible, by borrowing in the currency which matches the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies				
Functional Currency of Group Companies	**Ringgit Malaysia RM'000**	**Australian Dollars RM'000**	**Japanese Yen RM'000**	**Singapore Dollars RM'000**	**Total RM'000**
At 31 December 2006					
United States Dollars	(793)	299	321	(197)	(370)

Cash flow and Fair Value Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has minimal interest rate exposure arising from financial assets as the assets are mainly short term in nature and have been mostly placed in fixed deposits and quoted investments.

The Group's primary interest rate risk relates to interest-bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings and a mix of interest revision dates. 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.

26. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Price Risk (cont'd)

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group has entered into forward freight agreements to manage exposure to fluctuations in daily charter hire rates on specific transactions. As at 31 December 2006, there were no open forward contracts outstanding.

(b) Liquidity Risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk is minimal. It manages its funds centrally and maintains flexibility in funding by keeping committed credit lines available.

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Advances are made to subsidiaries, fellow subsidiaries and associates in support of their respective principal activities. Surplus cash is placed in a number of reputable banks.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk relating to any financial assets.

27. FINANCIAL INSTRUMENTS - FAIR VALUES

The carrying amounts of the following financial assets and financial liabilities as reflected in the balance sheet approximate their fair values: investments (excluding subsidiaries), trade and other receivables, trade and other payables and bank borrowings.

It is not practical to estimate the fair values of subsidiaries' balances due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

28. SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year were as follows:

(i) Acquisition of Subsidiaries

During the year, New Johnson Holdings Ltd, a wholly-owned subsidiary of the Company acquired the entire issued share capital of 1 share at par value of USD1 each in Springbright Holdings Limited and Crestbright Holdings Limited, companies incorporated in the British Virgin Islands, for a consideration of USD1 each.

(ii) Striking off of Subsidiaries

During the year, two subsidiaries, Suji Shipping Pte Ltd and Serong Shipping Pte Ltd have been struck off from the Register of Accounting & Corporate Regulatory Authority, Singapore.

(iii) Commencement of Members' Voluntary Winding-up

During the year, the following wholly-owned subsidiaries commenced members' voluntary liquidation.

a) Firstclass Performance Sdn Bhd
b) Lavenco Sdn Bhd
c) Polyscent Sdn Bhd
d) MBC Permai Sdn Bhd
e) Alam Talang Sdn Bhd
f) Alam Tangkas Sdn Bhd

(iv) Disposal of Vessels

During the year, Everspeed Enterprises Ltd, a subsidiary of the Group, entered into a Memorandum of Agreement to sell its vessel Alam Sentosa to a third party for a total cash consideration of USD23.69 million.

Red Sea Pacific Sdn Bhd, a wholly-owned subsidiary of the Company, also entered into a Memorandum of Agreement to dispose of its vessel Alam Sejahtera to a third party for a total cash consideration of USD10.6million.

The above disposals were completed in February 2007.

(v) Transfer of Subsidiaries

The Company acquired the entire 200,000 ordinary shares of RM1 each in PSM Perkapalan Sdn Bhd from Pacific Ship-Managers Sdn Bhd (a wholly-owned subsidiary of the Company) on 20 January 2006, for a cash consideration of RM200,000.

29. SUBSEQUENT EVENT

On 27 February 2007, the Board of Directors proposed a bonus issue of 200,000,000 new ordinary shares of RM0.25 each on the basis of one (1) new ordinary share of RM0.25 each for every four (4) existing shares of RM0.25 each held, by way of capitalisation of RM50 million from the share premium account of the Company. This proposal will be subject to shareholders' approval at an Extraordinary General Meeting to be convened.

