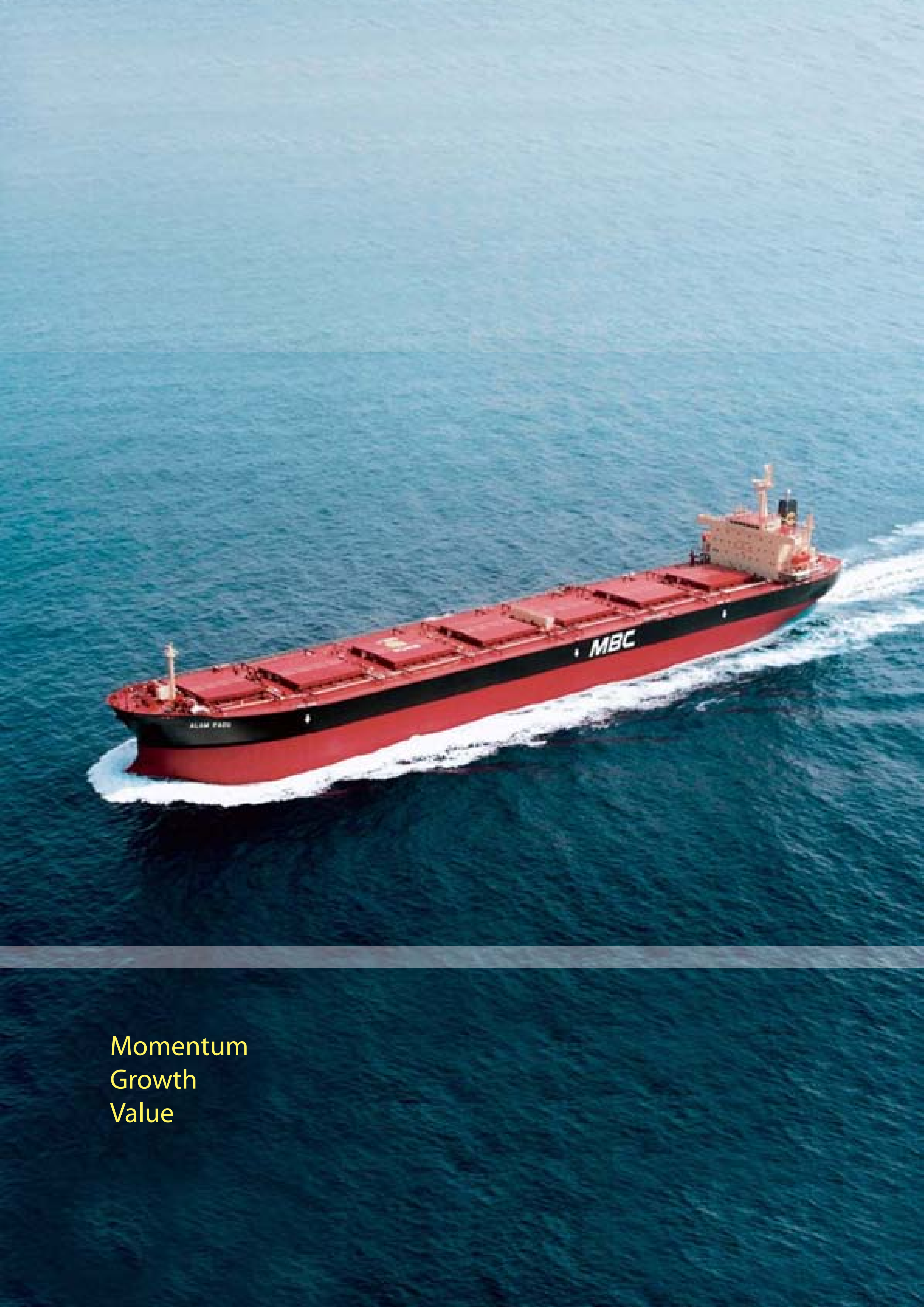
MALAYSIAN BULK CARRIERS BERHAD 175953-W

2007

Delivering Results

Annual Report



Momentum
Growth
Value

Contents

"We continue to map out short and long term strategies to maximise trading opportunities in line with our market expectations and to prepare ourselves for future growth and expansion."

2 **financial highlights**
4 **chairman & ceo's statement**
10 **an overview of MBC's fleet**
12 **corporate information**
13 **board of directors**
16 **corporate governance statement**
19 **audit committee report**
22 **statement on internal control**

23 **financial statements:**
directors' report 24
statement by directors 28
statutory declaration 28
report of the auditors 29
income statements 30
balance sheets 31
statements of changes in equity 32
cash flow statements 33
notes to the financial statements 35

