New Challenges and Opportunities.

MALAYSIAN BULK CARRIERS BERHAD 175953-W

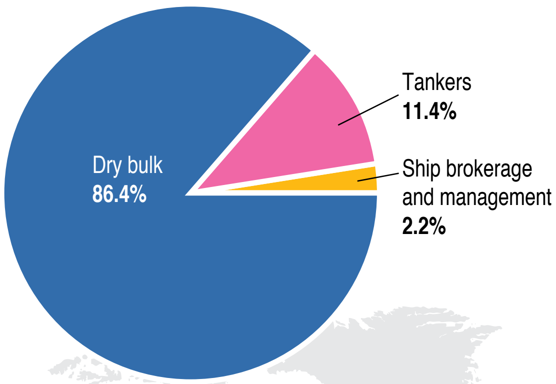
Annual Report 2010

Contents

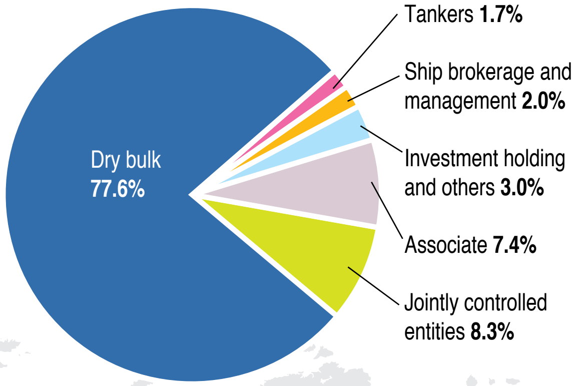
Worsley Alumina
Worsley Alumina
MBC

Financial Highlights

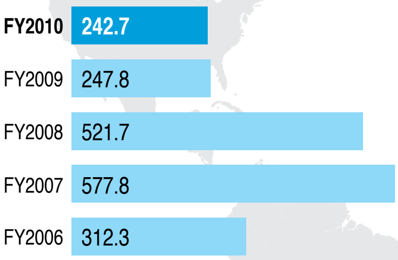
Revenue by segment



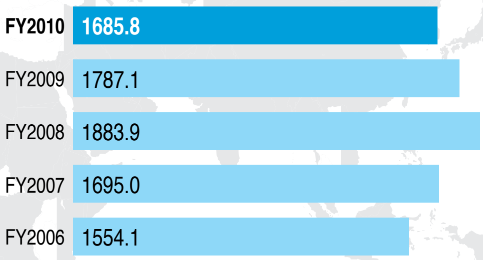
Profit before tax by segment



Profit for the year
(RM'million)

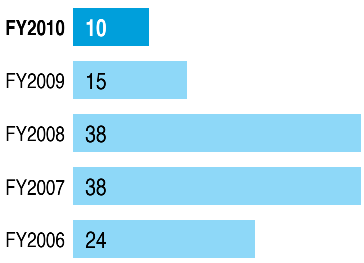


Shareholders' equity
(RM'million)



Earnings per share
(Sen)

Net dividend per share
(Sen)



	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
FINANCIAL PERFORMANCE					
Revenue	404,250	303,707	721,158	608,142	441,600
Operating expenses	(209,461)	(203,682)	(382,389)	(228,681)	(172,409)
	194,789	100,025	338,769	379,461	269,191
Other operating income/(loss), net	37,969	83,529	219,542	236,623	84,259
Administration expenses	(19,843)	(18,298)	(26,553)	(29,239)	(19,476)
	212,915	165,256	531,758	586,845	333,974
Finance costs	(6,987)	(13,937)	(27,182)	(21,812)	(36,071)
Share of results of associate	18,172	63,945	21,174	15,262	15,584
Share of results of jointly controlled entities	20,268	32,993	-	-	-
Profit before taxation	244,368	248,257	525,750	580,295	313,487
Taxation	(1,696)	(545)	(4,076)	(2,529)	(1,161)
Profit for the year	242,672	247,712	521,674	577,766	312,326
Attributable to:					
Equity holders of the company	238,368	243,799	460,862	544,592	300,565
Minority Interests	4,304	3,913	60,812	33,174	11,761
	242,672	247,712	521,674	577,766	312,326
Earnings per share (sen)	24	24	46	54	30
Net dividend per share (sen)	10	15	38	38	24
Dividend payout ratio	42%	62%	83%	70%	80%
Net return on average equity	14%	13%	26%	34%	20%
KEY BALANCE SHEET DATA					
Cash and cash equivalents	316,692	460,429	805,571	1,026,946	692,794
Total assets	1,997,254	2,296,186	2,483,705	2,187,708	2,088,395
Total borrowings	150,161	352,663	363,981	349,399	409,316
Total liabilities	254,835	435,111	457,822	413,404	481,244
Shareholders' equity	1,685,785	1,787,074	1,883,938	1,695,048	1,554,117
Net assets per share (RM)	1.69	1.79	1.88	1.70	1.55
FLEET DATA					
Number of vessels (at end of year) *	15	15	14	18	18
Total tonnage in DWT (MT'000) *	862	854	796	920	929
Average age of fleet (in years) *	10	9	10	9	10
Total operating days (days) #	5,661	4,970	6,505	6,696	6,493
Total hire days (days) #	5,406	4,682	6,288	6,583	6,378
Time Charter Equivalent per vessel per day #					
Dry bulk carriers (USD)	25,993	19,076	37,952	30,095	18,281
Tankers (USD)	11,993	15,975	19,206	20,141	20,638

Note :

** Includes jointly controlled and long term charter vessels*

 # Includes chartered-in vessels (but does not include jointly controlled vessels)

Financial Overview and Highlights

For financial year ended 31 December 2010, the MBC Group returned an attributable profit of RM238.4 million reflecting a marginal 2% drop from previous year.

Group revenue registered a 33% growth, from RM303.7 million in 2009 to RM404.3 million in 2010, boosted by a firmer dry bulk market and increased hire days.

MV Alam Pesona and Alam Pintar at shipyard

The key financial highlights for the year are:

- Revenue days increased by 724 days while the combined fleet's average time charter rates improved 24% to USD22,846/day, compared to USD18,419/day in 2009.
- Operating profit jumped 95% to RM194.8 million from RM100.0 million in 2009.
- Sale of a 39,110 dwt dry bulk carrier generated a RM22.6 million gain which compares favourably against last year's gain of RM8.0 million.
- Performance for the year was however dampened by reduced contribution from our associate, PACC Offshore Services Holdings Pte Ltd (POSH), due to the continuing weakness in the oil & gas segment, as well as a poor tanker sector and lower gains from quoted equity investments.
- Profit attributable to shareholders of RM238.4 million (RM243.8 million in FY2009) maintained a 14% return on average shareholders equity.
- Earnings per share stood at 23.84 sen against 24.38 sen in 2009.

MV Alam Padu at sea trial

MV Alam Mesra discharging cargo at Port of Singapore

During the year, the Group generated a total cash inflow of RM490.6 million, comprising of RM221.8 million from operating activities and RM179.0 million from disposal of investments. Cash outflow (net of loans drawdown) was RM588.4 million which included RM150.0 million in dividends paid to shareholders and RM166.8 million in investments. Taking into account all other cash inflow and outflow items, the net cash utilized during the year was RM97.8 million. However due to the weakening USD, the Group's cash holding in Ringgit equivalent reported a lower year-end balance of RM316.7 million compared to last year's RM460.4 million.

Whilst 2010's attributable profit added RM238.4 million to the Group's shareholders' equity, shareholders' equity nevertheless posted a 5.7% decline over 2009. This is due to the dividend payout in 2010 which appropriated RM150 million of the reserves, and a strengthening Ringgit against USD which further reduced reserves by RM190 million. The Ringgit ended the year (2010) with a 10% appreciation against the USD as compared to the start of the year. As MBC Group's functional currency is USD, all its assets including shipping assets are denominated in USD. Translating these assets and investments into a stronger Ringgit will inevitably impact reserves.

For the financial year ended 31 December 2010, the Board recommends a final single tier dividend of 10 sen per share (2009: 15 sen) amounting to RM100 million.

Cash reserves at year end is RM316.7 million and the recommended dividend will utilise 31.6% of that cash. A prudent dividend payout is being maintained in these challenging times so that the Group will have the financial means to consider prospective investments when the opportunities arise.

Review of 2010

Market recovery in 2009 saw investors busy ordering another 107 million dwt of tankers and bulkers, and in particular pushing outstanding drybulk orderbook to 278 million dwt as of end 2010. The massive influx of newbuilding vessels along with the large orderbook (representing 54% of current world drybulk fleet) has contributed towards the volatile market for 2010 and will continue to present challenges for the future.

So far, the market has coped well with the ballooning capacity due to:

a) western economic recovery from the financial crisis of late 2008/early 2009;

b) growing demand on account of industrial production and expanding urbanisation of emerging economies;

c) a rise in global steel production - increasing by a massive 15% year-on-year to reach a new all-time record of 1.4 billion metric tonnes;

d) China's increased coal imports which saw her net imports increase by 29% up 42.37 million tonnes from the previous year.

However, European sovereign debt issues, China's measures to rein in its economic growth and Queensland's flood problems are negating much of the positives generated by the above. Also worrying is the Middle East unrest, the resultant high oil prices and Japan's massive earthquake. Each of these would have the potential to derail economic recovery and possibly push some countries into recession. At the time of this report going to print, a possible nuclear power plant meltdown (as a result of Japan's earthquake) looms, creating uncertainties and volatility in the market.

On the supply side, increasing tonnage capacity has caused the BDI to ease from 3,000 as of end 2009 to about 1,780 towards end 2010 (an approximate 40% drop year-on-year), with the market continuing to head south to stand at 1,186 as of end January 2011.

Volatility and downward pressures are likely to persist through 2011 as newbuilding deliveries mount and it therefore presents both challenges and opportunities for management and the MBC board.

Contributions from our associate, POSH declined substantially, by 72% in 2010. As a consequence of the uncertainties in the world economy, oil majors had slowed down exploration and production (E&P) activities. Coupled with over-tonnage of vessels in the offshore services sector and exacerbated by the oil spill crisis and the resultant moratorium on deep water drilling in the Gulf of Mexico, both rates and utilization were severely impacted. Nevertheless since the last quarter of 2010, global E&P spending has increased and we continue to see more positive E&P reports. This will lead to a more robust offshore services sector and hence a more positive outlook for 2011.

Prudent growth

Over the last 2 years, the Group sold 2 overaged bulk carriers and had replaced them with younger tonnage when prices fell. The 2 bulk carriers sold were aged 18 and 25 years whilst we acquired 3 modern second hand vessels - between 5 to 7 years of age. We recently also disposed of the Alam Bitara, a 12 year old MR tanker.

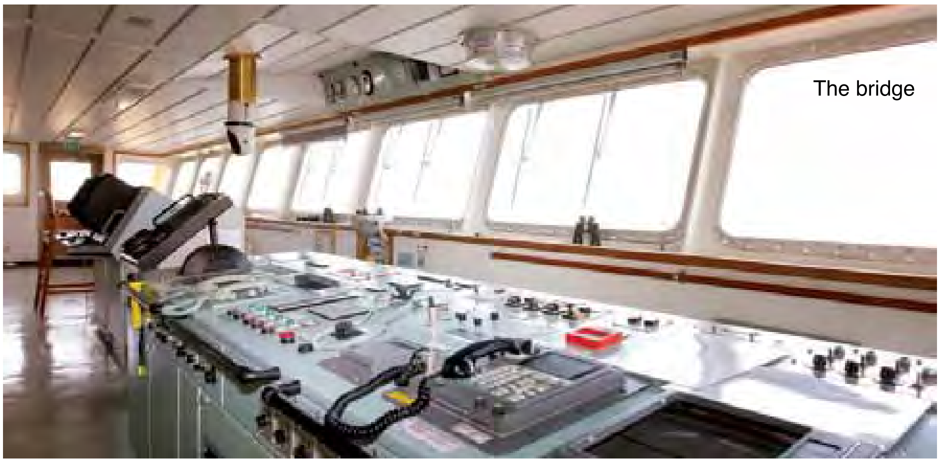
In 2011 we will take delivery of two newbuilding 29,000 dwt handysize bulk carriers under a long term charter arrangement.