list of properties

ADDRESS/DESCRIPTION	EXISTING USE/ APPROXIMATE AREA	TENURE/ DATE OF EXPIRY OF LEASE	AGE OF BUILDING	NET BOOK VALUE @ 31.12.06 (RM'000)	DATE OF ACQUISITION
Level 17 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/5,436 sq. ft.	99 Year Lease/ 11.9.2088	9 Years	1,779	12.07.2001
Level 17 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/5,533 sq. ft.	99 Year Lease/ 11.9.2088	9 Years	1,811	12.07.2001
Level 18 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/5,436 sq. ft	99 Year Lease/ 11.9.2088	9 Years	1,779	12.07.2001
Level 18 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/5,533 sq. ft.	99 Year Lease/ 11.9.2088	9 Years	1,811	12.07.2001
Lot No.21, Section 7 Mukim of Kelang District of Kelang	Container Depot/ 787,159 sq. ft.	99 Year Lease/ 24.2.2097	Not Applicable	13,060	01.10.2003

analysis of shareholdings

as per Record of Depositors as at 2 March 2007

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Capital	:	RM200,000,000
Class of Shares	:	Ordinary Shares of RM0.25 each
Voting Rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	21	0.17	404	0.00
100 – 1,000	3,843	31.38	3,666,388	0.46
1,001 – 10,000	6,379	52.09	28,504,700	3.56
10,001 – 100,000	1,723	14.07	56,138,400	7.02
100,001 – less than 5% of issued shares	278	2.27	168,920,908	21.11
5% and above of issued shares	3	0.02	542,769,200	67.85
	12,247	100.00	800,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Pacific Carriers Limited (PCL)	275,692,000	34.46	-	-
Bank Pembangunan Malaysia Berhad (BP)	155,077,200	19.38	-	-
Malayan Sugar Manufacturing Company Berhad (MSM)	112,000,000	14.00	-	-
Kuok (Singapore) Limited (1)	-	-	275,692,000	34.46
Minister of Finance (2)	-	-	155,077,200	19.38
PPB Group Berhad (PPB) (3)	-	-	112,000,000	14.00
Kuok Brothers Sdn Berhad (4)	-	-	112,000,000	14.00
Kuok Hock Nien (5)	-	-	387,692,000	48.46

Notes:-

1. *Deemed interest through its 100% direct interest in PCL.*
2. *Deemed interest through its 99.99% direct interest in BP.*
3. *Deemed interest through its 100% direct interest in MSM.*
4. *Deemed interest through its 39.78% direct interest in PPB.*
5. *Deemed interest through his deemed interest in PCL and MSM pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' INTEREST IN SHARES

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Teo Joo Kim	1,377,000	0.17	164,000 (1)	0.02
Kuok Khoon Kuan	1,703,000	0.21	93,000 (1)	0.01
Wu Long Peng	1,300,000	0.16	-	-
Dato' Lim Chee Wah	1,550,000	0.19	-	-
Datuk Haji Abdul Rahim Mohd Zin	-	-	-	-
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	635,000	0.08	-	-
Mohammad bin Abdullah	100,000	0.01	-	-
Tay Beng Chai	300,000	0.04	2,000 (1)	-

Note:-
1. *Deemed interest through family members.*

30 LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	Pacific Carriers Limited	275,692,000	34.46
2.	Bank Pembangunan Malaysia Berhad	155,077,200	19.38
3.	Malayan Sugar Manufacturing Company Berhad	112,000,000	14.00
4.	HSBC Nominees (Asing) Sdn Bhd *Pictet and CIE* *For Gestor SA*	10,504,900	1.31
5.	Valuecap Sdn Bhd	8,500,000	1.06
6.	Employees Provident Fund Board	7,470,850	0.93
7.	Cartaban Nominees (Tempatan) Sdn Bhd *Amanah SSCM Nominees (Tempatan) Sdn Bhd* *For Employees Provident Fund Board*	7,197,300	0.90
8.	Century Castle Limited	4,590,000	0.57
9.	Cartaban Nominees (Asing) Sdn Bhd *Investors Bank and Trust Company* *For Ishares, Inc.*	3,343,600	0.42
10.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For DFA Emerging Markets Fund*	2,501,300	0.31
11.	HSBC Nominees (Asing) Sdn Bhd *Nomura BK LUX* *For TMA South East Asian Equity Fund*	2,500,000	0.31
12.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Ang Beng Poh*	2,500,000	0.31
13.	Malaysia Nominees (Tempatan) Sdn Bhd *MIDF Amanah Asset Management Berhad* *For Amanah Millenia Fund Berhad*	2,371,600	0.30