62 **list of properties**
63 **statement of shareholdings**
66 **additional compliance information**
67 **directors' responsibility statement**
68 **notice of annual general meeting**
72 **statement accompanying notice of annual general meeting**

proxy form

financial highlights

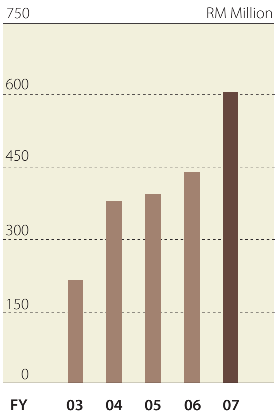
	2003 (RESTATED) RM '000	2004 (RESTATED) RM '000	2005 (RESTATED) RM '000	2006 RM '000	2007 RM '000
Statement of Income Data:					
Revenue	213,009	382,288	395,783	441,600	**608,142**
Operating expenses	(110,023)	(123,438)	(144,375)	(172,409)	**(228,681)**
	102,986	258,850	251,408	269,191	**379,461**
Other operating income	40,755	54,373	435,504	84,259	**236,623**
Administration expenses	(10,869)	(13,872)	(25,495)	(19,476)	**(29,239)**
	132,872	299,351	661,417	333,974	**586,845**
Finance cost	(8,662)	(19,402)	(16,946)	(36,071)	**(21,812)**
Share of results of associate	0	(16)	6,709	15,584	**15,262**
Profit before taxation	124,210	279,933	651,180	313,487	**580,295**
Taxation	(119)	(722)	(26)	(1,161)	**(2,529)**
Profit for the year	124,091	279,211	651,154	312,326	**577,766**
Attributable to:					
Equity holders of the Company	120,504	269,475	640,164	300,565	**544,592**
Minority Interests	3,587	9,736	10,990	11,761	**33,174**
	124,091	279,211	651,154	312,326	**577,766**
Yield on average shareholders' funds	15%	31%	52%	20%	**34%**
Balance Sheet Data (at end of year):					
Cash and cash equivalents	79,259	56,091	775,093	692,794	**1,026,946**
Total assets	1,285,374	1,297,246	2,017,935	2,088,395	**2,187,708**
Long term debt, including current portion	469,572	262,291	412,741	409,316	**349,399**
Shareholders' equity	754,022	957,877	1,499,698	1,554,117	**1,695,048**
Debt/ Shareholders' equity ratio	0.62	0.27	0.28	0.26	**0.21**
Other Financial Data:					
Earnings before interest, depreciation, amortisation & tax	147,881	297,579	282,073	350,434	**437,637**
Net cash provided by operating activities	132,523	292,557	259,602	270,380	**458,762**
Net cash from/(used in) investing activities	(279,560)	(29,047)	422,439	(120,086)	**356,906**
Net cash from/(used in) financing activities	(26,834)	(286,678)	37,224	(183,311)	**(435,385)**
Fleet Data, Owned Fleet:					
Number of vessels (at end of year)	15	15	17	18	**17**
Total tonnage in DWT (MT'000)	632	632	894	929	**864**
Average age of fleet (in years)	9	10	9	10	**9**
Total operating days #	5,232	5,490	5,500	6,485	**7,110**
Total hire days #	5,158	5,300	5,357	6,378	**6,918**
Average Time Charter Equivalent per vessel per day (USD)					
- bulkers	9,416	17,716	18,093	18,281	**30,095**
- tankers	16,474	22,738	25,128	20,638	**20,141**
Per Share Data (adjusted for Bonus Issue in May 2007):					
Net cash provided by operating activities per share (sen)	15	29	26	27	**46**
Earnings per share, basic (sen)	13	27	64	30	**54**
Weighted average number of shares, basic ('000)	892,808	1,000,000	1,000,000	1,000,000	**1,000,000**
Dividends per share (sen)	6	10	14	24	**38**

