MALAYSIAN BULK CARRIERS BERHAD

(175953-W)

Annual Report 2011


ALAM MUTIARA
PANAMA
IMO 9615169

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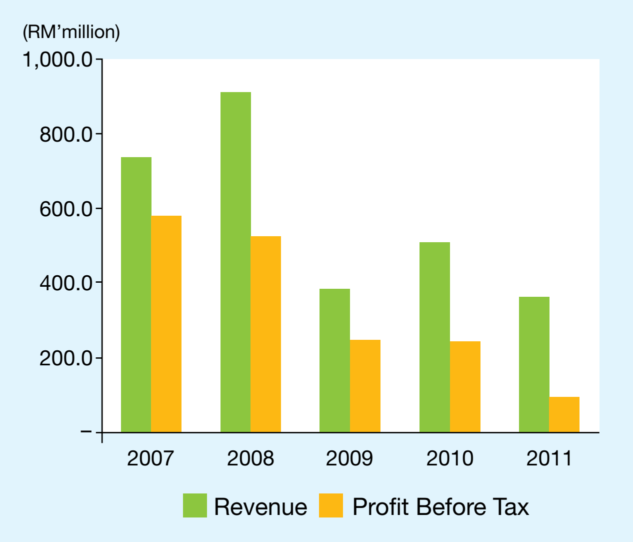
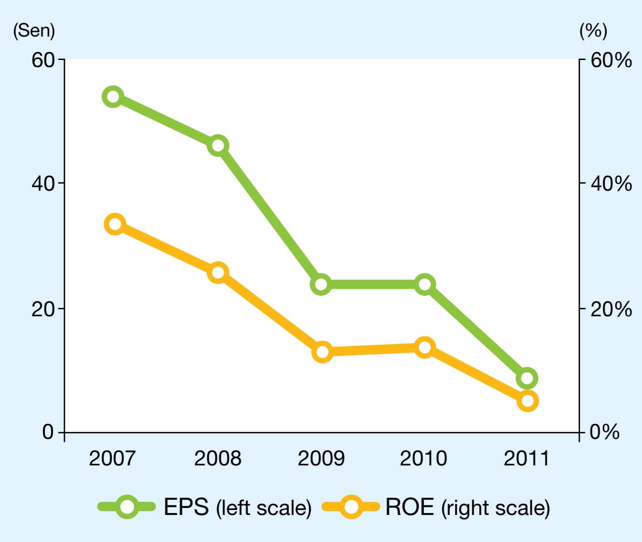
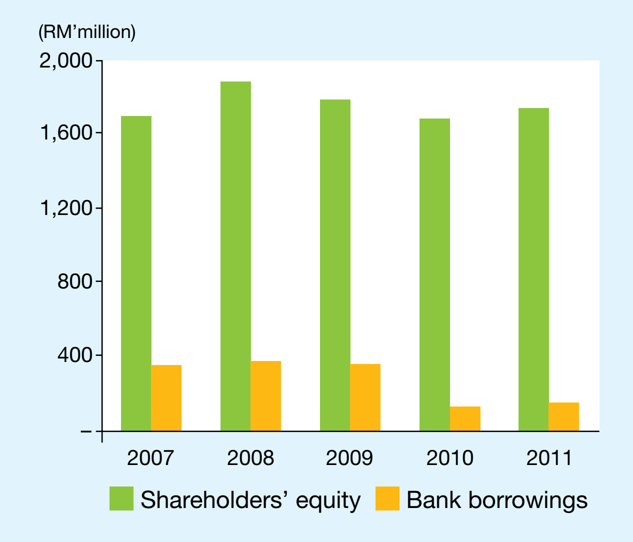
Financial Highlights

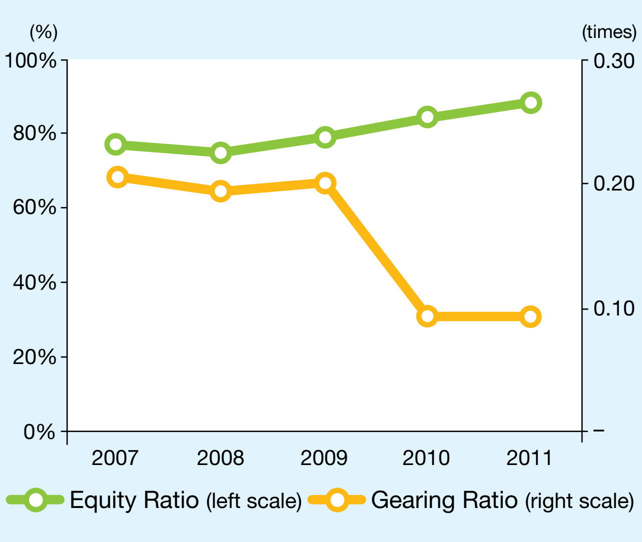
Results from Operations



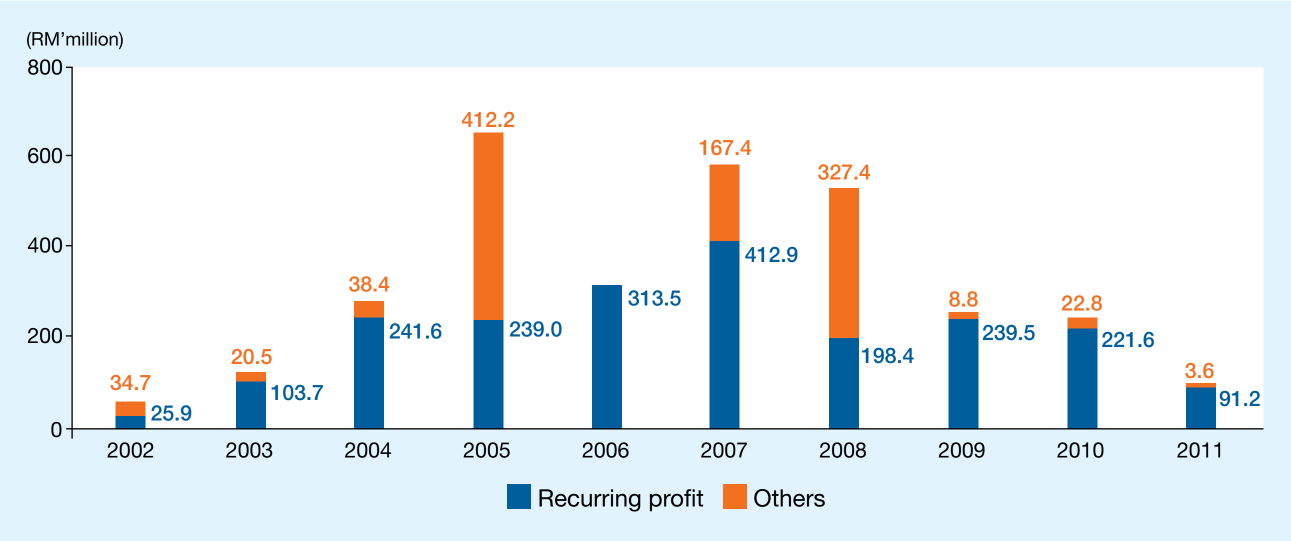


Financial Position

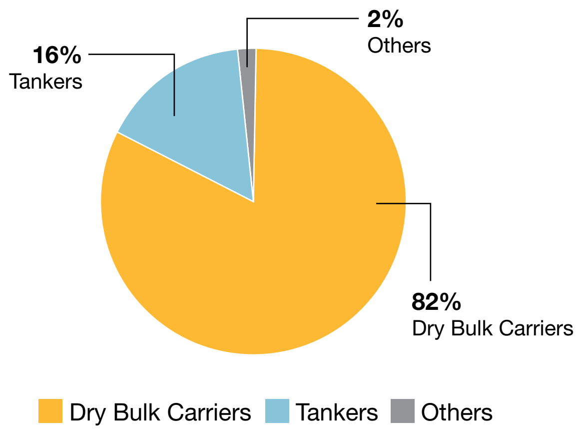




10-Year Earnings Record



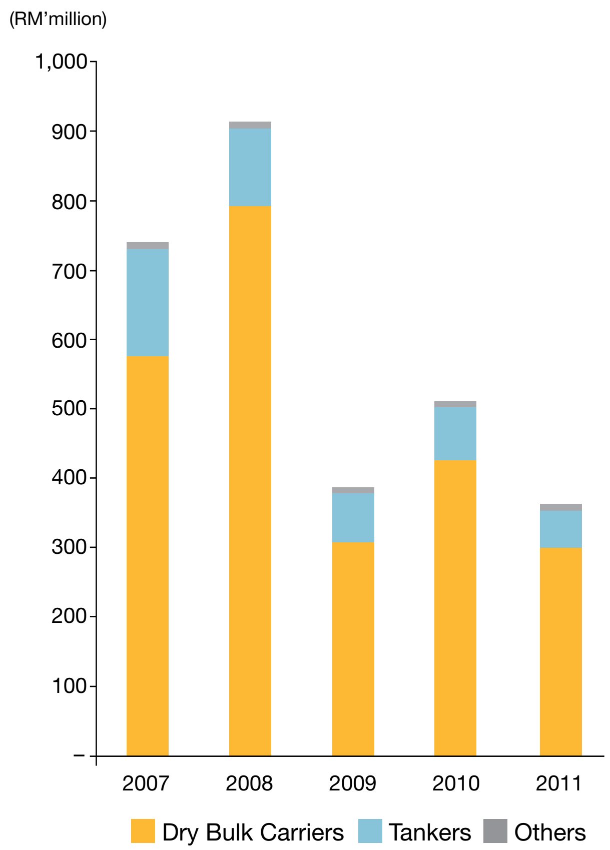
Revenue by Segment 2011



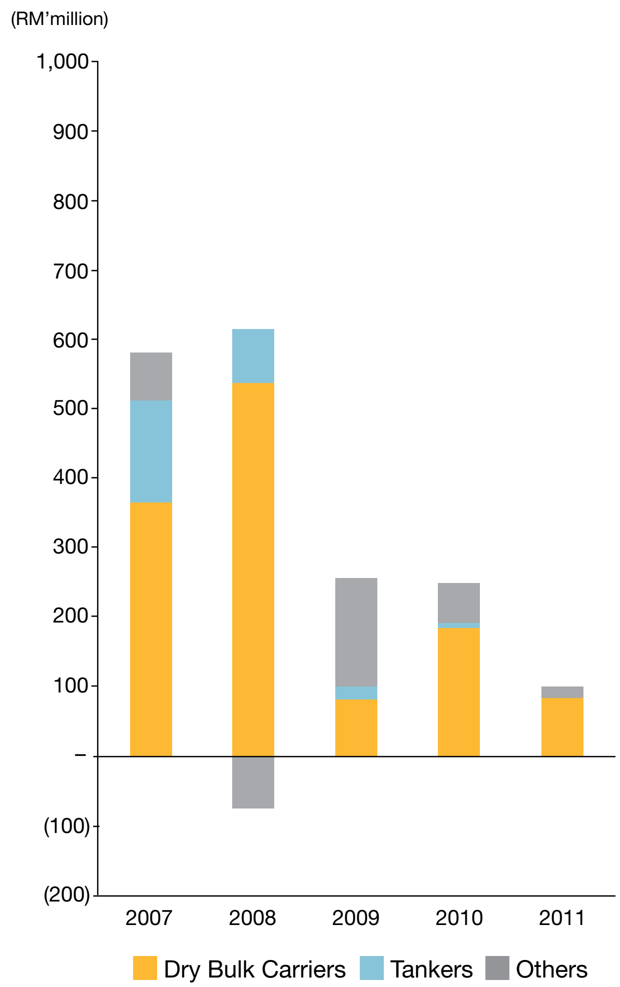
Profit Before Tax by Segment 2011

	RM'million	%
Dry Bulk Carriers	81.2	86%
Tankers	-0.7	-1%
Others	14.3	15%
	94.8	100%