30 LARGEST SHAREHOLDERS (cont'd)

	Name	No. of Shares	%
14.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt AN* *For Amanah SSCM Nominees (Tempatan) Sdn Bhd*	2,100,000	0.26
15.	Khor It Kwang	2,000,000	0.25
16.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For Mellon Bank*	1,898,000	0.24
17.	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund JU89* *For Emerging Markets Portfolio*	1,865,100	0.23
18.	Jerneh Insurance Bhd	1,852,700	0.23
19.	Wilemma Holdings Limited	1,821,300	0.23
20.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Lee Kai Meng*	1,785,000	0.22
21.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Teoh Jew Kiang @ Teoh Meng Kiang*	1,740,000	0.22
22.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Credit Suisse*	1,735,000	0.22
23.	Kerajaan Negeri Pahang	1,723,080	0.22
24.	OCBC Bank (Malaysia) Berhad	1,723,080	0.22
25.	Kuok Khoon Kuan @ Kuo Khoon Kwong	1,703,000	0.21
26.	Lim Chee Wah	1,550,000	0.19
27.	Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd* *For Government of Singapore (C)*	1,420,300	0.18
28.	Teo Joo Kim	1,377,000	0.17
29.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Taiwan)*	1,350,800	0.17
30.	Citigroup Nominees (Tempatan) Sdn Bhd *For Manulife Insurance (Malaysia) Berhad*	1,313,300	0.16
		623,206,410	77.90

additional compliance information

In compliance with the Listing Requirements, the following additional compliance information is provided:-

1. **Imposition of Sanctions and/or Penalties on Companies, Directors or Management**

   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, or their Directors and management by any regulatory authorities during the financial year ended 31 December 2006.

2. **Non-Audit Fees Paid/Payable to Auditors**

   The non-audit fees paid/payable to the External Auditors of MBC Group for the financial year ended 31 December 2006 were as follows:-

AUDITORS	FEES (RM)	PURPOSE
Ernst & Young	15,750	For professional services rendered in connection with payroll audit
Ernst & Young	7,350	Review of Statement on Internal Control

3. **Material Contracts**

   There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests, or relate to loan subsisting as at 31 December 2006 or entered into during the financial year ended 31 December 2006 except as disclosed in the Financial Statements as set out in this Annual Report.

4. **Continuing Education Programmes for Directors**

   During the financial year ended 31 December 2006 the Directors have attended such trainings and forums in areas that would enable them to effectively discharge their duties to the Group and/or that are relevant to the Group's business activities. These trainings and forums include the following:-

   - Regulation of the Securities Market - Insider Trading, False Trading and Market Rigging;
   - Succession Planning For Success;
   - Directors' and Officers' Liability;
   - World Congress of Accountants;
   - National Accountants Conference; and
   - Managing Organisational Change and Transitions.

directors' responsibility statement

The Directors are required by the Companies Act, 1965 ("Act") to lay before the Company at its Annual General Meeting, financial statements (which include the consolidated balance sheet and the consolidated income statement of the Group) for each financial year, made out in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Act and the Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements of the Company and the Group for the financial year ended 31 December 2006 are set out from pages 38 to 76 of this Annual Report.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year to which it relates and to ensure that the financial statements are made out in accordance with applicable approved accounting standards, the provisions of the Act and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also required by the Act to ensure that proper accounting records are maintained, which disclose and sufficiently explain the transactions and financial position of the Company and the Group, and enable true and fair financial statements to be prepared from time to time and in a timely manner.