Note: # Includes chartered in vessels

Revenue

+38%

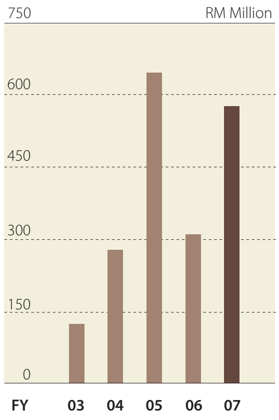
RM608.1 million



Profit For The Year

+85%

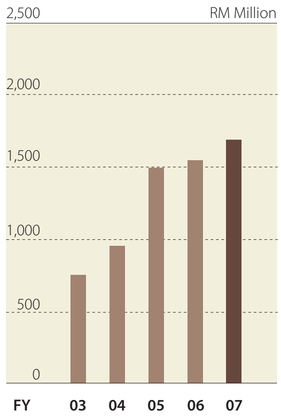
RM577.8 million



Shareholders' Equity

+9.1%

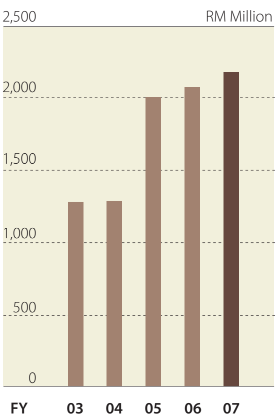
RM1,695.0 million



Total Assets

+4.8%

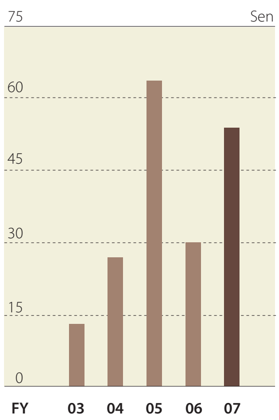
RM2,187.7 million



Earnings Per Share

+80%

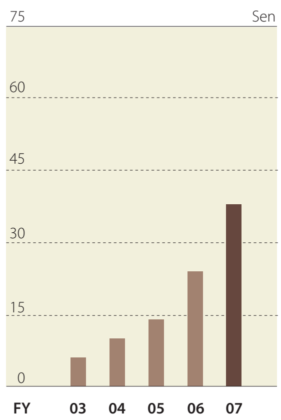
54 sen



Dividends Per Share

+58%

38 sen



chairman & ceo's statement

Financial Overview and highlights

We are pleased to report that the MBC Group was able to benefit from the strong shipping market in 2007 to deliver another set of excellent results for 2007. Compared to 2006, the Group's revenue increased 38% to RM608.1 million whilst the Group's profit before tax increased 85% to RM580.3 million.

FY2007's financial highlights are:

- Profit attributable to shareholders was RM544.6 million representing a return on average shareholder's funds of 34%.
- EBITDA was RM437.6 million and EBITDA margin was 72% of revenue.

Compared to the start of the year, the US$ had declined by about 6% against the Ringgit Malaysia (RM) by year's end. The adoption of the FRS121 Accounting Standard requires the translation of MBC Group's US$ assets into RM for reporting purposes resulting in a RM83.7 million reduction in its shareholders' equity. Despite this, by end of 2007, the overall shareholders' equity in RM had grown by 9.1%.

During the year, the Group generated a total cash-inflow of RM1,503.8 million consists mainly of RM458.7 million from operating activities, RM529.3 million from sale of fixed assets (ships) and RM503.8 million was generated from investments and interest income. Cash-outflow was RM1,123.5 million comprising principally RM481.2 million for purchase of investments, RM198.4 million for vessels under construction and dry docking costs, RM320 million being dividends to the Group's shareholders and RM95.5 million of loan repayments. The Group closed the year with a cash balance of RM1,026.9 million and quoted investments totaling RM208.7 million. Bank borrowings stand at RM349.4 million and the debt to shareholders' equity ratio is a healthy 21%.

FY2007 in perspective

China has continued its rapid economic expansion growing 11.4% in 2007 and India's growth is equally impressive at 9%. Given the size of both countries and their vast populations, their economic significance will have unprecedented influence over the world's economy far greater than before.

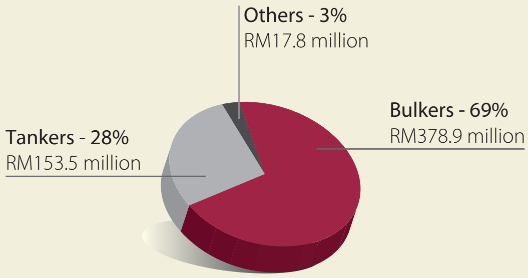
MBC Group started FY2007 with 18 vessels (14 bulk carriers and 4 product tankers). In the course of the year, 4 further ships were delivered (1 secondhand container vessel to be converted into an offshore accommodation vessel and 3 newbuilding product tankers), whilst 2 over-aged bulk carriers and 3 product tankers were sold during 2007, leaving the Group with 17 vessels as we enter FY2008.

The Baltic Dry Index (BDI) began 2007 at 4,421 points scaling up to a new peak of 11,039 points on 13th November 2007. This easily surpassed the previous BDI peak of 6,208 points achieved on 4th December 2004. MBC's bulker fleet's average Time Charter Equivalent (TCE) for 2007 rose to US$30,095/day compared to the average TCE of US$18,281/day for 2006.

Drybulk tonnage remained tight in view of the high demand for raw materials to sustain continued strong global economic growth. This strong shipping demand brought about considerable port congestion and longer tonne miles as cargoes had to be sourced from further origins. All these factors caused rates to rise reaching a historical high in late 2007, and continue to remain high.

Although the tanker market for 2007 was slightly weaker, MBC's tanker profits increased due to the addition of newbuilding tankers that were delivered in the year.

Segment Results



We continue to map out short and long term strategies to maximise trading opportunities in line with our market expectations and to prepare ourselves for future growth and expansion. For 2007, we decided to spot trade the majority of our bulk carrier fleet whilst selectively disposing of older and less attractive tonnage. The strong bulk carrier and the lackluster tanker market for 2007 validates our strategy to favour spot engagements for our bulk carriers and the disposal of several product tankers from our fleet.

Excluding gains on disposal of vessels, MBC Group's 2007 operating profit has exceeded all past records. Tracing back to 2003 when shipping began its remarkable upward climb, MBC has consistently delivered steady to improving results.

The Board is happy to propose a final tax exempt dividend of 30 sen per share. Together with the interim dividend of 8 sen that was paid in FY2007, the total tax exempt dividend for the year would amount to 38 sen which is 58.3% higher than that of FY2006. The total dividend of RM380 million represents a payout ratio of nearly 70% of its profit attributable to shareholders.

chairman & ceo's statement *cont'd*

Moving Forward

We continue our careful watch on the market to identify opportunities that offer promise for growth and profitability and which will deliver value to shareholders.

