MALAYSIAN BULK CARRIERS BERHAD

(Company No. 175953-W)

ANNUAL REPORT 2015

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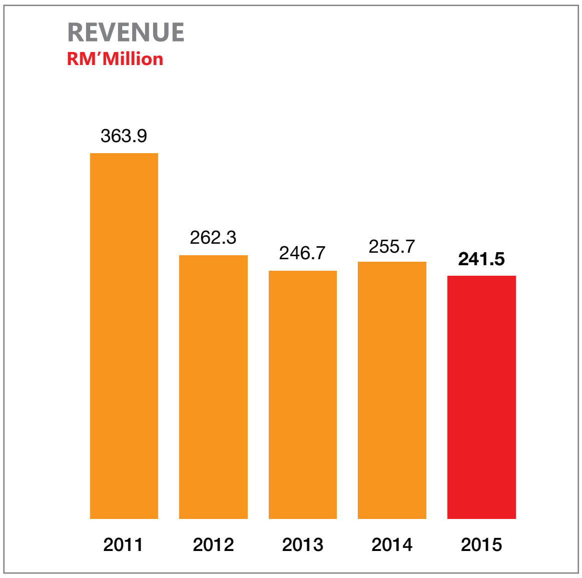
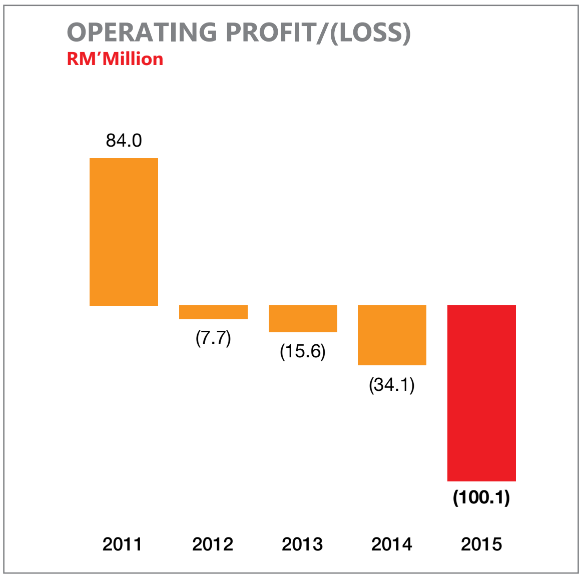
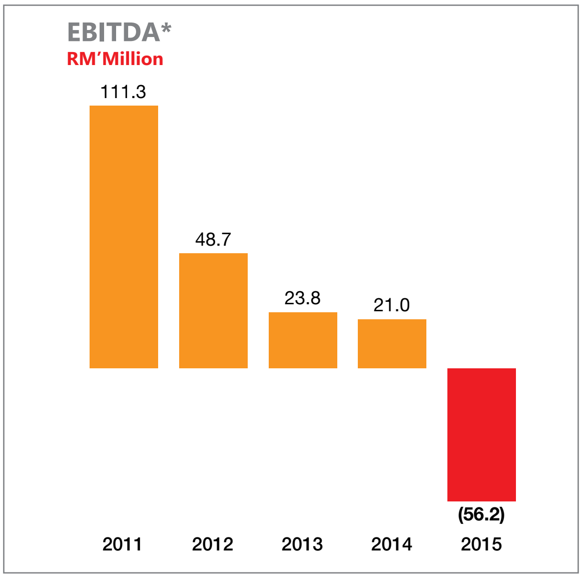
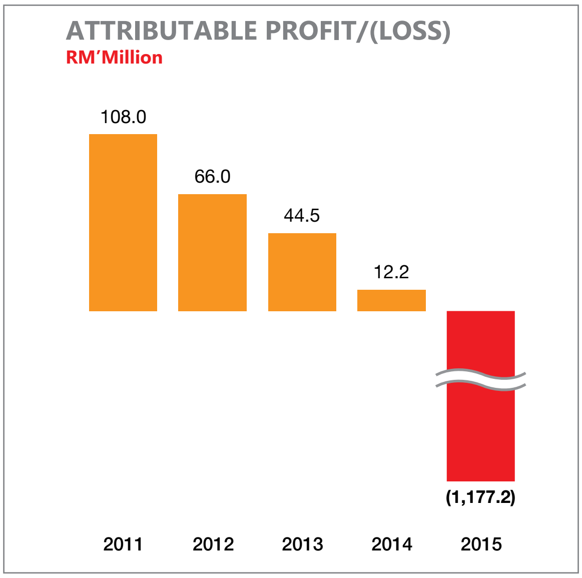
* *Alam Sejahtera is a newbuild of MBC which is scheduled for delivery in May 2016*

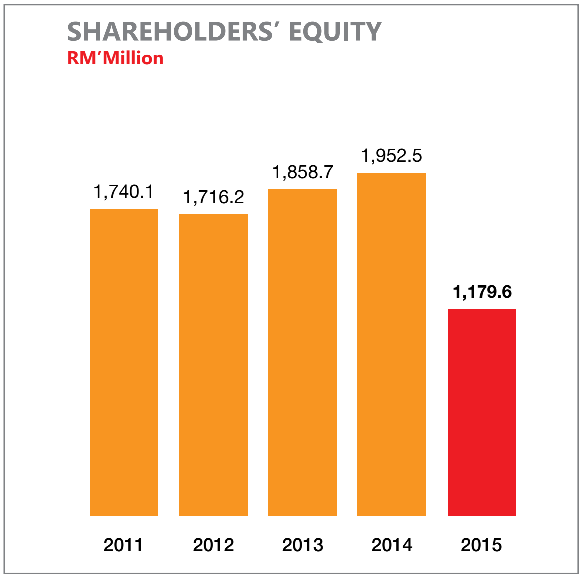
Financial Highlights

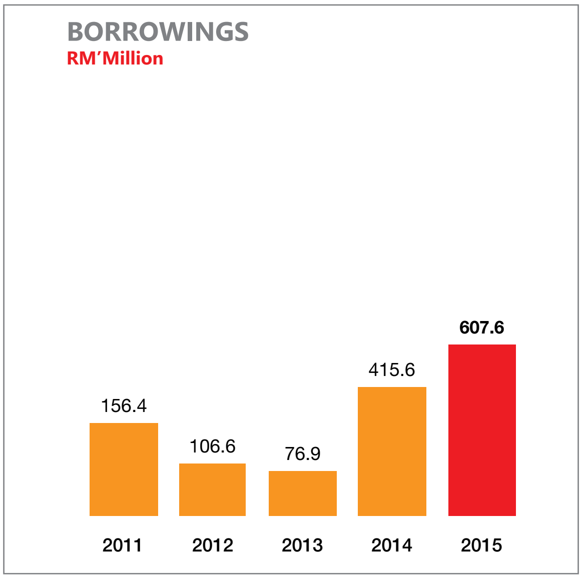












**EBITDA excludes associate, joint ventures, impairments and provisions.*

	2015	2014	2013	2012	2011
FINANCIAL RESULTS (RM'000)					
Revenue	**241,501**	255,724	246,744	262,266	363,938
Operating (loss)/profit	**(100,146)**	(34,118)	(15,647)	(7,659)	84,049
(Loss)/profit before taxation	**(1,196,248)**	18,333	45,506	66,451	111,494
(Loss)/profit attributable to equity holders of the Company	**(1,177,153)**	12,153	44,532	66,049	108,000
BALANCE SHEET (RM'000)					
Total assets	**2,097,709**	2,505,649	2,025,842	1,906,837	1,987,715
Total liabilities	**866,684**	489,567	112,154	137,220	191,865
Cash and cash equivalents	**140,496**	151,460	145,357	190,110	298,873
Borrowings	**607,640**	415,556	76,854	106,593	156,357
Shareholders' equity	**1,179,644**	1,952,450	1,858,741	1,716,217	1,740,133
PER SHARE DATA (sen)					
Basic (loss)/earnings	**(117.72)**	1.22	4.45	6.60	10.80
Dividend	**0.00**	1.00	3.00	3.00	3.00
Net assets	**117.96**	195.25	185.87	171.62	174.01
KEY RATIOS (%)					
Dividend payout ratio	**0.0%**	82.3%	67.4%	45.4%	27.8%
Return on average equity	**-75.2%**	0.6%	2.5%	3.8%	6.3%
Debt/equity ratio	**51.5%**	21.3%	4.1%	6.2%	9.0%
FLEET DATA *					
Number of vessels (at end of year)	**23**	22	20	18	17
Total tonnage in DWT (MT'000)	**1,272**	1,213	1,107	1,010	912
Average age of fleet (in years)	**6.8**	6.3	6.5	6.2	8.8
Total operating days (days)	**8,215**	7,574	7,136	6,843	6,425
Total hire days (days)	**7,788**	7,395	6,942	6,791	6,207
Daily Time Charter Equivalent Rate					
Dry bulk carriers (USD)	**6,407**	9,287	9,624	10,496	16,714
Tankers (USD)	**13,675**	12,585	12,468	10,851	12,269

Note :
* *Includes jointly owned and long term chartered-in vessels*

Statement by Chairman & CEO

FINANCIAL OVERVIEW AND HIGHLIGHTS

2015 has been the most difficult year in the history of dry bulk shipping and MBC has not been spared. Notwithstanding the surge in scrapping, the dry bulk market continues to be under pressure due to overcapacity exacerbated by newbuilding deliveries and the slowdown in the Chinese economy resulting in a reduction in raw material imports especially coal. The Group recorded its first ever annual loss of RM1.2 billion in 2015, compared to a profit of RM18.3 million last year. Dry bulk segment's operating loss accounted for RM104.2 million and the balance was mainly due to impairments, provisions and negative contribution from an associate.

Dry bulk segment's underlying loss (before impairment, provision and gain on disposal) of RM104.2 million in 2015 (RM41.4 million loss in 2014) was mainly due to lower charter rates (2015 Time Charter Equivalent: averaged US$6,407/day against 2014 Time Charter Equivalent: which averaged US$9,287/day) and increased scheduled dockings.

In view of the substantial decline in vessel values and a weaker dry bulk market outlook, the Group and its joint ventures have conducted impairment tests on assets and consequently wrote down the value of their dry bulk vessels by RM295.2 million and RM72.9 million respectively. The Group has also provided RM110.8 million for estimated losses on chartered-in contracts.

Although the Tanker segment saw an improvement in charter rates, the increased docking costs for all three tankers caused the Tanker segment to record a loss of RM4.3 million in 2015 compared to a profit of RM0.7 million in 2014.

Our associate PACC Offshore Services Holdings Ltd (POSH) reported a loss of US$131.0 million in 2015, against a profit of US$53.2 million in 2014 mainly due to impairment loss on goodwill and fixed assets. Excluding impairments and one-off items, POSH's net profit was US$13.6 million in 2015 versus US$9.7 million in 2014. Our share of POSH results was a loss of RM106.2 million in 2015, against a profit of RM36.7 million in 2014.

The sharp drop in oil prices and the uncertain outlook led to a cut in offshore exploration and production activities leading therefore to a decline in the demand for offshore support service sector and in asset values. The Group reviewed the carrying value of its investment in POSH and has made an impairment provision of RM495.8 million on the investment in POSH.

Shareholders' equity at the end of 2015 was RM1.2 billion. The appreciation of the US dollar against the Ringgit Malaysia has resulted in a gain of RM416.6 million in exchange translation reserve arising from the translation of US dollar assets into Ringgit at the end of the year. Debt/Equity ratio was at 51.5% at the end 2015.

No dividend payment is proposed for 2015.

THE YEAR IN PERSPECTIVE

The Group's controlled fleet (which includes long term chartered-in vessels) of 23 vessels (22 in year 2014) comprise of 20 bulk carriers and 3 MR product tankers with an average age of 6.8 years (6.3 years in 2014).

During the course of 2015, we took delivery of 1 x 55,865 dwt and 1 x 61,254 dwt newbuilding bulk carriers and redelivered one chartered-in 58,642 dwt bulk carrier built in 2012. There were no disposals during the year. We will take delivery of 1 high specification 33,000 dwt handysize log/bulk carrier (Alam Sejahtera) in second quarter 2016.

The dry bulk market continues to suffer from tonnage overcapacity and poor demand. The Baltic Dry Index (BDI) plunged to 471 points in late 2015 (its lowest level since the index began in 1985). High demolition and lower deliveries have resulted in a net fleet growth of 2.6% in 2015, the lowest growth seen since 2003.

The sharp decline in the price of crude oil throughout 2015 helped refining margins stay healthy stimulating higher refinery throughput and oil products trading. This set the stage for improved oil tanker demand and higher earnings throughout 2015. The increased demand coupled with a relatively stable tonnage growth in 2015 created a good year for oil tankers not seen since the market crashed in late 2008.

Having adopted a more conservative policy of ensuring a steady income stream less exposed to the vagaries of the market, our tanker fleet have been locked into charters of varying periods of 6, 12 and 24 months. As a result, they have not been able to enjoy the higher earnings from occasional spikes in the market. Earnings for our tankers have also been impacted by the added expense to dock all the three vessels before the year ending 2015, which is necessary to defer the regulatory requirement to install a costly ballast water treatment system till their next scheduled statutory docking which will not be due for another 2.5 to 3.0 years.

For 2015, TC earnings of our tanker fleet (Alam Bistari, Alam Budi and Alam Bakti) averaged US$13,675/day versus US$12,585/day for 2014.

SHIPPING OUTLOOK

(a) Dry bulk

2016 started poorly with the BDI dropping to a new record low of 290 points on 10 February. Although the BDI subsequently improved to above 600 points after 15 April 2016, but in time charter terms, levels are still below operating cost. Due to lackluster demand coupled with the general slowdown in China and the oversupply of tonnage, the dry bulk market is expected to remain difficult.

The International Monetary Fund (IMF) has forecasted global growth to be about 3.4% in 2016 and 3.6% in 2017. The pickup in global activity is projected to be more gradual especially in the emerging and developing economies. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–2017.

