Annual Audited Accounts

MALAYSIAN BULK CARRIERS BERHAD

Subject	Annual Audited Accounts - 31 December 2013

Attachments

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Announcement Info

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175953-W

Malaysian Bulk Carriers Berhad
(Incorporated in Malaysia)

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Malaysian Bulk Carriers Berhad
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Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

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

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

Financial results

	Group RM'000	Company RM'000
Profit for the year	44,438	11,111
Attributable to:		
Equity holders of the Company	44,532	11,111
Non-controlling interests	(94)	-
	44,438	11,111

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

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

Dividends

Since the end of the previous financial year, the Company paid a final single tier dividend of 3 sen per ordinary share amounting to RM30,000,000 in respect of the financial year ended 31 December 2012 on 19 June 2013.

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Dividends (contd.)

The Directors have recommended a final single tier dividend of 3 sen per ordinary share, amounting to RM30,000,000 in respect of the financial year ended 31 December 2013 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2014.

Directors

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

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

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

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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	During the year		At
	1.1.2013	Bought	Sold	31.12.2013
Direct interests				
Teo Joo Kim	731,100	161,300	-	892,400
Kuok Khoon Kuan	1,268,750	-	-	1,268,750
Wu Long Peng	1,625,000	-	-	1,625,000
Dato' Lim Chee Wah	-	100,000	-	100,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	-	-	500,000
Tay Beng Chai	275,000	-	-	275,000
Mohammad bin Abdullah	125,000	30,000	-	155,000
Indirect interests				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	10,000	10,000	-	20,000
Tay Beng Chai	2,500	-	-	2,500

Dato' Mohd Zafer bin Mohd Hashim does 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 adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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Other statutory information (contd.)

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

  (i) no contingent 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.

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Significant events

The significant events during the financial year are disclosed in Note 35 to the financial statements.

Subsequent events

Details of events subsequent to the financial year are disclosed in Note 36 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 8 April 2014.

Kuok Khoon Kuan

Wu Long Peng

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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 10 to 67 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 on page 68 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 8 April 2014.

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 10 to 68 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 8 April 2014.

Tan Kim Hoon

Before me,

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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 2013 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 10 to 67.

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.

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Independent auditors' report to the members of Malaysian Bulk Carriers Berhad (contd.) (Incorporated in Malaysia)

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 2013 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 37 on page 68 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.

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Independent auditors' report to the members of Malaysian Bulk Carriers Berhad (contd.)
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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	Phang Oy Lin
AF: 0039	No. 2985/03/16(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
8 April 2014

Malaysian Bulk Carriers Berhad
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Income statements
for the year ended 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	246,744	262,266	11,800	-
Voyage expenses		(84,766)	(104,871)	-	-
		161,978	157,395	11,800	-
Operating expenses		(177,625)	(165,054)	-	-
		(15,647)	(7,659)	11,800	-
Other operating income/(loss), net	5	25,497	41,780	7,513	22,115
Administration expenses		(12,111)	(10,905)	(8,081)	(6,573)
(Loss)/profit from operations		(2,261)	23,216	11,232	15,542
Finance costs		(1,233)	(1,972)	-	-
Share of results of an associate		48,646	35,257	-	-
Share of results of joint ventures		354	9,950	-	-
Profit before taxation	6	45,506	66,451	11,232	15,542
Taxation	9	(1,068)	(786)	(121)	94
Profit for the year		44,438	65,665	11,111	15,636
Attributable to:					
Equity holders of the Company		44,532	66,049	11,111	15,636
Non-controlling interests		(94)	(384)	-	-
		44,438	65,665	11,111	15,636
Earnings per share (sen)	10	4.45	6.60		

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

Malaysian Bulk Carriers Berhad
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Statements of comprehensive income
for the year ended 31 December 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit for the year	44,438	65,665	11,111	15,636
Other comprehensive income/(loss):				
Currency translation differences	131,889	(61,392)	81,244	(41,044)
Realisation of reserves on liquidation of subsidiaries	-	(506)	-	-
Total comprehensive income/(loss) for the year	176,327	3,767	92,355	(25,408)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	172,524	6,084	92,355	(25,408)
Non-controlling interests	3,803	(2,317)	-	-
	176,327	3,767	92,355	(25,408)

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

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Statements of financial position as at 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Non-current assets					
Intangible assets	11	1,808	-	864	-
Property, plant and equipment	12	515,018	483,277	6,329	6,011
Subsidiaries	13	-	-	1,142,288	1,055,803
Associate	14	999,366	885,834	-	-
Joint ventures	15	205,860	190,993	-	-
Total non-current assets		1,722,052	1,560,104	1,149,481	1,061,814
Current assets					
Consumable stores	16	9,719	10,364	-	-
Derivative financial assets	17	442	1,382	-	-
Trade and other receivables	18	39,649	46,608	996	2,979
Amounts due from subsidiaries	19	-	-	1,946	2,457
Investments	20	108,623	91,903	-	-
Short term deposits	21	30,574	51,923	3,665	19,265
Cash and bank balances		114,783	138,187	16,273	21,340
		303,790	340,367	22,880	46,041
Non-current assets classified as held for sale	22	-	6,366	-	-
Total current assets		303,790	346,733	22,880	46,041
Total assets		2,025,842	1,906,837	1,172,361	1,107,855
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	250,000	250,000	250,000	250,000
Reserves	24	1,608,741	1,466,217	917,483	855,128
		1,858,741	1,716,217	1,167,483	1,105,128
Non-controlling interests		54,947	53,400	-	-
Total equity		1,913,688	1,769,617	1,167,483	1,105,128

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Statements of financial position
as at 31 December 2013 (contd.)