Addressing the Group's diversification and tonnage replacement needs, management has embarked on the following:

a) invested in a secondhand container vessel to be converted into an offshore accommodation vessel. This investment will contribute to the Group's bottom line in the second half of the year 2008;

b) one of the Group's joint venture companies (60% owned) has signed a Letter of Intent to build a 29,100 dwt bulk carrier with delivery by October 2009;

c) entered into long term charters for:

- 2 x 29,000 dwt bulk carriers (deliveries in 2010 to 2012)
- 2 x 61,000 dwt bulk carriers (deliveries in 2012 to 2013)

Both of the above long term charters are at attractive charter rates and with purchase options. These will add to our existing tonnage capacity. Already the Group had in 2007 taken delivery of two vessels, 1 x 56,000 dwt newbuilding Handymax bulk carrier on long term charter and 1 x 73,000 dwt modern Panamax bulk carrier on 3 years charter to service our existing Tenaga National Berhad coal contract.

Such long term charters help to supplement our owned fleet and enabled a larger operating fleet. The present strong freight market allows the Group to sell older assets into the market under its fleet renewal plan. It also allows us to be patient regarding reinvestment opportunities without having to commit at this point in time, to high vessel prices.

Outlook

Global economic health remains promising although for 2008 IMF projects World GDP to ease to around 4.1%.

Whilst orders for newbuilding are high, prompt deliveries of new bulk carriers are unlikely to threaten the tonnage/demand equilibrium and accordingly the drybulk market for 2008 is expected to remain healthy.

We are more concerned about the excessive tanker order book. In anticipation of the possible decline in the tanker market and its values due to an oversupply situation, several MBC product tankers were sold in 2007.

Shipping fortunes can however be affected by events outside the industry and accordingly any major threats such as terrorism, conflicts in the Middle East, epidemics that may unexpectedly arise, prolonged high oil and commodity prices, US sub-prime problems and its unknown contagion effects may affect the Group's performance. Barring such unforeseen events, we hope to continue the positive momentum and to deliver for the benefit of all stakeholders.

chairman & ceo's statement *cont'd*

Fleet Management

The shipping boom has resulted in an unprecedented increase in newbuilding orders and the continued trading of over-aged ships as owners decide against scrapping. With the remarkable expansion in world fleet, demand and competition for quality seafarers has never been greater. Consequently, crew cost has increased sharply and will continue to climb.

Whilst crewing cost is the biggest item in the ship management cost, inflation and a weaker dollar are growing concerns for the shipping industry. Higher insurance cost, shortage of repair and dry docking capacity, costlier supplies and spares will all adversely impact operating cost in future. Management is therefore devoting every effort to face such challenges. The Group's linkage to the Pacific Carriers Limited Group with its extensive networking has been beneficial in this respect and this along with the continued focus towards quality staff, on-going training and education supported by improvements in technologies will remain as priorities in our efforts.

Corporate Social Responsibility

Whilst we pursue our business commitments, we acknowledge our responsibility to our employees, our business partners and the communities in which we do business as well as the environment we operate in.

We continue our sponsorship of students for marine cadet training, organised subsidised company activities for staff and their family members and for the less fortunate and the destitute, we continue to donate to charities and to worthy causes.

Board Changes and acknowledgement

Y Bhg. Datuk Haji Abdul Rahim Mohd Zin resigned from the Board on 31 August 2007. The Board wishes to express its sincere appreciation to Datuk Rahim for his invaluable contributions and services to the Group. We welcome Dato' Tajuddin bin Atan who joined the Board on 5 March 2008.

On behalf of the Board, we wish to also thank the management and staff both on shore and on board our vessels for their commitment and dedication which has resulted in another record year for the Group. Our appreciation also to our customers, business associates and partners for their unwavering support which has once again contributed so immensely to our success.

Last but not least, our thanks to all our shareholders for your continued support and confidence in the Group.

Teo Joo Kim, *Executive Chairman*
Kuok Khoon Kuan, *Chief Executive Officer*

an overview of MBC's fleet as at 11 March 2008

IN OPERATION

	VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)	LOA (METERS)	BEAM (METERS)	HO/HA	GEARS
Bulk Carriers								
1	Alam Sempurna	Feb-84	28,094	10.61	178.2	23.1	5/5	4Cx25T
2	Alam Senang	Mar-84	28,098	10.61	178.2	23.1	5/5	4Cx25T
3	Alam Gula	May-85	23,418	9.98	155.8	24.6	4/4	4Cx30T
4	Alam Selamat	Jul-92	39,110	10.93	180.8	30.5	5/5	4Cx25T
5	Alam Mesra	Oct-00	46,644	11.62	189.8	31.0	5/5	4Cx30T
6	Alam Makmur	Nov-00	46,644	11.62	189.8	31.0	5/5	4Cx30T
7	Alam Padu	Apr-05	87,052	14.13	229.0	36.5	7/7	Gearless
8	Alam Permai	Jun-05	87,052	14.13	229.0	36.5	7/7	Gearless
9	Alam Penting	Jul-05	87,052	14.13	229.0	36.5	7/7	Gearless
10	Alam Pesona	Sep-05	87,052	14.13	229.0	36.5	7/7	Gearless
11	Alam Pintar	Oct-05	87,052	14.13	229.0	36.5	7/7	Gearless

	VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)	LOA (METERS)	BEAM (METERS)	CGO/SLOP TANKS	GEARS
Tankers								
1	Alam Bitara	May-99	45,513	12.20	180.5	32.2	12 CT, 2S	1Cx10T
2	Alam Budi	Mar-01	47,065	12.67	182.5	32.2	14 CT, 2S	1Cx10T
3	Alam Bistari	May-01	47,065	12.67	182.5	32.2	14 CT, 2S	1Cx10T

UNDER CONVERSION TO AN OFFSHORE ACCOMMODATION VESSEL

	VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)	LOA (METERS)	BEAM (METERS)	HO/HA	GEARS
1	Pac Bintan	Jun-99	3,650	3.76	88	20	Not applicable	2x36T

SOLD IN 2008

	VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)	LOA (METERS)	BEAM (METERS)	HO/HA	GEARS
Bulk Carrier								
1	Alam Selaras	Feb-92	39,110	10.93	180.8	30.5	5/5	4Cx25T

	VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)	LOA (METERS)	BEAM (METERS)	CGO/SLOP TANKS	GEARS
Tanker								
1	Alam Comel	Sep-07	34,671	11.80	171.2	27.4	12CT, 2S	1Cx10T

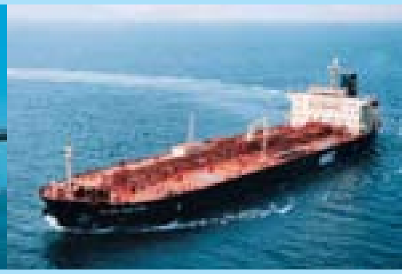










corporate information

Board of Directors	Teo Joo Kim, *Executive Chairman* Kuok Khoon Kuan, *Chief Executive Officer* Wu Long Peng, *Executive Director* Dato' Lim Chee Wah, *Non-Executive Non-Independent Director* Dato' Tajuddin bin Atan, *Non-Executive Non-Independent Director* Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Non-Executive Independent Director* Mohammad bin Abdullah, *Non-Executive Independent Director* Tay Beng Chai, *Non-Executive Independent Director*	
Audit Committee	Chairman Members	Mohammad bin Abdullah Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid Tay Beng Chai
Nomination & Remuneration Committee	Chairman Members	Dato' Lim Chee Wah Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid Tay Beng Chai
Company Secretaries	Ng Ngin Hooi (MIA 3539) Yap Bee Yong (MIA 11165)	
Registrar	PPB Corporate Services Sdn Bhd 14th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: 03-2117 0888 Fax: 03-2117 0999	
Registered Office	Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur 46050 Petaling Jaya, Selangor Darul Ehsan Tel: 03-7966 1688 Fax: 03-7966 1628	
Stock Exchange Listing	Bursa Malaysia Securities Berhad, Main Board Sector: Stock Name: Stock Code:	 Trading Maybulk 5077
Auditors	Ernst & Young (AF: 0039) *Chartered Accountants* Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur Tel: 03-7495 8000 Fax: 03-2095 9076	
Website	www.maybulk.com.my	

board of directors

Teo Joo Kim
67, Singaporean
Executive Chairman

Mr. Teo was appointed to the Board on 25 January 1995 and is currently the Executive Chairman.

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

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

Kuok Khoon Kuan
60, Malaysian
Chief Executive Officer

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

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

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

Wu Long Peng
54, Singaporean
Executive Director

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

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

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

Notes:

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

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

board of directors *cont'd*

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

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

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

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

Dato' Tajuddin bin Atan
49, Malaysian
Non-Executive Non-Independent Director

Dato' Tajuddin bin Atan was appointed to the Board on 5 March 2008.

Dato' Tajuddin is the President/Group Managing Director of Bank Pembangunan Malaysia Berhad. He is also a Director of Global Maritime Ventures Berhad and Global Carriers Berhad.

He began his career as an Assistant Accountant with Bumiputra Commerce Bank Berhad in 1983 and his last held position in the Bank was Senior Vice President, Treasury Department. He then joined the Penang Shipbuilding and Construction (PSC) Group as the Senior General Manager of Corporate Finance from March 2000 to April 2001, Group Executive Director of Actacorp Holdings Berhad from April to June 2001 and Managing Director of Chase Perdana Berhad and Adviser to Sitt Tatt Berhad from July 2001 to September 2004. Subsequently, he joined Bank Simpanan Nasional as Chief Executive Officer until November 2007.

He holds a Bachelor of Science (Agribusiness) degree from University Putra Malaysia and a Master in Business Administration from Ohio University.