China led demand remains crucial in determining the health of dry bulk shipping. Chinese domestic steel demand is down resulting in a greater dependence on exports. However, steel industries in importing countries are clamouring for government protection from cheap Chinese steels. Reduced domestic demand and anti dumping protests are expected to put Chinese steel production under pressure. This will ultimately be negative for China's raw material needs and for shipping.

China's environmental problems have resulted in increased reliance on cleaner energy alternatives and this has resulted in a huge drop in importation of China's coal import. Lower coal imports are expected to remain as China's environmental problems persist. In respect of reduced Chinese coal imports, this dropped to 204 million metric tons in 2015 as compared to 290 million metric tons in 2014 and about 325 million metric tons in 2013 (30% drop over 2014 and 37% drop compared to 2013).

China remains important for dry bulk shipping and although the outlook for China's economy and demand is not encouraging, total global dry bulk trade is forecasted by SSY Research to increase by 3.48% from 4,190 million metric tons in 2015 to 4,336 million metric tons in 2017 with steady volumes in grains. This helps to absorb some of the overcapacity that currently plagues the shipping market.

Whilst India has ambitious growth targets for domestic coal production, it is expected that the significant volumes needed for the new thermal plants capacity is unlikely to be met by the domestic low caloric value coals and this continued dependency on imports is positive for tonne mile demand.

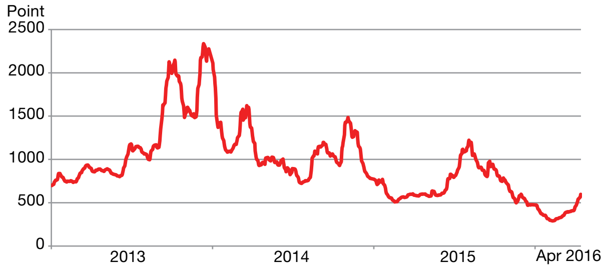
We expect the shipping fundamentals to stabilise as the order book shrinks whilst increased demolitions and low deliveries help readjust the much needed supply demand equilibrium. The year got off to a good start with a high number of demolitions. As of end March 2016, vessels totaling 12.34 million dwt were demolished and a further 4.81 million dwt were sold for scrap but such additional vessel commitments have yet to arrive at the scrap yards. Assuming the trend continues, dry bulk demolition will be about 45-50 million dwt for 2016 (allowing for a slowdown during the wet season mid May/September) as compared to about 34 million dwt scrapped in 2015.

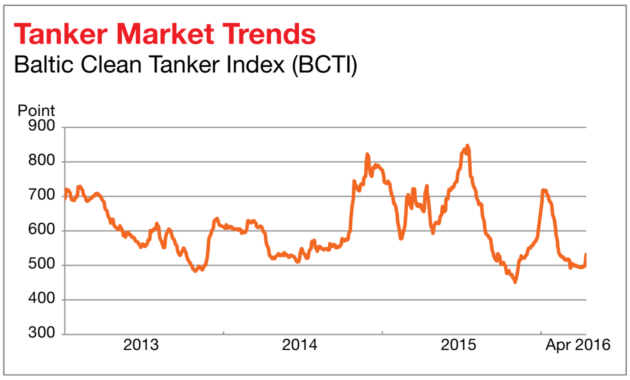
The reduced world order book should usher in renewed hope of a market recovery. New orders have been scarce and have declined substantially particularly in the larger sizes where orders have completely dried up.

We are redelivering vessels upon their charter expiry and for those that are still on charter, we are seeking the co-operation of the owners to defer a portion of the charter rates during the current difficult period.

Sentiment towards shipping from private equity and hedge funds has reduced considerably. Although this is positive for the shipping industry, the critical consideration is whether these private equity and hedge funds will venture into shipping and new building market again when the charter rates pick up.

Dry Bulk Market Trends
Baltic Dry Index (BDI)





(b) Tanker

Global seaborne product demand is projected to increase at a moderate pace in 2016. The continuing availability of cheap crude oil and shale gas will boost demand for related fuels like gasoline, jet/kerosene and gas oil with the growing exports going to US, Europe, China, India and South America. As the US continues to import gasoline and heating oil primarily from Europe, the triangulation trade for MRs will support product tanker demand in the West. Longer haul product exports growth in 2016 is expected to come from the Middle East, China and India where refining capacity has grown substantially in the last few years. These supplies will feed the demand from Asia and Australia which is expected to see increasing import demand as it progressively closes its refining capacity.

As refining margins stayed positive, the demand for oil tankers remained good throughout the year – except during periods for refinery maintenance. Going forward, the significant building of oil stocks in 2015 may slow tanker demand growth somewhat in 2016.

(c) Offshore

Since the Organization of the Petroleum Exporting Countries (OPEC) changed its strategy in 2014 to counter the increasing supply from non-OPEC producers and the acceleration in shale oil, the outlook on oil has been unpredictable. This was exacerbated by the implosion of demands.

The International Energy Agency (IEA) in its April 2016 report reported that growth in global oil demand will ease to around 1.2 million barrels per day (mb/d) in 2016, below the 1.8 mb/d expansion of 2015. This lower growth is coming from China, the United States and much of Europe. The oil market is oversupplied and this surplus is expected to persist in 2016 on further OPEC production growth and resilient non-OPEC supply. The continued weakness in oil and gas market has led to oil and gas companies cutting back on planned capital expenditure and reducing their operational expenditure through staff redundancies, renegotiation of charter contracts or terminating charter contracts prematurely. All of this has adversely impacted the offshore oil and gas services sector, with corresponding pressure on charter rates and vessel utilisation. The prospect of a continued weakness in the oil and gas market cannot be ruled out and business conditions for the offshore marine services are expected to remain challenging for some time, until demand and supply for oil and gas achieves equilibrium.

Notwithstanding that, we remain confident that our associate, POSH, will navigate through this difficult time. They have the advantage of a strong balance sheet and a highly regarded management and technical team.

FLEET MANAGEMENT

A) Regulation - Ballast Water Management System (BWMS)

In January 2016, the International Maritime Organization (IMO) revealed that although 47 states had ratified the Ballast Water Management Convention, it reflected only 34.56% of the global tonnage and that an additional 0.44% of global tonnage was needed to meet the required 35% threshold even though the 30 states requirement had been met.

The reluctance of some registries to ratify the Convention is mainly due to the lack of harmonisation between the IMO's Treaty and the rules for ballast water systems in US waters which is governed by the United States Coast Guard (USCG). The conflicting IMO and US requirements, combined with the lack of systems fully approved by USCG has contributed to the delay in the ratification of the BWM Convention.

Given the uncertainties, MBC Group made a decision to dock its fleet in 2015 and extend all the docking intervals to 5 years instead of 2.5 years, this will allow the Group till 2020 to comply.

In so doing, it helped MBC Group defer a substantial capital expenditure amounting to approximately US$15.6 million. Furthermore, by 2020, we expect a greater choice of systems approved by both IMO and USCG and at cheaper costs than are currently available.

B) Ship Management

The expansion in the world's fleet over the last ten years has led to a severe shortage of quality seafarers especially in the senior ranks. Despite increased demolition of older vessels, cancellation of orders and the delay of deliveries, there has nonetheless been a net increase in the world's tonnage. The shortage of crew has resulted in increased wages. During this challenging period, owners struggle to find ways to contain vessel operating costs, of which, crew cost is the largest component.

C) Safety and Environmental Protection Policy

Our aim is to build a quality culture in our staff towards safety, health and environmental protection.

Our objectives are:
a) To ensure safety at sea;
b) To prevent human injury or loss of life, damage to property;
c) To prevent damage to the environment, in particular, to the marine environment.

We believe that accidents and pollution can be prevented through adherence to the following principles:
a) Crewing the vessels with qualified, certified and medically fit seafarers in accordance with national and international requirements.
b) Proper planning and executing of vessel and cargo operation processes.
c) Operating the vessels in a safe and efficient manner, compliance with mandatory rules and regulations, applicable codes, conventions and legal requirement.
d) Maintaining the vessels to their flag state, classification society and company's requirements.
e) Training of staff in relation to activities required in performing safe operations and emergency preparedness.
f) Providing for safe practices in ship operations and a safe working environment.
g) Assess all identified risks to its ships, personnel and the environment and establish appropriate safeguard.
h) Conducting our business in a transparent and responsible manner at all times and not taking action against any staff for their reporting to the appropriate authority of any safety, health and environmental violations.

CORPORATE SOCIAL RESPONSIBILITY

Although we are fully engaged in our business activities and taking care of our stakeholders, we remain dedicated in playing our part in corporate citizenship and embrace corporate social responsibility. The Group is committed to its employees' welfare, community and the environment that 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. Shore staff are likewise encouraged to attend courses or workshops to strengthen their core skills and competencies. On the social side, various sports and recreational activities were arranged for employees to encourage teamwork and camaraderie.

The Group continued to make donations to various charitable organisations throughout the year.

CORPORATE GOVERNANCE

The Board believes that implementing and maintaining high governance standards underpin business objectives and our drive to create, protect and maximise shareholder value. In addition to complying with the best practice advice from regulatory and government bodies, the Board places great importance on corporate integrity, transparency, business ethics, and good governance. 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 would like to take this opportunity to express our sincere appreciation to all staff and crew for their commitment and dedication and to our shareholders for their unwavering support and confidence in the Group as we weather this storm.

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

Kuok Khoon Kuan
Chief Executive Officer

MBC's Controlled Fleet
(as at 31 March 2016)

	Vessel Name	Category	Year Built	DWT (MT)
BULK CARRIERS				
Owned				
1	Alam Padu	Post Panamax	Apr-05	87,052
2	Alam Permai	Post Panamax	Jun-05	87,052
3	Alam Pesona	Post Panamax	Sep-05	87,052
4	Alam Pintar	Post Panamax	Oct-05	87,052
5	Alam Manis	Supramax	Mar-07	55,652
6	Alam Madu	Supramax	Sep-14	58,045
7	Alam Molek	Supramax	Oct-14	58,074
8	Alam Makmur	Supramax	Mar-15	55,865
9	Alam Sakti	Handysize	Feb-06	32,609
Jointly-Owned				
10	Alam Penting	Post Panamax	Jul-05	87,052
11	Alam Murni	Supramax	Apr-03	53,553
12	Alam Mulia	Supramax	Oct-15	61,254
13	Atlantic Progress	Handysize	Jun-11	32,527
14	Atlantic Dream	Handysize	Dec-11	32,527
Long Term Charter				
15	Alam Mutiara	Supramax	Apr-12	61,498
16	Alam Sayang	Supramax	Jul-13	61,410
17	Alam Seri	Handysize	Mar-11	29,562
18	Alam Suria	Handysize	Jan-12	29,077
19	Alam Setia	Handysize	Oct-13	36,320
20	Alam Sinar	Handysize	Jan-14	36,320
				1,129,553
TANKERS				
Owned				
1	Alam Budi	Product Tanker	Mar-01	47,065
2	Alam Bistari	Product Tanker	May-01	47,065
3	Alam Bakti	Product Tanker	Jul-03	47,999
				142,129
				1,271,682

1. DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

66, Malaysian
Independent Non-Executive Chairman

Dato' Capt. Ahmad Sufian was appointed to the Board on 9 July 1996 and was subsequently appointed the Chairman on 30 May 2013. He is also the Chairman of the Nomination & Remuneration Committee.

Dato' Capt. Ahmad Sufian 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 45 years of experience in the international maritime industry.

He is currently also the Independent Non-Executive Chairman of WCT Holdings Berhad and GD Express Carrier Berhad, Independent Non-Executive Director of PPB Group Berhad and an Independent Director of PACC Offshore Services Holdings Ltd (listed on the Singapore Exchange).

2. KUOK KHOON KUAN

68, Malaysian
Chief Executive Officer

Mr. Kuok was appointed to the Board on 8 June 1995 and is currently the Chief Executive Officer.

He holds a Bachelor of Arts Degree from the University of Singapore.

Mr. Kuok has more than 40 years experience in the shipping industry. He began his career with Malaysian International Shipping Corporation Berhad in 1971 and later joined Pacific Carriers Limited (PCL) in 1978 and is currently the Executive Chairman of PCL.

He is also a Non-Executive Director of Kuok (Singapore) Limited and Non-Executive Chairman of Paxocean Holdings Pte Ltd. He was a Director of Singapore Maritime Foundation from 2006 to 2011.

3. WU LONG PENG

62, Singaporean
Executive Director

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

Mr. Wu is presently an Executive Director of Kuok (Singapore) Limited and Pacific Carriers Limited. He is also a Non-Executive Director of PACC Offshore Services Holdings Ltd (listed on Singapore Exchange) and Non-Independent Non-Executive Director of Gamma Communications PLC (listed on AIM in London).

He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and an Associate Member of the Institute of Singapore Chartered Accountants.

4. GOVIND RAMANATHAN

48, Indian
Executive Director

Mr. Govind Ramanathan was appointed to the Board on 6 February 2015.

Mr. Govind is also the Managing Director of PCL (Shipping) Pte Ltd. He obtained his Bachelor of Arts Degree in Economics from Loyola College (Autonomous) University of Madras, Chennai. He is a Fellow of the Institute of Chartered Shipbrokers, United Kingdom. He has more than 25 years of experience in bulk shipping.

5. LIM SOON HUAT

51, Malaysian
Non-Independent Non-Executive Director

Mr. Lim Soon Huat was appointed to the Board on 6 February 2015. He is also a member of the Nomination & Remuneration Committee.

He holds a Bachelor of Science (Honours) in Statistics from Universiti Kebangsaan Malaysia and is currently the Managing Director of PPB Group Berhad. He also sits on board of Ponderosa Golf & Country Resort Berhad.

Mr. Lim has many years of management experience in the field of finance, commodities trading, consumer goods manufacturing and marketing, hotel investments, sugar cane plantation and sugar milling operations. He held various senior executive positions in the Kuok Group of companies in Singapore, Thailand, Hong Kong, China and Indonesia including the post of Executive Director of Siam Seaport Warehouse & Terminal, Thailand; Group General Manager of Kerry Beverages Limited, Hong Kong and General Manager of Dalian Coca-Cola Company, PRC.