Kuok Khoon Kuan
Chief Executive Officer

Wu Long Peng
Executive Director

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of Malaysian Bulk Carriers Berhad ("Company") will be held on Friday, 20 April 2007 at 10:00 a.m. at Saujana Ballroom, The Saujana, Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan for the following purposes:-

AS ORDINARY BUSINESS

(1) To receive the audited Financial Statements for the financial year ended 31 December 2006 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To declare a first and final dividend of 12 sen per share and a special dividend of 18 sen per share, tax exempt, for the financial year ended 31 December 2006. **Resolution 2**

(3) To re-elect the following Directors who are retiring pursuant to Article 95 of the Company's Articles of Association:-
   (a) Wu Long Peng **Resolution 3**
   (b) Mohammad Bin Abdullah **Resolution 4**
   (c) Tay Beng Chai **Resolution 5**

(4) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

(5) To approve the payment of Directors' fees of RM567,000 for the financial year ended 31 December 2006. **Resolution 7**

“**THAT** approval be hereby given for the payment of Directors’ fees of RM567,000 for the financial year ended 31 December 2006.”

AS SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions:-

Ordinary Resolutions

(6) To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 8**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being, subject always to the approval of all relevant regulatory authorities, if required, being obtained for such allotment and issue,

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authority."

(7) To renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Resolution 9**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into the recurrent related party transactions as set out in the Circular to Shareholders dated 29 March 2007, which are necessary for MBC Group's day-to-day operations in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders,

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

AND THAT the breakdown of the aggregate value of the recurrent related party transactions based on the type of recurrent transaction made and the names of the related parties involved in each type of the recurrent related party transaction made and their relationship with MBC Group, shall be disclosed in the Annual Report of the Company as may be required by the governing authority,

AND FURTHER THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) in the interest of the Company, as they may consider expedient or necessary to complete and give effect to the aforesaid mandate."

(8) To authorise the Purchase of Own Shares **Resolution 10**

"**THAT** pursuant to Paragraph 12.03 of the Listing Requirements of Bursa Malaysia Securities Berhad and subject to Section 67A of the Companies Act, 1965, the Company's Memorandum and Articles of Association and other applicable laws, rules and regulations and the approvals of all relevant regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such number of ordinary shares of RM0.25 each in the Company as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company as at the date of the share buy-back and that an amount of the funds not exceeding the retained profits and share premium reserves of the Company as at the date of the share buy-back, be utilised for the proposed purchase AND THAT the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Malaysia Securities Berhad, or a combination of the above, at the absolute discretion of the Directors,

AND THAT such approval shall take effect upon the passing of this ordinary resolution and will continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required by law to be held;

(c) revoked or varied by ordinary resolution passed by the shareholders at a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad or any other relevant authorities;

AND FURTHER THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) for and on behalf of the Company, as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation."

Special Resolution

(9) Proposed Amendments to the Articles of Association **Resolution 11**

"**THAT** the proposed amendments to the existing Articles of Association of the Company as set out under Section 2.0 of Part C of the Circular to Shareholders dated 29 March 2007 be and are hereby approved and adopted."

(10) To transact any other business.

BY ORDER OF THE BOARD

Ng Ngin Hooi (MIA 3539)
Yap Bee Yong (MIA 11165)
Company Secretaries

29 March 2007
Petaling Jaya

Notes:

1. *A member entitled to attend and vote is entitled to appoint at least one (1) proxy to attend and vote instead of him. Where the member appoints two (2) or more proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

3. *A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

4. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed shall be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall be invalid.*

EXPLANATORY NOTES ON RESOLUTIONS 7, 8, 9, 10 AND 11

1 *Resolution 7*

- *To approve the payment of Directors' fees of RM567,000 for the financial year ended 31 December 2006.*

  The Proposed Ordinary Resolution, if passed, will authorise the payment of increased fees to the Directors from RM379,000 for the financial year ended 31 December 2005 to RM567,000 for the financial year ended 31 December 2006.