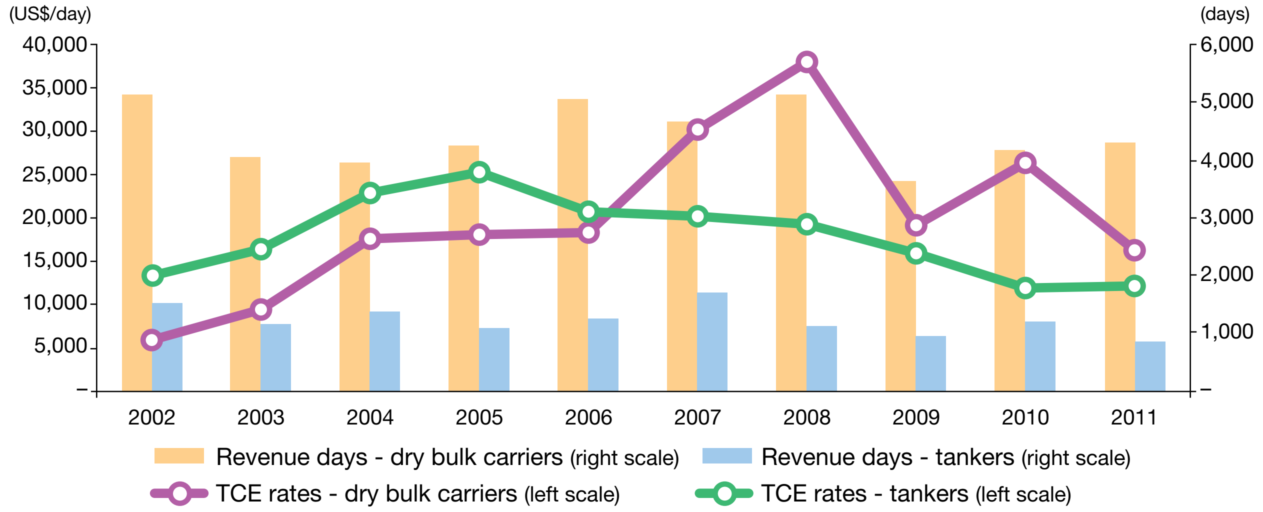
5-Year Revenue by Segment



5-Year Profit Before Tax by Segment

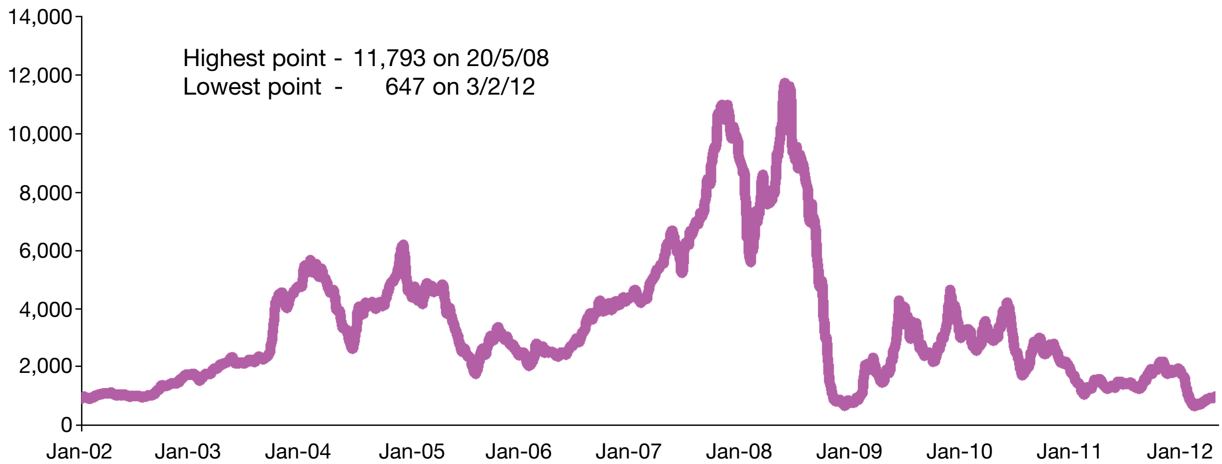


Time Charter Equivalent (TCE) and Revenue days

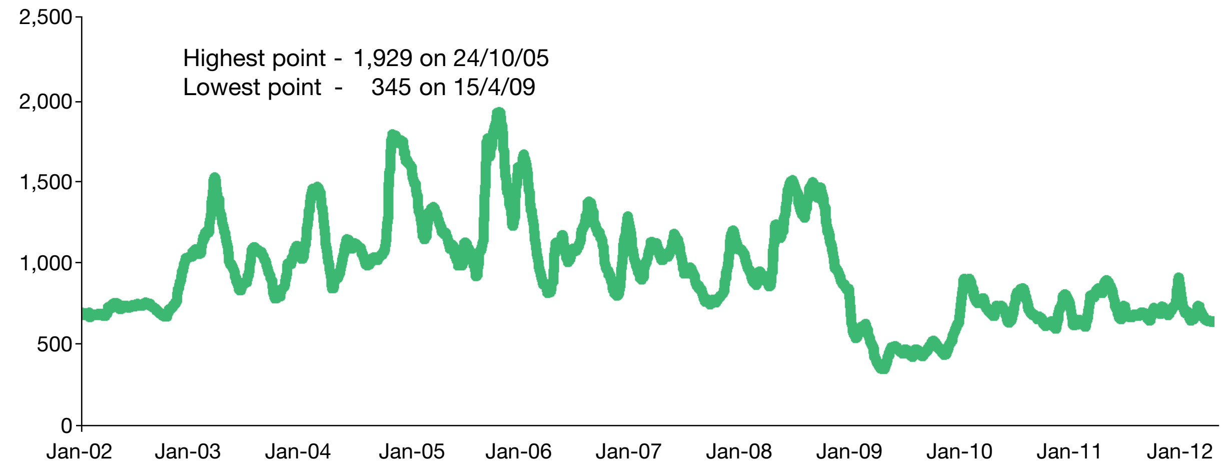


Major Market Indicators

Baltic Dry Index



Baltic Clean Tanker Index



	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
FINANCIAL PERFORMANCE					
Revenue	**363,938**	510,063	385,629	911,293	738,098
Voyage expenses	**(107,629)**	(105,813)	(81,922)	(190,135)	(129,956)
	256,309	404,250	303,707	721,158	608,142
Operating expenses	**(172,260)**	(209,461)	(203,682)	(382,389)	(228,681)
	84,049	194,789	100,025	338,769	379,461
Other operating income/(loss), net	**(3,392)**	37,969	83,529	219,542	236,623
Administration expenses	**(13,495)**	(19,843)	(18,298)	(26,553)	(29,239)
	67,162	212,915	165,256	531,758	586,845
Finance costs	**(1,876)**	(6,987)	(13,937)	(27,182)	(21,812)
Share of results of associate	**17,023**	18,172	63,945	21,174	15,262
Share of results of jointly controlled entities	**12,494**	20,268	32,993	–	–
Profit before taxation	**94,803**	244,368	248,257	525,750	580,295
Taxation	**(1,430)**	(1,696)	(545)	(4,076)	(2,529)
Profit for the year	**93,373**	242,672	247,712	521,674	577,766
Attributable to:					
Equity holders of the Company	**91,309**	238,368	243,799	460,862	544,592
Non-controlling interests	**2,064**	4,304	3,913	60,812	33,174
	93,373	242,672	247,712	521,674	577,766
KEY BALANCE SHEET DATA					
Cash and cash equivalents	**298,873**	316,692	460,429	805,571	1,026,946
Total assets	**1,987,715**	1,997,254	2,296,186	2,483,705	2,187,708
Total borrowings	**156,357**	150,161	352,663	363,981	349,399
Total liabilities	**191,865**	254,835	435,111	457,822	413,404
Shareholders' equity	**1,740,133**	1,685,785	1,787,074	1,883,938	1,695,048
OTHER KEY INDICATORS					
Earnings per share (sen)	**9**	24	24	46	54
Net dividend per share (sen)	**3**	10	15	38	38
Dividend payout ratio (%)	**33**	42	62	83	70
Return on equity (%)	**5**	14	13	26	34
Net assets per share (RM)	**1.74**	1.69	1.79	1.88	1.70
Equity ratio (Shareholders' equity/Total assets) (%)	**88**	84	78	76	77
Gearing ratio (Total borrowings/Shareholders' equity) (times)	**0.09**	0.09	0.20	0.19	0.21
FLEET DATA					
Number of vessels (at end of year) *	**17**	15	15	14	18
Total tonnage in DWT (MT'000) *	**912**	863	854	796	920
Average age of fleet (in years) *	**8.8**	9.7	9.4	10.2	8.9
Total operating days (days) #	**5,484**	5,661	4,970	6,505	6,696
Total hire days (days) #	**5,274**	5,406	4,682	6,288	6,583
Time Charter Equivalent per vessel per day #					
Dry bulk carriers (USD)	**16,519**	25,993	19,076	37,952	30,095
Tankers (USD)	**12,269**	11,993	15,975	19,206	20,141

Note :
** Includes jointly controlled and long term charter vessels*
 # Includes chartered-in vessels (but does not include jointly controlled vessels)

Chairman and CEO's Statement

Financial Overview and Highlights

Financials

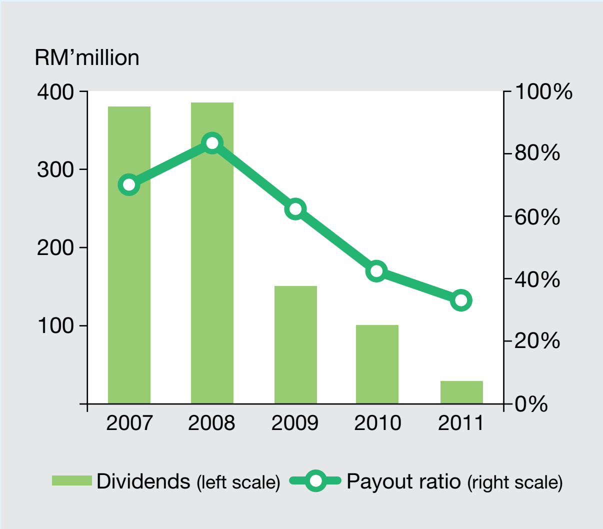
Despite the weak shipping market in a turbulent 2011, the MBC Group remained profitable and delivered a profit before tax of RM94.8 million on the back of a reduced revenue of RM363.9 million. This lower revenue and profit was primarily a consequence of the poor shipping market. The average daily time charter equivalent rates earned by our fleet fell to US$15,737/day, from 2010's US$22,846/day. The dry bulk freight rate through the year was under pressure as net growth of the global bulk fleet reached unprecedented levels in 2011, negating the growth in trade demand. Another reason was the Japanese earthquake and massive flooding in east Australia.