6. AFIDAH BINTI MOHD GHAZALI

53, Malaysian
Non-Independent Non-Executive Director

Puan Afidah binti Mohd Ghazali was appointed to the Board on 8 October 2014 and is also a member of the Audit Committee.

Puan Afidah is a qualified Accountant from the Chartered Association of Certified Accountants, United Kingdom.

She is currently the Chief Operating Officer of Bank Pembangunan Malaysia Berhad.

She began her career as Accountant with Majlis Amanah Rakyat in 1984. She later joined Kompleks Kewangan Malaysia Berhad as Project Officer from 1986 to 1988; Kumpulan Guthrie Berhad as Accountant from 1989 to 1990; Aseambankers Malaysia Berhad as Vice President, Head, Business Support & Strategic Planning from 1990 to 2007 and Syarikat Takaful Malaysia Berhad as Chief Financial Officer from 2007 to 2008.

7. TAY BENG CHAI

54, Malaysian
Independent Non-Executive 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 Bird & Bird ATMD 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 30 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.

Mr. Tay is also an Independent Non-Executive Director of Sungei Bagan Rubber Company (Malaya) Berhad, Kluang Rubber Company (Malaya) Berhad and Kuchai Development Berhad.

8. DATO' MOHD ZAFER BIN MOHD HASHIM

43, Malaysian
Independent Non-Executive Director

Dato' Mohd Zafer bin Mohd Hashim was appointed as Independent Non-Executive Director on 6 February 2015. He is also the Chairman of the Audit Committee.

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

He was previously the President/Group Managing Director of Bank Pembangunan Malaysia Berhad, 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.

Dato' Zafer is also an Independent Non-Executive Director of Felda Global Ventures Holdings Berhad.

Notes:

(1) The total number of Board meetings held during the financial year ended 31 December 2015 was four. The number of Board Meetings attended by the Directors in the financial year is set out on page 18 of this Annual Report.

(2) 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.

(3) None of the directors had any convictions for offences within the past 10 years.

Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Chief Executive Officer

Kuok Khoon Kuan

Executive Director

Wu Long Peng
Govind Ramanathan

Non-Independent Non-Executive Director

Lim Soon Huat
Afidah binti Mohd Ghazali

Independent Non-Executive Director

Tay Beng Chai
Dato' Mohd Zafer bin Mohd Hashim

AUDIT COMMITTEE

Chairman

Dato' Mohd Zafer bin Mohd Hashim

Members

Tay Beng Chai
Afidah binti Mohd Ghazali

NOMINATION & REMUNERATION COMMITTEE

Chairman

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

Members

Tay Beng Chai
Lim Soon Huat

COMPANY SECRETARIES

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

REGISTRARS

PPB Corporate Services Sdn Bhd
12th Floor, UBN Tower
10, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : +603-2726 0088
Fax : +603-2726 0099

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 Market
Sector : Trading / Services
Stock Name : Maybulk
Stock Code : 5077

AUDITORS

Ernst & Young
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

Statement on Corporate Governance

The Board of Directors is committed to ensuring that high standards of corporate governance are practiced throughout the Group in discharging its responsibilities to protect and enhance shareholders' value. The statement outlines how the Group has applied the principles of corporate governance and the extent of compliance with the recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

Roles and responsibilities of the Board

The Board has the overall stewardship responsibilities of providing strategic leadership, overseeing the business conduct, identification and management of principal risks, ensuring the adequacy and integrity of internal control systems, establishing a succession plan and developing and implementing an investor relations program. Management is responsible for managing the day-to-day running of the Group's business activities in accordance with the direction and delegation of the Board.

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

- corporate/ strategic direction and major business proposals
- major capital commitments, acquisition and disposal of assets and investments
- commitment to loans and long/short term financing with banks
- capital structure of the Company
- declaration of dividends

The Board has delegated specific responsibilities to two (2) committees, namely, the Audit Committee and the Nomination & Remuneration Committee, both of which discharge duties and responsibilities within their respective terms of reference. The Chairmen of the respective committees brief the Board on matters discussed and the outcome of deliberations of their respective committee meetings. The final decision is the responsibility of the Board after considering the recommendations of the respective committees.

Code of Ethics and Conduct

The Board is committed to maintain a corporate culture with good ethical conduct. This is formalised through the Company's Code of Ethics and Code of Conduct which are set out in the Company's Employment Handbook. The handbook covers matters in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The directors and employees of the Group are expected to adhere to the standard of ethics and conduct set out therein.

Access of Information and advice

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 the Directors to review the matters to be discussed. This includes various reports covering market conditions, outlook, investment opportunities and financial performance.

The Directors have full and unrestricted access to the advice and services of the Company Secretaries. Directors may also obtain independent professional advice, where necessary, in furtherance of their duties at the Company's expense.

Company Secretaries

The Board is supported by Company Secretaries who are qualified and responsible for ensuring that all Board procedures and relevant laws and regulations are complied with. The Company Secretaries attend all meetings of the Board and Board committees, and ensure that meetings are properly convened and proceedings are properly recorded.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) comprises exclusively of Non-Executive Directors, with a majority of Independent Directors. The members are as follows:

1. Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman)
2. Tay Beng Chai
3. Lim Soon Huat

The terms of reference, duties and responsibilities of the NRC are summarised as follows:

(a) recommend to the Board, the candidates for appointment as directors and Board committee members.
(b) review the Board structure, size and composition and make relevant recommendations to the Board.
(c) review the required mix of skills, experience and other qualities including core competencies of Directors.
(d) assess the effectiveness of the Board and the Board Committees as a whole and the contribution of the Directors.
(e) formulate the nomination, selection and succession policies for the members of the Board.
(f) review remuneration of the directors.

The NRC meets at least once a year and whenever required. In 2015, one (1) meeting was held with full attendance. A summary of activities of NRC during the year under review is as follows:

- reviewed and made recommendations to the Board on the required mix of skills, knowledge, expertise, experience, professionalism and integrity of candidates, for appointment as directors
- reviewed and made recommendations to the Board on the re-election of directors retiring by rotation
- conducted an assessment of the Board, Board Committees and individual directors
- reviewed the remuneration of Directors and made recommendations to the Board

Board Composition and Balance

Currently the Board has eight (8) members, comprising three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The number of Independent Directors complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires one-third of the Board to be independent.

The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. 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.

Appointment to the Board

The NRC is responsible for assessing and making recommendations on new appointments to the Board. In assessing the suitability of candidates, the NRC considers the required mix of skills, knowledge, expertise, experience, professionalism and integrity of the candidates. In the case of a candidate for appointment as Independent Non-Executive Director, the NRC evaluates the candidate's independence. The NRC will arrange to meet and interview all candidates prior to making a recommendation to the Board.

Gender Diversity

The Board does not have gender diversity policies and targets in place. The Board believes that appointment of Board members, regardless of gender, should be based on experience, character, integrity and competence. The Company currently has one (1) female director, Puan Afidah binti Mohd Ghazali on its board.

Re-election and Re-appointment

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

The Articles of Association also provides that a new Director appointed by the Board shall hold office only until the next AGM and be eligible for re-election. Such Director is not taken into account in determining the number of Directors who are to retire by rotation.

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 AGM and may offer themselves for re-appointment to hold office until the next AGM.

The NRC, considered the character, experience, integrity, competence, contribution and performance of the Directors who are seeking re-election at the forthcoming AGM (as stated in the notice of AGM), and recommended to the Board that their re-election be tabled for shareholders' approval at the forthcoming AGM.

Board Assessment

Board assessment is conducted on an annual basis and covers the following areas:

- Board size and composition
- mix of skills, experience, and core competencies of Directors
- governance and integrity
- effectiveness of Board committees
- participation and contribution at meetings
- Directors' training

The Board is satisfied that its composition is well balanced with the required mix of skills, experience, knowledge and competencies, for an effective Board.

Directors' Remuneration

The Nomination & Remuneration Committee reviews and evaluates the remuneration policy for Directors ensuring that it is in line with market norms and industry practice. The level of remuneration of Directors reflects the level of experience and responsibilities undertaken by them.

The remuneration is deliberated on and decided by the Board as a whole before being tabled for shareholders' approval at AGM. Directors shall abstain from the deliberation and voting in respect of their own remuneration.

Details of remuneration of the Directors of the Company (including 3 directors who retired during the year) for the financial year ended 31 December 2015 are as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	157	341
Attendance Fee	13	39
Ex-gratia payment	200	350
Total	**370**	**730**

Remuneration of the Directors of the Company (including 3 directors who retired during the year) for the financial year ended 31 December 2015 fall within the following bands:

	Executive Directors	Non-Executive Directors
Below RM50,000	1	1
RM50,000 to RM100,000	2	4
RM150,001 to RM200,000	–	1
RM200,001 to RM250,000	1	1
Total	**4**	**7**

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Clear Division of Responsibilities between the Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman is responsible for leadership, orderly conduct and working of the Board, whereas the Chief Executive Officer is responsible for the management of the Group's business.

Tenure of Independent Directors

MCCG 2012 recommends that the tenure of an independent director shall not exceed a cumulative period of nine (9) years. The Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent Director.

The Board recognises the importance of the independence and objectivity in the decision making process. The Board, through the Nomination & Remuneration Committee, carried out an assessment of the Independent Directors namely Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Mr. Tay Beng Chai, each of whom have served on the Board for more than 9 years. The Board is of the view that Dato' Capt. Ahmad Sufian and Mr. Tay Beng Chai continue to be independent as:

- they have fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- they have exercised care in performing their duties, and provided unbiased, independent and objective views and judgement during board meetings and deliberations on all matters concerning the Group;
- the length of their service does not in any way impair their objective and independent judgement nor their ability to act in the best interests of the Group. On the contrary, their years of service on the Board have imbued them with a sound knowledge of the Group's business operations which enable them to participate actively and contribute during deliberations at board meetings. This together with their individual professional experience, awareness of corporate governance and business acumen, have contributed positively to the Board's deliberations on all matters of the Group.

In this respect, the Board has approved that Dato' Capt. Ahmad Sufian and Mr. Tay Beng Chai, continue to serve as Independent Non-Executive Directors of the Company. The Board believes that it is in the best position to evaluate and determine whether any Independent Director can continue to provide independent and objective judgement during the board deliberations and act in the best interests of the Group.

PRINCIPLE 4 – FOSTER COMMITMENT

Time Commitment

Directors are expected to set aside sufficient time to carry out their duties and responsibilities. In line with Paragraph 15.06 (Restriction on Directorships) of the Listing Requirements of Bursa Malaysia Securities Berhad, all Directors of the Company complied with the limits on the number of directorships held in public listed companies.

Board Meetings

Board meetings are scheduled in advance to enable Directors to plan ahead. The Board meets at least four times a year with additional meetings to be convened as and when the Board's approval and guidance is required. Between scheduled meetings, for matters that requiring Board's decisions, approvals are obtained via circular resolutions.

Board Meetings (cont'd)

During the financial year ended 31 December 2015, the Board had four meetings and the record of attendance for each Director is set out below.

	Number of meetings attended
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	4 / 4
Kuok Khoon Kuan	4 / 4
Wu Long Peng	4 / 4
Govind Ramanathan	4 / 4
Lim Soon Huat	4 / 4
Tay Beng Chai	4 / 4
Dato' Mohd Zafer bin Mohd Hashim	4 / 4
Afidah binti Mohd Ghazali	3 / 4
Teo Joo Kim *	1 / 2
Dato' Lim Chee Wah *	2 / 2
Mohammad bin Abdullah *	2 / 2

* *Mr. Teo Joo Kim, Dato' Lim Chee Wah and Encik Mohammad bin Abdullah retired on 27 May 2015.*

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. The Directors are encouraged to attend training programmes/seminars from time to time, to enhance their knowledge and skills and to keep abreast with current developments in the industry as well as the current changes in laws and regulations.

The Directors, after assessing their own training needs, have attended conferences and seminars in areas that are relevant to the Group's business activities. Some of the conferences and seminars attended by the Directors during the financial year ended 31 December 2015 were as follows:

On Corporate, Financial and Governance issues

- Nomination Committee Programme
- Board Reward & Recognition
- Update on Malaysian and Regional Economies
- Goods and Services Tax, Post Implementation Issues
- An overview of the Price Control and Anti-Profiteering Act
- Latest developments in Transfer Pricing
- MFRS 15 – Revenue from contracts with customers
- MFRS 123 – Borrowing Costs
- The new and revised Auditors Reporting Standards
- Contracts Workshop
- Media Engagement Talk

On Commercial and Business issues

- Sea Asia 2015
- Sea Asia Global Forum
- Credit Suisse – Global Economic & Market Outlook/Global Currency Outlook 2015

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is committed to providing a balanced, clear and representative assessment of its financial performance in its quarterly results and annual audited financial statements.

The Board is assisted by the Audit Committee in overseeing the financial reporting process and the quality of the financial report of the Group. The Audit Committee reviews the appropriateness of the Group's accounting policies to ensure that the financial statements comply with financial reporting standards and regulatory requirements.

The statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements is set out at page 86 of this Annual Report.

Suitability and Independence of External Auditors

The Board maintains a formal, professional and transparent relationship with the External Auditors through the Audit Committee.

The Audit Committee meets with the External Auditors twice a year to discuss their audit plan and audit findings, without the presence of executive Board members and management staff. The External Auditors have declared to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. During the year under review, non-audit fees paid to External Auditors amounted to RM7,500 for the review of Statement on Risk Management and Internal Control.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

The Board acknowledges its responsibility of maintaining a good system of internal controls and risk management, and for reviewing regularly the adequacy and effectiveness of the internal control and risk management systems to ensure that shareholders' investment and the Group's assets are safeguarded. This system can only provide reasonable, but not absolute assurance against any material misstatements, fraud or loss.