MV Alam Permai transiting Terneuzen Lock, Belgium

Additionally, under a jointly controlled entity, 2 newbuilding bulk carriers of 32,500 dwt will be delivered in May and August 2011.

These plus two 61,000 dwt supramax bulk carriers also under long term charter arrangement (to be delivered in 2012 and 2013) will enable MBC to augment its fleet with modern and competitive tonnage.

POSH Victory going to Singapore Port



The bridge

Along with MBC's controlled fleet as at year end, the above additions will grow MBC's fleet to 21 vessels with an average age of about 7 years as compared to its current fleet of 15 vessels with an average age of about 10 years.

Through such long term charter arrangements and purchase of resale and second hand tonnage, the Group has been able to expand and modernize its fleet without the higher costs normally associated with newbuilding orders. Our earlier aversion towards acquisition also enabled the Group to avoid the high prices.

Fleet Management

A) Training and Development

In our quest for efficient vessel operations, we continue to reinforce our training and development of our crew who are the backbone of our operations.

1) In-house seminars

To provide training and rapport amongst our crew, sea-staff seminars continue to be conducted regularly. The seminars are directed at senior officers, junior officers and ratings/cadets ensuring that they remain focused on their respective job skills. Seminars are conducted at various locations in Philippines, People Republic of China (PRC) and Indonesia corresponding to our major recruitment centres and staffing.

2) Collaboration with training partners

The Group works closely with various training partners to leverage on the sharing of resources and facilities to maximise on results. Such collaboration with training consultants would avail the use of simulators thereby saving cost for the Group.

3) Collaboration with other training centres

As more than 50% of our crew are from PRC, it is necessary to place more focus on the training of our PRC officers and ratings. To achieve this, we work in partnership with a reputable and responsible training centre that provides quality training basis instructions easily understood by such PRC seafarers.

The New Alliance Marine Training Centre (NAMTC) based in Wuhan, is a partnership between Sinocrew Marine Services (PRC manning agent), Sinostar (PRC training provider) and Wavelink Maritime International (training arm of Singapore Maritime Officers Union). We have developed a number of training courses with NAMTC to suit the training needs of our officers and crew.

4) Pre-joining Training

To ensure that our senior officers clearly understand the operations and requirements of the vessel that they are assigned to, senior officers are being briefed by the respective ship managers on technical, safety and crewing matters, and the operations department prior to joining vessel. Where required and feasible, familiarisation and doubling up of senior officers are provided to ensure a smooth operation of the vessel they are assigned.

5) Cadetship sponsorship

In support of the shipping industry and academy and also as an investment towards our future needs, we continue to provide full sponsorship to cadets. We sponsor one Deck and one Engine cadet every year. These sponsored cadets will eventually move up to management positions after gaining the required experience and qualifications.

B) Collective Agreements with local unions

To ensure that our vessels are properly covered by ITF affiliated unions to avoid harassment by Unions in countries where our vessels trade, we continue to ensure that our seafarers are covered by the respective unions. We are the first shipping company in Malaysia to have a Collective Agreement with the National Union of Seafarers of Peninsula Malaysia (MSU) and we will continue to work closely with the local unions to ensure minimal operational disruptions.

C) ISO 14001 certification

In respect of our responsibilities towards the environment and that of our customers, we have strived to achieve the ISO 14001 even though same is strictly voluntary at this stage. The Environmental Management System certification has been secured for the office and our vessels with ABS approving same in February 2010. Our participation and certification in the ISO 14001 is an attestation of our commitment and contribution to the global efforts to preserve and protect the environment.

MT Alam Budi at Port of Ijmuiden, Netherlands

D) Maritime Labour Convention 2006 (MLC)

The Maritime Labour Convention (MLC) is likely to come into force in early 2012. This is a certification involving the flag administration, seafarers union and the employer and seeks to ensure that the seafarer's working and living conditions meet national requirements. We have already started working on the MLC Manual as well as training our crew since last year to ensure that past safeguards and practices are consistent with MLC's set procedures. We are confident of compliance well ahead of the deadline set.

Corporate Social Responsibility

Whilst we pursue our business commitments, we acknowledge our responsibility to our employees, our business partners and the communities in which we do business as well as the environment we operate in. Resources are set aside to fund staff development and training courses and staff are encouraged to continually upgrade their skill sets. Various recreational and sports activities for employees and their families are organised during the year and these have helped to augment the spirit of unity amongst our employees.

We have also not forgotten the less fortunate and continue to provide donations and contributions to various charities and worthy causes.

POSH Achiever at Singapore anchorage

MT Alam Bistari at US Terminal

Corporate Governance

The Board is committed in ensuring high standards of corporate governance and best practices are being adhered to throughout the Group. The Group's corporate governance initiatives and internal controls system are presented in the relevant sections of this Annual Report.

Acknowledgement

On behalf of the Board, we wish to express our sincere thanks to the Management and staff, both on shore and on board our vessels, for their unflinching hard work, commitment and dedication in contributing towards the continuing success of the Group.

Appreciation also goes to all our customers, business associates, partners and shareholders for their unbounded support and confidence in the Group. We look forward to your continuous support in the coming year.

Last but not least, to our Board of Directors, thank you for your continued contribution and guidance rendered to the Group.

Teo Joo Kim
Executive Chairman

Kuok Khoon Kuan
Chief Executive Officer

An Overview of MBC's Controlled Fleet

as at 31 December 2010

MV Alam Gula discharging cargo at Port Adelaide, South Australia

MV Alam Pesona at Gladstone, Australia

47,065 dwt Medium Range Product Tanker

MV Alam Pintar discharging coal at Lumut Port, Perak

MV Alam Senang discharging bagged cement at Port of East London

MT Alam Budi in New York

IN OPERATION

	Vessel Name	Category	Year Built	DWT (MT)	Draft (Meters)	LOA (Meters)	Beam (Meters)	HO/HA	Cargo/ Slop Tanks	Gears
Bulk Carriers										
Owned										
1	Alam Senang	Handysize	Mar-84	28,098	10.61	178.2	23.1	5/5	N/A	4Cx25T
2	Alam Gula	Handysize	May-85	23,418	9.98	155.8	24.6	4/4	N/A	4Cx30T
3	Alam Mesra	Handymax	Oct-00	46,644	11.62	189.8	31.0	5/5	N/A	4Cx30T
4	Alam Padu	Post-Panamax	Apr-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
5	Alam Permai	Post-Panamax	Jun-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
6	Alam Pesona	Post-Panamax	Sep-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
7	Alam Pintar	Post-Panamax	Oct-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
8	Alam Sakti	Handysize	Feb-06	32,609	10.00	177.0	28.40	5/5	N/A	4Cx30T
Jointly-Owned										
9	Alam Penting	Post-Panamax	Jul-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
10	Alam Murni	Supramax	Apr-03	53,553	12.30	189.9	32.26	5/5	N/A	4Cx30T
Long Term Charter										
11	Alam Manis	Supramax	Mar-07	55,500	12.58	190.0	32.26	5/5	N/A	4Cx30T
				675,082						
Tankers										
Owned										
1	Alam Budi	Product Tanker	Mar-01	47,065	12.67	182.5	32.2	N/A	14CT, 2S	N/A
2	Alam Bistari	Product Tanker	May-01	47,065	12.67	182.5	32.2	N/A	14CT, 2S	N/A
3	Alam Bitara	Product Tanker	May-99	45,513	12.20	180.5	32.2	N/A	12CT, 2S	N/A
4	Alam Bakti	Product Tanker	Jul-03	47,999	12.46	179.99	32.2	N/A	18CT, 2S	N/A
				187,642						
			Total	**862,724**						

SOLD IN YEAR 2010

	Vessel Name	Category	Year Built	DWT (MT)	Draft (Meters)	LOA (Meters)	Beam (Meters)	HO/HA	Cargo/ Slop Tanks	Gears
Bulk Carrier										
1	Alam Selamat	Handysize	Jul-92	39,110	10.93	180.8	30.5	5/5	N/A	4Cx25T

N/A - Not Applicable

Corporate Information

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* Dato' Mohd Zafer bin Mohd Hashim, *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 Tay Beng Chai
Nomination & Remuneration Committee	Chairman: Dato' Lim Chee Wah Members: Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid Tay Beng Chai
Company Secretaries	Yap Bee Yong (MIA 11165) Ooi Pooi Teng (MAICSA 7055594)
Registrar	PPB Corporate Services Sdn Bhd 17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: +603-2117 0888 Fax: +603-2117 0999
Registered Office	Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur 46050 Petaling Jaya, Selangor Darul Ehsan Tel: +603-7966 1688 Fax: +603-7966 1628
Stock Exchange Listing	Main Market of Bursa Malaysia Securities Berhad Sector: Trading Stock Name: Maybulk Stock Code: 5077
Auditors	Ernst & Young (AF: 0039) *Chartered Accountants* Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara 50490 Kuala Lumpur Tel: +603-7495 8000 Fax: +603-2095 9076
Website	www.maybulk.com.my

Teo Joo Kim
70, Singaporean
Executive Chairman

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

Kuok Khoon Kuan
63, Malaysian
Chief Executive Officer

Mr. Kuok 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.

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

Wu Long Peng
57, Singaporean
Executive Director

Mr. Wu was appointed to the Board on 21 October 1994.

Mr. Wu is also an 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 attended all the four (4) Board Meetings held in the financial year.

Dato' Lim Chee Wah
71, Malaysian
Non-Executive
Non-Independent Director

Dato' Lim was appointed to the Board on 8 June 1995, and is currently the Chairman of the Nomination & Remuneration Committee.

Dato' Lim is also the Deputy Chairman of Malayan Sugar Manufacturing Co. Bhd and the Chairman of Jerneh Asia 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 attended three (3) out of the four (4) Board Meetings held in the financial year.

Notes:

1. None of the directors has any family relationship with any other director of the Company. The disclosure of directors' family relationship with major shareholders is not applicable as the major shareholders are corporate entities.

2. None of the directors had any convictions for offences within the past 10 years.

Dato' Mohd Zafer bin Mohd Hashim
38, Malaysian
Non-Executive
Non-Independent Director

Dato' Mohd Zafer bin Mohd Hashim was appointed to the Board on 27 August 2009.

Dato' Zafer graduated in Economics from the London School of Economics and Political Science. He is a Chartered Accountant by profession and a member of the Institute of Chartered Accountants in England and Wales.

Dato' Zafer is currently the President/Group Managing Director of Bank Pembangunan Malaysia Berhad, a position he assumed since 5 August 2009. He also sits on the board of Global Carriers Berhad, Global Maritime Ventures Berhad and Perbadanan Nasional Berhad.

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

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

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

Dato' Capt. Ahmad Sufian 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 Independent Non-Executive Chairman of WCT Berhad, GD Express Carrier Berhad and Alam Maritim Resources Berhad. He is also a Non-Executive Independent Director of PPB Group 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 attended the Advanced Management Program at Harvard in 1993. He is a Fellow of the Chartered Institute of Logistics and Transport and the Institute Kelautan Malaysia. He has over 40 years of experience in the international maritime industry.