Notes:

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

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

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

58, Malaysian

Non-Executive Independent Director

Dato' Capt. Ahmad Sufian was appointed to the Board on 9 July 1996 and is also a member of the Audit Committee and the Nomination & Remuneration Committee.

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

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

Mohammad bin Abdullah

67, Malaysian

Non-Executive Independent Director

Encik Mohammad was appointed to the Board on 14 October 2003 and is currently the Chairman of the Audit Committee.

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

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

Tay Beng Chai

46, Malaysian

Non-Executive Independent Director

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

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

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

Notes:

1. *None of the directors has any family relationship with any other director of the Company. The disclosure of directors' family relationship with major shareholders is not applicable as the major shareholders are corporate entities.*
2. *None of the directors had any convictions for offences within the past 10 years.*

corporate governance statement

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

1. BOARD OF DIRECTORS

1.1 Principal Responsibilities

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

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

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

1.2 Composition

The Board presently comprises the following members:-

	Attendance at Board Meetings
Teo Joo Kim, *Executive Chairman*	4 / 4
Kuok Khoon Kuan, *Chief Executive Officer*	4 / 4
Wu Long Peng, *Executive Director*	4 / 4
Dato' Lim Chee Wah, *Non-Executive Non-Independent Director*	3 / 4
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Non-Executive Independent Director*	4 / 4
Mohammad bin Abdullah, *Non-Executive Independent Director*	4 / 4
Tay Beng Chai, *Non-Executive Independent Director*	4 / 4
Datuk Haji Abdul Rahim Mohd Zin, *Non-Executive Non-Independent Director (resigned on 31 August 2007)*	3 / 3
Dato' Tajuddin bin Atan, *Non-Executive Non-Independent Director (appointed on 5 March 2008)*	Not applicable

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

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

The profile of each Director is set out in pages 13 to 15 of this Annual Report.

1.3 Board Meetings and Supply of Information

The Board meetings are scheduled in advance at the end of the financial year to enable Directors to plan ahead. During the financial year ended 31 December 2007, a total of four (4) meetings were held. The record of each Director's attendance thereat is as set out above.

1.3 **Board Meetings and Supply of Information** *cont'd*

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

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

1.4 **Re-Election**

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

1.5 **Continuing Education Programmes**

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

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1.6 **Nomination & Remuneration Committee**

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

During the financial year ended 31 December 2007, the Nomination & Remuneration Committee had one (1) meeting, with full attendance at the meeting, to discuss and make the necessary recommendation to the Board of Directors with regards to the remuneration of the Directors.

2. DIRECTORS' REMUNERATION

Details of the Directors' remuneration for the financial year ended 31 December 2007 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	-	-
Fees	213,750	333,250
Attendance Fee	17,000	31,000
Total	230,750	364,250

The Directors' remuneration for the financial year ended 31 December 2007 fall within the following bands:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	1
RM50,000 to RM100,000	3	4
Total	3	5

corporate governance statement *cont'd*

3. SHAREHOLDERS

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

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

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

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

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

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

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

4.2 Internal Control

The statement on the Company's internal control system is set out on page 22 of this Annual Report.

4.3 Relationship with Auditors

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

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

The statement explaining the Board of Directors' responsibility for preparing the annual financial statements is set out on page 67 of this Annual Report.

audit committee report

1. THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members of the Board, all of whom are Non-Executive Independent Directors. The members during the financial year ended 31 December 2007 are as follows:-

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

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

Tay Beng Chai
Non-Executive Independent Director (appointed on 22 November 2007)

Wu Long Peng
Executive Director (resigned on 22 November 2007)

2. MEETINGS AND ATTENDANCE

The Audit Committee meets periodically to carry out its functions and duties in accordance with its Terms of Reference. During the financial year ended 31 December 2007, the Audit Committee had a total of five (5) meetings held between 26 February 2007 to 21 November 2007, with full attendance at each meeting.

3. TERMS OF REFERENCE

3.1 Purpose

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

3.2 Composition

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

3.3 Authority

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

- Investigate any matters within its Terms of Reference;
- Have full and unrestricted access to all information in relation to the Company and its subsidiaries ("the Group");
- Have direct communication channels with the External Auditors and Internal Auditors;
- Obtain external independent professional advice or assistance;
- Convene closed meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;

audit committee report *cont'd*

3.3 **Authority** *cont'd*

- Appoint, compensate and oversee the work of the External Auditors; and
- Resolve any disagreement between management and the External Auditors regarding financial reporting.

3.4 **Meetings and Attendance**

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

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

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

3.5 **Duties and Responsibilities**

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

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

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

For the financial year ended 31 December 2007, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference. The main areas of activities undertaken by the Audit Committee were as follows:-

(a) reviewed the Internal Audit plan;

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

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

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

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

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

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

(h) reviewed the Audit Committee Report and Statement on Internal Control.

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

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

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

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

statement on internal control

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

1. Board Responsibility

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

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

The Board has established appropriate control structures and an environment with ongoing monitoring activities to ensure the effectiveness of the internal control system.