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Borrowings	25	32,242	33,516	-	-
Deferred tax liabilities	26	221	-	-	-
Total non-current liabilities		32,463	33,516	-	-
Current liabilities					
Derivative financial liabilities	17	623	218	-	-
Trade and other payables	27	34,298	30,218	4,616	2,415
Borrowings	25	44,612	73,077	-	-
Amounts due to subsidiaries	19	-	-	238	312
Provision for taxation		158	191	24	-
Total current liabilities		79,691	103,704	4,878	2,727
Total liabilities		112,154	137,220	4,878	2,727
Total equity and liabilities		2,025,842	1,906,837	1,172,361	1,107,855

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

Malaysian Bulk Carriers Berhad
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Consolidated statement of changes in equity
for the year ended 31 December 2013

	Attributable to Equity Holders of the Company								
		Distributable	Non-distributable						
Group	**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**	**Exchange translation reserve RM'000**	**Total reserves RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2013	250,000	1,377,834	48,791	13,209	40,000	(13,617)	1,466,217	53,400	1,769,617
Total comprehensive income for the year	-	44,532	-	-	-	127,992	172,524	3,803	176,327
Dividends (Note 28)	-	(30,000)	-	-	-	-	(30,000)	-	(30,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(2,256)	(2,256)
At 31 December 2013	250,000	1,392,366	48,791	13,209	40,000	114,375	1,608,741	54,947	1,913,688
At 1 January 2012	250,000	1,341,785	48,791	13,209	40,000	46,348	1,490,133	55,717	1,795,850
Total comprehensive income/ (loss) for the year	-	66,049	-	-	-	(59,965)	6,084	(2,317)	3,767
Dividends (Note 28)	-	(30,000)	-	-	-	-	(30,000)	-	(30,000)
At 31 December 2012	250,000	1,377,834	48,791	13,209	40,000	(13,617)	1,466,217	53,400	1,769,617

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

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Statement of changes in equity
for the year ended 31 December 2013

Company		Distributable	Non-distributable					
	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	Exchange translation reserve RM'000	Total reserves RM'000	Total RM'000
At 1 January 2013	250,000	758,472	48,791	20,274	40,000	(12,409)	855,128	1,105,128
Total comprehensive income for the year	-	11,111	-	-	-	81,244	92,355	92,355
Dividends (Note 28)	-	(30,000)	-	-	-	-	(30,000)	(30,000)
At 31 December 2013	250,000	739,583	48,791	20,274	40,000	68,835	917,483	1,167,483
At 1 January 2012	250,000	772,836	48,791	20,274	40,000	28,635	910,536	1,160,536
Total comprehensive income/ (loss) for the year	-	15,636	-	-	-	(41,044)	(25,408)	(25,408)
Dividends (Note 28)	-	(30,000)	-	-	-	-	(30,000)	(30,000)
At 31 December 2012	250,000	758,472	48,791	20,274	40,000	(12,409)	855,128	1,105,128

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

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Statements of cash flows
for the year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before taxation	45,506	66,451	11,232	15,542
Adjustments for:				
Amortisation of intangible assets	118	-	77	-
Depreciation	27,683	28,032	297	297
Surplus arising from liquidation of subsidiaries	-	-	-	(16,255)
Impairment loss on investment in subsidiaries	-	-	84	-
Allowance for impairment on trade and other receivables	317	-	314	-
Gain on disposal of property, plant and equipment	(7,625)	(11,102)	-	-
Gain on disposal of investments	-	(3,066)	-	-
Fair value gain on investments	(9,480)	(15,446)	-	-
Unrealised foreign exchange (gain)/loss	(1,404)	(471)	(1,135)	18
Fair value loss/(gain) on forward foreign exchange contracts	175	(1,180)	-	-
Dividend from a subsidiary	-	-	(11,800)	-
Interest income	(1,780)	(2,539)	(236)	(667)
Finance costs	1,233	1,972	-	-
Waiver of amount due to subsidiaries	-	-	(27)	-
Realisation of reserves on liquidation of subsidiaries	-	(506)	-	-
Share of results of an associate	(48,646)	(35,257)	-	-
Share of results of joint ventures	(354)	(9,950)	-	-
Operating profit/(loss) before working capital changes	5,743	16,938	(1,194)	(1,065)
Changes in working capital:				
Consumable stores	1,384	(3,568)	-	-
Derivatives	1,339	(3,441)	-	-
Receivables	13,563	(8,988)	1,578	270
Payables	5,610	(3,006)	2,205	109
Subsidiaries	-	-	(5,041)	(9,054)
Cash generated from/(used in) operations	27,639	(2,065)	(2,452)	(9,740)
Tax paid, net of tax refund	(871)	(1,024)	28	(15)
Net cash generated from /(used in) operating activities	26,768	(3,089)	(2,424)	(9,755)
Cash flows carried forward	26,768	(3,089)	(2,424)	(9,755)

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Statements of cash flows
for the year ended 31 December 2013 (contd.)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows brought forward	26,768	(3,089)	(2,424)	(9,755)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(22,856)	(714)	(170)	(69)
Acquisition of intangible assets	(1,904)	-	(943)	-
Deposit paid for vessel	(4,039)	-	-	-
Dividend from a subsidiary	-	-	11,800	-
Dividend from a joint venture	-	856	-	-
Dividend from an associate	4,573	-	-	-
Interest received	1,780	2,539	236	667
Proceeds from disposal of investments	-	45,466	-	-
Proceeds from disposal of property, plant and equipment	13,991	27,709	-	-
(Advances to)/repayment from joint ventures	(24)	97	-	-
Investment in an associate	-	(97,351)	-	-
Net cash (used in)/generated from investing activities	(8,479)	(21,398)	10,923	598
Cash flows carried forward	18,289	(24,487)	8,499	(9,157)