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

Notes:

1. None of the directors has any family relationship with any other director of the Company. The disclosure of directors' family relationship with major shareholders is not applicable as the major shareholders are corporate entities.

2. None of the directors had any convictions for offences within the past 10 years.

Mohammad bin Abdullah
70, Malaysian
Non-Executive Independent Director

Encik Mohammad 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 Malaysian Rating Corporation Berhad. A Chartered Accountant with more than 40 years' experience in the profession and in commerce, Encik Mohammad is a member of the Malaysian Institute of Accountants (MIA) and was its Registrar from 1986 to 2007. Encik Mohammad is also a member of the Malaysian Institute of Certified Public Accountants (MICPA).

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

Tay Beng Chai
49, Malaysian
Non-Executive Independent Director

Mr. Tay was appointed to the Board on 14 October 2003 and is also a member of the Audit Committee and the Nomination & Remuneration Committee.

He is the Managing Partner of Messrs Tay & Partners, Advocates & Solicitors and also a Partner of ATMD Bird & Bird LLP, Singapore. 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 25 years' experience in corporate law, mergers and acquisitions, finance and securities law matters.

Mr. Tay is a Fellow of the Singapore Institute of Arbitrators and a Member of the Chartered Institute of Arbitrators, United Kingdom.

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

Notes:

1. *None of the directors has any family relationship with any other director of the Company. The disclosure of directors' family relationship with major shareholders is not applicable as the major shareholders are corporate entities.*

2. *None of the directors had any convictions for offences within the past 10 years.*

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 committee.

1.2 Composition

The Board presently comprises the following members:-

	Attendance at Board Meetings
Teo Joo Kim, *Executive Chairman*	3/4
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
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Non-Executive Independent Director*	4/4
Mohammad bin Abdullah, *Non-Executive Independent Director*	4/4
Tay Beng Chai, *Non-Executive Independent Director*	4/4
Dato' Mohd Zafer bin Mohd Hashim, *Non-Executive Non-Independent Director*	3/4

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 on pages 13 to 15 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 2010, 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 and Re-Appointment

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.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

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 the current changes in laws and regulations.

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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 remaining in accordance with those provided by the Malaysian Code on Corporate Governance, and agreed upon by the Board and the Nomination & Remuneration Committee.

During the financial year ended 31 December 2010, 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 directors and directors standing for re-election.

2. DIRECTORS' REMUNERATION

Details of the Directors' remuneration for the financial year ended 31 December 2010 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	200,000	367,000
Attendance Fee	11,000	36,000
Total	**211,000**	**403,000**

The Directors' remuneration for the financial year ended 31 December 2010 fall within the following bands:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	-
RM50,000 to RM100,000	3	5
Total	**3**	**5**

3. SHAREHOLDERS

The Company is committed to 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, briefings are held after the 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. The Group's quarterly results and announcements can be accessed from the Company's corporate website at www.maybulk.com.my or 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 stated above.

Any queries about the Group's business and development or concern about the Group can be conveyed through the Company Secretaries or raised 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 22 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 Main Market 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 70 of this Annual Report.

1. THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members of the Board, all of whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2010 are as follows:-

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

Tay Beng Chai
Non-Executive Independent 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 2010, the Audit Committee held five (5) meetings between 20 February 2010 to 23 November 2010, 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 and risk management, 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 from among the members of the Board, all of whom are non-executive, with a majority of them being 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, the Internal Auditors or both, excluding the attendance of management and employees of the Company, 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, competency and 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, focusing on:-

  - any changes in accounting policies and practices
  - significant adjustments arising from the audit
  - the going concern assumption
  - compliance with accounting standards and other legal requirements

- 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;

- Discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

- Review the External Auditors' management letter and management's response thereto;

- Review the effectiveness of the Internal Auditors' functions, including appraisal or assessment of the performance of the Chief Audit Executive, approve the appointment or termination of senior internal audit staff, and inform itself of the resignations of internal audit staff and provide the resigning staff member an opportunity to submit his reasons for resigning;

- 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 Main Market Listing Requirements.

4. **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

For the financial year ended 31 December 2010, 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 the Internal Quality Assessment of the Internal Audit activity for the year 2010;

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

(h) reviewed and recommended to the Board of Directors for further action, on the External Auditors' audit findings;

(i) reviewed the Audit Committee Report and Statement on Internal Control; and

(j) assessing the adequacy of competency of the Internal Auditing function.

5. **SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT**

The Audit Committee in particular, is assisted by the in-house Internal Audit Department who undertake the audit and compliance functions of the Group in line with the Internal Audit plan.

Internal Audit focuses on determining whether the controls provide reasonable assurance of effective and efficient operations, as to 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. An internal self-assessment of the internal audit activity was also conducted for internal auditing work performed for financial year ended 2010, as part of a Quality Assurance and Improvement program for the internal audit activity.

The cost incurred by the Internal Audit Department for the financial year ended 31 December 2010 was RM497,000.

This Statement on Internal Control is made pursuant to the Main Market 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 Malaysian Code on Corporate Governance.

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.

   The Board has established appropriate control structures and an environment with 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 current composition comprising all members who are Non-Executive 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 the 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. **Risk Management**

   The Board is directly involved in identifying the risks relating to various aspects of the Group's business.

   The Group's risk management process covering the Group's core business activities is an integral part of its daily activities in identifying, evaluating and managing the significant business risks faced by the Group. The process of reviewing the adequacy and effectiveness of the risk management process is incorporated within the Internal Audit function which reports to the Audit Committee any process weaknesses.

5. **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 2010.

6. **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 will be identified and when identified, that corrective action can and will be taken in a timely manner.

   The Board regularly reviews the internal control system and where necessary, will 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 2010.

Financial Statements

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are disclosed in Note 13 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	242,672	94,818
Attributable to:		
Equity holders of the Company	238,368	94,818
Minority interests	4,304	-
	242,672	94,818

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

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

Dividends

Since the end of the previous financial year, the Company paid a final single tier dividend of 15 sen per ordinary share amounting to RM150,000,000 in respect of the year ended 31 December 2009 on 30 April 2010.

The Directors have recommended a final single tier dividend of 10 sen per ordinary share, amounting to RM100,000,000 in respect of the financial year ended 31 December 2010 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2011.

Directors

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

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

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 8 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 29 to the financial statements.

Directors' interests

According to the Register of Directors' Shareholding, the interests of Directors who held office at the end of the financial year in shares of the Company were as follows:

	Number of Ordinary Shares of RM0.25 Each			
	At 01.01.2010	**During the year Bought**	**Sold**	**At 31.12.2010**
Direct interests				
Kuok Khoon Kuan	2,098,750	-	-	2,098,750
Wu Long Peng	1,625,000	-	-	1,625,000
Dato' Lim Chee Wah	1,000,000	-	-	1,000,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	570,000	-	-	570,000
Tay Beng Chai	375,000	-	-	375,000
Mohammad bin Abdullah	125,000	-	-	125,000
Indirect interests				
Tay Beng Chai	2,500	-	-	2,500

Teo Joo Kim and Dato' Mohd Zafer bin Mohd Hashim do not have any interest in shares of the Company or its related corporations during the financial year.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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 values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(i) 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.

Other statutory information *(contd.)*

(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 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 as and when they fall due; and

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

Significant events

The significant events during the financial year are disclosed in Notes 13 and 34 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2011.

Kuok Khoon Kuan

Wu Long Peng

Petaling Jaya, Selangor Darul Ehsan

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 30 to 64 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 35 on page 65 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2011.

Kuok Khoon Kuan

Wu Long Peng

Petaling Jaya, Selangor Darul Ehsan

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 30 to 65 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 11 March 2011

Yap Bee Yong

Before me,

Commissioner for Oaths

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

Report on the financial statements

We have audited the financial statements of Malaysian Bulk Carriers Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 64.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' report of all subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 35 on page 65 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Yap Seng Chong
No. 2190/12/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2011

Income Statements

for the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	404,250	303,707	99,620	205,034
Operating expenses		(209,461)	(203,682)	-	-
		194,789	100,025	99,620	205,034
Other operating income/(loss), net	5	37,969	83,529	2,605	(8,768)
Administration expenses		(19,843)	(18,298)	(7,180)	(6,672)
Profit from operations		212,915	165,256	95,045	189,594
Finance costs		(6,987)	(13,937)	-	-
Share of results of associate		18,172	63,945	-	-
Share of results of jointly controlled entities		20,268	32,993	-	-
Profit before taxation	6	244,368	248,257	95,045	189,594
Taxation	9	(1,696)	(545)	(227)	(429)
Profit for the year		242,672	247,712	94,818	189,165
Attributable to:					
Equity holders of the Company		238,368	243,799	94,818	189,165
Minority interests		4,304	3,913	-	-
		242,672	247,712	94,818	189,165
Earnings per share attributable to equity holders of the Company (sen)	10	23.84	24.38		

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

Statements of Comprehensive Income

for the year ended 31 December 2010

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	242,672	247,712	94,818	189,165
Other comprehensive loss:				
Currency translation differences	(196,865)	(38,045)	(136,631)	(4,941)
Total comprehensive income/(loss) for the year	45,807	209,667	(41,813)	184,224
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	48,711	203,136	(41,813)	184,224
Minority interests	(2,904)	6,531	-	-
	45,807	209,667	(41,813)	184,224

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

as at 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 (restated)	Group As at 1.1.2009 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000 (restated)	Company As at 1.1.2009 RM'000 (restated)
Assets							
Non-current assets							
Fixed assets	11	562,391	645,975	600,406	6,478	7,527	7,123
Leasehold properties	12	-	-	-	-	-	-
Subsidiaries	13	-	-	-	1,091,970	1,256,185	1,476,479
Associate	14	746,052	815,654	858,576	-	-	-
Jointly controlled entities	15	136,921	139,948	-	-	-	-
Total non-current assets		1,445,364	1,601,577	1,458,982	1,098,448	1,263,712	1,483,602
Current assets							
Consumable stores		10,699	6,797	6,924	-	-	-
Trade receivables	16	27,213	28,861	25,969	-	-	-
Other receivables and prepayments	17	16,947	48,025	49,263	3,906	278	6,780
Amounts due from subsidiaries	18	-	-	-	3,540	8,095	41,400
Investments	19	127,476	150,497	131,401	-	-	-
Short term deposits	20	297,477	406,718	791,696	120,560	187,728	67,100
Cash and bank balances		19,215	53,711	13,875	9,550	6,628	2,415
		499,027	694,609	1,019,128	137,556	202,729	117,695
Non-current assets classified as held for sale	21	52,863	-	5,595	-	-	-
Total current assets		551,890	694,609	1,024,723	137,556	202,729	117,695
Total assets		1,997,254	2,296,186	2,483,705	1,236,004	1,466,441	1,601,297
Equity and liabilities							
Equity attributable to equity holders of the Company							
Share capital	22	250,000	250,000	250,000	250,000	250,000	250,000
Reserves	23	1,435,785	1,537,074	1,633,938	959,352	1,151,165	1,266,941
		1,685,785	1,787,074	1,883,938	1,209,352	1,401,165	1,516,941
Minority interests		56,634	74,001	141,945	-	-	-
Total equity		1,742,419	1,861,075	2,025,883	1,209,352	1,401,165	1,516,941
Non-current liability							
Borrowings	24	107,013	344,968	356,635	-	-	-
Total non-current liability		107,013	344,968	356,635	-	-	-
Current liabilities							
Other payables	25	104,050	81,546	90,205	2,712	2,681	3,588
Borrowings	24	43,148	7,695	7,346	-	-	-
Amounts due to subsidiaries	18	-	-	-	23,865	62,561	80,704
Provision for taxation		624	902	3,636	75	34	64
Total current liabilities		147,822	90,143	101,187	26,652	65,276	84,356
Total liabilities		254,835	435,111	457,822	26,652	65,276	84,356
Total equity and liabilities		1,997,254	2,296,186	2,483,705	1,236,004	1,466,441	1,601,297