2. Control Structure

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

The Audit Committee assists the Board in its responsibilities over the system of internal control. Its independence is assured by the current composition comprising all members who are non-executive Independent Directors. As highlighted in the Audit Committee Report, the Audit Committee has full access and direct communication with the External and Internal Auditors in discharging its responsibilities.

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

3. Control Environment

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

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

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

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

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

4. Monitoring and Review Activities

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

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

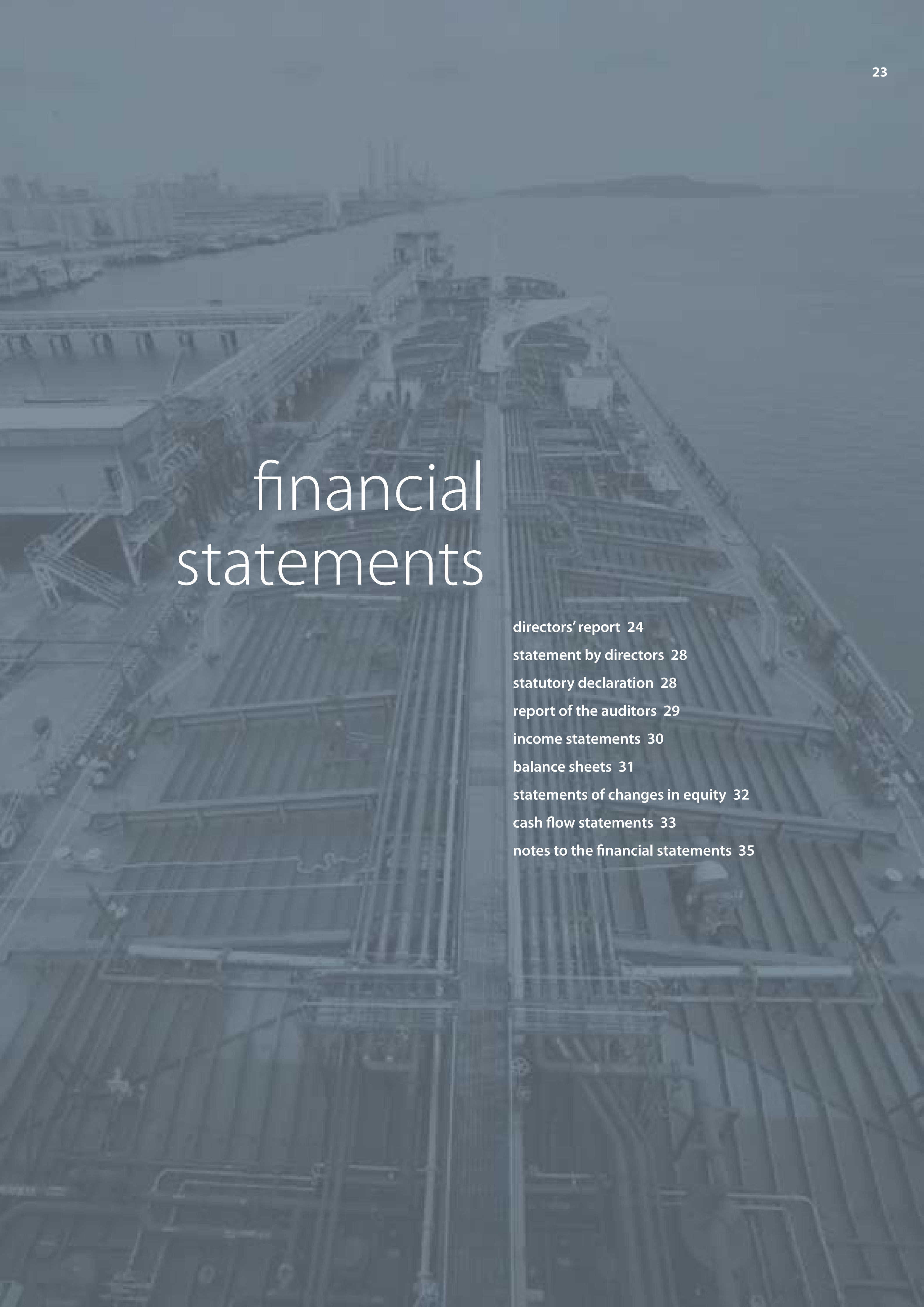
There are no material internal control failures nor have any of the reported weaknesses resulted in material financial losses or contingencies during the financial year ended 31 December 2007.

5. Effectiveness of Internal Control

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

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

The Board confirms that it has reviewed the effectiveness of the system of internal control and is not aware of any significant weakness or deficiency for the financial year ended 31 December 2007.



financial statements

directors' report 24
statement by directors 28
statutory declaration 28
report of the auditors 29
income statements 30
balance sheets 31
statements of changes in equity 32
cash flow statements 33
notes to the financial statements 35

directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are described in Note 11 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	577,766	230,075
Attributable to:		
Equity holders of the Company	544,592	230,075
Minority interests	33,174	-
	577,766	230,075

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

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

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:-

	RM'000
In respect of the financial year ended 31 December 2006:	
First and final dividend of 12 sen per share, tax exempt, paid on 10 May 2007	96,000
Special dividend of 18 sen per share, tax exempt, paid on 10 May 2007	144,000
	240,000
In respect of the financial year ended 31 December 2007:	
Interim dividend of 8 sen per share, tax exempt, paid on 24 September 2007	80,000
	320,000

The Directors recommend a final dividend of 30 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM300,000,000 subject to the approval of the shareholders 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 profit in the financial year ending 31 December 2008.