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Statements of cash flows
for the year ended 31 December 2013 (contd.)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows brought forward	18,289	(24,487)	8,499	(9,157)
Cash flows from financing activities				
Finance costs paid	(1,233)	(1,972)	-	-
Repayment of borrowings	(37,128)	(44,176)	-	-
Dividends paid to shareholders	(30,000)	(30,000)	(30,000)	(30,000)
Dividend paid to non-controlling interests	(2,256)	-	-	-
Net cash used in financing activities	(70,617)	(76,148)	(30,000)	(30,000)
Net change in cash and cash equivalents	(52,328)	(100,635)	(21,501)	(39,157)
Effects of foreign exchange rate changes	7,575	(8,128)	834	(2,471)
Cash and cash equivalents brought forward	190,110	298,873	40,605	82,233
Cash and cash equivalents carried forward	145,357	190,110	19,938	40,605
Cash and cash equivalents comprise:				
Short term deposits	30,574	51,923	3,665	19,265
Cash and bank balances	114,783	138,187	16,273	21,340
	145,357	190,110	19,938	40,605

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

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Notes to the financial statements - 31 December 2013

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 8 April 2014.

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 2013. 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. Significant accounting policies (contd.)

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 directors expect the adoption of these standards and interpretations will have no material impact 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.

Subsidiaries are consolidated using the acquisition method of accounting except for those subsidiaries indicated in Note 13 which are consolidated using the merger method of accounting.

Under the acquisition method of accounting, the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. 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 statement of profit or loss 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 statement of profit or loss 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. Significant accounting policies (contd.)

2.5 Transactions with non-controlling interests

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

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

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 (contd.)

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 equal 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.

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. Any impairment loss is recognised in profit or loss.

In the Company'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. Significant accounting policies (contd.)

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 obsolete and slow-moving items.

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

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 least at each financial year end.

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

The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

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. Significant accounting policies (contd.)

2.10 Property, plant and equipment

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

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

The depreciation rates used are as follows:

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

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

An item of 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. Significant accounting policies (contd.)

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.

Determination of fair value

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

2. Significant accounting policies (contd.)

2.11 Financial assets (contd.)

Derecognition

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

2.12 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 been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows 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 Investment securities

Investment securities are classified as financial assets at fair value through profit or loss.

2. Significant accounting policies (contd.)

2.14 Borrowing costs

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

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

2.15 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the functional currency). The Company has identified United States Dollar (USD) as its functional currency as the Company operates in an international market where the functional currency is mainly USD. The financial statements are presented in Ringgit Malaysia (RM).

(ii) Foreign currency transactions

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

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

2. Significant accounting policies (contd.)

2.15 Foreign currencies (contd.)

(ii) Foreign currency transactions (contd.)

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

(iii) Foreign operations

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

2.16 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.

2.17 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a suitable pre-tax discount rate based on the weighted average cost of capital and the risks specific to the asset.

The Group bases its impairment calculation on forecast calculations which are prepared separately for each cash-generating unit to which the individual assets are allocated.

2. Significant accounting policies (contd.)

2.17 Impairment of non-financial assets (contd.)

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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.

2.18 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or 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. Significant accounting policies (contd.)

2.19 Leases

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

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

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

2.20 Income tax

(i) Current income tax

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

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

(ii) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Significant accounting policies (contd.)

2.20 Income tax (contd.)

(ii) Deferred tax (contd.)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2. Significant accounting policies (contd.)

2.21 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.

2.22 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are classified as financial assets when their fair values are positive and financial liabilities when their fair values are negative.

Derivatives which are not designated in an effective hedge transaction are classified as held-for-trading, with changes in fair value recognised in profit or loss.

2.23 Dividends

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

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

2.24 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.

2. Significant accounting policies (contd.)

2.25 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.

2.26 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 estimates and judgements

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

Judgements made in applying accounting policies

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

(a) Operating lease commitments - as lessee

The Group entered into long term charter party agreements for the lease of vessels. Based on the terms and conditions of the arrangement, the management has determined that all of the risks and rewards of ownership of these vessels remain with the lessor and has therefore classified the leases as operating leases.

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:

(a) Impairment of vessels

An 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 in an arm's length transaction of 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 estimation of the value in use requires the management to make an estimate of the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

At the reporting date, the recoverable amounts of the vessels exceed their carrying amounts.

3. Significant accounting estimates and judgements (contd.)

(b) Depreciation of vessels

The Group's cost of vessels, less their residual value, is depreciated on a straight-line basis over the estimated useful life. The useful lives and residual values of the vessels are based on estimations which are commonly applied in the shipping industry. Residual value is estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Changes in the economic useful life or material fluctuations in scrap steel prices might impact future depreciation charges.

4. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Freight and charter hire	240,015	255,956	-	-
Ship brokerage and management	6,729	6,310	-	-
Dividend from a subsidiary	-	-	11,800	-
	246,744	262,266	11,800	-

5. Other operating income/(loss), net

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income	1,780	2,539	236	667
Rental income from properties	324	324	492	492
Secretarial and accounting fees	1,088	1,060	902	893
Shared services cost	-	-	4,186	3,755
Foreign exchange gain/(loss), net				
- realised	3,962	6,013	553	71
- unrealised	1,404	471	1,135	(18)
Fair value (loss)/gain on				
- forward foreign exchange contracts	(175)	1,180	-	-
- investments	9,480	15,446	-	-
Gain on disposal of investments	-	3,066	-	-
Surplus arising from liquidation of subsidiaries	-	-	-	16,255
Gain on disposal of property, plant and equipment	7,625	11,102	-	-
Realisation of reserves on liquidation of subsidiaries	-	506	-	-
Other income	9	73	9	-
	25,497	41,780	7,513	22,115