Other operating income reported a loss of RM3.4 million mainly comprising mark-to-market investment losses of RM13.2 million and an accounting adjustment for foreign exchange reserves to comply with FRS 121. These were mitigated by foreign exchange gains and a restructuring of a lease.

We managed to reduce costs with administrative expenses and finance costs falling by 43%. This helped to cushion the weak performance due to the difficult shipping market. Share of associate's results declined marginally by RM1.1 million. The POSH Group, which operates in the offshore services sector, contributed a profit after tax of RM17.0 million (MBC Group's share), compared to RM18.2 million (MBC Group's share) last year. Its revenue increased 33% as a result of improved utilisation and increased charter-in activities. Operating profit was 44% higher. On a like-comparison basis, that is excluding gains from sale of vessels, the profit before tax in fact increased more than threefold over 2010. These are encouraging signs of recovery for the offshore services sector and we look forward to a better POSH performance for 2012.


POSH Constant

Earnings per share was 9.13 sen, representing a moderate 5.3% return on shareholders' equity. A final dividend of 3 sen is being proposed, amounting to a payout ratio of 33%.



Cash position

During 2011, the Group generated cash inflows of RM65.8 million from operations and RM19.6 million from investing activities. Cash used in financing activities was RM105.1 million of which RM100.0 million was in respect of dividends paid to its shareholders.

At the close of 2011, the Group had cash reserves of RM298.9 million and liquid assets in the form of equity investments of RM121.7 million while bank borrowings stood at RM156.4 million. Given the conservative gearing, coupled with its cash, liquid assets and available bank funding, the Group has sufficient financial means to act on any investment opportunities.

Year in Perspective

Dry Bulk Carriers

2011 was a challenging year for shipping. Tonnage demand and supply imbalance widened as newbuilding deliveries flooded the market against a slowing global economy. The situation was further aggravated by natural catastrophes such as the floods in Australia and the tragedy that struck Japan in March 2011; an earthquake, a tsunami, followed by the nuclear power plant disaster. Disruptions in shipping activities in the early part of the year was followed by generally weak demand for much of the year as India banned iron ore exports and the European countries' debt problems unfolded.

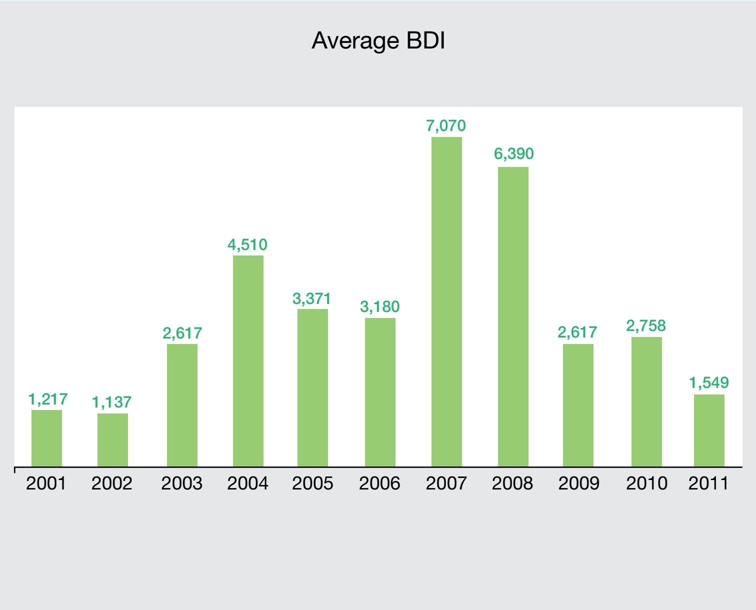
The Baltic Dry Index (BDI) averaged at 1,549 points in 2011. Over the last 10 years, only 2001 and 2002 saw the average BDI trade below this level at 1,217 and 1,137 respectively. The lower earnings and increased costs resulted in many shipping companies encountering financial difficulties, with dire consequences for some in 2011. MBC Group has nonetheless remained profitable in 2011 albeit at lower levels.

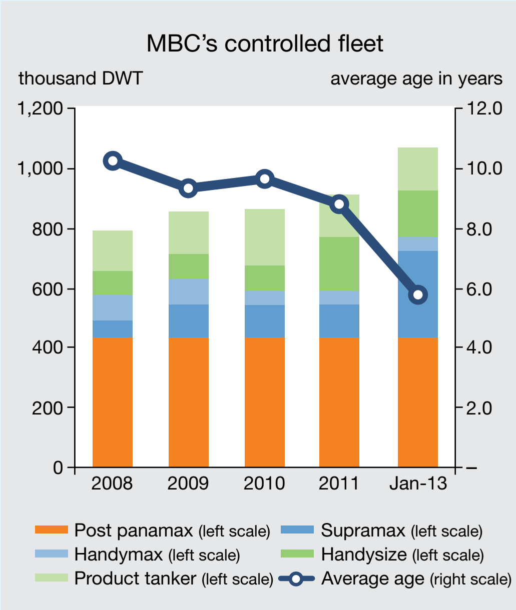
Looking back, the shipping market peaked in 2007 and has since been in retreat. Management has exercised restraint in not rushing to reinvest past profits but given the sharp fall in the sale and purchase market, it is timely to consider re-investment opportunities.

The Group's fleet of 17 vessels (15 in 2010) comprise of 14 dry bulk carriers and 3 product tankers with an average age of 8.8 years. The increasing costs of operating old vessels competing against newer and more cost efficient vessels require us to place out the Alam Gula and the Alam Senang, which are 27 and 28 years old respectively, for sale. We have taken in on long term charters 4 newbuilding bulkers (1x29,000 dwt, 1x58,000 dwt and 2x61,000 dwt). These will be delivered during 2012 and 2013. This will increase MBC's total controlled fleet to 19 vessels and will reduce the fleet's average age down to about 5.9 years old.

One obvious consequence of the poor market has been a sharp increase in demolition activity. 2011 recorded the largest number of bulk carriers sent for scrapping and with the current depressed market, more elderly ships can be expected to follow.

With opportunities close at hand, Management has scaled back on its dividend proposal. The reason clearly is to retain financial resources as it is only in such weak markets when others are failing that we can find great bargains. Conversely it would also mean that we will be operating under tough market conditions and would therefore require considerable financial resources to face the challenges ahead.





300-pax accommodation barge PW Natuna working at Te Giac Trang Platform in Vietnam

Tankers

Like the dry bulk sector, the tanker market is reeling from tonnage overcapacity. Due to scheduled docking for all 3 tankers (79 days) and unemployment days (47 days) in Q2 and Q3 2011, tanker performance was adversely affected leading to a loss of RM0.7 million for the year.

Markets continue to struggle but we are seeing encouraging signs of less tanker ordering and prospects of increased shipping needs particularly from US and Europe as the closure of several refineries will require product imports in future.

POSH Group

The POSH Group, in which MBC Group holds a 21% interest, experienced a challenging 1st half 2011 as the influx of newbuilding tonnage kept charter rates and utilisation low. Positive impact of increased spending by oil majors was felt in 2nd half of 2011 as new tonnages were absorbed and charter rates firmed along with improved utilisation.

Despite the slow start, market improvement in 2nd half 2011 saw the POSH Group's revenue increase 33% from US$181.2 million in 2010 to US$241.0 million in 2011.

POSH's fleet is growing with the addition of new Platform Supply Vessels (PSV) and larger Anchor Handling Tug and Supply vessels (AHTS). These new additions will position the company to benefit from the expected increase in demand from 2012 onwards based on the oil majors' projected increased exploration and production (E&P) spending budgets.

In line with POSH's vision to be a leading global offshore oil and gas services provider, the POSH Group achieved new milestones in 2011 with new clientele in Brazil, Mexico and Egypt. As a testament to the POSH Group's reputation as the leading global FPSO Towage Operator, the POSH Group also successfully completed the towage of one of the world's largest FPSO "USAN" from Korea to Nigeria.

Alam Mutiara at sea trial

Fleet Management

Crewing remains extremely challenging as new tonnage continues to enter the market. While companies have stepped up their efforts in the training of cadets, limited training berths on ships is hindering on-board training. European owners who traditionally employ East Europeans are now looking towards Asian crew to lower their cost. This has also made the task of recruitment increasingly difficult and costly. Meanwhile, the allure of shore opportunities and retirement is taking its toll on personnel retention.

Even though we have limited options for crew, we are not compromising on quality nor language proficiency. It remains high on our priority list as failure to communicate or to understand instructions and orders can lead to serious and costly consequences.

Training and familiarisation remains important for us in order to inculcate and emphasize the culture and practices expected from our people (both existing and new recruits). We are working closely with our local unions who can assist in the training of officers, cadets and ratings at subsidized rates or at no cost to us. We also work with our local unions on crew welfare and medical schemes to benefit our crew's family which help towards crew retention and loyalty.

These and other measures are being implemented to achieve our objectives.


Magnetic compass

Our current challenge is not only to retain suitable and quality officers and crew, but also to attract new entrants. We have introduced a Performance Bonus scheme which will be paid in addition to normal wages to existing and new officers. This helps to motivate our staff towards excellence. Given the competition for good officers and crew, we must continually review our wage scales so as not to lag behind industry norms and in the process lose our men and the investments that have been made in our people.

Such measures are costly but necessary in the competitive shipping context today.

Emission Control Area (ECA)

Although the shipping industry is a small contributor to the total volume of atmospheric emissions as compared to other industries, IMO and some countries have imposed stringent requirements to protect the environment. Ships operating in designated Emission Control Areas (ECAs) are now required to comply with more stringent fuel sulfur and engine Nitrogen Oxide (NOX) limits. Consequently, vessels trading to such areas will have to switch to lower sulphur fuel, which is more costly.

Various measures are being considered to reduce emission of greenhouse gases along with measures to avert possible pollution of the seas due to transfer of harmful aquatic organism via ships ballast water. These will in due course influence future ship design and will require companies to prepare themselves in respect of technical and operational measures necessary on board vessels. The preparatory work is voluminous as separate manuals are required for each ship and crew must be familiar with the Manual before an International Efficiency Certificate is issued. Work to prepare ourselves has already commenced.

As such requirements were not previously required, ships that are already operating will now need to invest in water ballast treatment system which currently cost about US$1 million per vessel. Given the additional costs involved and Management's support of efforts to strive for environmentally friendly ships, we must now consider investing in new ships that will conform with the latest regulations and which will simultaneously benefit from the fuel economy that such new ships can provide so as to remain competitive.