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

Statements of Changes in Equity

for the year ended 31 December 2010

Group	Share capital RM'000	Retained profits RM'000	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
	Attributable to Equity Holders of the Company								
		Distributable	Non-distributable						
At 1 January 2009	250,000	1,503,116	48,791	34,159	40,000	7,872	1,633,938	141,945	2,025,883
Total comprehensive income/(loss) for the year	-	243,799	-	-	-	(40,663)	203,136	6,531	209,667
Dividends (Note 26)	-	(300,000)	-	-	-	-	(300,000)	-	(300,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(63,013)	(63,013)
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	(11,578)	(11,578)
Liquidation of subsidiaries	-	45,510	-	(20,950)	-	(24,560)	-	116	116
At 31 December 2009	250,000	1,492,425	48,791	13,209	40,000	(57,351)	1,537,074	74,001	1,861,075
At 1 January 2010	250,000	1,492,425	48,791	13,209	40,000	(57,351)	1,537,074	74,001	1,861,075
Total comprehensive income/(loss) for the year	-	238,368	-	-	-	(189,657)	48,711	(2,904)	45,807
Dividends (Note 26)	-	(150,000)	-	-	-	-	(150,000)	-	(150,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(14,463)	(14,463)
At 31 December 2010	250,000	1,580,793	48,791	13,209	40,000	(247,008)	1,435,785	56,634	1,742,419

Company	Share capital RM'000	Retained profits RM'000	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
		Distributable	Non-distributable					
At 1 January 2009	250,000	1,096,726	48,791	47,524	40,000	33,900	1,266,941	1,516,941
Total comprehensive income/(loss) for the year	-	189,165	-	-	-	(4,941)	184,224	184,224
Dividends (Note 26)	-	(300,000)	-	-	-	-	(300,000)	(300,000)
Liquidation of subsidiaries	-	27,250	-	(27,250)	-	-	-	-
At 31 December 2009	250,000	1,013,141	48,791	20,274	40,000	28,959	1,151,165	1,401,165
At 1 January 2010	250,000	1,013,141	48,791	20,274	40,000	28,959	1,151,165	1,401,165
Total comprehensive income/(loss) for the year	-	94,818	-	-	-	(136,631)	(41,813)	(41,813)
Dividends (Note 26)	-	(150,000)	-	-	-	-	(150,000)	(150,000)
At 31 December 2010	250,000	957,959	48,791	20,274	40,000	(107,672)	959,352	1,209,352

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

for the year ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000 (restated)	2010 RM'000	2009 RM'000 (restated)
Cash flows from operating activities				
Profit before taxation	244,368	248,257	95,045	189,594
Adjustments for:				
Depreciation	31,893	31,996	346	458
(Surplus)/loss arising from liquidation of subsidiaries	(156)	(601)	(975)	389
Impairment loss on investment in subsidiaries	-	-	5,363	-
(Writeback of)/provision for doubtful debts	(132)	404	-	-
Gain on disposal of fixed assets	(22,590)	(8,170)	-	(203)
Loss/(gain) on disposal of quoted investments	3,980	(14,701)	-	-
Fair value gain on investment securities	(4,354)	(38,226)	-	-
Unrealised exchange loss/(gain)	1,376	(524)	(583)	2,517
Fair value (gain)/loss on forward foreign exchange contracts	(1,187)	5,392	-	-
Dividends from quoted investments	(465)	(838)	-	-
Dividends from subsidiaries	-	-	(99,620)	(205,034)
Interest income	(3,773)	(6,713)	(270)	(236)
Finance costs	6,987	13,937	-	-
Share of results of associate	(18,172)	(63,945)	-	-
Share of results of jointly controlled entities	(20,268)	(32,993)	-	-
Operating profit/(loss) before working capital changes	217,507	133,275	(694)	(12,515)
Changes in working capital:				
Consumable stores	(3,987)	221	-	-
Receivables	7,114	(7,608)	(2,576)	6,556
Payables	2,668	(8,504)	34	(934)
Subsidiaries	-	-	5,462	29,182
Cash generated from operations	223,302	117,384	2,226	22,289
Tax paid, net of tax refund	(1,542)	(3,298)	(186)	(459)
Net cash generated from operating activities	221,760	114,086	2,040	21,830
Cash flows carried forward	221,760	114,086	2,040	21,830

	Group 2010 RM'000	Group 2009 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000 (restated)
Cash flows brought forward	221,760	114,086	2,040	21,830
Cash flows from investing activities				
Construction cost and purchase of vessels	(78,137)	(83,206)	-	-
Purchase of new equipment and capitalisation of dry docking cost	(9,221)	(1,975)	-	-
Purchase of other fixed assets	(70)	(1,043)	(46)	(962)
Purchase of quoted investments	(40,175)	(46,653)	-	-
Purchase of other investments	(126,591)	(167,882)	-	-
Proceeds from redemption of redeemable preference shares of subsidiaries	-	-	-	198,650
Dividends from quoted investments	465	838	-	-
Dividends from subsidiaries	-	-	99,620	205,034
Dividend from jointly controlled entities	30,950	-	-	-
Dividend from an associate	5,518	11,604	-	-
Interest received	3,773	6,713	270	236
Proceeds from disposal of quoted investments	42,347	75,587	-	-
Proceeds from disposal of other investments	136,701	164,829	-	-
Proceeds from disposal of fixed assets	44,876	13,765	-	203
Cash effect on deconsolidation of a subsidiary	-	(23,234)	-	-
Capital distribution from liquidation of subsidiaries	156	54	156	-
Proportionate shareholder's advance to jointly controlled entities	(26,598)	(42,377)	-	-
Investment in jointly controlled entity	(771)	-	-	-
Repayment of shareholder's advance from a jointly controlled entity	4,040	5,795	-	-
Net cash (used in)/generated from investing activities	(12,737)	(87,185)	100,000	403,161
Cash flows from financing activities				
Finance costs paid	(6,987)	(12,801)	-	-
Repayment of lease financing	(35,568)	(7,131)	-	-
Repayment of loans	(292,336)	-	-	-
Drawdown of loans	192,486	-	-	-
Dividends paid to shareholders	(150,000)	(300,000)	(150,000)	(300,000)
Dividend paid to minority shareholder of a subsidiary	(14,463)	(63,013)	-	-
Net cash used in financing activities	(306,868)	(382,945)	(150,000)	(300,000)
Net change in cash and cash equivalents	(97,845)	(356,044)	(47,960)	124,991
Effects of foreign exchange rate changes	(45,892)	10,902	(16,286)	(150)
Cash and cash equivalents brought forward	460,429	805,571	194,356	69,515
Cash and cash equivalents carried forward	316,692	460,429	130,110	194,356
Cash and cash equivalents comprise:				
Short term deposits	297,477	406,718	120,560	187,728
Cash and bank balances	19,215	53,711	9,550	6,628
	316,692	460,429	130,110	194,356

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

1. Corporate information

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

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are disclosed in Note 13.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 March 2011.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in previous years except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended Financial Reporting Standards ("FRS") and IC Interpretations mandatory for annual periods beginning on or after 1 January 2010:

FRS 7 Financial Instruments: Disclosures
FRS 8 Operating Segments
FRS 101 Presentation of Financial Statements (Revised)
FRS 123 Borrowing Costs
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132 Financial Instruments: Presentation
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Improvements to FRSs (2009)
IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10 Interim Financial Reporting and Impairment
IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13 Customer Loyalty Programmes
IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The Group and the Company had early adopted FRS 139 since the financial period beginning on 1 January 2006.

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

2. Significant accounting policies *(contd.)*

2.2 Changes in accounting policies *(contd.)*

The adoption of the new and amended standards and interpretations does not have any effect on the financial statements of the Group and the Company except for those discussed below:

(a) *FRS 7 Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

(b) *FRS 8 Operating Segments*

FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 114 Segment Reporting.

(c) *FRS 101 Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(d) *Amendments to FRS 117 Leases*

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases.

2. Significant accounting policies *(contd.)*

2.2 Changes in accounting policies *(contd.)*

(d) Amendments to FRS 117 Leases (contd.)

The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are the effects to the statements of financial position as at 31 December 2010 arising from the above change in accounting policy:

	Group 2010 RM'000	Company 2010 RM'000
Increase/(decrease) in:		
Fixed assets	17,536	5,972
Leasehold properties	(17,536)	(5,972)

The following comparatives have been restated:

Statements of financial position

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
31 December 2009			
Group			
Fixed assets	627,554	18,421	645,975
Leasehold properties	18,421	(18,421)	-
Company			
Fixed assets	791	6,736	7,527
Leasehold properties	6,736	(6,736)	-
1 January 2009			
Group			
Fixed assets	581,858	18,548	600,406
Leasehold properties	18,548	(18,548)	-
Company			
Fixed assets	376	6,747	7,123
Leasehold properties	6,747	(6,747)	-

2.3 Standards issued but not yet effective

The management does not anticipate the adoption of the new and amended Financial Reporting Standards and Interpretations which are issued but not yet effective to have any material impact on the financial statements in the period of initial application.

2. Significant accounting policies *(contd.)*

2.4 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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 13 which are consolidated using the merger method of accounting.

Under the acquisition method of accounting, the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated statement of financial position. 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 subsidiaries are consolidated 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 share capital is classified as capital reserve.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(ii) Associates

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

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(iii) Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each shareholder has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting based on the audited financial statements of the jointly controlled entities.

2. Significant accounting policies *(contd.)*

2.5 Investment in subsidiaries, associates and jointly controlled entities

Investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

2.6 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.

2.7 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 2.13. 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 profit or loss as incurred.

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.

The depreciation rates used are as follows:

Vessels	25 years
Dry docking	2 - 3 years
Vehicles	20% per annum
Office equipment	20% - 33 1/3% per annum
Renovations	33 1/3% per annum
Furniture and fittings	10% per annum
Leasehold properties	99 years

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 profit or loss.

2.8 Financial assets

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

2. Significant accounting policies *(contd.)*

2.8 Financial assets *(contd.)*

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

Financial assets 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 profit or loss.

(ii) Loans and receivables

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

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

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

2.9 Investment securities

Investment securities are classified as financial assets at fair value through profit or loss. The accounting policy for financial assets at fair value through profit or loss is stated in Note 2.8(i).

2.10 Determination of fair value

The fair values of quoted financial assets are based on quoted market bid prices at the reporting 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.

2.11 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The 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).

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Significant accounting policies *(contd.)*

2.11 Foreign currencies *(contd.)*

(ii) Foreign currency transactions *(contd.)*

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

2.12 Cash and cash equivalents

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

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. 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 a non-financial asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in profit or loss.

2.14 Financial liabilities

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

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

Trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

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

A financial liability is derecognised when, and only when, the obligation under the liability is discharged or extinguished. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.15 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Leased assets are depreciated over the estimated useful life of the asset.

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

2. Significant accounting policies *(contd.)*

2.16 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting 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 assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, 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.

2.17 Equity instruments

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

2.18 Derivative financial instruments

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 statements of financial position. The resultant gains and losses from derivatives held for trading purposes are recognised in profit or loss.