6. Profit before taxation

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
- current year	338	309	74	80
- underprovision in prior year	18	38	13	14
Amortisation of intangible assets (Note 11)	118	-	77	-
Depreciation (Note 12)	27,683	28,032	297	297
Personnel expenses (Note 7)	45,223	45,068	4,679	4,352
Non-executive Directors' remuneration (Note 8)	361	359	353	351
Impairment loss on investment in subsidiaries	-	-	84	-
Allowance for impairment on trade and other receivables	317	-	314	-
Finance costs				
- interest on loans	1,223	1,944	-	-
- commission and guarantee fees	10	28	-	-
Waiver of amount due to subsidiaries	-	-	(27)	-
Operating lease expenses of vessels	68,887	58,806	-	-
Shared services cost, net	2,329	2,520	-	-

7. Personnel expenses

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonus	36,191	35,937	3,912	3,584
Pension costs				
- defined contribution plans	1,008	943	465	426
Social security costs	56	61	28	27
Other staff related expenses	7,968	8,127	274	315
	45,223	45,068	4,679	4,352

Included in personnel expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM165,000 (2012: RM174,000) and RM165,000 (2012: RM174,000) respectively, as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive Directors:				
Fees	154	160	154	160
Attendance fees	11	14	11	14
	165	174	165	174
Non-executive Directors:				
Fees	327	321	319	313
Attendance fees	34	38	34	38
	361	359	353	351
	526	533	518	525
Other Directors				
Fees	8	8	-	-
Total	534	541	518	525

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

	Number of Directors	
	2013	2012
Executive Directors:		
RM50,000 - RM100,000	3	3
Non-executive Directors:		
RM50,000 - RM100,000	5	5
	8	8

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9. Taxation

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian income tax	766	851	121	-
Foreign tax	72	8	-	-
Under/(over) provision in prior years	9	(73)	-	(94)
	847	786	121	(94)
Deferred tax (Note 26)	221	-	-	-
	1,068	786	121	(94)

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	45,506	66,451	11,232	15,542
Taxation at statutory tax rate of 25% (2012: 25%)	11,377	16,613	2,808	3,886
Differences in foreign tax rates	236	(759)	-	-
Tax exempt income	(4,034)	(4,975)	-	-
Results of companies incorporated in British Virgin Islands (BVI)	3,562	(726)	-	-
Income not subject to tax	(1,928)	(2,943)	(2,950)	(4,084)
Expenses not deductible for tax purposes	4,097	4,950	263	198
Share of results of an associate	(12,162)	(8,814)	-	-
Share of results of joint ventures	(89)	(2,487)	-	-
Under/(over) provision in prior years	9	(73)	-	(94)
Taxation for the year	1,068	786	121	(94)

9. Taxation (contd.)

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. Earnings per share

Basic earnings per share

The basic earnings per share for the year is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2013	2012
Profit attributable to equity holders of the Company (RM'000)	44,532	66,049
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic earnings per share (sen)	4.45	6.60

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

11. Intangible assets

Computer Software	Group RM'000	Company RM'000
Cost		
At 1 January 2013	-	-
Additions	1,904	943
Translation difference	25	-
At 31 December 2013	1,929	943
Accumulated amortisation		
At 1 January 2013	-	-
Amortisation for the year (Note 6)	118	77
Translation difference	3	2
At 31 December 2013	121	79
Net carrying amount		
At 31 December 2013	1,808	864

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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 2013	7,280	661,767	7,239	874	1,508	-	678,668
Additions		2,739	4,355		278	15,484	22,856
Derecognition	-	-	(5,143)	-	-	-	(5,143)
Translation difference	552	50,257	266	58	282	1,163	52,578
At 31 December 2013	7,832	714,763	6,717	932	2,068	16,647	748,959
Accumulated depreciation							
At 1 January 2013	1,508	185,999	5,779	766	1,339	-	195,391
Charge for the year (Note 6)	78	24,821	2,528	111	145	-	27,683
Derecognition	-	-	(5,143)	-	-	-	(5,143)
Translation difference	118	15,391	178	55	268	-	16,010
At 31 December 2013	1,704	226,211	3,342	932	1,752	-	233,941
Net carrying amount							
At 31 December 2013	6,128	488,552	3,375	-	316	16,647	515,018

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12. Property, plant and equipment (contd.)

Group (contd.)	Leasehold properties RM'000	Vessels RM'000	Dry docking RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost						
At 1 January 2012	17,731	757,119	10,559	902	1,729	788,040
Additions	-	526	117	-	71	714
Disposals and write off	(2,920)	(71,215)	(3,088)	-	(158)	(77,381)
Reclassified as held for sale (Note 22)	(7,260)	-	-	-	-	(7,260)
Translation difference	(271)	(24,663)	(349)	(28)	(134)	(25,445)
At 31 December 2012	7,280	661,767	7,239	874	1,508	678,668
Accumulated depreciation						
At 1 January 2012	2,738	228,295	5,120	664	1,480	238,297
Charge for the year (Note 6)	114	24,652	3,000	122	144	28,032
Disposals and write off	(396)	(60,631)	(2,115)	-	(158)	(63,300)
Reclassified as held for sale (Note 22)	(894)	-	-	-	-	(894)
Translation difference	(54)	(6,317)	(226)	(20)	(127)	(6,744)
At 31 December 2012	1,508	185,999	5,779	766	1,339	195,391
Net carrying amount						
At 31 December 2012	5,772	475,768	1,460	108	169	483,277