Launching of Atlantic Progress

Launching ceremony

Outlook

The most daunting challenge faced by shipping for 2012 is the swelling supply headwind which is poised to add a further 17.5% extra tonnage to the current world's fleet (not accounting for scrapping).

The International Monetary Fund (IMF) recently forecasted that global economy will grow but by a slower 3.3% in 2012 - down from its 4% September projection. Trade growth which is forecasted to add some 130 million tonnes dry bulk demand is sadly insufficient to absorb the extra tonnage capacity.

China's slowing economy is today a greater concern for the Chinese authorities than inflation and has recently resulted in the Central Bank easing the reserve ratio requirement for banks. Adjusting for slower demand, China's steel production has eased which has led to larger iron ore stockpiles and the drop in dry bulk demand.

Launching of Alam Suria

Eurozone's debt problems have also made it necessary to implement various austerity measures leading to economic slowdown in various European countries. The general decline in global activities has caused the IMF to lower its global growth forecasts for all but one country - the United States.

There is still trade growth but obviously insufficient to match the inflow of newbuildings deliveries. Unless scrapping of older vessels increase sharply or there is considerable slippage/cancellation of newbuildings by buyers, the newbuilding supply will overwhelm trade growth and put constant pressure on rates.

The shipping sector is facing increasing difficulties in sourcing finance for shipping assets, and it is reported that quite a significant portion of the order book has yet to secure financial backing, which hopefully will result in some cancellations and/or defer deliveries.

Clearly, it is an opportune time for the Group to renew and invest further, especially in light of the new regulations being implemented which require changes to vessel specifications. Your Board is mindful of the needs of the future fleet and will be considering the various options carefully.

Alam Seri at sea trial

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. We continue to provide sponsorship to students for marine cadet training in our efforts in building up the maritime expertise in Malaysia. In year 2011, we sponsored 2 students for cadet training. In addition, we sponsored 3 Malaysian students on an exchange programme to Norway as part of their maritime studies in the Nanyang Technological University, Singapore. Shore staff are likewise encouraged to attend courses to further enhance their knowledge base and skills set. On the social side, the Group organises various recreational and sports activities for its employees and their families to encourage better bonding.

The unfortunate are also not forgotten as the Group makes donations to worthy causes during the year.

Corporate Governance

The Board recognises the importance of having good corporate governance and 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 gratitude to the Management and staff both on shore and on board our vessels for their dedication and commitment contributed throughout the year. We also wish to thank all our customers, business associates, partners and shareholders for their continuous support and confidence in the Group. Last but not least, appreciation also goes to our fellow directors for their invaluable services, assistance 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 2011

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	178.20	23.10	5/5	N/A	4Cx25T
2	Alam Gula	Handysize	May-85	23,418	9.98	155.80	24.60	4/4	N/A	4Cx30T
3	Alam Mesra	Handymax	Oct-00	46,644	11.62	189.80	31.00	5/5	N/A	4Cx30T
4	Alam Padu	Post-Panamax	Apr-05	87,052	14.14	229.00	36.50	7/7	N/A	Gearless
5	Alam Permai	Post-Panamax	Jun-05	87,052	14.14	229.00	36.50	7/7	N/A	Gearless
6	Alam Pesona	Post-Panamax	Sep-05	87,052	14.14	229.00	36.50	7/7	N/A	Gearless
7	Alam Pintar	Post-Panamax	Oct-05	87,052	14.14	229.00	36.50	7/7	N/A	Gearless
8	Alam Sakti	Handysize	Feb-06	32,609	10.02	177.00	28.40	5/5	N/A	4Cx30.5T/Logs
Jointly-Owned										
9	Alam Penting	Post-Panamax	Jul-05	87,052	14.14	229.00	36.50	7/7	N/A	Gearless
10	Alam Murni	Supramax	Apr-03	53,553	12.30	189.90	32.26	5/5	N/A	4Cx30.5T
11	Atlantic Progress	Handysize	Jun-11	32,527	10.20	177.40	28.20	5/5	N/A	4Cx30T
12	Atlantic Dream	Handysize	Dec-11	32,527	10.20	177.40	28.20	5/5	N/A	4Cx30T
Long Term Charter										
13	Alam Manis	Supramax	Mar-07	55,652	12.58	190.00	32.26	5/5	N/A	4Cx30T
14	Alam Seri	Handysize	Mar-11	29,562	9.72	170.70	27.00	5/5	N/A	4Cx30.5T/Logs
				769,850						
Tankers										
Owned										
1	Alam Budi	Product Tanker	Mar-01	47,065	12.67	182.50	32.20	N/A	14CT, 2S	N/A
2	Alam Bistari	Product Tanker	May-01	47,065	12.67	182.50	32.20	N/A	14CT, 2S	N/A
3	Alam Bakti	Product Tanker	Jul-03	47,999	12.48	179.99	32.20	N/A	16CT, 2S	N/A
				142,129						
			Total	**911,979**						

SOLD IN YEAR 2011

	Vessel Name	Category	Year Built	DWT (MT)	Draft (Meters)	LOA (Meters)	Beam (Meters)	HO/HA	Cargo/ Slop Tanks	Gears
1	Alam Bitara	Product Tanker	May-99	45,513	12.20	180.50	32.20	N/A	12CT, 2S	N/A

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

Ooi Pooi Teng (MAICSA 7055594)
Tan Kim Hoon (MIA 17987)

Registrar

PPB Corporate Services Sdn Bhd
17th Floor, Wisma ACE 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

Bursa Malaysia Securities Berhad, Main Board
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

Board of Directors

Teo Joo Kim

71, 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 all the four (4) Board Meetings held in the financial year.

Wu Long Peng

58, 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.

Kuok Khoon Kuan

64, 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 and sits on its Board. He has over 30 years of experience in the shipping industry.

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

Dato' Lim Chee Wah

72, 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 Chairman of Jerneh Asia Berhad and a director of MSM Malaysia Holdings 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 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.*

Dato' Mohd Zafer bin Mohd Hashim

39, 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 Maritime Ventures 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 all the four (4) Board Meetings held in the financial year.

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

62, 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.

Mohammad bin Abdullah

71, 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

50, 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 also a Fellow of the Singapore Institute of Arbitrators.

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.

Corporate Governance Statement

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*	4/4
Kuok Khoon Kuan, *Chief Executive Officer*	4/4
Wu Long Peng, *Executive Director*	4/4
Dato' Lim Chee Wah, *Non-Executive Non-Independent Director*	4/4
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*	4/4

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 14 and 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 2011, 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.

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 2011, 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 2011 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	160,000	313,000
Attendance Fee	12,000	35,000
Total	**172,000**	**348,000**

The Directors' remuneration for the financial year ended 31 December 2011 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 pages 21 and 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 69 of this Annual Report.

Audit Committee 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 2011 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 2011, the Audit Committee held four (4) meetings between 23 February 2011 to 23 November 2011, with full attendance at each meeting.

3. SUMMARY OF 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 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 2011, 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;

(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;

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

(k) reviewed the Self-Assessment report on IT Security for the Group;

(l) reviewed and approved the Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature; and

(m) met with the External Auditors twice without any executive Board members and management staff present.

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 during the year, 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 2011 was RM493,000.

Statement on Internal Control

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. The Audit Committee has full access to 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 2011.

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 2011.

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are disclosed in Note 12 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	93,373	22,549
Attributable to:		
Equity holders of the Company	91,309	22,549
Non-controlling interests	2,064	–
	93,373	22,549

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 10 sen per ordinary share amounting to RM100,000,000 in respect of the financial year ended 31 December 2010 on 6 May 2011.

The Directors have recommended a final single tier dividend of 3 sen per ordinary share, amounting to RM30,000,000 in respect of the financial year ended 31 December 2011 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 2012.

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 26 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	**During the year**		**At**
	01.01.2011	**Bought**	**Sold**	**31.12.2011**
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	–	(6,000)	994,000
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 (cont'd)

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

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

(e) 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 during the year

The significant events during the financial year are disclosed in Notes 12, 19 and 31 to the financial statements.

Subsequent event

Details of event subsequent to the financial year are disclosed in Note 32 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 28 March 2012.

Kuok Khoon Kuan

Wu Long Peng

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 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 34 on page 64 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 28 March 2012.

Kuok Khoon Kuan

Wu Long Peng

Statutory Declaration

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

I, Tan Kim Hoon, 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 64 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 Tan Kim Hoon at
Petaling Jaya in Selangor Darul Ehsan
on 28 March 2012

Tan Kim Hoon

Before me,

Commissioner for Oaths

Independent Auditors' Report

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 2011 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 of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements 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 2011 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 the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 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 financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 34 on page 64 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.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choo Kai
No. 2030/03/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 March 2012

Income Statements
for the year ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	**363,938**	510,063	**20,605**	99,620
Voyage expenses		**(107,629)**	(105,813)	**–**	–
		256,309	404,250	**20,605**	99,620
Operating expenses		**(172,260)**	(209,461)	**–**	–
		84,049	194,789	**20,605**	99,620
Other operating income/(loss), net	5	**(3,392)**	37,969	**9,037**	2,605
Administration expenses		**(13,495)**	(19,843)	**(6,840)**	(7,180)
Profit from operations		**67,162**	212,915	**22,802**	95,045
Finance costs		**(1,876)**	(6,987)	**–**	–
Share of results of associate		**17,023**	18,172	**–**	–
Share of results of jointly controlled entities		**12,494**	20,268	**–**	–
Profit before taxation	6	**94,803**	244,368	**22,802**	95,045
Taxation	9	**(1,430)**	(1,696)	**(253)**	(227)
Profit for the year		**93,373**	242,672	**22,549**	94,818
Attributable to:					
Equity holders of the Company		**91,309**	238,368	**22,549**	94,818
Non-controlling interests		**2,064**	4,304	**–**	–
		93,373	242,672	**22,549**	94,818
Earnings per share (sen)	10	**9.13**	23.84		

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

Statements of Comprehensive Income

for the year ended 31 December 2011

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**93,373**	242,672	**22,549**	94,818
Other comprehensive income/(loss):				
Currency translation differences	**47,885**	(196,865)	**28,635**	(136,631)
Realisation of reserves on liquidation of subsidiaries	**16,691**	–	**–**	–
Total comprehensive income/(loss) for the year	**157,949**	45,807	**51,184**	(41,813)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**154,348**	48,711	**51,184**	(41,813)
Non-controlling interests	**3,601**	(2,904)	**–**	–
	157,949	45,807	**51,184**	(41,813)