2.19 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) Dividend income

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

(iii) Rental and interest income

Rental and interest income are 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.

2. Significant accounting policies *(contd.)*

2.20 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the related services are rendered. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered 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

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension are recognised as an expense in the period in which the related service is performed.

2.21 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 recognised in profit or loss.

2.22 Segment reporting

Segmental information are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

3. Significant accounting estimates and judgements

The significant accounting estimates and assumptions used are described below:

(i) Depreciation of fixed assets

The Group's costs 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.

4. Revenue

	Group		**Company**	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Charterhire income	395,225	296,356	-	-
Ship brokerage and management	9,025	7,351	-	-
Dividend income from subsidiaries	-	-	99,620	205,034
	404,250	303,707	99,620	205,034

5. Other operating income/(loss), net

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income	3,773	6,713	270	236
Rental income	324	324	492	492
Accounting fees	120	120	-	-
Dividend income from quoted investments	465	838	-	-
Shared services cost	-	-	4,897	-
Foreign exchange gain/(loss), net				
- realised	10,356	18,704	751	(6,793)
- unrealised	(1,376)	524	583	(2,517)
Fair value gain/(loss) on forward foreign exchange contracts	1,187	(5,392)	-	-
Fair value gain on investment securities	4,354	38,226	-	-
(Loss)/gain on disposal of quoted investments	(3,980)	14,701	-	-
Impairment loss on investment in subsidiaries	-	-	(5,363)	-
Surplus/(loss) arising from liquidation of subsidiaries	156	601	975	(389)
Gain on disposal of fixed assets	22,590	8,170	-	203
	37,969	83,529	2,605	(8,768)

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Auditors' remuneration				
- current year	362	380	60	60
- underprovision in prior year	-	184	-	5
Depreciation (Note 11)	31,893	31,996	346	458
Personnel expenses (Note 7)	49,760	43,548	4,450	4,053
Non-executive Directors' remuneration (Note 8)	411	388	403	380
(Writeback of)/provision for doubtful debts	(132)	404	-	-
Finance costs				
- interest on loans	4,471	9,958	-	-
- interest on finance leases	726	2,566	-	-
- bank commission and guarantee fees	1,790	1,413	-	-
Shared services cost	8,770	8,093	-	-

7. Personnel expenses

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages, salaries and bonus	38,812	33,346	3,712	3,425
Pension costs				
- defined contribution plans	1,019	972	417	387
Social security costs	41	41	25	24
Other staff related expenses	9,888	9,189	296	217
	49,760	43,548	4,450	4,053

Included in personnel expenses of the Group and of the Company are Executive Directors' fees amounting to RM200,000 (2009: RM200,000) and RM200,000 (2009: RM200,000) respectively, as further disclosured in Note 8.

8. Directors' remuneration

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive:				
Fees	200	200	200	200
Attendance Fees	11	12	11	12
	211	212	211	212
Non-executive:				
Fees	375	355	367	347
Attendance Fees	36	33	36	33
	622	600	614	592
Other Directors				
Fees	8	8	-	-
Total	630	608	614	592

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

	Number of Directors	
	2010	**2009**
Executive Directors:		
RM50,000 - RM100,000	3	3
Non-executive Directors:		
RM50,000 - RM100,000	5	4
< RM50,000	-	2
	8	9

9. Taxation

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
Malaysian income tax	1,838	1,946	201	110
Foreign tax	33	278	-	-
(Over)/under provision in prior years	(175)	(1,679)	26	319
	1,696	545	227	429

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. Taxation *(contd.)*

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	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before taxation		244,368	248,257	95,045	189,594
Tax exempt shipping income	(a)	(76,632)	(146,548)	-	-
Profit from companies incorporated in the BVI		(161,014)	(99,290)	-	-
Tax exempt dividend income		-	(45)	(99,620)	(205,034)
		(237,646)	(245,883)	(99,620)	(205,034)
		6,722	2,374	(4,575)	(15,440)
Taxation at statutory tax rate of 25% (2009: 25%)		1,681	594	(1,144)	(3,860)
Income not subject to tax		(76)	(2,523)	(244)	(51)
Effect of difference in tax rates and exemption in other countries		(66)	(224)	-	-
Expenses not deductible for tax purposes		309	4,179	1,589	4,021
Utilisation of previously unrecognised tax losses		(7)	-	-	-
Deferred tax assets not recognised during the year		30	198	-	-
(Over)/under provision of tax in prior years		(175)	(1,679)	26	319
Taxation for the year		1,696	545	227	429

(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.

(b) On 15 August 2008, the Inland Revenue Board ("IRB") raised a tax assessment of approximately RM58,400,000 on deemed interest income for all interest-free loans which the Company provides to its wholly owned subsidiaries covering financial years 2003 to 2005.

The Company objected to this assessment and the case has gone to the Court of Special Commissioner of Income Tax. First and second hearings were in September 2010 and January 2011 respectively and the final hearing is scheduled on 1 April 2011. There has been no major development.

No provision has been made in the accounts as the Company is contesting this assessment.

Taxation of the Group is in respect of ship brokerage commission, vessel management fees and interest income.

Taxation of the Company is in respect of interest and rental income.

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

	Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	5,288	5,197
	5,288	5,197

The unutilised tax losses 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 asset has not been recognised in respect of this item as it may not be used to offset taxable profits of other subsidiaries in the Group and it has arisen in subsidiaries that have recent history of losses.

10. 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 by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	**2009**
Profit attributable to equity holders of the Company (RM'000)	238,368	243,799
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic earnings per share (sen)	23.84	24.38

The Group has no potential ordinary shares in issue as at the reporting date and therefore, diluted earnings per share has not been presented.

11. Fixed assets

Group	Leasehold properties RM'000	Vessels RM'000	Dry docking RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost						
At 1 January 2009:						
As previously stated	-	839,636	12,980	2,216	2,394	857,226
Effects of adopting the amendments to FRS 117	21,092	-	-	-	-	21,092
As restated	21,092	839,636	12,980	2,216	2,394	878,318
Additions	242	83,337	1,844	628	173	86,224
Disposals and write off	-	-	-	(332)	(3)	(335)
Derecognition	-	-	(1,738)	-	-	(1,738)
Liquidation of a subsidiary	-	-	-	(1,529)	-	(1,529)
Translation difference	(106)	(12,335)	(209)	(19)	(60)	(12,729)
At 31 December 2009 (restated)	21,228	910,638	12,877	964	2,504	948,211
At 1 January 2010:						
As previously stated	-	910,638	12,877	964	2,504	926,983
Effects of adopting the amendments to FRS 117	21,228	-	-	-	-	21,228
As restated	21,228	910,638	12,877	964	2,504	948,211
Additions	-	79,214	8,144	-	70	87,428
Disposals and write off	-	(73,622)	(1,742)	-	(797)	(76,161)
Derecognition	-	-	(7,585)	-	-	(7,585)
Reclassified as held for sale (Note 21)	-	(94,875)	(1,080)	-	-	(95,955)
Translation difference	(832)	(86,594)	(1,219)	(85)	(383)	(89,113)
At 31 December 2010	20,396	734,761	9,395	879	1,394	766,825

11. Fixed assets *(contd.)*

Group	Leasehold properties RM'000	Vessels RM'000	Dry docking RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Accumulated Depreciation						
At 1 January 2009:						
As previously stated	-	264,080	7,422	1,900	1,966	275,368
Effects of adopting the amendments to FRS 117	2,544	-	-	-	-	2,544
As restated	2,544	264,080	7,422	1,900	1,966	277,912
Charge for the year (Note 6)	285	26,649	4,710	137	215	31,996
Disposals and write off	-	-	-	(332)	(3)	(335)
Derecognition	-	-	(1,738)	-	-	(1,738)
Liquidation of a subsidiary	-	-	-	(1,260)	-	(1,260)
Translation difference	(22)	(4,058)	(198)	(5)	(56)	(4,339)
At 31 December 2009 (restated)	2,807	286,671	10,196	440	2,122	302,236
At 1 January 2010						
As previously stated	-	286,671	10,196	440	2,122	299,429
Effects of adopting the amendments to FRS 117	2,807	-	-	-	-	2,807
As restated	2,807	286,671	10,196	440	2,122	302,236
Charge for the year (Note 6)	198	28,013	3,356	127	199	31,893
Disposals and write off	-	(51,336)	(1,742)	-	(797)	(53,875)
Derecognition	-	-	(7,585)	-	-	(7,585)
Reclassified as held for sale (Note 21)	-	(42,166)	(926)	-	-	(43,092)
Translation difference	(145)	(23,841)	(764)	(38)	(355)	(25,143)
At 31 December 2010	2,860	197,341	2,535	529	1,169	204,434
Net Carrying Amount						
At 31 December 2009	18,421	623,967	2,681	524	382	645,975
At 31 December 2010	17,536	537,420	6,860	350	225	562,391

11. Fixed assets *(contd.)*

Company	Leasehold properties RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost				
At 1 January 2009:				
As previously stated	-	332	3,777	4,109
Effects of adopting the amendments to FRS 117	8,032	-	-	8,032
As restated	8,032	332	3,777	12,141
Additions	242	628	92	962
Disposals and write off	-	(332)	(2)	(334)
Translation difference	(106)	(16)	(50)	(172)
At 31 December 2009 (restated)	8,168	612	3,817	12,597
At 1 January 2010:				
As previously stated	-	612	3,817	4,429
Effects of adopting the amendments to FRS 117	8,168	-	-	8,168
As restated	8,168	612	3,817	12,597
Additions	-	-	46	46
Disposals and write off	-	-	(770)	(770)
Translation difference	(832)	(62)	(311)	(1,205)
At 31 December 2010	7,336	550	2,782	10,668
Accumulated Depreciation				
At 1 January 2009:				
As previously stated	-	332	3,401	3,733
Effects of adopting the amendments to FRS 117	1,285	-	-	1,285
As restated	1,285	332	3,401	5,018
Charge for the year (Note 6)	169	126	163	458
Disposals and write off	-	(332)	(2)	(334)
Translation difference	(22)	(4)	(46)	(72)
At 31 December 2009 (restated)	1,432	122	3,516	5,070
At 1 January 2010:				
As previously stated	-	122	3,516	3,638
Effects of adopting the amendments to FRS 117	1,432	-	-	1,432
As restated	1,432	122	3,516	5,070
Charge for the year (Note 6)	81	116	149	346
Disposals and write off	-	-	(770)	(770)
Translation difference	(149)	(18)	(289)	(456)
At 31 December 2010	1,364	220	2,606	4,190
Net Carrying Amount				
At 31 December 2009	6,736	490	301	7,527
At 31 December 2010	5,972	330	176	6,478

(a) Vessels with an aggregate net carrying amount of RM193,165,000 (2009: RM221,365,000) have been placed as security for loans obtained by the Group (Note 24(a)).

12. Leasehold properties

The leasehold properties of the Group and of the Company with lease term of 99 years have been reclassified to fixed assets as a result of the adoption of the amendments to FRS 117 Leases (Note 2.2(d)).

13. Subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	1,091,970	1,259,934
Impairment losses	-	(3,749)
	1,091,970	1,256,185

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2010	Equity interest 2009	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 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
MBC Padu Sdn Bhd [2]	Malaysia	100%	100%	Owner and operator of ships
PSM Perkapalan Sdn Bhd	Malaysia	100%	100%	Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	100%	100%	Ship operator, shipbroker, and general shipping
- Spectrapoint Sdn Bhd	Malaysia	100%	100%	Dormant
Lightwell Shipping Inc [1]	British Virgin Islands (BVI)	100%	100%	Investment holding
- Ambi Shipping Pte Ltd [1]	Singapore	70%	70%	Owner and operator of ships
- Everspeed Enterprises Ltd [1]	BVI	100%	100%	Ship operator
- Libertos International Ltd	BVI	100%	-	Dormant
- South Pasadena Ltd	BVI	100%	-	Dormant
Awanapuri Sdn Bhd	Malaysia	100%	100%	Investment holding
Kohing Investments Ltd [1]	BVI	100%	100%	Investment holding
New Johnson Holdings Ltd [1]	BVI	100%	100%	Investment holding
- Bakti Shipping Pte Ltd [1]	Singapore	100%	-	Owner and operator of ships
- Springbright Holdings Ltd	BVI	100%	100%	Under members' voluntary winding-up
Gaintrack Sdn Bhd	Malaysia	100%	100%	Dormant
Serba Pasifik Sdn Bhd	Malaysia	100%	100%	Under members' voluntary winding-up
MBC Maju Sdn Bhd	Malaysia	100%	100%	Under members' voluntary winding-up
MBC Mutiara Sdn Bhd	Malaysia	100%	100%	Under members' voluntary winding-up
MBC Equity Management Sdn Bhd [2]	Malaysia	100%	100%	Under members' voluntary winding-up

[1] *Subsidiaries audited by an affiliate of Ernst & Young*
[2] *Subsidiaries consolidated under the merger method of accounting*

(a) The following dormant subsidiaries were dissolved during the year:-

Company	Dissolved with effect from
Kenagamas Sdn Bhd	1 March 2010
Alam Tenggiri Sdn Bhd	1 March 2010
MBC Berkat Sdn Bhd	1 March 2010
Alam Selaras Sdn Bhd	3 March 2010
Red Sea Pacific Sdn Bhd	25 April 2010
Amatklasik Sdn Bhd	27 August 2010
Tekunmata Sdn Bhd	8 October 2010

(b) On 9 March 2010, Lightwell Shipping Inc acquired a 100% equity interest in Libertos International Ltd and South Pasadena Ltd for a cash consideration of USD1.00 each.

(c) On 24 May 2010, New Johnson Holdings Ltd incorporated a 100% owned subsidiary company, Bakti Shipping Pte Ltd ("Bakti") in Singapore.

Bakti acquired a vessel in June 2010 and commenced operations since then.

14. Associate

	Group 2010 RM'000	Group 2009 RM'000
Unquoted shares, at cost	792,167	792,167
Share of post acquisition profit	69,319	56,665
Share of post acquisition exchange reserves	(115,434)	(33,178)
	746,052	815,654

The Group's interest in the associate is analysed as follows:

Share of net assets	746,052	815,654

The summarised financial information of the associate is as follows:

	2010 RM'000	2009 RM'000
Total Assets	3,359,704	3,180,550
Total Liabilities	1,591,532	1,281,630
Revenue	558,446	780,590
Profit for the year	85,596	301,202

Details of the associate are as follows:

Company	Country of incorporation	Equity interest 2010	Equity interest 2009	Principal activities
PACC Offshore Services Holdings Pte Ltd ("POSH") (Note a)	Singapore	21%	21%	Provider of offshore marine support services

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

(a) Simultaneous with the acquisition of POSH on 16 December 2008, the Company and Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company, entered into options agreements as follows:

(i) PCL grants the Company or its nominee a Put Option to require PCL to purchase from the Company or its nominee, all of the shares in POSH held by the Company or its nominee at 125% of the subscription price paid by the Company or its nominee in the event POSH does not undertake an Initial Public Offering ("IPO") by the 5th anniversary of the Subscription Agreement;

(ii) the Company or its nominee grants PCL a Call Option to require the Company or its nominee to sell to PCL, all of the shares in POSH held by the Company or its nominee if the Company or its nominee do not exercise the Put Option within the Put Option exercise period. PCL shall be entitled to exercise the Call Option from the day following the expiry of the Put Option exercise period and for a period of 6 months thereafter. The purchase price is at 150% of the subscription price paid by the Company or its nominee; and

(iii) PCL also grants the Company or its nominee a Merger Put Option to require PCL to purchase from the Company or its nominee, all of the shares in POSH held by the Company or its nominee in the event that POSH enters into a merger, acquisition or disposal with a transactional value equal to or greater than USD1.15 billion. The Company or its nominee shall be entitled to exercise the Merger Put Option on and from the date of completion and for a period of 3 months thereafter. The purchase price shall be the sum invested plus 5% per annum of the sum invested commencing from the date the Company or its nominee had held the Merger Put Option Shares up to the date of completion of the merger, acquisition or disposal transaction.

The Put and Call Option, together with the Merger Put Option lapse the moment POSH undertakes an IPO.

No value has been ascribed to these options as the Directors are of the opinion that the IPO will be undertaken by the 5th anniversary of the Subscription Agreement.

15. Jointly controlled entities

	Group 2010 RM'000	Group 2009 RM'000
Unquoted shares, at cost	4,187	3,416
Share of post acquisition profit	86,760	97,441
Share of post acquisition exchange reserves	(11,469)	(331)
	79,478	100,526
Proportionate shareholder's advance to jointly controlled entities	58,188	39,422
Amount due to a jointly controlled entity	(745)	-
	136,921	139,948

The Group's interest in the jointly controlled entities is analysed as follows:

	2010	2009
Share of net assets	79,478	100,526

The proportionate shareholder's advance to jointly controlled entities are unsecured, have no fixed terms of repayment and interest-free, except for an amount of RM31,591,000 (2009: RM39,422,000) which bears a weighted average interest rate of 0.82% (2009: 1.24%) per annum.

The amount due to a jointly controlled entity is unsecured, interest-free and repayable on demand.

The summarised financial information of jointly controlled entities is as follows:

	2010 RM'000	2009 RM'000
Total Assets	283,034	284,097
Total Liabilities	124,072	85,530
Revenue	60,965	82,928
Profit for the year	40,535	65,985

Details of the jointly controlled entities are as follows:

Company	Country of incorporation	Equity interest 2010	Equity interest 2009	Principal activities
Eminence Bulk Carriers Pte Ltd	Singapore	50%	50%	Owner and operator of ships
Novel Bright Assets Ltd	BVI	50%	50%	Investment holding
- Brilliant Sun Shipping Pte Ltd	Singapore	50%	50%	Owner and operator of ships
Progress Shipping Pte Ltd	Singapore	50%	-	Investment holding
- Atlantic Progress Pte Ltd	Singapore	50%	-	Owner and operator of ships
- Atlantic Dream Pte Ltd	Singapore	50%	-	Owner and operator of ships

16. Trade receivables

	Group 2010 RM'000	Group 2009 RM'000
Trade receivables	27,476	29,405
Less : Provision for doubtful debts		
At 1 January	(544)	(136)
Charge for the year	-	(404)
Write off	100	-
Writeback	132	-
Translation difference	49	(4)
At 31 December	(263)	(544)
	27,213	28,861

The ageing analysis of trade receivables is as follows:

	Group 2010 RM'000	Group 2009 RM'000
Not yet due	12,178	14,305
Past due 0 to 6 months not impaired	14,943	14,331
Past due over 6 months not impaired	92	225
Impaired	263	544
	27,476	29,405

Trade receivables are usually due upon invoicing. They are mainly due from customers that have good credit ratings. The concentration of credit risk is limited as the customers base is large and unrelated and there is no one debtor that accounts for a significant portion of total trade receivables net of allowance for doubtful debts.

17. Other receivables and prepayments

Other receivables include the following:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Amounts due from:				
PCL (Shipping) Pte Ltd ("PCLS")	4,523	3,339	2,223	-
PACC Ship Managers Pte Ltd ("PSML")	3,092	7,628	103	-
Receivables	-	19,456	-	-
Tax recoverable	99	509	-	-
Unrealised gain on foreign exchange contracts	4,000	-	1,068	-

PCLS and PSML are companies in which a substantial shareholder of the Company has controlling interest. The balances with these companies relate to advances for procurement of supplies and services on behalf of the Group.

These balances are unsecured, interest-free and repayable on demand.

18. Amounts due from/(to) subsidiaries

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

19. Investments

	Group	
	2010 RM'000	2009 RM'000
At fair value		
Quoted securities in Malaysia	-	931
Quoted securities outside Malaysia	26	109,762
	26	110,693
Other unquoted investments outside Malaysia	127,363	39,717
Club membership	87	87
	127,476	150,497

The fair value of quoted investments is determined by reference to their quoted market prices at end of the reporting period, and the fair value gains/losses on these equities are disclosed in Note 5.

20. Short term deposits

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks	297,477	406,718	120,560	187,728

The Group's and the Company's weighted average interest rate during the year are 0.47% (2009: 0.75%) and 0.51% (2009: 0.96%) per annum respectively and the average maturity of the deposits at year end are 24 (2009: 27) and 21 (2009: 9) days respectively.

21. Non-current assets classified as held for sale

On 19 November 2010, a subsidiary company, Bitara Shipping Sdn Bhd, entered into a Memorandum of Agreement to dispose a vessel to a third party for a consideration of USD19,000,000. The disposal was completed subsequent to the year end.

As at the reporting date, the net carrying amount of the vessel is classified as held for sale as follows:

	Group	
	2010 RM'000	2009 RM'000
Fixed assets		
Vessel	52,863	-

22. Share capital

	2010 No. of shares ('000)	2009 No. of shares ('000)	2010 RM'000	2009 RM'000
Group and Company				
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	1,000,000	1,000,000	250,000	250,000

23. 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 Redeemable Preference Shares redeemed which is credited to the capital redemption reserve in accordance with Section 61(5) of the Companies Act, 1965.

(c) Retained profits

The Company is able to distribute dividends out of its entire retained profits as at 31 December 2010 and 2009 under the single tier system.

24. Borrowings

	Group	
	2010 RM'000	**2009 RM'000**
(a) Secured loans		
Loan 1	-	314,884
Loan 2	150,161	-
	150,161	314,884
(b) Finance lease payables	-	37,779
	150,161	352,663
Repayable within 12 months	(43,148)	(7,695)
Repayable after 12 months	107,013	344,968

Maturity of secured loans is analysed as follows:

Within 1 year	43,148	397
Between 1 and 5 years	107,013	1,773
After 5 years	-	312,714
	150,161	314,884

(a) The loans are secured by charges over the Group's vessels as stated in Note 11(a).

Loan 1 was fully repaid during the year whilst loan 2 is repayable by 12 quarterly installments with a balloon payment in 2013.

24. Borrowings *(contd.)*

(b) Finance lease payables

	Group	
	2010 RM'000	2009 RM'000
Minimum lease payments		
Not later than 1 year	-	14,514
Later than 1 year and not later than 2 years	-	14,514
Later than 2 years and not later than 5 years	-	27,827
	-	56,855
Less : Future finance charges	-	(19,076)
Present value of finance lease liabilities	-	37,779
Analysis of present value of finance lease liabilities		
Not later than 1 year	-	7,298
Later than 1 year and not later than 2 years	-	7,737
Later than 2 years and not later than 5 years	-	22,744
	-	37,779
Due within 12 months	-	7,298
Due after 12 months	-	30,481
	-	37,779

The secured loans and finance lease payables bear interest at a weighted average rate of 1.91% (2009: 2.02%) per annum.