12. Property, plant and equipment (contd.)

Company	Leasehold properties RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost				
At 1 January 2013	7,279	546	2,893	10,718
Additions	-	-	170	170
Translation difference	552	42	227	821
At 31 December 2013	7,831	588	3,290	11,709
Accumulated depreciation				
At 1 January 2013	1,507	437	2,763	4,707
Charge for the year (Note 6)	78	110	109	297
Translation difference	118	41	217	376
At 31 December 2013	1,703	588	3,089	5,380
Net carrying amount				
At 31 December 2013	6,128	-	201	6,329
Cost				
At 1 January 2012	7,550	566	3,024	11,140
Additions	-	-	69	69
Disposals and write off	-	-	(90)	(90)
Translation difference	(271)	(20)	(110)	(401)
At 31 December 2012	7,279	546	2,893	10,718
Accumulated depreciation				
At 1 January 2012	1,484	340	2,847	4,671
Charge for the year (Note 6)	77	111	109	297
Disposals and write off	-	-	(90)	(90)
Translation difference	(54)	(14)	(103)	(171)
At 31 December 2012	1,507	437	2,763	4,707
Net carrying amount				
At 31 December 2012	5,772	109	130	6,011

(a) Vessels with an aggregate net carrying amount of RM247,133,000 (2012: RM239,283,000) have been pledged as security for loans obtained by the Group (Note 25).

13. Subsidiaries

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost		
At 1 January	1,055,803	1,065,240
Subscription of redeemable preference shares ("RPS")	22,824	47,655
Redemption of RPS by subsidiaries	(17,100)	(18,800)
Liquidation of subsidiaries	-	(124)
Impairment loss on investment in subsidiaries	(84)	-
Translation difference	80,845	(38,168)
At 31 December	1,142,288	1,055,803

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2013	Equity interest 2012	Principal activities
Alam Budi Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Bistari Shipping Sdn Bhd	Malaysia	100%	100%	
MBC Padu Sdn Bhd [2]	Malaysia	100%	100%	
PSM Perkapalan Sdn Bhd	Malaysia	100%	100%	Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	100%	100%	Ship operator, shipbroker and general shipping
- Spectrapoint Sdn Bhd	Malaysia	100%	100%	Dormant
Lightwell Shipping Inc [1]	British Virgin Islands (BVI)	100%	100%	Investment holding
- Ambi Shipping Pte Ltd [1]	Singapore	70%	70%	Owner and operator of ships

13. Subsidiaries (contd.)

Company	Country of incorporation	Equity interest 2013	Equity interest 2012	Principal activities
- Everspeed Enterprises Limited [1]	BVI	100%	100%	Ship operator
Awanapuri Sdn Bhd	Malaysia	100%	100%	Investment holding
New Johnson Holdings Limited [1]	BVI	100%	100%	Investment holding
- Bakti Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Madu Shipping Pte Ltd [1]	Singapore	100%	-	Owner and operator of ships
- Molek Shipping Pte Ltd [1]	Singapore	100%	-	Owner and operator of ships
- Sejahtera Shipping Pte Ltd [1]	Singapore	100%	-	Owner and operator of ships
Alam Gula Sdn Bhd	Malaysia	100%	100%	Under members' voluntary winding-up
Alam Senang Sdn Bhd	Malaysia	100%	100%	Under members' voluntary winding-up
MBC Equity Management Sdn Bhd [2]	Malaysia	100%	100%	Under members' voluntary winding-up
Bitara Shipping Sdn Bhd	Malaysia	100%	100%	In the process of striking off
Gaintrack Sdn Bhd	Malaysia	-	100%	Struck off

[1] Subsidiaries audited by a member firm of Ernst & Young Global
[2] Subsidiaries consolidated under the merger method of accounting

(a) Incorporation of new subsidiaries

During the year, the Company's wholly-owned subsidiary, New Johnson Holdings Limited, has incorporated three wholly-owned subsidiaries, Madu Shipping Pte Ltd, Molek Shipping Pte Ltd, and Sejahtera Shipping Pte Ltd in Singapore.

14. Associate

	Group 2013 RM'000	Group 2012 RM'000
Unquoted shares, at cost	889,518	889,518
Share of post acquisition profit	46,505	2,432
Currency translation reserve	63,343	(6,116)
	999,366	885,834

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

Share of net assets	999,366	797,977
Interest in redeemable convertible preference shares ("RCPS") of the associate which are classified under long term liability	-	87,857
	999,366	885,834

In the current year, the RCPS of the associate held by the Group had been fully converted into ordinary shares on the basis of one ordinary share for one RCPS.

Details of the associate are as follows:

Name	Country of incorporation	Equity interest 2013	Equity interest 2012	Principal activities
PACC Offshore Services Holdings Ltd (formerly known as PACC Offshore Services Holdings Pte Ltd) ("POSH") (Note a)	Singapore	21.23%	21.23%	Provider of offshore marine support services

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

14. Associate (contd.)

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

	2013 RM'000	2012 RM'000
Non-current assets	6,974,069	5,039,419
Current assets	724,593	971,524
Total assets	7,698,662	6,010,943
Non-current liabilities	987,546	1,331,777
Current liabilities	2,003,807	920,461
Total liabilities	2,991,353	2,252,238
Net assets	4,707,309	3,758,705

(ii) Summarised statement of comprehensive income

	2013 RM'000	2012 RM'000
Revenue	742,254	752,660
Profit before tax	241,613	168,706
Profit for the year	229,139	166,073
Dividend received from the associate during the year	4,573	-

14. Associate (contd.)

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

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

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

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

No value has been ascribed to these options as POSH has initiated an IPO. On 14 October 2013, POSH made an application to Singapore Exchange Securities Trading Limited ("SGX") for an initial public offering and had on 21 February 2014 received a conditional eligibility-to-list for the listing of and quotation for POSH Shares on the SGX.