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

Statements of Financial Position

as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Non-current assets					
Fixed assets	11	**549,743**	562,391	**6,469**	6,478
Subsidiaries	12	**–**	–	**1,065,240**	1,091,970
Associate	13	**781,743**	746,052	**–**	–
Jointly controlled entities	14	**188,910**	136,921	**–**	–
Total non-current assets		**1,520,396**	1,445,364	**1,071,709**	1,098,448
Current assets					
Consumable stores		**6,975**	10,699	**–**	–
Trade and other receivables	15	**37,119**	44,160	**3,343**	3,906
Amounts due from subsidiaries	16	**–**	–	**5,711**	3,540
Investments	17	**121,826**	127,476	**–**	–
Short term deposits	18	**148,928**	297,477	**21,170**	120,560
Cash and bank balances		**149,945**	19,215	**61,063**	9,550
		464,793	499,027	**91,287**	137,556
Non-current assets classified as held for sale	19	**2,526**	52,863	**–**	–
Total current assets		**467,319**	551,890	**91,287**	137,556
Total assets		**1,987,715**	1,997,254	**1,162,996**	1,236,004
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	**250,000**	250,000	**250,000**	250,000
Reserves	21	**1,490,133**	1,435,785	**910,536**	959,352
		1,740,133	1,685,785	**1,160,536**	1,209,352
Non-controlling interests		**55,717**	56,634	–	–
Total equity		**1,795,850**	1,742,419	**1,160,536**	1,209,352
Non-current liability					
Borrowings	22	**108,523**	107,013	**–**	–
Total non-current liability		**108,523**	107,013	**–**	–
Current liabilities					
Trade and other payables	23	**35,188**	104,050	**2,312**	2,712
Borrowings	22	**47,834**	43,148	**–**	–
Amounts due to subsidiaries	16	**–**	–	**148**	23,865
Provision for taxation		**320**	624	**–**	75
Total current liabilities		**83,342**	147,822	**2,460**	26,652
Total liabilities		**191,865**	254,835	**2,460**	26,652
Total equity and liabilities		**1,987,715**	1,997,254	**1,162,996**	1,236,004

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

Statements of Changes in Equity

for the year ended 31 December 2011

	Attributable to Equity Holders of the Company								
		Distributable	Non-distributable						
Group	**Share capital RM'000**	**Retained profits (Note 21 (a)) RM'000**	**Share premium RM'000**	**Capital reserve (Note 21 (b)) RM'000**	**Capital redemption reserve (Note 21 (c)) RM'000**	**Exchange translation reserve RM'000**	**Total reserves RM'000**	**Non-controlling interests RM'000**	**Total Equity RM'000**
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 24)	–	(150,000)	–	–	–	–	(150,000)	–	(150,000)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(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
At 1 January 2011	**250,000**	**1,580,793**	**48,791**	**13,209**	**40,000**	**(247,008)**	**1,435,785**	**56,634**	**1,742,419**
Total comprehensive income/(loss) for the year	**–**	**91,309**	**–**	**–**	**–**	**63,039**	**154,348**	**3,601**	**157,949**
Dividends (Note 24)	**–**	**(100,000)**	**–**	**–**	**–**	**–**	**(100,000)**	**–**	**(100,000)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,518)**	**(4,518)**
At 31 December 2011	**250,000**	**1,572,102**	**48,791**	**13,209**	**40,000**	**(183,969)**	**1,490,133**	**55,717**	**1,795,850**

		Distributable	Non-distributable					
Company	**Share capital RM'000**	**Retained profits (Note 21 (a)) RM'000**	**Share premium RM'000**	**Capital reserve (Note 21 (b)) RM'000**	**Capital redemption reserve (Note 21 (c)) RM'000**	**Exchange translation reserve RM'000**	**Total reserves RM'000**	**Total RM'000**
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 24)	–	(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
At 1 January 2011	**250,000**	**957,959**	**48,791**	**20,274**	**40,000**	**(107,672)**	**959,352**	**1,209,352**
Total comprehensive income/(loss) for the year	**–**	**22,549**	**–**	**–**	**–**	**28,635**	**51,184**	**51,184**
Dividends (Note 24)	**–**	**(100,000)**	**–**	**–**	**–**	**–**	**(100,000)**	**(100,000)**
At 31 December 2011	**250,000**	**880,508**	**48,791**	**20,274**	**40,000**	**(79,037)**	**910,536**	**1,160,536**

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

Statements of Cash Flows

for the year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit before taxation	**94,803**	244,368	**22,802**	95,045
Adjustments for:				
Depreciation	**28,791**	31,893	**346**	346
(Surplus)/loss arising from liquidation of subsidiaries	**–**	(156)	**608**	(975)
Impairment loss on investment in subsidiaries	**–**	–	**–**	5,363
Writeback of allowance for impairment of trade receivables	**(2)**	(132)	**–**	–
Gain on disposal of fixed assets	**(4,629)**	(22,590)	**–**	–
Loss on disposal of quoted and other investments	**13**	3,980	**–**	–
Fair value loss/(gain) on investment securities	**13,219**	(4,354)	**–**	–
Unrealised exchange loss/(gain)	**177**	1,376	**(17)**	(583)
Fair value loss/(gain) on forward foreign exchange contracts	**2,243**	(1,187)	**–**	–
Dividends from quoted investments	**–**	(465)	**–**	–
Dividends from subsidiaries	**–**	–	**(20,605)**	(99,620)
Interest income	**(1,301)**	(3,773)	**(429)**	(270)
Finance costs	**1,876**	6,987	**–**	–
Reversal of accrual on lease structure	**(15,667)**	–	**–**	–
Realisation of reserves on liquidation of subsidiaries	**16,691**	–	**–**	–
Share of results of associate	**(17,023)**	(18,172)	**–**	–
Share of results of jointly controlled entities	**(12,494)**	(20,268)	**–**	–
Operating profit/(loss) before working capital changes	**106,697**	217,507	**2,705**	(694)
Changes in working capital:				
Consumable stores	**4,166**	(3,987)	**–**	–
Receivables	**12,813**	7,114	**506**	(2,576)
Payables	**(56,162)**	2,668	**(396)**	34
Subsidiaries	**–**	–	**(25,292)**	5,462
Cash generated from/(used in) operations	**67,514**	223,302	**(22,477)**	2,226
Tax paid, net of tax refund	**(1,667)**	(1,542)	**(344)**	(186)
Net cash generated from/(used in) operating activities	**65,847**	221,760	**(22,821)**	2,040
Cash flows carried forward	**65,847**	221,760	**(22,821)**	2,040

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Cash flows brought forward	**65,847**	221,760	**(22,821)**	2,040
Cash flows from investing activities				
Construction cost and purchase of vessels	**–**	(78,137)	**–**	–
Purchase of new equipment and capitalisation of dry docking cost	**(3,313)**	(9,221)	**–**	–
Purchase of other fixed assets	**(228)**	(70)	**(156)**	(46)
Purchase of quoted and other investments	**(4,242)**	(166,766)	**–**	–
Subscription of redeemable preference shares of subsidiaries	**–**	–	**(6,200)**	–
Proceeds from divestment in redeemable preference shares of subsidiaries	**–**	–	**65,200**	–
Dividends from quoted investments	**–**	465	**–**	–
Dividends from subsidiaries	**–**	–	**20,605**	99,620
Dividends from jointly controlled entities	**16,491**	30,950	**–**	–
Dividend from an associate	**3,734**	5,518	**–**	–
Interest received	**1,301**	3,773	**429**	270
Proceeds from disposal of quoted and other investments	**28**	179,048	**–**	–
Proceeds from disposal of fixed assets	**57,492**	44,876	**–**	–
Capital distribution from liquidation of subsidiaries	**–**	156	**–**	156
Proportionate shareholder's advance to jointly controlled entities	**(53,194)**	(26,598)	**–**	–
Advances to jointly controlled entities	**(821)**	–	**–**	–
Investment in jointly controlled entity	**–**	(771)	**–**	–
Repayment of shareholder's advance from jointly controlled entities	**2,303**	4,040	**–**	–
Net cash generated from/(used in) investing activities	**19,551**	(12,737)	**79,878**	100,000
Cash flows from financing activities				
Finance costs paid	**(1,876)**	(6,987)	**–**	–
Repayment of lease financing	**–**	(35,568)	**–**	–
Repayment of loans	**(47,037)**	(292,336)	**–**	–
Drawdown of loans	**48,325**	192,486	**–**	–
Dividends paid to shareholders	**(100,000)**	(150,000)	**(100,000)**	(150,000)
Dividend paid to non-controlling interests	**(4,518)**	(14,463)	**–**	–
Net cash used in financing activities	**(105,106)**	(306,868)	**(100,000)**	(150,000)
Net change in cash and cash equivalents	**(19,708)**	(97,845)	**(42,943)**	(47,960)
Effects of foreign exchange rate changes	**1,889**	(45,892)	**(4,934)**	(16,286)
Cash and cash equivalents brought forward	**316,692**	460,429	**130,110**	194,356
Cash and cash equivalents carried forward	**298,873**	316,692	**82,233**	130,110
Cash and cash equivalents comprise:				
Short term deposits	**148,928**	297,477	**21,170**	120,560
Cash and bank balances	**149,945**	19,215	**61,063**	9,550
	298,873	316,692	**82,233**	130,110

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

Notes to the Financial Statements

31 December 2011

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 12.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 March 2012.

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 for the adoption of the following new and amended Financial Reporting Standards (FRS), IC Interpretations and Amendments to IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011:-

FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3 Business Combinations
FRS 127 Consolidated and Separate Financial Statements
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2 Share-based Payment
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7 Improving Disclosures about Financial Instruments
Amendments to FRS 132 Financial Instruments: Presentation - Classification of Right Issues
Amendments to FRS 138 Intangible Assets
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
Improvements to FRSs (2010)

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

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards for application in the annual periods beginning on or after 1 January 2012.

The Group is currently assessing the implications and financial impact of the application of the MFRS framework.

2. Significant accounting policies (cont'd)

2.4 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated using the acquisition method of accounting except for those subsidiaries indicated in Note 12 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.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(ii) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence over the financial and operating policies. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried 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.

2. Significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

(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.

2.5 Investments 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 2.15.

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 such as lubricant oil stocks, bunkers and ship provisions are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

Cost is determined on a first-in, first-out basis and includes freight and handling charges.

2.7 Fixed assets and depreciation

Fixed assets are stated at cost less depreciation and impairment losses. Depreciation is calculated utilising the straight line method to write off the cost, less estimated scrap value over their expected useful lives. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.15. Cost of vessels includes the cost of any major enhancement which increases the future benefits from the vessels beyond their previously assessed standard of performance and is written off over the vessels' remaining useful lives. Expenditure for maintenance and repairs and replacement of equipment are charged to the profit or loss when incurred.

Dry docking costs which enhance the useful lives of the vessels are capitalised in the year in which they are incurred and amortised over the periods 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 value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Significant accounting policies (cont'd)

2.8 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

(ii) Loans and receivables

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition of financial assets

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 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2.10 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. Significant accounting policies (cont'd)

2.11 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.

2.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

2.13 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (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.

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. Significant accounting policies (cont'd)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 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.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.17 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 (cont'd)

2.18 Income tax

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

(ii) Deferred tax

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

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

2. Significant accounting policies (cont'd)

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 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.

2.21 Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2.22 Income recognition

(i) Freight and charter hire are recognised on a time-apportioned basis. Brokerage and commission, and ship management fees are recognised on an accrual basis.

(ii) Dividend income is recognised on a gross basis on the date it is declared payable.