25. Other payables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accruals (Note a)	77,292	40,719	2,710	2,587
Charterhire received in advance	4,276	6,381	-	-
Due to ship managers and agents	7,611	19,081	-	-
Amounts due to:-				
Pacific Carriers Limited ("PCL")	9,032	8,321	-	44
PCL (Shipping) Pte Ltd ("PCLS")	-	-	2	6
Other creditors	5,839	7,044	-	44
	104,050	81,546	2,712	2,681

PCL is a substantial shareholder of the Company and PCLS is a subsidiary of PCL. The balance with PCL, which is in respect of shared services cost, is unsecured, interest-free and repayable on demand.

(a) Accruals of the Group include unrealised loss on forward foreign exchange contracts of RM1,826,000 (2009: RM5,392,000).

26. Dividends

	Group and Company	
	2010	**2009**
	RM'000	**RM'000**
In respect of financial year ended:		
31 December 2008		
Final dividend of 30 sen, single tier	-	300,000
31 December 2009		
Final dividend of 15 sen, single tier	150,000	-
	150,000	300,000

The Directors have recommended a final single tier dividend of 10 sen per ordinary share, amounting to RM100,000,000 in respect of the financial year ended 31 December 2010 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2011.

27. Commitments

	Group	
	2010	**2009**
	RM'000	**RM'000**
(a) Capital expenditure approved and contracted for	-	20,815
(b) Non-cancellable charter-in commitments		
Due within 1 year	24,897	16,921
Due later than 1 year and not later than 5 years	245,419	220,267
Due later than 5 years	406,808	510,515
	677,124	768,518
Share of jointly controlled entity's capital commitments	49,620	-
	726,744	768,518

28. Material litigation

Everspeed Enterprises Ltd ("Everspeed"), a subsidiary of the Group had, in 2009, initiated legal action against Skaarup Fortune Shipping Ltd ("Skaarup") in respect of their early redelivery of a vessel claiming a breach under the terms of the charter party. Everspeed's legal advisors are of the view that Everspeed has a reasonably good case under the charter party terms, Skaarup has terminated the charter party prematurely.

29. Related party transactions

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Transactions with Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company, and its subsidiaries:				
Corporate administration fee paid	696	164	-	-
Commercial fee payable	18,086	15,643	-	-
Charterhire paid	30,800	8,473	-	-
Shared services cost	8,770	8,093	(2,315)	-
Management fee paid	1,305	844	-	-
Crewing agents fee paid	427	337	-	-
Procurement fee paid	763	623	-	-
Commission on disposal of vessels	-	137	-	-
Purchase of a vessel ("Ikan Juara")	-	83,206	-	-
Charterhire received	(102,339)	(44,592)	-	-
Crew management fee received	(2,775)	(2,838)	-	-
Commercial fee received	(6,060)	(4,529)	-	-
Rental receivable from Agrifert (Malaysia) Sdn Bhd, a subsidiary of a substantial shareholder, Kuok (Singapore) Limited	(324)	(324)	(324)	(324)
Transactions with companies in which PPB Group Berhad, a substantial shareholder, has a substantial interest:				
Share registration fee payable	42	45	42	45
Insurance premium payable	1,653	1,496	52	54
Brokerage commission and accounting fees receivable	(578)	(506)	-	-
Fees for legal services payable to Tay & Partners, a firm of which a Director, Tay Beng Chai, is the Managing Partner	-	6	-	-
Courier charges payable to GD Express Sdn Bhd, of which a Director, Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid is a Chairman	9	-	5	-
Transactions with subsidiaries:				
Shared services cost			(2,582)	-
Dividend received from subsidiaries			(99,620)	(205,034)
Rental received from subsidiaries			(169)	(169)

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

Key Management Personnel

The key management personnel of the Group are executive and non-executive Directors of the Company. The remuneration of Directors is disclosed in Note 8.

30. Segment information

(a) Business segments

The operating businesses are organised according to the nature of the services provided with each segment representing a strategic business 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.

2010	Shipping bulkers RM'000	Shipping tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	348,710	45,978	10,795	-	(1,233)	404,250
Inter-segment	537	-	(1,770)	-	1,233	-
External	349,247	45,978	9,025	-	-	404,250
Results						
Segment results	194,858	4,128	4,892	5,264	-	209,142
Interest income	530	-	42	3,201	-	3,773
Finance costs	(5,747)	-	(14)	(1,226)	-	(6,987)
Share of results of associate	-	-	-	18,172	-	18,172
Share of results of jointly controlled entities	-	-	-	20,268	-	20,268
Taxation	(32)	-	(1,436)	(228)	-	(1,696)
Profit for the year	189,609	4,128	3,484	45,451	-	242,672
Other information						
Segment assets	565,407	241,138	25,329	1,424,477	(259,097)	1,997,254
Segment liabilities	289,925	86,569	17,302	120,136	(259,097)	254,835
Capital expenditure	8,268	79,090	25	45	-	87,428
Depreciation	19,996	11,373	62	462	-	31,893
Other non-cash income	339	-	3	5,853	-	6,195

30. Segment information *(contd.)*

2009	Shipping bulkers RM'000	Shipping tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	241,378	54,406	9,406	-	(1,483)	303,707
Inter-segment	572	-	(2,055)	-	1,483	-
External	241,950	54,406	7,351	-	-	303,707
Results						
Segment results	88,270	17,472	1,866	50,935	-	158,543
Interest income	2,026	-	37	4,650	-	6,713
Finance costs	(13,918)	-	(19)	-	-	(13,937)
Share of results of associate	-	-	-	63,945	-	63,945
Share of results of jointly controlled entities	-	-	-	32,993	-	32,993
Taxation	(353)	-	(1,534)	1,342	-	(545)
Profit for the year	76,025	17,472	350	153,865	-	247,712
Other information						
Segment assets	671,529	193,544	30,944	1,630,532	(230,363)	2,296,186
Segment liabilities	407,249	12,504	22,363	223,358	(230,363)	435,111
Capital expenditure	83,646	1,534	82	962	-	86,224
Depreciation	20,830	10,529	62	575	-	31,996
Other non-cash (expenses)/income	(487)	-	8	33,433	-	32,954

31. 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 foreign exchange contracts to hedge certain risk exposures.

31. Financial Risk Management *(contd.)*

(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 has investments in foreign subsidiaries and associates, whose reporting and operations are in foreign currencies, mainly USD. The Group is exposed to foreign currency translation risks on the consolidation of these companies into Ringgit Malaysia.

The Group operates internationally and its foreign currency assets and liabilities give rise to foreign exchange exposure. 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 total outstanding foreign exchange contracts of the Group as at 31 December 2010 which comprise mainly Euro, Sterling Pound, Australian Dollars and Japanese Yen is equivalent to RM203,050,000 (2009: RM149,712,000) at the year end closing rate.

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**	**Sterling Pound RM'000**	**Singapore Dollars RM'000**	**Total RM'000**
At 31 December 2010				
United States Dollars	1,757	27,077	996	29,830
At 31 December 2009				
United States Dollars	(2,877)	11,963	(404)	8,682

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonable possible change in the Ringgit Malaysia (RM) and Sterling Pound (GBP) exchange rates against the functional currency of the Group companies, with all other variables held constant.

		Profit after tax	
The Group		**2010 RM'000**	**2009 RM'000**
RM	- strengthened by 5%	88	(144)
	- weakened by 5%	(88)	144
GBP	- strengthened by 5%	1,354	598
	- weakened by 5%	(1,354)	(598)

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 investments.

31. Financial Risk Management *(contd.)*

(a) Price risk *(contd.)*

Cash flow and fair value interest rate risk *(contd.)*

The Group's primary interest rate risk relates to interest-bearing debts. The Group manages its interest rate exposure by keep closely monitoring the debt market and where necessary, 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 to achieve a certain level of protection against rate hikes.

At end of the reporting period, if interest rates had been 100 basis point higher/lower with all other variables held constant, the Group's profit after tax would have been RM1,473,000 (2009: RM541,000) higher/lower.

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.

Certain key management personnel with sufficient investment expertise are authorised to manage and closely monitor the Group's investment portfolio, supported by professional fund managers.

At end of the reporting period, if equity price had been 20% higher/lower with all other variables held constant, the Group's profit after tax would have been RM25,495,000 (2009: RM30,099,000) higher/lower.

(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 by 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 funds are invested in interest-bearing bank deposits and other high quality short term liquid investments. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

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.

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

32. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value.

The Group manages its capital structure by taking into account its current and projected cash flows, expansion and capital expenditure commitments, and ensuring a prudent debt equity ratio. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

33. Financial instruments - fair values

The carrying amounts of the following financial assets and financial liabilities as reflected in the statements of financial position 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 as these are mainly current account balances representing working capital of the respective subsidiaries. Notwithstanding, the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

The carrying amounts of financial instruments as at the financial year end are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Financial assets				
Loans and receivables				
Trade receivables	27,213	28,861	-	-
Other receivables	10,842	44,710	2,789	220
Short term deposits	297,477	406,718	120,560	187,728
Cash and bank balances	19,215	53,711	9,550	6,628
Amounts due from subsidiaries	-	-	3,540	8,095
	354,747	534,000	136,439	202,671
Financial assets carried at fair value through profit and loss				
Investments	127,476	150,497	-	-
Forward currency contracts	2,174	(5,392)	1,068	-
	129,650	145,105	1,068	-
Financial liabilities carried at amortised costs				
Borrowings	(150,161)	(352,663)	-	-
Other payables	(102,224)	(76,154)	(2,712)	(2,681)
Amount due to a jointly controlled entity	(745)	-	-	-
Amounts due to subsidiaries	-	-	(23,865)	(62,561)
	(253,130)	(428,817)	(26,577)	(65,242)

34. Significant events during the year

(i) Disposal of vessel

On 9 September 2010, a subsidiary company, Everspeed Enterprises Ltd, disposed of a vessel to a third party for a cash consideration of USD15,900,000.

(ii) Joint Venture

On 11 October 2010, a subsidiary company, Lightwell Shipping Inc, entered into a joint venture agreement with Commonwealth Shipping Company Inc. to establish a joint venture company (50%/50%) called "Progress Shipping Pte Ltd" (Progress), incorporated in Singapore.

Progress subsequently entered into Shipbuilding Contracts for the construction of two 32,500 dwt bulk carriers with expected deliveries in May and August 2011.

35. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits				
Realised	1,602,059	1,511,773	957,959	1,013,141
Unrealised	(21,266)	(19,348)	-	-
	1,580,793	1,492,425	957,959	1,013,141

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2010 (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/ 5,447 sq. ft.	99 Year Lease/ 11.9.2088	13 Years	1,484.0	12.07.2001
Level 17 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,511 sq. ft.	99 Year Lease/ 11.9.2088	13 Years	1,501.4	12.07.2001
Level 18 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,447 sq. ft.	99 Year Lease/ 11.9.2088	13 Years	1,484.0	12.07.2001
Level 18 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,511 sq. ft.	99 Year Lease/ 11.9.2088	13 Years	1,501.4	12.07.2001
Lot No. 21, Section 7 Mukim of Klang District of Klang Selangor Darul Ehsan	Vacant land/ 73,156.07 sq. metres	99 Year Lease/ 24.2.2097	Not Applicable	11,568.5	1.10.2003

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Capital	:	RM250,000,000
Class of Shares	:	Ordinary Shares of RM0.25 each fully paid
Voting Rights	:	One vote per shareholder on a show of hands One vote per ordinary share on poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	384	2.63	16,487	0.00
100 - 1,000	2,462	16.88	2,049,771	0.20
1,001 - 10,000	9,345	64.06	36,119,139	3.61
10,001 - 100,000	2,128	14.59	60,204,545	6.02
100,001 to less than 5% of issued shares	264	1.81	165,460,358	16.55
5% and above of issued shares	4	0.03	736,149,700	73.62
	14,587	100.00	1,000,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Pacific Carriers Limited (PCL)	344,615,000	34.46	-	-
Bank Pembangunan Malaysia Berhad (BP)	183,945,700	18.39	-	-
PPB Group Berhad (PPB)	140,000,000	14.00	20,000	-
Employees Provident Fund Board	72,999,800	7.30	-	-
Kuok (Singapore) Limited (1)	-	-	344,615,000	34.46
Minister of Finance Incorporated (2)	-	-	183,945,700	18.39
Kuok Brothers Sdn Berhad (3)	-	-	140,020,000	14.00

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 50.17% direct interest in PPB.