15. Joint ventures

	Group 2013 RM'000	Group 2012 RM'000
Unquoted shares, at cost	4,187	4,187
Share of post acquisition profit	80,741	80,387
Currency translation reserve	6,129	(263)
	91,057	84,311
Proportionate shareholder's advance to joint ventures	114,821	106,724
Amounts due (to)/from joint ventures	(18)	(42)
	205,860	190,993

The proportionate shareholder's advances to joint ventures and amounts due from/to joint ventures are unsecured, repayable on demand and interest-free, except for an amount of RM31,255,000 (2012: RM29,051,000) which bears a weighted average interest rate of 0.79% (2012: 0.93%) per annum.

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2013	Equity interest 2012	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%	-	
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%	

15. Joint ventures (contd.)

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

	Group 2013 RM'000	Group 2012 RM'000
Non-current assets	277,442	265,267
Current assets	138,963	124,122
Total assets	416,405	389,389
Non-current liabilities	167,132	155,346
Current liabilities	67,158	65,420
Total liabilities	234,290	220,766
Net assets	182,115	168,623

(ii) Summarised statements of comprehensive income

	2013 RM'000	2012 RM'000
Revenue	61,724	67,682
Profit before tax	720	19,973
Profit for the year	708	19,901
Dividend received from the joint venture during the year	-	856

16. Consumable stores

Consumable stores are stated at cost.

Consumable stores of the Group amounted to RM60,366,000 (2012: RM75,510,000) was charged to income statement during the year.

17. Derivative financial assets/(liabilities)

The derivatives represent the fair value gain/loss on forward foreign exchange contracts.

	2013 Assets RM'000	2013 Liabilities RM'000	2012 Assets RM'000	2012 Liabilities RM'000
Group				
Non-hedging derivatives:				
Current				
Forward currency contracts	442	(623)	1,382	(218)

18. Trade and other receivables

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables				
Third parties	12,901	19,837	-	-
Related parties	6,412	1,239	-	-
Uncompleted voyage				
Third parties	1,283	3,775	-	-
	20,596	24,851	-	-
Less: Allowance for impairment				
Third parties:				
At 1 January	(245)	(253)	-	-
Translation difference	(18)	8	-	-
At 31 December	(263)	(245)	-	-
Trade receivables, net	20,333	24,606	-	-
Tax recoverable	130	141	-	125
Deposits (refundable)	46	111	88	150
Deposits for construction of vessel	4,376	-	-	-
Prepayments	5,842	5,120	74	109
Other receivables	6,157	5,609	562	993
Amounts due from related parties	3,082	11,021	586	1,602
	39,966	46,608	1,310	2,979
Less: Allowance for impairment	(317)	-	(314)	-
	39,649	46,608	996	2,979

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 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Not yet due	1,283	3,775	-	-
Past due less than 6 months not impaired	18,299	20,262	-	-
Past due over 6 months not impaired	751	569	-	-
Impaired	263	245	-	-
	20,596	24,851	-	-

18. Trade and other receivables (contd.)

Trade receivables are mainly due from customers that have good credit ratings. The concentration of credit risk is limited as the customer base is large and unrelated and there is no one debtor that accounts for a significant portion of total trade receivables net of allowance for impairment. Based on historical default rates, the Group believes that no further 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. Investments

	Group	
	2013	**2012**
	RM'000	**RM'000**
Unquoted investments outside Malaysia	108,501	91,733
Club membership	122	170
	108,623	91,903

21. Short term deposits

At the reporting date, the short term deposits of the Group and the Company have maturities between 3 days to 28 days (2012: 2 days to 23 days) and 6 days to 7 days (2012: 9 days) respectively and earn interests at rates of 0.13% to 3.08% (2012: 0.18% to 3.08%) per annum and 0.13% to 2.85% (2012: 0.18%) per annum respectively.

22. Non-current assets classified as held for sale

In the prior financial year, the net carrying amounts of the property, plant and equipment classified as held for sale are as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Property, plant and equipment		
Leasehold properties	-	6,366

The disposal was completed during the financial year as disclosed in Note 35(a).

23. Share capital

Group and Company	2013 Number of shares ('000)	2012 Number of shares ('000)	2013 RM'000	2012 RM'000
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 is able to distribute dividends out of its entire retained profits as at 31 December 2013 and 2012 under the single tier system.

(b) Capital reserve

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

(c) Capital redemption reserve

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

25. Borrowings

	Group 2013 RM'000	Group 2012 RM'000
Secured		
Term loan 1	40,796	62,802
Term loan 2	36,058	43,791
	76,854	106,593
Repayable within 12 months	(44,612)	(73,077)
Repayable after 12 months	32,242	33,516

Maturity of secured loans is analysed as follows:

	Group 2013 RM'000	Group 2012 RM'000
Within 1 year	44,612	73,077
Between 1 and 5 years	32,242	33,516
	76,854	106,593

The loans are denominated in United States Dollars and secured by charges over the Group's vessels as stated in Note 12(a). Term loan 1 is repayable by 15 quarterly installments with a balloon payment in 2017, whilst Term loan 2 is repayable by 11 quarterly installments with a balloon payment in 2014.

The secured loans bear interest at a weighted average rate of 1.38% (2012: 1.45%) per annum.