(iii) Interest income is recognised using the effective interest method. Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

2.23 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 schemes are recognised as an expense in the period in which the related service is performed.

2. Significant accounting policies (cont'd)

2.24 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.

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

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Depreciation of vessels

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

4. Revenue

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Freight and charter hire	**357,033**	501,038	**–**	–
Ship brokerage and management	**6,905**	9,025	**–**	–
Dividends from subsidiaries	**–**	–	**20,605**	99,620
	363,938	510,063	**20,605**	99,620

5. Other operating income/(loss), net

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Interest income	**1,301**	3,773	**429**	270
Rental income	**324**	324	**492**	492
Accounting fees	**129**	120	**–**	–
Dividends from quoted investments	**–**	465	**–**	–
Shared services cost	**–**	–	**3,689**	4,897
Foreign exchange gain/(loss), net				
- realised	**6,901**	10,356	**5,018**	751
- unrealised	**(177)**	(1,376)	**17**	583
Fair value (loss)/gain on				
- forward foreign exchange contracts	**(2,243)**	1,187	**–**	–
- investment securities	**(13,219)**	4,354	**–**	–
Loss on disposal of quoted and other investments	**(13)**	(3,980)	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**–**	(5,363)
Surplus/(loss) arising from liquidation of subsidiaries	**–**	156	**(608)**	975
Gain on disposal of fixed assets	**4,629**	22,590	**–**	–
Reversal of accrual on lease structure	**15,667**	–	**–**	–
Realisation of reserves on liquidation of subsidiaries	**(16,691)**	–	**–**	–
	(3,392)	37,969	**9,037**	2,605

6. Profit before taxation

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

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration				
- current year	**306**	362	**63**	60
- underprovision in prior year	**4**	–	**3**	–
Depreciation (Note 11)	**28,791**	31,893	**346**	346
Personnel expenses (Note 7)	**46,907**	49,760	**4,356**	4,450
Non-executive Directors' remuneration (Note 8)	**356**	411	**348**	403
Writeback of allowance for impairment of trade receivables	**(2)**	(132)	**–**	–
Finance costs				
- interest on loans	**1,835**	4,471	**–**	–
- interest on finance leases	**–**	726	**–**	–
- commission and guarantee fees	**41**	1,790	**–**	–
Shared services cost	**4,755**	8,770	**–**	–

7. Personnel expenses

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonus	**36,861**	38,812	**3,632**	3,712
Pension costs				
- defined contribution plans	**905**	1,019	**415**	417
Social security costs	**56**	41	**26**	25
Other staff related expenses	**9,085**	9,888	**283**	296
	46,907	49,760	**4,356**	4,450

Included in personnel expenses of the Group and of the Company are executive Directors' fees amounting to RM160,000 (2010: RM200,000) and RM160,000 (2010: RM200,000) respectively, as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive Directors:				
Fees	**160**	200	**160**	200
Attendance Fees	**12**	11	**12**	11
	172	211	**172**	211
Non-executive Directors:				
Fees	**321**	375	**313**	367
Attendance Fees	**35**	36	**35**	36
	356	411	**348**	403
	528	622	**520**	614
Other Directors				
Fees	**8**	8	**–**	–
Total	**536**	630	**520**	614

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

	Number of Directors	
	2011	**2010**
Executive Directors:		
RM50,000 - RM100,000	**3**	3
Non-executive Directors:		
RM50,000 - RM100,000	**5**	5
	8	8

9. Taxation

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Income tax:				
Malaysian income tax	**1,277**	1,838	**179**	201
Foreign tax	**28**	33	**–**	–
Under/(over) provision in prior years	**125**	(175)	**74**	26
	1,430	1,696	**253**	227

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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	
		2011	2010	**2011**	2010
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Profit before taxation		**94,803**	244,368	**22,802**	95,045
Tax exempt shipping income	(a)	**(50,458)**	(76,632)	**–**	–
Profit from companies incorporated in the British Virgin Islands (BVI)		**(37,184)**	(161,014)	**–**	–
Tax exempt dividend income		**–**	–	**(20,605)**	(99,620)
		(87,642)	(237,646)	**(20,605)**	(99,620)
		7,161	6,722	**2,197**	(4,575)
Taxation at statutory tax rate of 25% (2010: 25%)		**1,790**	1,681	**549**	(1,144)
Income not subject to tax		**(1,259)**	(76)	**(1,259)**	(244)
Differences in foreign tax rates and exemptions		**(61)**	(66)	**–**	–
Expenses not deductible for tax purposes		**835**	309	**889**	1,589
Utilisation of deferred tax benefit not recognised previously		**–**	(7)	**–**	–
Deferred tax assets not recognised during the year		**–**	30	**–**	–
Under/(over) provision of tax in prior years		**125**	(175)	**74**	26
Taxation for the year		**1,430**	1,696	**253**	227

(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 had provided 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. Following the final hearing in May 2011, both parties have made their final submissions to the Court and are currently awaiting the decision.

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

9. Taxation (cont'd)

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	
	2011	**2010**
	RM'000	**RM'000**
Unutilised tax losses	**5,288**	5,288

The unutilised tax losses which are subject to agreement by the Inland Revenue Board, are available 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.

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	
	2011	**2010**
Profit attributable to equity holders of the Company (RM'000)	**91,309**	238,368
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic earnings per share (sen)	**9.13**	23.84

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 2010	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 19)	–	(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
At 1 January 2011	**20,396**	**734,761**	**9,395**	**879**	**1,394**	**766,825**
Additions	**–**	**890**	**2,423**	**–**	**228**	**3,541**
Disposals and write off	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Derecognition	**–**	**–**	**(1,671)**	**–**	**–**	**(1,671)**
Reclassified as held for sale (Note 19)	**(2,880)**	**–**	**–**	**–**	**–**	**(2,880)**
Translation difference	**215**	**21,468**	**412**	**23**	**110**	**22,228**
At 31 December 2011	**17,731**	**757,119**	**10,559**	**902**	**1,729**	**788,040**

11. Fixed assets (cont'd)

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 2010	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 19)	–	(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
At 1 January 2011	**2,860**	**197,341**	**2,535**	**529**	**1,169**	**204,434**
Charge for the year (Note 6)	**192**	**24,255**	**4,014**	**120**	**210**	**28,791**
Disposals and write off	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Derecognition	**–**	**–**	**(1,671)**	**–**	**–**	**(1,671)**
Reclassified as held for sale (Note 19)	**(354)**	**–**	**–**	**–**	**–**	**(354)**
Translation difference	**40**	**6,699**	**242**	**15**	**104**	**7,100**
At 31 December 2011	**2,738**	**228,295**	**5,120**	**664**	**1,480**	**238,297**
Net Carrying Amount						
At 31 December 2010	17,536	537,420	6,860	350	225	562,391
At 31 December 2011	**14,993**	**528,824**	**5,439**	**238**	**249**	**549,743**

11. Fixed assets (cont'd)

Company	Leasehold properties RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost				
At 1 January 2010	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
At 1 January 2011	**7,336**	**550**	**2,782**	**10,668**
Additions	**–**	**–**	**156**	**156**
Disposals and write off	**–**	**–**	**(2)**	**(2)**
Translation difference	**214**	**16**	**88**	**318**
At 31 December 2011	**7,550**	**566**	**3,024**	**11,140**
Accumulated Depreciation				
At 1 January 2010	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
At 1 January 2011	**1,364**	**220**	**2,606**	**4,190**
Charge for the year (Note 6)	**76**	**109**	**161**	**346**
Disposals and write off	**–**	**–**	**(2)**	**(2)**
Translation difference	**44**	**11**	**82**	**137**
At 31 December 2011	**1,484**	**340**	**2,847**	**4,671**
Net Carrying Amount				
At 31 December 2010	5,972	330	176	6,478
At 31 December 2011	**6,066**	**226**	**177**	**6,469**

(a) Vessels with an aggregate net carrying amount of RM261,861,000 (2010: RM193,165,000) have been placed as security for loans obtained by the Group (Note 22).

12. Subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at cost	**1,065,240**	1,091,970

Details of the subsidiaries are as follows:

Company	Country of Incorporation	Equity interest 2011	Equity interest 2010	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
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 Limited [1]	BVI	**100%**	100%	Ship operator
Awanapuri Sdn Bhd	Malaysia	**100%**	100%	Investment holding
New Johnson Holdings Limited [1]	BVI	**100%**	100%	Investment holding
- Bakti Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
Bitara Shipping Sdn Bhd	Malaysia	**100%**	100%	Dormant
Gaintrack Sdn Bhd	Malaysia	**100%**	100%	Dormant
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

The following dormant subsidiaries were liquidated during the year:-

Springbright Holdings Limited
MBC Maju Sdn Bhd
MBC Mutiara Sdn Bhd
Serba Pasifik Sdn Bhd
Libertos International Limited
South Pasadena Limited
Kohing Investments Limited

13. Associate

	Group 2011 RM'000	Group 2010 RM'000
Unquoted shares, at cost	**792,167**	792,167
Share of post acquisition profit	**82,609**	69,319
Share of post acquisition exchange reserves	**(93,033)**	(115,434)
	781,743	746,052

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

	2011 RM'000	2010 RM'000
Share of net assets	**781,743**	746,052

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 RM'000	2010 RM'000
Total Assets	**5,968,483**	5,105,650
Total Liabilities	**2,286,248**	1,591,532
Revenue	**735,934**	558,446
Profit for the year	**80,187**	85,596

Details of the associate are as follows:

Company	Country of Incorporation	Equity interest 2011	Equity interest 2010	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.

14. Jointly controlled entities

	Group 2011 RM'000	Group 2010 RM'000
Unquoted shares, at cost	**4,187**	4,187
Share of post acquisition profit	**82,762**	86,760
Share of post acquisition exchange reserves	**(8,797)**	(11,469)
	78,152	79,478
Proportionate shareholder's advance to jointly controlled entities	**110,703**	58,188
Amounts due from/(to) jointly controlled entities	**55**	(745)
	188,910	136,921

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

	2011	2010
Share of net assets	**78,152**	79,478

The proportionate shareholder's advance to jointly controlled entities are unsecured, repayable on demand and interest-free, except for an amount of RM30,134,000 (2010: RM31,591,000) which bears a weighted average interest rate of 0.76% (2010: 0.82%) per annum.

The amounts due from/to jointly controlled entities are unsecured, interest-free and repayable on demand.