The Statement on Risk Management and Internal Control as set out in pages 24 to 26 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

The Internal Audit function reports directly to the Audit Committee. The activities carried out by the Internal Audit Department are set out in page 23 of the Audit Committee Report.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

The Group's financial results, announcements, annual report and circulars are the primary modes of disseminating information in relation to the Group's business activities and financial information and this 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.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At the AGM, the Board presents the Group's business and financial performance for the financial year. Shareholders are encouraged to attend the meeting and seek clarification about the performance and operations of the Group. The Board as well as External Auditors are present at the AGM to address queries raised by the shareholders at the meeting. For shareholders who are unable to attend, they are allowed to appoint proxies to attend and vote on their behalf.

Poll voting

During the AGM, the shareholders are briefed on their rights to demand for a poll in accordance with Article 62 of the Company's Articles of Association. The substantive resolutions to be put to a vote are identified to the shareholders at the commencement of the AGM.

Communication and Engagement with Shareholders

The Company also conducts briefings where appropriate after the release of its mid-year or year-end financial results, for analysts, fund managers and media, to provide an overview of the Group's performance.

Any queries or concern about the Group's business and development can be conveyed through the Company Secretaries who would then refer the matter to the attention of the Board.

MEMBERSHIP OF THE AUDIT COMMITTEE

Chairman
Dato' Mohd Zafer bin Mohd Hashim
Independent Non-Executive Director

Members
Tay Beng Chai
Independent Non-Executive Director

Afidah binti Mohd Ghazali
Non-Independent Non-Executive Director

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 2015, the Audit Committee held four (4) meetings and the record of attendance for each Audit Committee member is set out as below:

	Attendance
Dato' Mohd Zafer bin Mohd Hashim *	3 / 3
Tay Beng Chai	4 / 4
Afidah binti Mohd Ghazali	4 / 4
Mohammad bin Abdullah **	2 / 2

Note:
* *Dato' Mohd Zafer bin Mohd Hashim was appointed on 24 February 2015.*
** *Encik Mohammad bin Abdullah retired on 27 May 2015.*

SUMMARY OF TERMS OF REFERENCE

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.

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 control, 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;

Duties and Responsibilities (Cont'd)

- 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 which resulted in a breach of the Main Market Listing Requirements.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2015, the Audit Committee performed its duties as set out in its terms of reference.

The main activities undertaken by the Audit Committee were as follows:

Financial Statements

- reviewed the quarterly financial 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. The review and discussions were conducted together with the Financial Controller.
- reviewed the annual audited financial statements of the Group/Company and made relevant recommendations to the Board of Directors for approval.

Matters relating to External Audit

- reviewed the External Auditors' scope of work and audit plan for financial year 2015.
- reviewed the External Auditors' audit findings and recommendations to the Board of Directors for further action where appropriate.
- met with the External Auditors twice without the presence of any executive Board members and management staff. Audit Committee met with External Auditors prior to the commencement of their audit work as well as upon completion of their audit work to discuss issues arising from the course of their work.

Matters relating to Internal Audit

- reviewed and approved the Internal Audit plan.
- reviewed and approved the proposed changes to the Internal Audit Charter.
- reviewed the Internal Auditors' reports and their recommendation and Management's response to improve the internal controls system based on internal audit findings.
- reviewed the Internal Auditors' reports on related party transactions undertaken by the Group including the procedures monitoring recurrent related party transactions.
- reviewed the Internal Quality Assessment of the Internal Audit activity.
- reviewed the external validation report of the Internal Audit Department's Quality Assurance and Improvement Program.

Matters relating to Related Party Transactions

- reviewed the Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and made recommendations to the Board for approval.

Other Matters

- reviewed the Self-Assessment report on IT Security for the Group.

- reviewed the Audit Committee Report and Statement on Internal Control and made recommendations to the Board for approval.

INTERNAL AUDIT

The internal audit function of MBC Group is undertaken by the Internal Audit Department (IAD). The Head of Internal Audit Department reports directly to the Audit Committee. The IAD's scope is to undertake independent and objective reviews on the adequacy and effectiveness of Group's risk management and internal control system.

The authority and responsibility of the IAD are described in the Internal Audit Charter.

SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT DEPARTMENT

The IAD carried out its activities in accordance to Internal Audit Plan approved by the Audit Committee. The Internal Audit function adopts a risk based approach and prepare the plan based on the risk profile of the business units of the Group.

During the year under review, activities carried out by the IAD were as follows:

- reviewed 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.

  The internal audit reports incorporating audit observations, recommendations and management actions were issued to the Audit Committee. A total of 10 Internal Audit reports were issued in year 2015. There were no significant deficiencies in controls detected.

- reviewed the Internal Audit Charter.

- reviewed the related party transactions undertaken by the Group including the procedures monitoring recurrent related party transactions. It was noted that the accumulated recurrent related party transactions are within the shareholders' mandate.

- conducted an internal self-assessment of the internal audit activity for internal auditing work performed during the year, as part of a Quality Assurance and Improvement program. Based on the assessment, the activities carried out by Internal Audit generally conform to the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing and Code of Ethics.

- Audit Committee engaged an external party to conduct quality assurance review on the Internal Audit Department. Based on the assessment, the activities carried out by Internal Audit generally conform with the Standards and Code of Ethics.

The costs incurred by the Internal Audit Department for the financial year ended 31 December 2015 was RM506,825 (2014: RM510,903).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

1. BOARD RESPONSIBILITY

The Board recognises the importance of sound internal controls and risk management practices as integral to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and effectiveness of the internal control and risk management systems to ensure that shareholders' investment and the Group's assets are safeguarded.

The internal control and risk management systems are designed to identify and manage risk rather than to eliminate the risk of failure to achieve business objectives. Therefore, these systems only provide reasonable, but not absolute assurance against any material misstatements, fraud or loss.

2. RISK MANAGEMENT

The Board is directly involved in assessing the major risks associated with 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, listing and evaluating 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 of any weaknesses identified.

3. INTERNAL CONTROL

The key elements of the Group's internal control comprise the following:

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 Directors, majority of whom are Independent Non-Executive Directors. As highlighted in the Audit Committee Report, 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.

Further details on the activities of the Internal Audit Department in 2015 are set out on page 23 in the Audit Committee Report.

Financial Authority Limit/Operations Manual

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 updated as and when necessary.

Annual Budget

The budgeting process takes place annually. Each business unit prepares its own budget for review by the Executive Directors, and approval by the Board. When setting budgets, Management identifies and evaluates the potential business risks. The Group's overall performance is monitored against the approved budget and is reviewed by the Board on a quarterly basis.

Financial/Operations Report

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

Disaster Recovery Plan (DRP)

A Disaster Recovery Planning is in place to ensure continuity of business operations in the event of a disaster. The DRP testing is carried out annually.

Human Resource

Training and development programs are identified and arranged for the Group's employees, to enhance their skills and competencies in carrying out their duties.

Code of Ethics and Code of Conduct

The Group's corporate values and standard of ethics and conduct is set out in the Employment Handbook which is communicated to all employees of the Group.

Associate and Joint Ventures

Financial and operational information of associate and joint ventures are provided to management of the Group. Joint ventures are commercially and operationally managed by the Group and falls within the internal audit jurisdiction of the Group. The associate has its audit committee and internal audit function to oversee internal controls and risk.

The Group also has representation on the boards of the joint ventures.

4. MONITORING AND REVIEW ACTIVITIES

The processes for monitoring the internal control and risk management systems are embedded in the periodic review undertaken by the Internal Auditors of the adequacy and effectiveness of the Group's internal control systems and risk management framework.

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 its findings to the Board, and consequently its conclusion on the effectiveness of the internal control and risk management systems annually.

There are no material internal control failures or any reported weaknesses that have resulted in material financial losses or contingencies during the financial year ended 31 December 2015.

5. EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

The Board believes that the Group's systems of internal control and risk management provide a reasonable though not absolute assurance that weaknesses or deficiencies will be identified and when identified, corrective action can and will be taken in a timely manner.

The Board reviews the internal control and risk management systems regularly and where necessary, will take steps to improve it.

The Board has received assurance from Chief Executive Officer, Financial Controller, Heads of Commercial and Technical Division that the Group's risk management and internal control system are operating adequately and effectively. The Board confirms that it has reviewed the effectiveness of the systems of internal control and risk management and is not aware of any significant weakness or deficiency for the financial year ended 31 December 2015 and up to the date of approval of this Statement on Risk Management and Internal Control.

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ("Statement") pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

Financial Statements

Directors' Report

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM'000	**Company RM'000**
Loss for the year	(1,197,363)	(337,013)
Attributable to:		
Equity holders of the Company	(1,177,153)	(337,013)
Non-controlling interests	(20,210)	–
	(1,197,363)	(337,013)

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 had paid a final single tier dividend of 1 sen per ordinary share amounting to RM10,000,000 in respect of the financial year ended 31 December 2014 on 18 June 2015.

The Directors do not propose any final dividend for the financial year ended 31 December 2015.

DIRECTORS

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

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Kuok Khoon Kuan
Wu Long Peng
Tay Beng Chai
Dato' Mohd Zafer bin Mohd Hashim
Afidah binti Mohd Ghazali
Govind Ramanathan
Lim Soon Huat
Teo Joo Kim (retired on 27 May 2015)
Dato' Lim Chee Wah (retired on 27 May 2015)
Mohammad bin Abdullah (retired on 27 May 2015)

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.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, 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 1.1.2015/ date of appointment	**During the year Bought**	**Sold**	**At 31.12.2015**
Direct interests				
Kuok Khoon Kuan	1,268,750	–	–	1,268,750
Wu Long Peng	1,625,000	–	–	1,625,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	–	–	500,000
Tay Beng Chai	275,000	–	–	275,000
Govind Ramanathan	247,700	200,000	–	447,700
Indirect interests				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	20,000	–	–	20,000
Tay Beng Chai	2,500	–	–	2,500

Dato' Mohd Zafer bin Mohd Hashim, Lim Soon Huat and Afidah binti Mohd Ghazali 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 there were no bad debts and that no provision for doubtful debts was necessary; 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.

OTHER STATUTORY INFORMATION (CONT'D)

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

(i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

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

(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 EVENT

Significant event during the financial year is disclosed in Note 36 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENT

Details of significant event subsequent to the financial year are disclosed in Note 37 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 19 April 2016.

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 34 to 80 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 on page 81 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 19 April 2016.

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 34 to 81 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 19 April 2016

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 2015 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 information, as set out on pages 34 to 80.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 on page 81 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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

Phang Oy Lin
No. 2985/03/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
19 April 2016

Income Statements

For the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	241,501	255,724	–	6,500
Voyage expenses		(80,559)	(84,038)	–	–
		160,942	171,686	–	6,500
Operating expenses		(261,088)	(205,804)	–	–
		(100,146)	(34,118)	–	6,500
Provision for onerous contracts		(105,672)	(5,155)	–	–
Impairment loss on vessels		(295,172)	–	–	–
Impairment loss on investments in subsidiaries		–	–	(336,569)	–
Other operating income/(loss), net	5	7,623	35,997	18,216	8,581
Administration expenses		(9,163)	(10,063)	(8,485)	(7,118)
		(502,530)	(13,339)	(326,838)	7,963
Finance costs		(12,773)	(5,396)	(10,002)	(3,003)
Share of results of an associate		(106,181)	36,727	–	–
Impairment loss on associate		(495,774)	–	–	–
Share of results of joint ventures		(78,990)	341	–	–
(Loss)/profit before taxation	6	(1,196,248)	18,333	(336,840)	4,960
Taxation	9	(1,115)	(873)	(173)	(52)
(Loss)/profit for the year		(1,197,363)	17,460	(337,013)	4,908
Attributable to:					
Equity holders of the Company		(1,177,153)	12,153	(337,013)	4,908
Non-controlling interests		(20,210)	5,307	–	–
		(1,197,363)	17,460	(337,013)	4,908
(Loss)/earnings per share (sen)	10	(117.72)	1.22		

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

Statements of Comprehensive Income
For the year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/profit for the year	(1,197,363)	17,460	(337,013)	4,908
Other comprehensive income/(loss):				
Items that will be reclassified to profit or loss				
Currency translation differences	429,594	117,937	271,771	70,336
Realisation of reserves on liquidation of subsidiaries	–	(443)	–	–
Net change in cash flow hedges:				
- Net unrealised loss	(78,581)	(31,611)	(78,581)	(31,611)
- Net realised loss reclassified to the income statement	76,365	29,051	76,365	29,051
Total comprehensive (loss)/income for the year	(769,985)	132,394	(67,458)	72,684
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(762,806)	123,709	(67,458)	72,684
Non-controlling interests	(7,179)	8,685	–	–
	(769,985)	132,394	(67,458)	72,684

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

Statements of Financial Position

As at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Non-current assets					
Intangible assets	11	699	1,263	319	600
Property, plant and equipment	12	648,422	750,672	8,064	6,554
Subsidiaries	13	–	–	1,089,347	1,201,938
Associate	14	1,003,777	1,334,026	–	–
Joint ventures	15	159,907	204,376	–	–
Loan to a subsidiary	16	–	–	402,300	327,748
Total non-current assets		1,812,805	2,290,337	1,500,030	1,536,840
Current assets					
Consumable stores	17	8,229	7,855	–	–
Receivables and other current assets	18	86,248	53,049	43,058	4,303
Amounts due from subsidiaries	19	–	–	449	–
Derivative financial assets	20	–	2,948	–	–
Short term deposits	21	–	1,363	–	–
Cash and bank balances		140,496	150,097	932	4,440
		234,973	215,312	44,439	8,743
Non-current assets classified as held for sale	22	49,931	–	–	–
Total current assets		284,904	215,312	44,439	8,743
Total assets		2,097,709	2,505,649	1,544,469	1,545,583