2 *Resolution 8*

- *To authorise the Issue of Shares Pursuant to Section 132D of the Companies Act, 1965*

  The proposed Ordinary Resolution, if passed, will give the Directors power to allot and issue shares for such purposes as the Directors in their absolute discretion deem fit without having to convene a general meeting, subject to the limitation that the shares to be issued shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being.

  This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

EXPLANATORY NOTES ON RESOLUTIONS 7, 8, 9, 10 AND 11 **(cont'd)**

3 Resolution 9

- To renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution, if passed, will enable the Company and its subsidiaries to enter into the recurrent related party transactions, which are necessary for MBC Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 29 March 2007.

4 Resolution 10

- To authorise the Purchase of Own Shares

The proposed Ordinary Resolution, if passed, will enable the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained profits and the share premium reserves of the Company.

Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 29 March 2007.

5 Resolution 11

- Proposed Amendments to the Articles of Association

The proposed Special Resolution, if passed, will incorporate the changes so as to comply with recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

Further information on the proposed Special Resolution is set out in the Circular to Shareholders dated 29 March 2007.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a first and final dividend of 12 sen per share and a special dividend of 18 sen per share, tax exempt, has been recommended by the Directors in respect of the financial year ended 31 December 2006. Subject to the shareholders' approval at the forthcoming 18th Annual General Meeting of the Company, the proposed dividends will be paid on Thursday, 10 May 2007 to the shareholders whose names appear in the Record of Depositors on Thursday, 26 April 2007.

A Depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's securities account before 4.00 p.m. on Thursday, 26 April 2007 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Ng Ngin Hooi (MIA 3539)
Yap Bee Yong (MIA 11165)
Company Secretaries

29 March 2007
Petaling Jaya

statement accompanying notice of annual general meeting

Further details of the Directors who are standing for re-election, namely Mr Wu Long Peng, Encik Mohammad bin Abdullah and Mr Tay Beng Chai, are set out on pages 24 to 26 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on page 79 of this Annual Report.

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form of proxy

MALAYSIAN BULK CARRIERS BERHAD
175953-W

I/We, ____

of ____

being a member(s) of MALAYSIAN BULK CARRIERS BERHAD hereby appoint the *Chairman of the Meeting

*or ______________________________ of ______________________________

____

*and/or failing him, ______________________________ of ______________________________

____

(Delete where inapplicable)*

as my /our proxy, to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Friday, 20 April 2007 at 10:00 a.m. at Saujana Ballroom, The Saujana, Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan and at any adjournment thereof in the manner indicated below:-

		For	Against
1.	To receive the audited Financial Statements for the financial year ended 31 December 2006 and the reports of the Directors and the Auditors thereon		
2.	To approve the payment of a first and final dividend of 12 sen per share and a special dividend of 18 sen per share, tax exempt, for the financial year ended 31 December 2006		
3.	To re-elect Mr Wu Long Peng as a Director		
4.	To re-elect Encik Mohammad Bin Abdullah as a Director		
5.	To re-elect Mr Tay Beng Chai as a Director		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company		
7.	To approve the payment of Directors' fees		
8.	To authorise the Directors to allot and issue shares		
9.	To approve the renewal of shareholders' mandate for recurrent related party transactions		
10.	To authorise the Purchase of Own Shares		
11.	To approve the amendments to the Articles of Association		

(Please indicate with an "✕" or "✓" in the space provided as to how you wish your votes to be cast)

The proportion of my/our holding to be represented
by my/our proxy/proxies are as follows:-

1st Proxy : %

2nd Proxy : %

100%

Dated this day of 2007

No. of Shares Held:

Signature of Shareholder:

Notes:

1. A member entitled to attend and vote is entitled to appoint at least one (1) proxy to attend and vote instead of him. Where the member appoints two (2) or more proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed shall be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall be invalid.

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STAMP

The Company Secretaries
Malaysian Bulk Carriers Berhad (175953-W)
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

fold here

Malaysian Bulk Carriers Berhad (175953-W)
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
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