The aggregate amounts of each of the total assets, total liabilities, revenue and profit for the year related to the Group's interests in the jointly controlled entities are as follows:

	2011 RM'000	2010 RM'000
Total Assets	**192,068**	141,517
Total Liabilities	**113,916**	62,039
Revenue	**26,300**	31,526
Profit for the year	**12,494**	20,268

Details of the jointly controlled entities are as follows:

Company	Country of Incorporation	Equity interest 2011	Equity interest 2010	Principal activities
Eminence Bulk Carriers Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships
Novel Bright Assets Limited	BVI	**50%**	50%	Investment holding
- Brilliant Sun Shipping Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships
Progress Shipping Pte Ltd	Singapore	**50%**	50%	Investment holding
- Atlantic Progress Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships
- Atlantic Dream Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships

15. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	**16,054**	19,204	**–**	–
Amount due from a related party	**7,226**	8,272	**–**	–
	23,280	27,476	**–**	–
Less : Allowance for impairment				
Third parties:				
At 1 January	**(263)**	(544)	**–**	–
Charge for the year	**–**	–	**–**	–
Write off	**16**	100	**–**	–
Writeback	**2**	132	**–**	–
Translation difference	**(8)**	49	**–**	–
At 31 December	**(253)**	(263)	**–**	–
Trade receivables, net	**23,027**	27,213	**–**	–
Tax recoverable	**32**	99	**16**	–
Deposits	**110**	187	**144**	219
Prepayments	**4,426**	2,006	**82**	49
Other receivables	**4,995**	3,040	**553**	244
Amounts due from related parties	**4,529**	7,615	**2,548**	2,326
Unrealised gain on forward foreign exchange contracts	**–**	4,000	**–**	1,068
	37,119	44,160	**3,343**	3,906

Amounts due from related parties relate to advances for procurement of supplies and services on behalf of the Group. These balances are unsecured, interest-free and repayable on demand.

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Not yet due	**14,991**	12,178	**–**	–
Past due 0 to 6 months not impaired	**7,861**	14,943	**–**	–
Past due over 6 months not impaired	**175**	92	**–**	–
Impaired	**253**	263	**–**	–
	23,280	27,476	**–**	–

Trade receivables are non-interest bearing and are generally due upon invoicing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are mainly due from customers that have good credit ratings. The concentration of credit risk is limited as the customer 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 impairment. Based on historical default rates, the Group believes that no further impairment for allowance is necessary in respect of the outstanding net trade receivables.

16. Amounts due from/to subsidiaries

Balances with subsidiaries are unsecured, interest-free and repayable on demand. Funds are centralised at Group level, and made available to subsidiaries as and when required.

17. Investments

	Group	
	2011	**2010**
	RM'000	**RM'000**
<u>At fair value</u>		
Quoted investments outside Malaysia	**–**	26
Unquoted investments outside Malaysia	**121,739**	127,363
Club membership	**87**	87
	121,826	127,476

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.

18. Short term deposits

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**148,928**	297,477	**21,170**	120,560

The Group's and the Company's weighted average interest rate during the year are 0.52% (2010: 0.47%) and 0.78% (2010: 0.51%) per annum respectively and the average maturity of the deposits at year end are 22 (2010: 24) and 7 (2010: 21) days respectively.

19. Non-current assets classified as held for sale

On 14 September 2011, a subsidiary company, Awanapuri Sdn Bhd, entered into a Sale and Purchase Agreement to dispose a piece of land to a third party for a cash consideration of RM4,356,000.

As at the reporting date, the net carrying amounts of the fixed assets are classified as held for sale as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Fixed assets		
Leasehold property	**2,526**	–
Vessel	**–**	52,863

20. Share capital

	2011 No. of shares ('000)	**2010 No. of shares ('000)**	**2011 RM'000**	**2010 RM'000**
Group and Company				
Authorised:				
Ordinary shares of RM0.25 par value each	**2,000,000**	2,000,000	**500,000**	500,000
Redeemable preference shares of RM0.25 par value each	**400,000**	400,000	**100,000**	100,000
Issued and fully paid:				
Ordinary shares of RM0.25 par value each	**1,000,000**	1,000,000	**250,000**	250,000

21. Reserves

(a) Retained profits

The Company is able to distribute dividends out of its entire retained profits as at 31 December 2011 and 2010 under the single tier system.

(b) 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.

(c) 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.

22. Borrowings

	Group	
	2011 RM'000	**2010 RM'000**
Secured loans		
Loan 1	**107,508**	150,161
Loan 2	**48,849**	–
	156,357	150,161
Repayable within 12 months	**(47,834)**	(43,148)
Repayable after 12 months	**108,523**	107,013
Maturity of secured loans is analysed as follows:		
Within 1 year	**47,834**	43,148
Between 1 and 5 years	**108,523**	107,013
	156,357	150,161

The loans are denominated in United States Dollars (USD) and secured by charges over the Group's vessels as stated in Note 11(a). Loan 1 is repayable by 12 quarterly installments with a balloon payment in 2013, whilst Loan 2 is repayable by 11 quarterly installments with a balloon payment in 2014.

The secured loans bear interest at a weighted average rate of 1.29% (2010: 1.91%) per annum.

23. Trade and other payables

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Trade payables	**2,717**	–	**–**	–
Accruals	**12,495**	75,466	**2,309**	2,710
Charterhire received in advance	**2,810**	4,276	**–**	–
Due to ship managers and agents	**2,857**	7,611	**–**	–
Unrealised loss on forward foreign exchange contracts	**2,277**	1,826	**–**	–
Amounts due to related parties	**6,055**	9,032	**3**	2
Other creditors	**5,977**	5,839	**–**	–
	35,188	104,050	**2,312**	2,712

Amounts due to related parties are in respect of shared services cost and reimbursable expenses. These balances are unsecured, interest-free and repayable on demand.

24. Dividends

	Group and Company	
	2011	2010
	RM'000	RM'000
In respect of financial year ended:		
31 December 2009		
Final dividend of 15 sen, single tier	**–**	150,000
31 December 2010		
Final dividend of 10 sen, single tier	**100,000**	–
	100,000	150,000

The Directors have recommended a final single tier dividend of 3 sen per ordinary share, amounting to RM30,000,000 in respect of the financial year ended 31 December 2011 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 2012.

25. Commitments

	Group	
	2011	2010
	RM'000	RM'000
Time charter commitments payable		
Due within 1 year	**47,530**	24,897
Due later than 1 year and not later than 5 years	**282,252**	245,419
Due later than 5 years	**351,616**	406,808
	681,398	677,124
Share of jointly controlled entity's commitments	**25,616**	49,620
	707,014	726,744

Certain long term time charters which the Group has entered into, have purchase options for the vessels after the completion of a predetermined time charter period.

26. Related party transactions

The related party transactions of the Group and the Company are as follows:-

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Transactions in which certain substantial shareholders of the Company have substantial interest				
Income earned:				
Charterhire income	**78,306**	102,339	**–**	–
Crew management fee	**2,628**	2,775	**–**	–
Commercial fee	**4,259**	6,060	**–**	–
Shared services cost	**2,620**	2,315	**2,620**	2,315
Rental income	**324**	324	**324**	324
Brokerage commission and accounting fees	**401**	578	**–**	–
	88,538	114,391	**2,944**	2,639

26. Related party transactions (cont'd)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Transactions in which certain substantial shareholders of the Company have substantial interest				
Expenditure incurred:				
Corporate administration fee	**705**	696	**–**	–
Commercial fee	**14,255**	18,086	**–**	–
Charterhire paid	**26,591**	30,800	**–**	–
Shared services cost	**7,375**	11,085	**–**	–
Management fee	**1,419**	1,305	**–**	–
Crewing agents fee	**341**	427	**–**	–
Procurement fee	**736**	763	**–**	–
Share registration fee	**50**	42	**50**	42
Insurance premium	**–**	1,653	**–**	52
	51,472	64,857	**50**	94
Transaction with a firm of which a director of the Company is the Managing Partner				
Legal fee	**54**	–	**54**	–
Transaction with a company of which a director of the Company is the Chairman				
Courier charges	**10**	9	**10**	9
Transactions with subsidiaries				
Income earned:				
Shared services cost			**1,069**	2,582
Dividends from subsidiaries			**20,605**	99,620
Rental income			**169**	169
			21,843	102,371

Key Management Personnel

Directors are considered key management personnel. The remuneration of Directors is disclosed in Note 8.

27. 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.

2011	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	299,020	58,013	8,462	–	(1,557)	363,938
Inter-segment	–	–	(1,557)	–	1,557	–
External	299,020	58,013	6,905	–	–	363,938
Results						
Segment results	82,641	(721)	2,018	(18,077)	–	65,861
Interest income	468	–	30	803	–	1,301
Finance costs	(1,862)	(12)	(2)	–	–	(1,876)
Share of results of associate	–	–	–	17,023	–	17,023
Share of results of jointly controlled entities	–	–	–	12,494	–	12,494
Taxation	(71)	–	(1,098)	(261)	–	(1,430)
Profit for the year	81,176	(733)	948	11,982	–	93,373
Other information						
Segment assets	531,166	184,120	23,570	1,351,706	(102,847)	1,987,715
Segment liabilities	167,873	79,704	11,914	35,221	(102,847)	191,865
Capital expenditure	856	2,457	72	156	–	3,541
Depreciation	18,946	9,323	59	463	–	28,791
Other non-cash income/(expenses)	5,886	–	–	(22,371)	–	(16,485)

27. Segment information (cont'd)

2010	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	424,761	76,277	10,795	–	(1,770)	510,063
Inter-segment	–	–	(1,770)	–	1,770	–
External	424,761	76,277	9,025	–	–	510,063
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/(expenses)	339	–	3	5,853	–	6,195

28. Financial risk management

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks includes credit risk, liquidity risk, currency risk, interest rate risk and market price risk. The Group manages these risks by using derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

(a) Price risk

Currency risk

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, associate and jointly controlled entities, whose net assets measured in United States Dollars, are exposed to foreign currency translation risks on the consolidation of these entities into Ringgit Malaysia.

The Group operates internationally and its foreign currency assets and liabilities give rise to foreign exchange exposure. Forward foreign exchange contracts are entered into to manage these exposures to fluctuations in foreign exchange. The duration of such contracts does not exceed a year. Where necessary, the contracts are rolled over at market rates upon maturity or settled at the prevailing exchange rate.

28. Financial risk management (cont'd)

(a) Price risk (cont'd)

Currency risk (cont'd)

The outstanding foreign exchange contracts of the Group as at 31 December 2011 which comprise mainly Euro, Australian Dollars and Japanese Yen is equivalent to approximately RM139,887,000 (2010: RM203,050,000) 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 2011				
United States Dollars	**(1,756)**	**28,363**	**1,557**	**28,164**
At 31 December 2010				
United States Dollars	1,757	27,077	996	29,830

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 Sterling Pound (GBP) exchange rate against the functional currency of the Group companies, with all other variables held constant.

	Profit after tax	
	2011 RM'000	**2010 RM'000**
The Group		
GBP - strengthened by 5%	**1,418**	1,354
- weakened by 5%	**(1,418)**	(1,354)

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to interest-bearing debts. The Group manages their 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 them to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

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.

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 RM74,000 lower/higher (2010: RM1,473,000 higher/lower).

Market risk

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

The Group is exposed to market price risks arising from its investment.

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 RM24,348,000 (2010: RM25,478,000) higher/lower.