26. Deferred tax liabilities

	Group 2013 RM'000	Group 2012 RM'000
At 1 January	-	-
Recognised in income statement	221	-
At 31 December	221	-

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 2013	-	-	-
Recognised in income statement	239	(18)	221
At 31 December 2013	239	(18)	221

27. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade payables	431	441	-	-
Accruals	10,830	16,286	2,779	2,415
Charter hire received in advance	4,686	2,411	-	-
Due to ship managers and agents	2,771	2,069	-	-
Uncompleted voyage	1,429	-	-	-
Amounts due to related parties	6,700	3,337	1,639	-
Other payables	7,451	5,674	198	-
	34,298	30,218	4,616	2,415

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.

28. Dividends

	Group and Company	
	2013	2012
	RM'000	RM'000
In respect of financial year ended:		
31 December 2011		
Final dividend of 3 sen, single tier	-	30,000
31 December 2012		
Final dividend of 3 sen, single tier	30,000	-
	30,000	30,000

The Directors have recommended a final single tier dividend of 3 sen per ordinary share, amounting to RM30,000,000 in respect of the financial year ended 31 December 2013 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2014.

29. Commitments

	Group 2013 RM'000	Group 2012 RM'000
Capital expenditure approved and contracted for	232,965	81,343
Time charter commitments payable		
Due within 1 year	93,770	62,722
Due later than 1 year and not later than 5 years	382,080	270,340
Due later than 5 years	260,000	267,130
	968,815	681,535
Share of joint ventures' commitments	55,243	61,605
	1,024,058	743,140

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

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30. Related party transactions

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions in which certain substantial shareholders of the Company have substantial interest				
Income earned:				
Charter hire income	27,973	46,381	-	-
Crew management fee	3,614	2,917	-	-
Commercial fee	3,056	3,212	-	-
Shared services cost	3,018	2,490	3,018	2,490
Rental income	324	324	324	324
Brokerage commission and accounting fees	322	358	-	-
Corporate secretarial fee	29	29	-	-
	38,336	55,711	3,342	2,814
Expenditure incurred:				
Corporate administration fee	475	454	-	-
Commercial fee	11,176	11,908	-	-
Charter hire paid	2,790	13,374	-	-
Shared services cost	5,347	5,010	-	-
Management fee	1,953	1,394	-	-
Crewing agents fee	257	263	-	-
Procurement fee	463	530	-	-
Share registration fee	24	36	24	36
Commission on disposal of vessel	-	91	-	-
	22,485	33,060	24	36
Transaction with a firm of which a director of the Company is the Managing Partner				
Legal fee	34	62	-	62
Transaction with a company of which a director of the Company is the Chairman				
Courier charges	11	7	6	4
Transaction with joint ventures				
Income earned:				
Crew management fee	390	161	-	-
Accounting fees	902	893	902	893
	1,292	1,054	902	893

30. Related party transactions (contd.)

	Company	
	2013	2012
	RM'000	RM'000
Transactions with subsidiaries		
Income earned:		
Shared services cost	1,168	1,265
Dividend from a subsidiary	11,800	-
Rental income	168	168
	13,136	1,433

Key management personnel

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

31. 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 RM27,973,000 (2012: RM46,381,000) arising from the provision of shipping services by the Bulker segment.

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31. Segment information (contd.)

2013	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	182,767	57,248	7,352	-	(623)	246,744
Inter-segment	-	-	(623)	-	623	-
External	182,767	57,248	6,729	-	-	246,744
Results						
Segment results	(26,137)	1,538	1,788	18,770	-	(4,041)
Interest income	841	-	20	919	-	1,780
Finance costs	(669)	(554)	(10)	-	-	(1,233)
Share of results of an associate	-	-	-	48,646	-	48,646
Share of results of joint ventures	354	-	-	-	-	354
Taxation	(104)	-	(768)	(196)	-	(1,068)
(Loss)/profit for the year	(25,715)	984	1,030	68,139	-	44,438
Other information						
Investment in an associate	-	-	-	999,366	-	999,366
Investment in joint ventures	205,860	-	-	-	-	205,860
Segment assets	553,059	156,438	24,535	256,968	(170,384)	820,616
	758,919	156,438	24,535	1,256,334	(170,384)	2,025,842
Segment liabilities	167,060	74,067	8,445	32,966	(170,384)	112,154

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31. Segment information (contd.)

2013 (contd.)	**Bulkers RM'000**	**Tankers RM'000**	**Ship brokerage and management RM'000**	**Investment holding and others RM'000**	**Elimination RM'000**	**Total RM'000**
Other information (contd.)						
Capital expenditure	21,702	876	1,069	1,113	-	24,760
Depreciation and amortisation	(17,724)	(9,626)	(77)	(374)	-	(27,801)
Fair value gain/(loss) on forward foreign exchange contracts	282	-	-	(457)	-	(175)
Fair value gain on investments	-	-	-	9,480	-	9,480
Unrealised foreign exchange gain/(loss), net	277	26	(36)	1,137	-	1,404

31. Segment information (contd.)

2012	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	194,453	61,503	7,168	-	(858)	262,266
Inter-segment	-	-	(858)	-	858	-
External	194,453	61,503	6,310	-	-	262,266
Results						
Segment results	(8,724)	(482)	1,750	28,133	-	20,677
Interest income	341	-	31	2,167	-	2,539
Finance costs	(1,155)	(795)	(22)	-	-	(1,972)
Share of results of an associate	-	-	-	35,257	-	35,257
Share of results of joint ventures	9,950	-	-	-	-	9,950
Taxation	(9)	-	(825)	48	-	(786)
Profit/(loss) for the year	403	(1,277)	934	65,605	-	65,665
Other information						
Investment in an associate	-	-	-	885,834	-	885,834
Investment in joint ventures	190,993	-	-	-	-	190,993
Non-current assets held for sale	-	-	-	6,366	-	6,366
Segment assets	478,247	158,581	19,234	239,291	(71,709)	823,644
	669,240	158,581	19,234	1,131,491	(71,709)	1,906,837
Segment liabilities	127,668	68,199	6,378	6,684	(71,709)	137,220

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31. Segment information (contd.)