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	250,000	250,000	250,000	250,000
Reserves	24	929,644	1,702,450	882,709	960,167
		1,179,644	1,952,450	1,132,709	1,210,167
Non-controlling interests		51,381	63,632	–	–
Total equity		1,231,025	2,016,082	1,132,709	1,210,167
Non-current liabilities					
Borrowings	25	383,055	347,403	296,486	295,779
Derivative financial liabilities	20	110,192	31,611	110,192	31,611
Deferred tax liabilities	26	73	165	–	–
Provision for onerous contracts	27	34,569	–	–	–
Total non-current liabilities		527,889	379,179	406,678	327,390
Current liabilities					
Payables and other current liabilities	28	37,643	36,900	4,292	4,159
Amounts due to subsidiaries	19	–	–	752	3,867
Borrowings	25	224,585	68,153	–	–
Provision for taxation		319	180	38	–
Provision for onerous contracts	27	76,248	5,155	–	–
Total current liabilities		338,795	110,388	5,082	8,026
Total liabilities		866,684	489,567	411,760	335,416
Total equity and liabilities		2,097,709	2,505,649	1,544,469	1,545,583

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to Equity Holders of the Company									
	Distributable		Non-distributable							
Group	Share capital RM'000	Retained profits RM'000	Share premium RM'000	Capital reserve (Note 24(b)) RM'000	Capital redemption reserve (Note 24(c)) RM'000	Cash flow hedge reserve (Note 24(d)) RM'000	Foreign currency translation reserve (Note 24(e)) RM'000	Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2015	250,000	1,380,651	48,791	7,077	40,000	(2,560)	228,491	1,702,450	63,632	2,016,082
Total comprehensive loss for the year	–	(1,177,153)	–	–	–	(2,216)	416,563	(762,806)	(7,179)	(769,985)
Dividends (Note 29)	–	(10,000)	–	–	–	–	–	(10,000)	–	(10,000)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(5,072)	(5,072)
At 31 December 2015	250,000	193,498	48,791	7,077	40,000	(4,776)	645,054	929,644	51,381	1,231,025
At 1 January 2014	250,000	1,392,366	48,791	13,209	40,000	–	114,375	1,608,741	54,947	1,913,688
Total comprehensive income for the year	–	12,153	–	–	–	(2,560)	114,116	123,709	8,685	132,394
Dividends (Note 29)	–	(30,000)	–	–	–	–	–	(30,000)	–	(30,000)
Liquidation of subsidiary	–	6,132	–	(6,132)	–	–	–	–	–	–
At 31 December 2014	250,000	1,380,651	48,791	7,077	40,000	(2,560)	228,491	1,702,450	63,632	2,016,082

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

Statement of Changes in Equity

For the year ended 31 December 2015

		Distributable	Non-distributable						
Company	**Share capital RM'000**	**Retained profits (Note 24(a)) RM'000**	**Share premium RM'000**	**Capital reserve (Note 24(b)) RM'000**	**Capital redemption reserve (Note 24(c)) RM'000**	**Cash flow hedge reserve (Note 24(d)) RM'000**	**Foreign currency translation reserve (Note 24(e)) RM'000**	**Total reserves RM'000**	**Total RM'000**
At 1 January 2015	250,000	725,995	48,791	8,770	40,000	(2,560)	139,171	960,167	1,210,167
Total comprehensive loss for the year	–	(337,013)	–	–	–	(2,216)	271,771	(67,458)	(67,458)
Dividends (Note 29)	–	(10,000)	–	–	–	–	–	(10,000)	(10,000)
At 31 December 2015	250,000	378,982	48,791	8,770	40,000	(4,776)	410,942	882,709	1,132,709
At 1 January 2014	250,000	739,583	48,791	20,274	40,000	–	68,835	917,483	1,167,483
Total comprehensive income for the year	–	4,908	–	–	–	(2,560)	70,336	72,684	72,684
Dividends (Note 29)	–	(30,000)	–	–	–	–	–	(30,000)	(30,000)
Liquidation of subsidiary	–	11,504	–	(11,504)	–	–	–	–	–
At 31 December 2014	250,000	725,995	48,791	8,770	40,000	(2,560)	139,171	960,167	1,210,167

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

Statements of Cash Flows

For the year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities				
(Loss)/profit before taxation	(1,196,248)	18,333	(336,840)	4,960
Adjustments for:				
Amortisation of intangible assets	758	640	372	314
Depreciation	45,569	29,900	187	175
Write-back of impairment on trade and other receivables	–	(336)	–	–
Bad debts written off	–	26	–	26
Reversal of a liability due to legal settlement	(5,040)	–	–	–
Gain on disposal of property, plant and equipment	(292)	(16,159)	(292)	(2)
Gain on disposal of investments	–	(1,493)	–	–
Unrealised foreign exchange loss/(gain)	592	(94)	425	98
Fair value gain on forward foreign exchange contracts	–	(2,805)	–	–
Dividend from subsidiary	–	–	–	(6,500)
Interest income	(872)	(1,371)	(10,025)	(3,103)
Finance costs	12,773	5,396	10,002	3,003
Loss/(surplus) arising from liquidation of subsidiaries	–	22	(2,401)	(320)
Realisation of reserves on liquidation of subsidiaries	–	(443)	–	–
Impairment loss on investments in subsidiaries	–	–	336,569	–
Net change in provision for onerous contracts	105,672	5,155	–	–
Impairment loss on vessels	295,172	–	–	–
Share of results of an associate	106,181	(36,727)	–	–
Impairment loss on associate	495,774	–	–	–
Share of results of joint ventures	78,990	(341)	–	–
Operating loss before working capital changes	(60,971)	(297)	(2,003)	(1,349)
Changes in working capital:				
Consumable stores	2,586	2,425	–	–
Receivables and other current assets	6,230	(14,264)	2,863	(3,204)
Payables and other current liabilities	7,041	993	(1,711)	(1,656)
Derivatives	2,910	(2,980)	–	–
Subsidiaries	–	–	16,141	16,170
Cash (used in)/generated from operations	(42,204)	(14,123)	15,290	9,961
Tax paid, net of tax refund	(1,033)	(853)	(100)	(110)
Net cash (used in)/generated from operating activities	(43,237)	(14,976)	15,190	9,851
Cash flows carried forward	(43,237)	(14,976)	15,190	9,851

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows brought forward	(43,237)	(14,976)	15,190	9,851
Cash flows from investing activities				
Acquisition of property, plant and equipment	(105,575)	(240,289)	(212)	(19)
Acquisition of intangible assets	–	(28)	–	(20)
Deposit paid for vessels	(33,680)	–	(33,680)	–
Subscription of redeemable preference shares of subsidiaries	–	–	(25,311)	(11,641)
Proceeds from divestment in redeemable preference shares of subsidiaries	–	–	48,200	10,700
Dividend from subsidiary	–	–	–	6,500
Dividend from an associate	15,614	–	–	–
Dividend from joint venture	27,502	–	–	–
Interest received	872	1,371	8,287	3,103
Proceeds from disposal of investments	–	109,994	–	–
Proceeds from disposal of property, plant and equipment	292	45,831	292	2
Loan to a subsidiary	–	–	–	(298,700)
(Loan to)/loan repayment from joint ventures	(17,824)	12,776	–	–
Advances (to)/from joint ventures	(881)	864	–	–
Additional investment in an associate	–	(218,421)	–	–
Net cash used in investing activities	(113,680)	(287,902)	(2,424)	(290,075)
Cash flows from financing activities				
Finance costs paid	(11,557)	(3,680)	(8,264)	(1,605)
Drawdown of borrowings	171,074	541,696	–	295,782
Repayment of borrowings	(15,513)	(208,694)	–	–
Dividends paid to shareholders	(10,000)	(30,000)	(10,000)	(30,000)
Dividend paid to non-controlling interests	(5,072)	–	–	–
Net cash generated from/(used in) financing activities	128,932	299,322	(18,264)	264,177
Net change in cash and cash equivalents	(27,985)	(3,556)	(5,498)	(16,047)
Effects of foreign exchange rate changes	17,021	9,659	1,990	549
Cash and cash equivalents brought forward	151,460	145,357	4,440	19,938
Cash and cash equivalents carried forward	140,496	151,460	932	4,440
Cash and cash equivalents comprise:				
Short term deposits	–	1,363	–	–
Cash and bank balances	140,496	150,097	932	4,440
	140,496	151,460	932	4,440

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

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2016.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of 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 otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company have adopted all applicable new and amended MFRS and IC Interpretations that are effective for annual periods beginning on 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the new and amended MFRS and IC Interpretations that have been issued but not yet effective. The Group and the Company are in the process of assessing the impact of these standards and interpretations on the financial statements in the period of initial application.

2.4 Basis of consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated using the acquisition method of accounting except for a subsidiary indicated in Note 13 which is 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. The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets given, the equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition-related costs are expensed off in the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are initially measured at fair value as at acquisition date.

Goodwill is measured as the excess of consideration transferred, and the amount recognised for non-controlling interest over the fair value of the Group's share of the identifiable net assets acquired. In the event that the fair value of the Group's share of identifiable net assets acquired exceeds the amount of consideration transferred, the entire resulting gain is recognised in the income statement of the Group.

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.

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

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's 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.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the ability to direct the activities of the investee that significantly affect the investee's return.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Associates and joint ventures

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

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

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

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

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term receivables or loans that, in substance, form an extension of the Group's net investment in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

2.8 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 damaged, obsolete and slow-moving items.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 3 years.

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

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold properties are depreciated over the shorter of their estimated useful lives and the lease terms of 99 years.

Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation of new vessels is calculated utilising the straight-line method to write off the cost, less estimated scrap value over their estimated useful lives of 25 years, whilst for used vessels purchased, depreciation is calculated utilising the straight-line method to write off the cost less estimated scrap value over their remaining useful lives. Cost 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 profit or loss when incurred.

Drydocking costs, which enhance the useful lives of the vessels, are capitalised in the year in which they are incurred and amortised over periods between 2 to 3 years until the next drydocking.

For acquisitions and disposals of vessels and drydocking costs during the financial year, depreciation is provided from the day of acquisition and to the day before disposal respectively. Fully depreciated assets are retained in the books until they are no longer in use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment (cont'd)

For other assets, depreciation is computed on a straight-line basis over the estimated useful lives of the assets from the month of acquisition and to the month before disposal as follows:

Vehicles	5 years
Office equipment	3 - 5 years
Renovations	3 years
Furniture and fittings	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment 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.

2.11 Financial assets

Initial recognition and measurement

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.

Subsequent measurement

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 at their implicit discount rates, 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

A financial asset is derecognised where 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets

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

2.13 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Foreign currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except otherwise indicated. The Company's functional currency is United States Dollar (USD), i.e. the currency of the primary economic environment in which it operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

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 end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(ii) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Cash and cash equivalents

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

2.16 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 indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.17 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

The measurement of financial liabilities depends on their classification as follows:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost at their implicit discount rates. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. 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.

2.18 Leases

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

Operating lease - As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 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.

(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 interest 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Income tax (cont'd)

(ii) Deferred tax (cont'd)

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 interest 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 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.

2.20 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.

2.21 Derivative financial instruments and hedge accounting

Derivatives are categorised as trading unless they are designated as hedging instruments.

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates and documents certain derivatives as hedging instruments against the variability of future cash flows from highly probable forecast transactions. The effectiveness of such hedge is assessed at the inception and verified at regular intervals to ensure that the hedge has remained and is expected to remain highly effective.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recycled when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to profit or loss.

2.22 Dividends

Dividends declared on ordinary shares are accounted for as an appropriation of retained profits in the period in which they are approved.

2.23 Income recognition

(i) Revenue from charter, brokerage and commission and ship management fees are recognised on a time-apportioned basis.

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

(iii) Interest income is recognised on time-apportioned using the effective interest method.

(iv) Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 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)

2.25 Provisions

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

The Group has entered into non-cancellable operating lease contracts to charter in vessels. Where the unavoidable costs of meeting the obligations under these contracts exceed the economic benefits expected to be received, an onerous contract provision is recognised.

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

2.26 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 MFRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.27 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.

2.28 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals including close members of the individuals, or corporate entities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (cont'd)

(a) Impairment of vessels

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The value in use calculation requires the management to estimate the future cash flows expected from the vessel and choose an appropriate discount rate in order to calculate the present value of those future cash flows.

The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are disclosed in Note 12.

(b) Provision for onerous contracts

The Group estimates the provision for its non-cancellable chartered-in contracts when it is inevitable that a loss will be incurred on performance of the contract. The provision is measured according to management's best estimate of expected future charter rates and is measured at net present value. The estimate includes an assessment of current market conditions, historical trends as well as future expectation and is therefore subject to significant uncertainty.

The carrying amount of the provision as at 31 December 2015 was RM110,817,000 (2014: RM5,155,000). With all other variables held constant, if the assumed charter rates per day increase/decrease by 8% from management estimates, the provision would decrease/increase by RM4,670,000. See Note 27 for further details.

(c) 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 which are commonly applied in the shipping industry. Changes in the economic useful life or material fluctuations in scrap steel prices might impact future depreciation charges. Accordingly, future depreciation charges could be subject to revision.

(d) Impairment of investment in associate

Management considers the adverse market developments in the offshore marine support sector in which the Group's associate operates an indicator of potential impairment of the Group's investment in the associate. The carrying amount is tested for impairment at the reporting date by comparing the recoverable amount (higher of value in use and fair value less costs to sell) with the carrying amount.

The recoverable amount has been determined based on value in use calculation using cash flow projections. The forecasted growth rates used to extrapolate cash flow projections is 2% and the discount rate applied to the cash flow projections is 8%.

With all other variables held constant, if the discount rate increase/decrease by 0.1%, the impairment would increase/decrease by RM23,116,000.

(e) Fair values of financial instruments

Where the fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The valuation of financial instruments is described in more detail in Note 35.

4. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Freight and charter hire	234,392	248,748	–	–
Ship brokerage and management	7,109	6,976	–	–
Dividend from subsidiary	–	–	–	6,500
	241,501	255,724	–	6,500

5. OTHER OPERATING INCOME/(LOSS), NET

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	872	1,371	10,025	3,103
Rental income from properties	324	324	492	492
Secretarial and accounting fees	957	1,006	1,112	858
Income from shared services	–	–	3,914	3,940
Foreign exchange (loss)/gain, net				
- realised	722	12,319	398	(42)
- unrealised	(592)	94	(425)	(98)
Fair value gain on forward foreign exchange contracts	–	2,805	–	–
Gain on disposal of investments	–	1,493	–	–
Gain on disposal of property, plant and equipment	292	16,159	292	2
(Loss)/surplus arising from liquidation of subsidiaries	–	(22)	2,401	320
Realisation of reserves on liquidation of subsidiaries	–	443	–	–
Reversal of a liability due to legal settlement	5,040	–	–	–
Other income	8	5	7	6
	7,623	35,997	18,216	8,581

6. (LOSS)/PROFIT BEFORE TAXATION

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

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Auditors' remuneration				
- current year	421	377	74	74
- (Over)/underprovision in prior year	(4)	24	–	29
Amortisation of intangible assets (Note 11)	758	640	372	314
Depreciation (Note 12)	45,569	29,900	187	175
Personnel expenses (Note 7)	61,868	47,048	4,889	4,472
Non-executive Directors' remuneration (Note 8)	738	408	730	400
Write-back of impairment on trade and other receivables	–	(336)	–	–
Bad debts written off	–	26	–	26
Finance costs				
- interest expense on term loans	11,048	4,452	10,002	3,003
- interest expense on revolving credit	1,007	651	–	–
- other financing costs	718	293	–	–
Operating lease expenses of vessels	95,319	88,704	–	–
Shared services cost, net	(971)	1,730	–	–

7. PERSONNEL EXPENSES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Wages, salaries and bonus	48,551	37,434	4,199	3,796
Pension costs				
- defined contribution plans	1,099	1,140	478	457
Social security costs	74	86	29	27
Other staff related expenses	12,144	8,388	183	192
	61,868	47,048	4,889	4,472

Included in personnel expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM370,000 (2014: RM106,000) and RM370,000 (2014: RM106,000) respectively, as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Executive Directors:				
Fees	157	100	157	100
Attendance fees	13	6	13	6
Ex-gratia payment	200	–	200	–
	370	106	370	106
Non-executive Directors:				
Fees	349	368	341	360
Attendance fees	39	40	39	40
Ex-gratia payment	350	–	350	–
	738	408	730	400
	1,108	514	1,100	506
Other Directors				
Fees	8	8	–	–
Total	1,116	522	1,100	506

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

	Number of Directors	
	2015	2014
Executive Directors:		
Below RM50,000	1	–
RM50,000 - RM100,000	2	2
RM200,001 - RM250,000	1	–
Non-executive Directors:		
Below RM50,000	1	2
RM50,000 - RM100,000	4	5
RM150,001 - RM200,000	1	–
RM200,001 - RM250,000	1	–
	11	9

9. TAXATION

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Income tax:				
Malaysian income tax	1,175	934	172	106
Foreign tax	30	58	–	–
Under/(over) provision in prior years	2	(63)	1	(54)
	1,207	929	173	52
Deferred tax (Note 26)	(92)	(56)	–	–
	1,115	873	173	52

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
(Loss)/profit before taxation	(1,196,248)	18,333	(336,840)	4,960
Share of results of joint ventures	78,990	(341)	–	–
Share of results of an associate	106,181	(36,727)	–	–
Impairment loss on associate	495,774	–	–	–
	(515,303)	(18,735)	(336,840)	4,960
Tax at the domestic rates applicable to profits in the country concerned	(35,277)	3,021	(84,210)	1,240
Tax exempt shipping income	(2,343)	(6,802)	–	–
Income not subject to tax	(94)	(42)	(2,580)	(1,548)
Expenses not deductible for tax purposes	38,827	4,858	86,962	513
Utilisation of previously unrecognised tax losses	–	(99)	–	(99)
Under/(over) provision in prior years	2	(63)	1	(54)
Taxation for the year	1,115	873	173	52

Shipping income derived from the operations of the Group's sea-going Malaysian registered ships and Singapore registered ships are tax exempt under Section 54A of the Malaysian Income Tax Act, 1967 and Section 13A of the Singapore Income Tax Act respectively.

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

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

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The basic (loss)/earnings per share is based on the Group's (loss)/profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	**2014**
Group's (loss)/profit attributable to equity holders of the Company (RM'000)	(1,177,153)	12,153
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic (loss)/earnings per share (sen)	(117.72)	1.22

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

11. INTANGIBLE ASSETS

Computer Software

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cost				
At 1 January	2,079	1,929	1,022	943
Additions	–	28	–	20
Translation difference	475	122	233	59
At 31 December	2,554	2,079	1,255	1,022
Accumulated amortisation				
At 1 January	816	121	422	79
Amortisation for the year (Note 6)	758	640	372	314
Translation difference	281	55	142	29
At 31 December	1,855	816	936	422
Net carrying amount				
At 31 December	699	1,263	319	600

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties RM'000	Vessels RM'000	Dry docking RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Vessels under construction RM'000	Total RM'000
Cost							
At 1 January 2015	8,320	954,989	5,155	807	2,343	26,211	997,825
Additions	–	1,013	9,037	–	279	93,475	103,804
Disposals and write off	–	–	–	(624)	(210)	–	(834)
Derecognition	–	–	(5,155)	–	–	–	(5,155)
Reclassification	–	99,705	–	–	–	(99,705)	–
Reclassified as held for sale (Note 22)	–	(104,048)	(1,162)	–	–	–	(105,210)
Translation difference	1,892	234,255	314	(108)	996	8,076	245,425
At 31 December 2015	10,212	1,185,914	8,189	75	3,408	28,057	1,235,855
Accumulated depreciation							
At 1 January 2015	1,897	238,848	3,493	807	2,108	–	247,153
Charge for the year (Note 6)	95	42,550	2,768	–	156	–	45,569
Impairment loss	–	295,172	–	–	–	–	295,172
Disposals and write off	–	–	–	(624)	(210)	–	(834)
Derecognition	–	–	(5,155)	–	–	–	(5,155)
Reclassified as held for sale (Note 22)	–	(55,150)	(129)	–	–	–	(55,279)
Translation difference	444	59,552	(15)	(108)	934	–	60,807
At 31 December 2015	2,436	580,972	962	75	2,988	–	587,433
Net carrying amount							
At 31 December 2015	7,776	604,942	7,227	–	420	28,057	648,422
Cost							
At 1 January 2014	7,832	714,763	6,717	932	2,068	16,647	748,959
Additions	–	69,439	1,496	–	58	171,067	242,060
Disposals and write off	–	(56,216)	(1,175)	(161)	(43)	–	(57,595)
Derecognition	–	–	(2,184)	–	–	–	(2,184)
Reclassification	–	166,626	–	–	–	(166,626)	–
Transfer from deposits	–	–	–	–	–	4,375	4,375
Translation difference	488	60,377	301	36	260	748	62,210
At 31 December 2014	8,320	954,989	5,155	807	2,343	26,211	997,825
Accumulated depreciation							
At 1 January 2014	1,704	226,211	3,342	932	1,752	–	233,941
Charge for the year (Note 6)	81	27,280	2,389	–	150	–	29,900
Disposals and write off	–	(27,439)	(280)	(161)	(43)	–	(27,923)
Derecognition	–	–	(2,184)	–	–	–	(2,184)
Translation difference	112	12,796	226	36	249	–	13,419
At 31 December 2014	1,897	238,848	3,493	807	2,108	–	247,153
Net carrying amount							
At 31 December 2014	6,423	716,141	1,662	–	235	26,211	750,672

12. PROPERTY, PLANT AND EQUIPMENT (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 2015	8,320	624	3,473	12,417
Additions	–	–	212	212
Disposals and write off	–	(624)	(157)	(781)
Translation difference	1,892	–	781	2,673
At 31 December 2015	10,212	–	4,309	14,521
Accumulated depreciation				
At 1 January 2015	1,897	624	3,342	5,863
Charge for the year (Note 6)	95	–	92	187
Disposals and write off	–	(624)	(157)	(781)
Translation difference	444	–	744	1,188
At 31 December 2015	2,436	–	4,021	6,457
Net carrying amount				
At 31 December 2015	7,776	–	288	8,064
Cost				
At 1 January 2014	7,832	588	3,290	11,710
Additions	–	–	19	19
Disposals and write off	–	–	(41)	(41)
Translation difference	488	36	205	729
At 31 December 2014	8,320	624	3,473	12,417
Accumulated depreciation				
At 1 January 2014	1,704	588	3,089	5,381
Charge for the year (Note 6)	81	–	94	175
Disposals and write off	–	–	(41)	(41)
Translation difference	112	36	200	348
At 31 December 2014	1,897	624	3,342	5,863
Net carrying amount				
At 31 December 2014	6,423	–	131	6,554

(a) Vessels with an aggregate net carrying amount of RM261,544,000 (2014: RM249,197,000) have been pledged as security for loans obtained by the Group (Note 25).

(b) Out of the total additions in the previous year, RM1,771,000 was settled by cash in the current year.

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The management considers the depressed conditions in the dry bulk sector an indicator of potential impairment of its dry bulk vessels. The recoverable amount of the vessels of RM478,206,000 as at 31 December 2015, has been determined based on a value in use calculation using cash flow projections for each vessel over their respective remaining useful life. In developing estimates of future cash flows, management must make significant assumptions about future charter rates for the unfixed days over the remaining economic life of each vessel. These assumptions are based on current market conditions, historical trends as well as future expectation. The discount rate applied to cash flow projections is 8%. As a result of this assessment, the Group has recognised impairment loss of RM295,172,000 at the reporting date.

Although management believes that the assumptions used are reasonable and appropriate at the time they were made, such assumptions are highly subjective and likely to change, possibly materially, in the future. Due to the large number of unfixed days the calculation is particularly sensitive to even minor fluctuations in the future charter rates. With all other variables held constant, if the assumed charter rates per day increase/decrease by 8% from management's estimates, the impairment loss on vessels would decrease/increase by RM137,716,000.

13. SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted equity investment, at cost		
At 1 January	1,201,938	1,142,288
Subscription of redeemable preference shares ("RPS")	25,311	11,641
Redemption of RPS by subsidiaries	(48,200)	(10,700)
Liquidation of subsidiaries	(17,302)	(12,292)
Translation difference	264,169	71,001
	1,425,916	1,201,938
Less: Allowance for impairment loss	(336,569)	–
At 31 December	1,089,347	1,201,938

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are determined based on value in use calculation using cash flow projections.

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2015	Equity interest 2014	Principal activities
Alam Budi Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Bistari Shipping Sdn Bhd	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%	Investment holding

13. SUBSIDIARIES (CONT'D)

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

Company	Country of incorporation	Equity interest 2015	Equity interest 2014	Principal activities
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
New Johnson Holdings Limited [1]	BVI	100%	100%	Investment holding
- Bakti Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Madu Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Molek Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Manis Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Sejahtera Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Padu Shipping Pte Ltd [1]	Singapore	100%	–	Owner and operator of ships
- Bistari Shipping Pte Ltd [1]	Singapore	100%	–	Dormant
- Alam Budi Pte Ltd [1]	Singapore	100%	–	Dormant
Awanapuri Sdn Bhd	Malaysia	100%	100%	Under members' voluntary winding-up
MBC Padu Sdn Bhd [2]	Malaysia	100%	100%	Under members' voluntary winding-up

[1] Subsidiaries audited by a member firm of Ernst & Young Global

[2] Subsidiary consolidated under the merger method of accounting

(a) Incorporation of new subsidiaries

During the year, a subsidiary of the Company, New Johnson Holdings Limited, has incorporated three subsidiaries, namely Padu Shipping Pte Ltd, Bistari Shipping Pte Ltd, and Alam Budi Pte Ltd in Singapore.

(b) Members' voluntary winding-up

MBC Padu Sdn Bhd which was dormant commenced members' voluntary winding-up on 22 December 2015.

13. SUBSIDIARIES (CONT'D)

The summarised financial information of Ambi Shipping Pte Ltd, which has non-controlling interests that is material to the Group, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statement of financial position

	2015 RM'000	2014 RM'000
Non-current assets	130,924	83,378
Current assets	124,916	129,621
Total assets	255,840	212,999
Non-current liabilities	74,343	–
Current liabilities	10,226	891
Total liabilities	84,569	891
Net assets	171,271	212,108

(ii) Summarised statement of comprehensive income

	2015 RM'000	2014 RM'000
Revenue	21,786	15,463
(Loss)/profit before tax	(67,327)	17,731
(Loss)/profit for the year	(67,368)	17,689
Dividend paid to non-controlling interest during the year	(5,072)	–

(iii) Summarised cash flows

	2015 RM'000	2014 RM'000
Net cash (used in)/generated from operating activities	(3,034)	3,670
Net cash (used in)/generated from investing activities	(77,612)	33,385
Net cash generated from financing activities	63,252	–
Net (decrease)/increase in cash and cash equivalents	(17,394)	37,055
Effects of foreign exchange rate changes	9,429	7,744
Cash and cash equivalents at beginning of the year	126,823	82,024
Cash and cash equivalents at end of the year	118,858	126,823

14. ASSOCIATE

	Group 2015 RM'000	Group 2014 RM'000
Quoted shares, at cost	1,107,939	1,107,939
Share of post acquisition profits or losses	(38,563)	83,232
Currency translation reserve	430,175	142,855
	1,499,551	1,334,026
Less: Allowance for impairment loss	(495,774)	–
	1,003,777	1,334,026
Quoted shares, at market value	351,688	558,037

Details of the associate are as follows:

Company	Country of incorporation	Equity interest 2015	Equity interest 2014	Principal activities
PACC Offshore Services Holdings Ltd ("POSH")	Singapore	21%	21%	Provider of offshore marine support services

The associate is audited by a member firm of Ernst & Young Global.