28. Financial risk management (cont'd)

(b) Liquidity risk

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

The Group's exposure to liquidity risk is minimal. The Group has bank overdraft facilities at variable interest rates. It is the Group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the Group's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of undiscounted financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Less than 1 year RM'000	More than 1 year RM'000	Total RM'000
The Group			
At 31 December 2011:			
Trade and other payables	**32,378**	**–**	**32,378**
Borrowings	**49,682**	**110,179**	**159,861**
	82,060	**110,179**	**192,239**
At 31 December 2010:			
Trade and other payables	99,774	–	99,774
Borrowings	44,676	108,264	152,940
	144,450	108,264	252,714

(c) Credit risk

Credit risk is the risk that may arise on outstanding financial instruments should a counter party default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

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 good credit ratings. Trade receivables are monitored on an on-going basis via Group management reporting procedures.

Advances are made to subsidiaries and jointly controlled entities in support of their respective principal activities. Surplus cash is placed with a number of reputable banks.

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 statement of financial position.

29. Capital management

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern;
(ii) to support the Group's stability and growth;
(iii) to provide capital for the purpose of strengthening the Group's risk management capability; and
(iv) to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure. There are no changes in the Group's approach to capital management during the year. The Group currently does not adopt any formal dividend policy.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the statement of financial position.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

30. Fair value of financial instruments

The carrying amounts of the following financial assets and financial liabilities as reflected in the statements of financial position approximate their fair values:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Financial assets				
Loans and receivables				
Trade and other receivables	**32,661**	38,055	**3,245**	2,789
Short term deposits	**148,928**	297,477	**21,170**	120,560
Cash and bank balances	**149,945**	19,215	**61,063**	9,550
Amounts due from subsidiaries	**–**	–	**5,711**	3,540
Amounts due from jointly controlled entities	**110,758**	57,443	**–**	–
	442,292	412,190	**91,189**	136,439
Financial assets/(liabilities) carried at fair value through profit or loss				
Investments	**121,739**	127,389	**–**	–
Forward foreign exchange contracts	**(2,277)**	2,174	**–**	1,068
	119,462	129,563	**–**	1,068
Financial liabilities carried at amortised costs				
Borrowings	**156,357**	150,161	**–**	–
Trade and other payables	**30,101**	97,948	**2,312**	2,712
Amounts due to subsidiaries	**–**	–	**148**	23,865
	186,458	248,109	**2,460**	26,577

31. Significant event during the year

Disposal of vessel

On 15 February 2011, a subsidiary company, Bitara Shipping Sdn Bhd, disposed of a vessel (M.T Alam Bitara) to a third party for a cash consideration of RM57,492,000.

32. Subsequent event

Disposal of vessels

Subsequent to the year end, the Group, through its subsidiaries, disposed of two vessels to third parties for a total cash consideration of approximately RM18,489,000.

33. Comparatives

Certain comparative figures of the Group have been reclassified to conform with current year's presentation.

	As previously classified RM'000	Reclassi-fication RM'000	As reclassified RM'000
Revenue	404,250	105,813	510,063
Voyage expenses	–	(105,813)	(105,813)

34. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group and of the Company into realised and unrealised profits is 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	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Total retained profits				
Realised	**1,572,102**	1,602,059	**880,508**	957,959
Unrealised	**–**	(21,266)	**–**	–
	1,572,102	1,580,793	**880,508**	957,959

List of Properties

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2011 (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	14 Years	1,507.6	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	14 Years	1,525.4	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	14 Years	1,507.6	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	14 Years	1,525.4	12.07.2001
Lot No.21, Section 7 Mukim of Klang District of Klang Selangor Darul Ehsan	Vacant land/ 74,333 sq. metres	99 Year Lease/ 24.2.2097	Not Applicable	11,452.6	01.10.2003

Statement of Shareholdings
as at 12 April 2012

Authorised Share Capital	:	RM600,000,000
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	415	2.78	17,572	0.00
100 - 1,000	2,265	15.16	1,875,294	0.19
1,001 - 10,000	9,543	63.87	38,513,435	3.85
10,001 - 100,000	2,444	16.35	70,030,988	7.00
100,001 to less than 5% of issued shares	271	1.81	169,785,711	16.98
5% and above of issued shares	4	0.03	719,777,000	71.98
	14,942	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	52,716,300	5.27	–	–
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	1,268,750	0.13	–	–
Wu Long Peng	1,625,000	0.16	–	–
Dato' Lim Chee Wah	–	–	–	–
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	0.05	–	–
Mohammad bin Abdullah	125,000	0.01	–	–
Tay Beng Chai	275,000	0.03	2,500 [(1)]	–
Dato' Mohd Zafer bin Mohd Hashim	–	–	–	–

Notes:-
[(1)] *Deemed interest through family member*

THE THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors as at 12 April 2012)

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*	51,216,300	5.12
5. Kumpulan Wang Persaraan (Diperbadankan)	43,742,400	4.37
6. Valuecap Sdn Bhd	22,316,700	2.23
7. CIMB Group Nominees (Tempatan) Sdn Bhd *For CIMB Bank Berhad (EDP 2)*	10,350,700	1.04
8. Amanahraya Trustees Berhad *For Amanah Saham Didik*	4,998,700	0.50
9. Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Dimensional Emerging Markets Value Fund*	2,828,425	0.28
10. Kerajaan Negeri Pahang	2,153,850	0.22
11. Gan Teng Siew Realty Sdn Berhad	1,700,000	0.17
12. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Taiwan)*	1,647,800	0.17
13. Wu Long Peng	1,625,000	0.16
14. Malaysia Nominees (Tempatan) Sendirian Berhad *For Great Eastern Life Assurance (Malaysia) Berhad*	1,544,200	0.15
15. Employees Provident Fund Board	1,500,000	0.15
16. Paragash a/l C R Suberamaniam	1,500,000	0.15
17. Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd* *For Government of Singapore (C)*	1,400,425	0.14
18. Chinchoo Investment Sdn Berhad	1,400,000	0.14
19. Kuok Khoon Kuan @ Kuo Khoon Kwong	1,268,750	0.13
20. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (U.S.A.)*	1,254,100	0.13
21. Low Kok Kong	1,250,000	0.13
22. Amsec Nominees (Tempatan) Sdn Bhd *Amtrustee Berhad* *For Hong Leong Penny Stock Fund*	1,200,000	0.12
23. Quarry Lane Sdn Bhd	1,160,000	0.12
24. Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund J734* *For SPDR S And P Emerging Market's Small Cap ETF*	1,044,400	0.10
25. GEO-Mobile Asia Sdn Bhd	1,007,000	0.10
26. Bidor Tahan Estates Sdn Bhd	1,000,000	0.10
27. Yap Ah Fatt	1,000,000	0.10
28. Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For DFA Emerging Markets Small Cap Series*	974,500	0.10
29. HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Le Wee Tack*	920,500	0.09
30. Amsec Nominees (Tempatan) Sdn Bhd *Amtrustee Berhad* *For Pacific Elite Dividend Fund*	908,400	0.09
	831,472,850	83.15

Additional Compliance Information

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 2011.

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 2011 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 2011 or entered into during the financial year ended 31 December 2011 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 2011, 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

- Governance Series for Directors – The Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance
- Financial Reporting Standards
- Sustainability of Corporations
- Common Offences Committed by Directors Under The Companies Act, 1965
- Sustainability: Taking Corporate Governance A Step Further
- The Securities Commission's New Corporate Governance Blueprint - What Does It Mean For Your Company
- Competition Act 2010: An Insight into What to Expect

On Commercial and Business issues

- Market Outlook
- Market Insights
- Nordea Bank Shipping
- UK Defence Club
- Introduction to Key Performance Indicator
- The MEF-Vienna Spring Dialogue 2011

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 of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 23rd Annual General Meeting of Malaysian Bulk Carriers Berhad ("the Company") will be held on Thursday, 31 May 2012 at 10:00 a.m. at Sarawak Room, Basement II, Shangri-La Hotel Kuala Lumpur, No.11, Jalan Sultan Ismail, 50250 Kuala Lumpur for the following purposes:-

ORDINARY BUSINESS

(1) To receive the audited Financial Statements for the financial year ended 31 December 2011 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To approve the payment of a final single tier dividend of 3 sen per ordinary share for the financial year ended 31 December 2011 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) Wu Long Peng **Resolution 3**

(b) Tay Beng Chai **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, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company." **Resolution 5**

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

"**THAT** Encik Mohammad bin Abdullah, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until 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 RM473,000 for the financial year ended 31 December 2011. **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) Renewal of Shareholders' Mandate and Additional 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 9 May 2012, 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) To renew the authorisation for Purchase of Own Shares **Resolution 12**

"**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

(10) Proposed Amendments to the Articles of Association **Resolution 13**

"**THAT** the proposed amendments to the existing Articles of Association of the Company as set out under Section 2.0 of Part C of the Circular to Shareholders dated 9 May 2012 be and are hereby approved and adopted."

(11) To transact any other business.

BY ORDER OF THE BOARD

Ooi Pooi Teng (MAICSA 7055594)
Tan Kim Hoon (MIA 17987)
Company Secretaries

9 May 2012
Petaling Jaya

Notes:-

1. Only depositors whose names appear in the Record of Depositors as at 21 May 2012 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at the meeting.
2. 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.
3. 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.
4. 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.
5. 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 renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

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

- Renewal of Shareholders' Mandate and Additional 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 9 May 2012 despatched together with the Company's 2011 Annual Report.

3. Resolution 12

- 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 9 May 2012 despatched together with the Company's 2011 Annual Report.

4. Resolution 13

- Proposed Amendments to the Articles of Association

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

Further information on the proposed Special Resolution is set out in the Circular to Shareholders dated 9 May 2012 despatched together with the Company's 2011 Annual Report.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the forthcoming 23rd Annual General Meeting, a final single tier dividend of 3 sen per ordinary share will be paid on 20 June 2012 to the shareholders whose names appear in the Record of Depositors at the close of business on 5 June 2012.

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 5 June 2012 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

Ooi Pooi Teng (MAICSA 7055594)
Tan Kim Hoon (MIA 17987)
Company Secretaries

9 May 2012
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 14 and 15 of this Annual Report and the details of the Directors' interests in the securities of the Company and its subsidiaries are disclosed on page 66 of this Annual Report.

MALAYSIAN BULK CARRIERS BERHAD
(Company No. 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 23rd Annual General Meeting of the Company to be held on Thursday, 31 May 2012 at 10:00 a.m. at Sarawak Room, Basement II, Shangri-La Hotel Kuala Lumpur, No.11, Jalan Sultan Ismail, 50250 Kuala Lumpur 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 2011 and the reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final single tier dividend of 3 sen per ordinary share for the financial year ended 31 December 2011		
3.	To re-elect Mr Wu Long Peng as a Director		
4.	To re-elect Mr Tay Beng Chai 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 and additional mandate for recurrent related party transactions		
12.	To approve the renewal of authorisation for purchase of own shares		
13.	To approve the amendments to the 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%

No. of Shares Held: ____________

Dated this ________ day of ________ 2012

Signature of Shareholder: ____________

Notes:

1. *Only depositors whose names appear in the Record of Depositors (General Meeting Record of Depositors) as at 21 May 2012 be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *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.*
3. *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.*
4. *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.*
5. *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, Malaysia

(fold here)

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