2012 (contd.)	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Other information (contd.)						
Capital expenditure	143	499	72	-	-	714
Additional investment in an associate	-	-	-	97,351	-	97,351
Depreciation	(18,037)	(9,615)	(46)	(334)	-	(28,032)
Fair value gain on forward foreign exchange contracts	746	-	-	434	-	1,180
Fair value gain on investments	-	-	-	15,446	-	15,446
Unrealised foreign exchange gain/(loss), net	428	22	39	(18)	-	471
Realisation of reserves on liquidation of subsidiaries	506	-	-	-	-	506

32. Financial risk management

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks includes credit risk, liquidity risk, currency risk, interest rate risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

(a) Price risk

Currency risk

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

The Group has investments in foreign subsidiaries, associate and joint ventures, whose net assets are measured in United States Dollars, are exposed to foreign currency translation risks on the consolidation of these entities into Ringgit Malaysia.

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

The outstanding foreign exchange contracts of the Group as at 31 December 2013 which comprise mainly Euro, Australian Dollars and Japanese Yen is equivalent to approximately RM108,164,000 (2012: RM102,806,000).

Interest rate risk

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

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

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 RM116,000 (2012: RM137,000) lower/higher.

32. Financial risk management (contd.)

(a) Price risk (contd.)

Market risk

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

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

At end of the reporting period, if equity price had been 5% higher/lower with all other variables held constant, the Group's profit after tax would have been RM5,425,000 (2012: RM4,587,000) higher/lower.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from 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.

Analysis of undiscounted financial instruments by remaining contractual maturities

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

	Less than 1 year RM'000	More than 1 year RM'000	Total RM'000
Group			
At 31 December 2013			
Derivative financial liabilities	623	-	623
Trade and other payables	28,183	-	28,183
Borrowings	45,648	33,071	78,719
	74,454	33,071	107,525
At 31 December 2012			
Derivative financial liabilities	218	-	218
Trade and other payables	27,807	-	27,807
Borrowings	73,828	33,955	107,783
	101,853	33,955	135,808

32. Financial risk management (contd.)

(c) Credit risk

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

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

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

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

33. 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 2013 was 0.04:1 (2012: 0.06:1).

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 2013 and 2012.

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

34. Fair value of financial instruments

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	29,301	41,347	922	2,745
Short term deposits	30,574	51,923	3,665	19,265
Cash and bank balances	114,783	138,187	16,273	21,340
Amounts due from subsidiaries	-	-	1,946	2,457
Amounts due from joint ventures	114,803	106,682	-	-
	289,461	338,139	22,806	45,807
Financial assets carried at fair value through profit or loss				
Investments	108,501	91,733	-	-
Derivative financial assets	442	1,382	-	-
	108,943	93,115	-	-
Financial liabilities carried at amortised costs				
Borrowings	76,854	106,593	-	-
Trade and other payables	28,183	27,807	4,616	2,415
Amounts due to subsidiaries	-	-	238	312
	105,037	134,400	4,854	2,727
Financial liability carried at fair value through profit or loss				
Derivative financial liabilities	623	218	-	-
	623	218	-	-

(b) Fair value hierarchy

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).

34. Fair value of financial instruments (contd.)

All the financial assets and liabilities carried at fair value through profit or loss of the Group are Level 2 instruments. There was no financial instrument being transferred between Level 1 and 2 during the year.

35. Significant events

(a) During the year, a subsidiary company, Awanapuri Sdn Bhd, has disposed of three pieces of land for a net proceed of RM13,991,000.

(b) During the year, the Group, through its subsidiaries, entered into contracts for the construction and purchase of three vessels for a total consideration of RM253,988,000. The expected delivery of these vessels is between September 2014 to March 2015.

36. Subsequent events

(a) The Group, via a subsidiary, has on 23 January 2014, entered into a contract for the construction and purchase of a vessel with expected delivery in January 2016 at a cost of RM71,722,000.

(b) On 1 April 2014, the Company announced a Proposed Subscription of new ordinary shares in POSH at an IPO Price to be determined upon the completion of the book building process of the POSH IPO for a subscription value of up to USD70,000,000 in aggregate ("the Proposal"). The Proposal is conditional on the approval of the shareholders of the Company at an Extraordinary General Meeting and any other relevant regulatory authority.

On 2 April 2014, the Company issued a circular to the shareholders and a notice of the Extraordinary General Meeting to be held on 17 April 2014 in relation to the Proposal.

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37. Disclosure of realised and unrealised profits

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits of the Company and its subsidiaries:				
Realised	1,182,473	1,234,525	846,120	866,162
Unrealised	18,801	8,511	1,135	(18)
Less: Effects of adoption of MFRS 1*	(103,414)	(103,414)	(107,672)	(107,672)
	1,097,860	1,139,622	739,583	758,472
Total share of retained profits from an associate:				
Realised	160,822	115,701	-	-
Unrealised	1,117	2,165	-	-
Less: Effects of adoption of MFRS 1*	(115,434)	(115,434)	-	-
	46,505	2,432	-	-
Total share of retained profits from joint ventures				
Realised	92,189	91,854	-	-
Unrealised	21	2	-	-
Less: Effects of adoption of MFRS 1*	(11,469)	(11,469)	-	-
	80,741	80,387	-	-
Add: Consolidation adjustments	167,260	155,393	-	-
Total Group retained profits as per consolidated accounts	1,392,366	1,377,834	739,583	758,472

* At the date of transition to MFRS, the Group's cumulative currency translation differences were adjusted to retained earnings.

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.