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

(i) Summarised statement of financial position

	2015 RM'000	2014 RM'000
Non-current assets	6,681,130	5,782,694
Current assets	756,057	757,622
Total assets	7,437,187	6,540,316
Non-current liabilities	592	1,049,080
Current liabilities	2,884,720	1,249,130
Total liabilities	2,885,312	2,298,210
Net assets	4,551,875	4,242,106

(ii) Summarised statement of comprehensive income

	2015 RM'000	2014 RM'000
Revenue	1,072,480	760,433
(Loss)/profit before tax	(493,164)	181,312
(Loss)/profit for the year	(500,146)	172,997
Dividend received from the associate during the year	15,614	–

14. ASSOCIATE (CONT'D)

(iii) Reconciliation between the summarised financial information presented and the carrying amount of associate

	2015 RM'000	2014 RM'000
Group's share of net assets	966,363	900,599
Goodwill and fair value adjustment	37,414	433,427
	1,003,777	1,334,026

15. JOINT VENTURES

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	4,187	4,187
Proportionate shareholder's advance to joint ventures	151,866	107,996
Share of post acquisition profits or losses	(25,410)	81,082
Currency translation reserve	29,264	11,992
	159,907	205,257
Amounts due to joint ventures	–	(881)
	159,907	204,376

The proportionate shareholder's advances to joint ventures and amounts due to joint ventures are unsecured and interest-free, except for amount of RM60,060,000 (2014: RM33,202,500) which bears a weighted average interest rate of 0.87% (2014: 0.73%) per annum.

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2015	Equity interest 2014	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
- Brilliant Star 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. JOINT VENTURES (CONT'D)

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

(i) Summarised statements of financial position

	2015 RM'000	2014 RM'000
Non-current assets	302,066	298,590
Current assets	81,478	121,312
Total assets	383,544	419,902
Non-current liabilities	237,612	149,586
Current liabilities	129,851	75,793
Total liabilities	367,463	225,379
Net assets	16,081	194,523

(ii) Summarised statements of comprehensive income

	2015 RM'000	2014 RM'000
Revenue	60,692	66,840
(Loss)/profit before tax before impairment loss	(12,089)	618
Impairment loss on vessels	(145,888)	–
(Loss)/profit for the year	(157,980)	682
Dividend received from joint venture during the year	27,502	–

16. LOAN TO A SUBSIDIARY

The loan to a subsidiary is unsecured, repayable by 5 semi-annual installments commencing from August 2017, and the average effective interest rate during the current financial year was 2.61% (2014: 2.63%) per annum.

17. CONSUMABLE STORES

Consumable stores are stated at cost.

Consumable stores of the Group of RM44,131,000 (2014: RM54,146,000) was charged to income statement during the year.

18. RECEIVABLES AND OTHER CURRENT ASSETS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade receivables				
Third parties	14,738	13,299	–	–
Related parties	9,905	18,433	–	–
Uncompleted voyage				
Third parties	175	815	–	–
	24,818	32,547	–	–
Less: Allowance for impairment				
Third parties:				
At 1 January	–	(263)	–	–
Write-back	–	336	–	–
Translation difference	–	(73)	–	–
At 31 December	–	–	–	–
Trade receivables, net	24,818	32,547	–	–
Tax recoverable	26	61	–	35
Deposits (refundable)	143	167	81	103
Deposits for construction of vessels	40,292	–	40,292	–
Prepayments	10,113	6,627	80	71
Other receivables	6,627	2,975	2,002	1,423
Amounts due from related parties	4,229	10,672	603	2,671
	86,248	53,049	43,058	4,303
Less: Allowance for impairment				
Third parties:				
At 1 January	–	(317)	–	(314)
Write-off	–	317	–	314
At 31 December	–	–	–	–
	86,248	53,049	43,058	4,303

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.

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

The ageing analysis of trade receivables is as follows:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Not yet due	175	815	–	–
Past due less than 6 months not impaired	24,372	31,350	–	–
Past due over 6 months not impaired	271	382	–	–
	24,818	32,547	–	–

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. At reporting date, 40% (2014: 57%) of the trade receivables was due from related parties. Based on historical default rates, the Group believes that no further allowance for impairment is necessary in respect of the outstanding net trade receivables.

19. 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.

20. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices and foreign exchange rates. The type of derivatives used by the Group and the fair value gain/loss on the derivative financial instruments are set out below.

	2015		2014	
	Assets RM'000	**Liabilities RM'000**	**Assets RM'000**	**Liabilities RM'000**
Group				
Trading derivatives - current				
Forward foreign exchange contracts	–	–	2,948	–
Hedging derivatives - non-current				
Cash flow hedge				
Cross currency swap	–	(110,192)	–	(31,611)
	–	(110,192)	2,948	(31,611)
Company				
Hedging derivatives - non-current				
Cash flow hedge				
Cross currency swap	–	(110,192)	–	(31,611)

Cash flow hedge

The Group uses cross currency swap to manage the variability of future cash flows attributable to exchange rate and interest rate fluctuation on its borrowings in Ringgit Malaysia. The hedged cash flows are expected to occur and affect profit or loss in the next 4 years. Gains and losses arising from the effective portion of the hedges are deferred in equity until the variability on the cash flow affects profit or loss, at which time the gains or losses are transferred to profit or loss.

The net gain or loss on cash flow hedges reclassified from equity to the income statement is recognised in "Other operating income/(loss), net". During the financial year, a net loss of RM76,365,000 (2014: RM29,051,000) was recognised by the Group and the Company in the income statement.

21. SHORT TERM DEPOSITS

At the end of previous financial year, the short term deposits had maturities of less than 30 days with effective interest rates ranging from 0.10% to 0.20% per annum.

22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 19 January 2016, the Group entered into a Memorandum of Agreement to dispose of a vessel to a third party.

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

	Group	
	2015 RM'000	**2014 RM'000**
Property, plant and equipment		
Vessel	49,931	–

23. SHARE CAPITAL

	2015 Number of shares ('000)	**2014 Number of shares ('000)**	**2015 RM'000**	**2014 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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

24. RESERVES

(a) Retained profits

The Company can distribute dividends out of its entire retained profits 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 Group has been credited to the capital reserve.

(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.

24. RESERVES (CONT'D)

(d) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges which will be reclassified to the income statement only when the hedged transaction affects profit or loss.

(e) Foreign currency translation reserve

Foreign currency translation reserve is principally from the translation of financial statements of those entities, whose functional currencies are different from that of their presentation currency, as well as the share of movement in the joint ventures' and associate's foreign currency translation reserve.

25. BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Term loans - secured	141,227	62,945	–	–
- unsecured	296,486	295,779	296,486	295,779
Revolving credit	169,927	56,832	–	–
	607,640	415,556	296,486	295,779
Repayable within 12 months	(224,585)	(68,153)	–	–
Repayable after 12 months	383,055	347,403	296,486	295,779
Maturity of borrowings is analysed as follows:				
Within 1 year	224,585	68,153	–	–
Between 1 and 5 years	335,829	347,403	296,486	295,779
More than 5 years	47,226	–	–	–
	607,640	415,556	296,486	295,779

The borrowings are denominated in the following currencies:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
United States Dollar	311,154	119,777	–	–
Ringgit Malaysia	296,486	295,779	296,486	295,779
	607,640	415,556	296,486	295,779

The securities for secured loans are disclosed in Note 12(a).

The borrowings bear interest at a weighted average rate of 1.93% (2014: 2.21%) per annum.

The revolving credit of a subsidiary is unsecured but is guaranteed by the Company.

26. DEFERRED TAX LIABILITIES

	Group	
	2015 RM'000	**2014 RM'000**
At 1 January	165	221
Recognised in income statement (Note 9)	(92)	(56)
At 31 December	73	165

The components and movements of deferred tax liability and asset during the year are as follows:

	Property, plant and equipment RM'000	**Other payables RM'000**	**Total RM'000**
At 1 January 2015	179	(14)	165
Recognised in income statement	(106)	14	(92)
At 31 December 2015	73	–	73
At 1 January 2014	239	(18)	221
Recognised in income statement	(60)	4	(56)
At 31 December 2014	179	(14)	165

27. PROVISION FOR ONEROUS CONTRACTS

	Group	
	2015 RM'000	**2014 RM'000**
At 1 January	5,155	–
Utilised during the year	(5,155)	–
Charged during the year	110,827	5,155
Translation difference	(10)	–
At 31 December	110,817	5,155
Analysis of provision		
Current	76,248	5,155
Non-current	34,569	–
	110,817	5,155

28. PAYABLES AND OTHER CURRENT LIABILITIES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade payables				
Third parties	2,857	1,423	–	–
Related parties	453	–	–	–
	3,310	1,423	–	–
Accruals	18,870	19,654	4,058	4,042
Charter hire received in advance	1,749	1,231	–	–
Charter hire payable to owners	3,394	–	–	–
Due to ship managers and agents	6,303	5,172	–	–
Uncompleted voyage	1,186	366	–	–
Amounts due to related parties	370	298	8	19
Other payables	2,461	8,756	226	98
	37,643	36,900	4,292	4,159

Trade payables generally have average credit term of 30 to 90 (2014: 30 to 90) days.

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.

29. DIVIDENDS

	Group and Company 2015 RM'000	Group and Company 2014 RM'000
In respect of financial year ended:		
31 December 2013		
Final dividend of 3 sen, single tier	–	30,000
31 December 2014		
Final dividend of 1 sen, single tier	10,000	–
	10,000	30,000

The Directors do not propose any final dividend for the current financial year.

30. COMMITMENTS

	Group 2015 RM'000	Group 2014 RM'000
(a) Capital commitments	410,345	142,946
(b) Vessel operating lease commitments - as lessee		
Due within 1 year	112,409	90,250
Due later than 1 year and not later than 5 years	432,955	365,689
Due later than 5 years	91,485	153,142
	636,849	609,081
Share of joint ventures' commitments	–	42,331
	636,849	651,412

30. COMMITMENTS (CONT'D)

		Group	
		2015 RM'000	2014 RM'000
(c)	Vessel operating lease commitments - as lessor		
	Due within 1 year	40,480	38,703
	Due later than 1 year and not later than 5 years	–	3,733
		40,480	42,436
	Share of joint ventures' commitments	8,196	12,366
		48,676	54,802

Certain long term chartered-in contracts which the Group has entered into, have purchase options for the vessels after the completion of a predetermined time charter period. The Group classified the leases in relation to its chartered-in vessels as operating leases as substantial risks and rewards incidental to ownership of the assets are retained by the lessors.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties at mutually agreed amounts took place during the financial years:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Transactions in which certain substantial shareholders of the Company have substantial interest				
Income earned:				
Charter hire income	47,869	54,398	–	–
Crew management fee	4,283	4,304	–	–
Commercial fee	2,973	3,208	–	–
Shared services cost	2,579	2,509	2,579	2,509
Rental income	324	324	324	324
Brokerage commission and accounting fees	12	301	–	–
Corporate secretarial fee and accounting fees	25	147	–	–
	58,065	65,191	2,903	2,833
Expenditure incurred:				
Corporate administration fee	625	517	–	–
Commercial fee	8,179	8,203	–	–
Shared services cost	1,608	4,239	–	–
Management fee	3,409	3,428	–	–
Crewing agents fee	504	292	–	–
Procurement fee	878	412	–	–
Dry docking cost	3,570	–	–	–
Share registration fee	12	12	12	12
Supervision fee	72	128	–	–
Commission on disposal of vessel	–	458	–	–
	18,857	17,689	12	12

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Transactions with joint ventures				
Income earned:				
Crew management fee	553	405	–	–
Accounting fees	864	858	864	858
	1,417	1,263	864	858

	Company	
	2015 RM'000	2014 RM'000
Transactions with subsidiaries		
Income earned:		
Shared services cost	1,335	1,431
Dividend from subsidiary	–	6,500
Rental income	168	168
Interest income	10,002	3,003
	11,505	11,102

Key management personnel

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

32. 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.

The Group's revenue is primarily derived from the provision of dry bulk and tanker shipping services internationally.

(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.

Major customers

Revenue from one major customer amount to RM47,869,000 (2014: RM54,398,000) arising from the provision of shipping services by the Bulker segment.

32. SEGMENT INFORMATION (CONT'D)

2015	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	176,685	57,707	8,554	–	(1,445)	241,501
Inter-segment	–	–	(1,445)	–	1,445	–
External	176,685	57,707	7,109	–	–	241,501
Results						
Segment results	(69,329)	8,520	2,511	(2,381)	–	(60,679)
Depreciation and amortisation	(33,022)	(12,297)	(449)	(559)	–	(46,327)
Provision for onerous contracts	(105,672)	–	–	–	–	(105,672)
Impairment loss on vessels	(295,172)	–	–	–	–	(295,172)
Other non-cash items	4,919	(8)	(38)	(425)	–	4,448
Interest income	457	–	23	392	–	872
Finance costs	(6,298)	(543)	(14)	(5,918)	–	(12,773)
Share of results of an associate	–	–	–	(106,181)	–	(106,181)
Impairment loss on associate	–	–	–	(495,774)	–	(495,774)
Share of results of joint ventures	(78,990)	–	–	–	–	(78,990)
Taxation	(41)	–	(901)	(173)	–	(1,115)
(Loss)/profit for the year	(583,148)	(4,328)	1,132	(611,019)	–	(1,197,363)
Other information						
Investment in an associate	–	–	–	1,003,777	–	1,003,777
Investment in joint ventures	159,907	–	–	–	–	159,907
Additions to non-current assets	98,356	5,169	67	212	–	103,804
Non-current assets held for sale	–	49,931	–	–	–	49,931
Segment assets	597,114	132,728	29,751	761,491	(740,794)	780,290
	855,377	187,828	29,818	1,765,480	(740,794)	2,097,709
Segment liabilities	920,702	94,373	10,522	581,881	(740,794)	866,684

32. SEGMENT INFORMATION (CONT'D)

2014	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	194,506	54,242	7,600	–	(624)	255,724
Inter-segment	–	–	(624)	–	624	–
External	194,506	54,242	6,976	–	–	255,724
Results						
Segment results	(7,709)	10,760	2,209	12,072	–	17,332
Depreciation and amortisation	(19,551)	(10,118)	(382)	(489)	–	(30,540)
Provision for onerous contracts	(5,155)	–	–	–	–	(5,155)
Other non-cash items	500	501	25	2,627	–	3,653
Interest income	949	–	13	409	–	1,371
Finance costs	(2,019)	(484)	(10)	(2,883)	–	(5,396)
Share of results of an associate	–	–	–	36,727	–	36,727
Share of results of joint ventures	341	–	–	–	–	341
Taxation	(42)	–	(769)	(62)	–	(873)
(Loss)/profit for the year	(32,686)	659	1,086	48,401	–	17,460
Other information						
Investment in an associate	–	–	–	1,334,026	–	1,334,026
Investment in joint ventures	204,376	–	–	–	–	204,376
Additions to non-current assets	241,020	982	47	39	–	242,088
Segment assets	530,309	157,976	23,183	493,179	(479,488)	725,159
	975,705	158,958	23,230	1,827,244	(479,488)	2,505,649
Segment liabilities	473,066	76,498	10,025	409,466	(479,488)	489,567

33. FINANCIAL RISK MANAGEMENT

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 and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

(a) 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 joint ventures, whose net assets are measured in their functional currency which is the United States Dollars, and are subject to foreign currency translation differences upon translation into Ringgit Malaysia, which is the presentation currency, for consolidation purposes.