DIRECTORS' INTERESTS IN SHARES (as per Register of Directors)

	Direct Interest		Deemed Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Teo Joo Kim	-	-	-	-
Kuok Khoon Kuan	2,098,750	0.21	-	-
Wu Long Peng	1,625,000	0.16	-	-
Dato' Lim Chee Wah	1,000,000	0.10	-	-
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	570,000	0.06	-	-
Mohammad bin Abdullah	125,000	0.01	-	-
Tay Beng Chai	375,000	0.04	2,500 (1)	-
Dato' Mohd Zafer bin Mohd Hashim	-	-	-	-

Note:-
(1) Deemed interest through family member.

THE THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors as at 7 March 2011)

Name of Shareholders	No. of Shares	%
1. Pacific Carriers Limited	344,615,000	34.46
2. Bank Pembangunan Malaysia Berhad	183,945,700	18.39
3. PPB Group Berhad	140,000,000	14.00
4. Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	67,589,000	6.76
5. Valuecap Sdn Bhd	39,554,500	3.96
6. Kumpulan Wang Persaraan (Diperbadankan)	22,613,600	2.26
7. Amanahraya Trustees Berhad *For Amanah Saham Didik*	9,542,100	0.95
8. Permodalan Nasional Berhad	3,072,500	0.31
9. Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board (PHEIM)*	2,800,000	0.28
10. Cimsec Nominees (Tempatan) Sdn Bhd *For CIMB Bank Berhad (ETP)*	2,294,000	0.23
11. Kerajaan Negeri Pahang	2,153,850	0.22
12. Kuok Khoon Kuan @ Kuo Khoon Kwong	2,098,750	0.21
13. Amanahraya Trustees Berhad *For Affin Islamic Equity Fund*	2,087,200	0.21
14. Gan Teng Siew Realty Sdn. Berhad	1,700,000	0.17
15. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Taiwan)*	1,647,800	0.16
16. Wu Long Peng	1,625,000	0.16
17. Malaysia Nominees (Tempatan) Sendirian Berhad *For Great Eastern Life Assurance (Malaysia) Berhad (DR)*	1,544,200	0.15
18. Employees Provident Fund Board	1,500,000	0.15
19. Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Dimensional Emerging Markets Value Fund*	1,408,225	0.14
20. Chinchoo Investment Sdn. Berhad	1,400,000	0.14
21. Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd* *For Government of Singapore (C)*	1,397,225	0.14
22. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Norges BK Lend)*	1,262,500	0.13
23. Low Kok Kong	1,250,000	0.13
24. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (U.S.A.)*	1,200,630	0.12
25. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt AN* *For Deutsche Trustees Malaysia Berhad*	1,132,400	0.11
26. Lebar Daun Construction Sdn Bhd	1,100,000	0.11
27. GEO-Mobile Asia Sdn Bhd	1,007,000	0.10
28. Bidor Tahan Estates Sdn. Bhd.	1,000,000	0.10
29. Lim Chee Wah	1,000,000	0.10
30. Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board (HDBS)*	970,800	0.10
	844,511,980	84.45

In compliance with the Main Market 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 2010.

2 Non-Audit Fee Paid to Auditors

The non-audit fee paid to the External Auditors of MBC Group in the financial year ended 31 December 2010 was as follows:-

Auditors	**Fee (RM)**	**Purpose**
Ernst & Young	7,000	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 2010 or entered into during the financial year ended 31 December 2010 except as disclosed in the financial statements as set out in this Annual Report.

4 Continuing Education Programme for Directors

During the financial year ended 31 December 2010, all Directors have attended conferences and seminars in areas that are relevant to the Group's business activities. Some of the conferences/trainings/seminars attended by the Directors were as follows:-

On Corporate, Financial and Governance issues
- Strategic Corporate Culture
- Corporate Responsibilities using ISO 9001:2008 and ISO 14000:2004
- Corporate Governance Summit
- Towards Corporate Governance Excellence
- ICAA-MICPA Audit Forum – "Audit Oversight Board – Implications for Public Interest Entities"
- Protocol in the Business World
- Global Islamic Finance Forum
- World Congress of Accountant 2010
- Capital Raising for Malaysian Companies Forum 2010

On Commercial and Business issues
- Competition Act 2010
- Goods & Services Tax – introduction, rationale, issues and the way forward
- Sustainable palm oil – the issues, challenges and opportunities
- Conducting business in the Middle East
- Future of Distribute Trade in Malaysia the Government Perspective
- Anti Money Laundering & Counter Terrorism
- 2nd Offshore Support Vessels
- Economic Outlook
- Macroeconomic Outlook
- Workshop on Maritime Piracy & Ship Hijacks
- Maritime HR Management Forum
- Software solutions for commercial chartering and vessel operations

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 ("Act") to lay before the Company at its Annual General Meeting, annual audited financial statements of the Group and the Company, made out in accordance with the applicable Financial Reporting Standards in Malaysia, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 Financial Reporting Standards, the provisions of the Act and the Main Market 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 Group and the Company, 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 IS HEREBY GIVEN THAT the 22nd Annual General Meeting of Malaysian Bulk Carriers Berhad ("the Company") will be held on Tuesday, 19 April 2011 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:-

ORDINARY BUSINESS

(1) To receive the audited Financial Statements for the financial year ended 31 December 2010 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To approve the payment of a final single tier dividend of 10 sen per share for the financial year ended 31 December 2010 as recommended by the Directors. **Resolution 2**

(3) To re-elect the following Directors who are retiring pursuant to Article 95 of the Company's Articles of Association:-

(a) Kuok Khoon Kuan **Resolution 3**

(b) Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid **Resolution 4**

(4) To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-

"**THAT** Mr. Teo Joo Kim, who has attained the age of 70 years and retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

"**THAT** Dato' Lim Chee Wah, who has attained the age of 70 years and retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

"**THAT** Encik Mohammad bin Abdullah, who has attained the age of 70 years and retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

(5) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

(6) To approve the payment of Directors' fees of RM567,000 for the financial year ended 31 December 2010. **Resolution 9**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

(7) To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 10**

"**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."

(8) To renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Resolution 11

"**THAT** pursuant to Paragraph 10.09 of the Main Market 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 28 March 2011, 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 ("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."

(9) Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature
Resolution 12

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into an additional recurrent related party transaction as set out in the Circular to Shareholders dated 28 March 2011, which is 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 ("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 aggregate value of the recurrent related party transaction and the names of the related parties involved 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."

(10) To renew the authorisation for Purchase of Own Shares **Resolution 13**

"**THAT** pursuant to Paragraph 12.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and subject to Section 67A of the Companies Act, 1965 ("Act"), 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 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 reserve 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, 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 Main Market Listing Requirements of Bursa Malaysia 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

(11) Proposed Amendment to Article 137 of the Company's Articles of Association **Resolution 14**

"**THAT** the Company's Articles of Association be hereby amended by deleting the existing Article 137 in its entirety and substituting the following new Article 137:-

<u>Existing Article 137</u>

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

<u>New Article 137</u>

Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the last registered address of the members or to such person entitled thereto, or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and to such address as such entitled persons may in writing direct or paid via electronic transfer or other methods of funds transfer or remittance to the account provided by the holder who is named in the Record of Depositors. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent or remitted or to such person as the holder may direct and the payment of any such cheque or warrant or electronic transfer or remittance shall be a good discharge to the Company in respect of the dividend, interest, or other money payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that endorsement thereon, or the instruction for the electronic transfer or remittance has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented.

(12) To transact any other business.

BY ORDER OF THE BOARD

Yap Bee Yong (MIA 11165)
Ooi Pooi Teng (MAICSA 7055594)
Company Secretaries

28 March 2011
Petaling Jaya

Notes:-

1. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) 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 SPECIAL BUSINESS

1. Resolution 10

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

The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten percent (10%) of the issued and paid-up share capital of the Company for the time being.

The proposed Resolution 10 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. 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.

The Company had obtained the general mandate to issue shares in the last Annual General Meeting. There were no proceeds raised from the previous mandate.

2. Resolution 11

- 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 28 March 2011 despatched together with the Company's 2010 Annual Report.

3. Resolution 12

- Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature

The proposed Ordinary Resolution, if passed, will enable the Company and its subsidiaries to enter into an additional recurrent related party transaction, which is necessary for MBC Group's day-to-day operations, subject to the transaction 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 28 March 2011 despatched together with the Company's 2010 Annual Report.

4. Resolution 13

- To renew the authorisation for 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 reserve of the Company.

Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 28 March 2011 despatched together with the Company's 2010 Annual Report.

5. Resolution 14

- Proposed Amendment to Article 137 of the Company's Articles of Association

The proposed Special Resolution, if passed, will facilitate the payment of cash dividend, interest or any money payable to the shareholders via electronic payment such as telegraphic transfer or electronic transfer or remittance to shareholders' bank account in line with e-Dividend implemented by Bursa Malaysia Securities Berhad.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the forthcoming 22nd Annual General Meeting, a final single tier dividend of 10 sen per share will be paid on Friday, 6 May 2011 to the shareholders whose names appear in the Record of Depositors at the close of business on Friday, 22 April 2011.

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 Friday, 22 April 2011 in respect of ordinary transfers; and

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

BY ORDER OF THE BOARD

Yap Bee Yong (MIA 11165)
Ooi Pooi Teng (MAICSA 7055594)
Company Secretaries

28 March 2011
Petaling Jaya

Statement Accompanying Notice of Annual General Meeting

Details of Directors who are standing for re-election and re-appointment are as set out on pages 13 to 15 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on page 67 of this Annual Report.

MALAYSIAN BULK CARRIERS BERHAD 175953-W

Form of Proxy

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 22nd Annual General Meeting of the Company to be held on Tuesday, 19 April 2011 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:-

No.	Resolutions	For	Against
1.	To receive the audited Financial Statements for the financial year ended 31 December 2010 and the reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final single tier dividend of 10 sen per share for the financial year ended 31 December 2010		
3.	To re-elect Mr Kuok Khoon Kuan as a Director		
4.	To re-elect Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director		
5.	To re-appoint Mr Teo Joo Kim as a Director		
6.	To re-appoint Dato' Lim Chee Wah as a Director		
7.	To re-appoint Encik Mohammad bin Abdullah as a Director		
8.	To re-appoint Messrs Ernst & Young as Auditors of the Company		
9.	To approve the payment of Directors' fees		
10.	To authorise the Directors to allot and issue shares		
11.	To approve the renewal of shareholders' mandate for recurrent related party transactions		
12.	To approve the new mandate for additional recurrent related party transaction		
13.	To approve the renewal of authorisation for purchase of own shares		
14.	To approve the amendment to Article 137 of the Company's Articles of Association		

(Please indicate with an "X" in the space provided on how you wish to cast your vote.)

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 ________ 2011

No. of Shares Held: ______________________________

Signature of Shareholder: ______________________________

Notes:-

1. *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) 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

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