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.

The Group's foreign currency borrowing is exposed to foreign currency exchange rate risk. Cross currency swap contract is entered to cover the variability of future cash flows attributable to exchange rate and interest rate fluctuation.

(b) 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 its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings and a mix of interest revision dates. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

At end of the reporting period, if interest rates had been 25 basis point higher/lower with all other variables held constant, the Group's profit after tax would have been RM1,519,000 (2014: RM1,035,000) lower/higher.

(c) Liquidity risk

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

The Group's exposure to liquidity risk is manageable and is addressed via internal funding as well as through sourcing of external borrowings. 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.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

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.

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
At 31 December 2015				
Trade and other payables	34,708	–	–	34,708
Borrowings	236,668	360,453	48,054	645,175
Derivative financial liabilities	–	110,192	–	110,192
	271,376	470,645	48,054	790,075
At 31 December 2014				
Trade and other payables	35,303	–	–	35,303
Borrowings	77,169	374,972	–	452,141
Derivative financial liabilities	–	31,611	–	31,611
	112,472	406,583	–	519,055
Company				
At 31 December 2015				
Trade and other payables	4,292	–	–	4,292
Amounts due to subsidiaries	752	–	–	752
Borrowings	7,807	315,368	–	323,175
Derivative financial liabilities	–	110,192	–	110,192
	12,851	425,560	–	438,411
At 31 December 2014				
Trade and other payables	4,159	–	–	4,159
Amounts due to subsidiaries	3,867	–	–	3,867
Borrowings	7,609	322,579	–	330,188
Derivative financial liabilities	–	31,611	–	31,611
	15,635	354,190	–	369,825

The Company's maximum potential liability under corporate guarantees amounted to RM292,315,000 as of 31 December 2015. The corporate guarantees were provided in respect of the borrowings of its subsidiaries and a joint venture.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty 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 joint ventures in support of their respective principal activities. Surplus cash is placed with a number of reputable banks.

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

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. The debt to equity ratio of the Group for the year ended 31 December 2015 was 0.52:1 (2014: 0.21:1).

The Group monitors capital on the basis of the carrying amount of equity as presented in the statement of financial position.

No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

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

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) <u>Fair value hierarchy</u>

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

There was no financial instrument being transferred between Level 1 and 2 during the year.

The Group has designated derivatives as Level 2. Cross currency swap and forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) The fair value of financial assets and liabilities by classes whose carrying amounts are reasonable approximation of fair value are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	35,642	45,546	2,686	4,197
Short term deposits	–	1,363	–	–
Cash and bank balances	140,496	150,097	932	4,440
Amounts due from subsidiaries	–	–	449	–
Loan to a subsidiary	–	–	402,300	327,748
	176,138	197,006	406,367	336,385
Financial assets carried at fair value through profit or loss				
Derivative financial assets	–	2,948	–	–
	–	2,948	–	–
Financial liabilities carried at amortised costs				
Borrowings	607,640	415,556	296,486	295,779
Trade and other payables	34,708	35,303	4,292	4,159
Amounts due to subsidiaries	–	–	752	3,867
Amounts due to joint ventures	–	881	–	–
	642,348	451,740	301,530	303,805
Financial liability carried at fair value through other comprehensive income				
Derivative financial liabilities	110,192	31,611	110,192	31,611

36. SIGNIFICANT EVENT

During the year, the Group entered into shipbuilding contracts for the construction of three vessels for deliveries in 2018.

37. SIGNIFICANT SUBSEQUENT EVENT

Subsequent to the year end, the Group has signed two separate Memorandum of Agreements to dispose of two vessels to third parties for a total consideration of RM84,728,000.

38. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries:				
Realised	873,774	1,138,685	487,079	833,765
Unrealised	(106,337)	(2,421)	(425)	(98)
Less: Effects of adoption of MFRS 1*	(103,414)	(103,414)	(107,672)	(107,672)
	664,023	1,032,850	378,982	725,995
Total share of (accumulated losses)/ retained profits from an associate:				
Realised	76,706	198,694	–	–
Unrealised	165	(28)	–	–
Less: Effects of adoption of MFRS 1*	(115,434)	(115,434)	–	–
	(38,563)	83,232	–	–
Total share of (accumulated losses)/ retained profits from joint ventures:				
Realised	(13,920)	94,757	–	–
Unrealised	(21)	(2,206)	–	–
Less: Effects of adoption of MFRS 1*	(11,469)	(11,469)	–	–
	(25,410)	81,082	–	–
Add: Consolidation adjustments	(406,552)	183,487	–	–
Total retained profits	193,498	1,380,651	378,982	725,995

* The Group's cumulative currency translation differences at 1 January 2012 were adjusted to retained earnings upon adoption of MFRS.

The determination of realised and unrealised profits is based on 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.

List of Properties Held

Address	Existing Use/ Approximate Area	Tenure/Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2015 RM'000
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	18 Years	1,932.6
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	18 Years	1,955.4
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	18 Years	1,932.6
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	18 Years	1,955.4

Note:
All properties were acquired on 12 July 2001.

Analysis of Shareholdings
As at 31 March 2016

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	% of Holders	No. of Shares	% of Issued Capital
Less than 100	593	3.68	19,050	0.00
100 - 1,000	1,953	12.10	1,544,699	0.15
1,001 - 10,000	9,411	58.33	41,856,474	4.19
10,001 - 100,000	3,682	22.82	116,182,417	11.62
100,001 to less than 5% of issued shares	492	3.05	171,836,660	17.18
5% and above of issued shares	3	0.02	668,560,700	66.86
	16,134	100.00	1,000,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Pacific Carriers Limited (PCL)	344,615,000	34.46	–	–
Bank Pembangunan Malaysian Berhad (BP)	183,945,700	18.39	–	–
PPB Group Berhad (PPB)	140,000,000	14.00	20,000	–
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 50.18% direct interest in PPB*

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

	Direct Interest		Deemed Interest	
Name of Directors	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	0.05	20,000 (1)	–
Kuok Khoon Kuan	1,268,750	0.13	–	–
Wu Long Peng	1,625,000	0.16	–	–
Govind Ramanathan	447,700	0.04	–	–
Afidah binti Mohd Ghazali	–	–	–	–
Lim Soon Huat	–	–	–	–
Tay Beng Chai	275,000	0.03	2,500 (2)	–
Dato' Mohd Zafer bin Mohd Hashim	–	–	–	–

Notes:
(1) *Deemed interest pursuant to Section 6A of the Companies Act, 1965*
(2) *Deemed interest through family member*

THE THIRTY LARGEST SHAREHOLDERS

(As per Record of Depositors as at 31 March 2016)

	Name of Shareholders	No. of Shares	% of Issued Capital
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.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Bank Julius Baer & Co. Ltd. (Singapore BCH)*	4,870,000	0.49
5.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Chiong Hee*	4,659,600	0.47
6.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Dimensional Emerging Markets Value Fund*	3,929,925	0.39
7.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad* *For Pacific Dana Aman (3717 TRO1)*	3,454,100	0.35
8.	Amsec Nominees (Tempatan) Sdn Bhd *Amtrustee Berhad* *For Pacific Pearl Fund (UT-PM-PPF)*	3,263,100	0.33
9.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	3,157,044	0.32
10.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For DFA Emerging Markets Small Cap Series*	2,815,000	0.28
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt AN* *For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)*	2,589,000	0.26
12.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd* *For Pertubuhan Keselamatan Sosial (Pacific6939-407)*	2,199,600	0.22
13.	Kerajaan Negeri Pahang	2,153,850	0.21
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Datin Christine Ang Chiew Mui*	2,100,000	0.21
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wong Hai Ong (8121109)*	2,000,000	0.20
16.	Citigroup Nominees (Tempatan) Sdn Bhd *For Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)*	1,975,600	0.20

THE THIRTY LARGEST SHAREHOLDERS (CONT'D)

(As per Record of Depositors as at 31 March 2016)

	Name of Shareholders	No. of Shares	% of Issued Capital
17.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (U.S.A.)*	1,879,600	0.19
18.	Gan Teng Siew Realty Sdn Berhad	1,700,000	0.17
19.	Wu Long Peng	1,625,000	0.16
20.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Wee Tack	1,550,000	0.15
21.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Le Wee Yap	1,502,500	0.15
22.	Kah Hin Loong Sdn Bhd	1,458,850	0.15
23.	Chinchoo Investment Sdn Berhad	1,400,000	0.14
24.	Kuok Khoon Kuan @ Kuo Khoon Kwong	1,268,750	0.13
25.	Quarry Lane Sdn Bhd	1,260,000	0.13
26.	Lee Pui Seng	1,250,000	0.12
27.	Low Kok Kong	1,250,000	0.12
28.	Yee Chin Hoong	1,188,000	0.12
29.	Geo-Mobile Asia Sdn Bhd	1,007,000	0.10
30.	Bidor Tahan Estates Sdn Bhd	1,000,000	0.10
		727,067,219	72.71

Additional Compliance Information

1. **Non-Audit Fees**

The non-audit fees paid to the External Auditors of MBC Group during the financial year ended 31 December 2015 was as follows:

Auditors	Fee (RM)	Purpose
Ernst & Young	7,500	Review of Statement on Risk Management and Internal Control

2. **Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors and management by any regulatory authorities during the financial year ended 31 December 2015.

3. **Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests subsisting as at 31 December 2015 or entered into during the financial year ended 31 December 2015 except as disclosed in the Financial Statements as set out in this Annual Report.

4. **Recurrent Related Party Transactions of A Revenue or Trading Nature (RRPT)**

The details of the RRPT entered into by the Company and its subsidiaries during the financial year ended 31 December 2015 are disclosed in Note 31 to the financial statements on pages 73 to 74.

Directors' Responsibility Statement

The Directors are responsible in ensuring that the audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act, 1965 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended.

In preparing the audited financial statements, the Directors have:

a. applied the appropriate and relevant accounting policies on a consistent basis;

b. made judgments and estimates that are reasonable and prudent; and

c. prepared the audited financial statements on a going concern basis.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting of Malaysian Bulk Carriers Berhad ("the Company") will be held on Tuesday, 24 May 2016 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur for the following purposes:

As Ordinary Business

(1) To receive the audited Financial Statements for the financial year ended 31 December 2015 and the reports of the Directors and the Auditors thereon. **Resolution 1**

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

(a) Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid **Resolution 2**
(b) Kuok Khoon Kuan **Resolution 3**
(c) Wu Long Peng **Resolution 4**

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

(4) To approve the payment of Directors' fees of RM498,240 for the financial year ended 31 December 2015. **Resolution 6**

As Special Business

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

Ordinary Resolutions

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

"**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."

(6) Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Resolution 8**

"**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 27 April 2016, 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."

(7) To renew the authorisation for Purchase of Own Shares **Resolution 9**

"**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."

(8) To transact any other business.

BY ORDER OF THE BOARD

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

27 April 2016
Petaling Jaya

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 13 May 2016 (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. *Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *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.*

6. *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. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*

7. *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 7***
   - 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 7 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 8***
   - Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

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

   Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 27 April 2016 despatched together with the Company's 2015 Annual Report.

3. ***Resolution 9***
   - 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 27 April 2016 despatched together with the Company's 2015 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election are as follows:

a) Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
b) Kuok Khoon Kuan
c) Wu Long Peng

The details of the above Directors are set out on pages 11 to 12 of this Annual Report and their interests in shares of the Company and its subsidiaries are disclosed on page 83 of this Annual Report.

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MALAYSIAN BULK CARRIERS BERHAD
(Company No.: 175953-W)

PROXY FORM

Number of shares held	CDS Account No.

I/We, ______________________________ NRIC/Company No. ____________

of ____

telephone no. ______________ being a member(s) of MALAYSIAN BULK CARRIERS BERHAD hereby appoint:

1ST PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No.	No. of Shares	%

and/or failing him/her,

2ND PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No.	No. of Shares	%

100%

or failing him/her, the Chairman of the Meeting as my /our proxy, to vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Tuesday, 24 May 2016 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur and at any adjournment thereof.

My/our proxy/proxies shall vote as indicated below:

No.	Resolutions	For	Against
1.	To receive the audited Financial Statements for the financial year ended 31 December 2015 and the reports of the Directors and the Auditors thereon		
2.	To re-elect Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid as a director		
3.	To re-elect Mr. Kuok Khoon Kuan as a Director		
4.	To re-elect Mr. Wu Long Peng as a Director		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise Directors to fix their remuneration		
6.	To approve the payment of Directors' fees		
7.	To authorise the Directors to allot and issue shares		
8.	To approve the renewal of shareholders' mandate for recurrent related party transactions		
9.	To approve the renewal of authorisation for purchase of own shares		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting on the resolutions at his/their discretion)

Dated this __________ day of ______________ 2016

Signature of Shareholder: ________________________

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 13 May 2016 (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. *Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *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.*
6. *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. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
7. *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

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