SHARE CAPITAL

During the financial year, the issued and paid up share capital of the Company was increased from RM200,000,000 to RM250,000,000 by way of a bonus issue of 200,000,000 new ordinary shares of RM0.25 each, on the basis of one new ordinary share of RM0.25 each for every four existing ordinary shares of RM0.25 each held in the Company.

The bonus issue was capitalised from the share premium account of the Company.

DIRECTORS

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

Teo Joo Kim
Kuok Khoon Kuan
Wu Long Peng
Dato' Lim Chee Wah
Datuk Haji Abdul Rahim Mohd Zin *(Resigned on 31 August 2007)*
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Mohammad bin Abdullah
Tay Beng Chai
Dato' Tajuddin bin Atan *(Appointed on 5 March 2008)*

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.25 Each				
	At 1.1.2007	During the financial year: Bonus issue	Bought	Sold	At 31.12.2007
Teo Joo Kim	1,377,000	344,250	-	-	1,721,250
Kuok Khoon Kuan	1,703,000	425,750	-	-	2,128,750
Wu Long Peng	1,300,000	325,000	-	-	1,625,000
Dato' Lim Chee Wah	1,550,000	400,000	50,000	-	2,000,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	725,000	157,500	-	(107,500)	775,000
Tay Beng Chai	300,000	75,000	-	-	375,000
Mohammad bin Abdullah	100,000	25,000	-	-	125,000

directors' report *cont'd*

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENTS

Details of events subsequent to the financial year are disclosed in Note 31 to the financial statements.

AUDITORS

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

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

Kuok Khoon Kuan

Wu Long Peng

Petaling Jaya, Selangor Darul Ehsan
11 March 2008

statement by directors

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

We, Kuok Khoon Kuan and Wu Long Peng, being two of the Directors of Malaysian Bulk Carriers Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 30 to 61 are drawn up in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Kuok Khoon Kuan

Wu Long Peng

Petaling Jaya, Selangor Darul Ehsan
11 March 2008

statutory declaration

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

I, Yap Bee Yong, being the Officer primarily responsible for the financial management of Malaysian Bulk Carriers Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 61 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Yap Bee Yong
at Petaling Jaya in Selangor Darul Ehsan on 11 March 2008.

Yap Bee Yong

Before me,

Commissioner for Oaths

report of the auditors

to the members of Malaysian Bulk Carriers Berhad

We have audited the financial statements set out on pages 30 to 61. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

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

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

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.

Ernst & Young
AF: 0039
Chartered Accountants

Yap Seng Chong
No. 2190/12/09(J)
Partner

Kuala Lumpur, Malaysia
11 March 2008

income statements

for the year ended 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Revenue	3	608,142	441,600	239,500	92,500
Operating expenses		(228,681)	(172,409)	-	-
		379,461	269,191	239,500	92,500
Other operating income		236,623	84,259	8,617	3,493
Administration expenses		(29,239)	(19,476)	(17,278)	(7,894)
Profit from operations		586,845	333,974	230,839	88,099
Finance cost		(21,812)	(36,071)	(9)	(67)
Share of results of associate		15,262	15,584	-	-
Profit before taxation	4	580,295	313,487	230,830	88,032
Taxation	7	(2,529)	(1,161)	(755)	(461)
Profit for the year		577,766	312,326	230,075	87,571
Attributable to:					
Equity holders of the Company		544,592	300,565	230,075	87,571
Minority interests		33,174	11,761	-	-
		577,766	312,326	230,075	87,571
Earnings per share attributable to equity holders of the Company (sen)	8	54.46	30.06		

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

balance sheets

as at 31 December 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Fixed assets	9	655,175	1,001,072	665	1,119
Leasehold property	10	18,508	20,240	6,591	7,180
Subsidiaries	11	-	-	713,423	946,604
Associate	12	47,605	36,397	-	-
TOTAL NON-CURRENT ASSETS		721,288	1,057,709	720,679	954,903
CURRENT ASSETS					
Consumable stores		6,517	6,216	-	-
Trade receivables	13	42,798	33,148	-	-
Other receivables and prepayments	14	53,444	84,363	1,349	636
Amounts due from subsidiaries	15	-	-	116,874	129,152
Investments	16	208,716	178,103	-	-
Short term deposits	17	988,783	676,671	72,268	32,687
Cash and bank balances		38,163	16,123	2,374	4,607
		1,338,421	994,624	192,865	167,082
Non-current assets classified as held for sale	18	127,999	36,062	-	-
TOTAL CURRENT ASSETS		1,466,420	1,030,686	192,865	167,082
TOTAL ASSETS		2,187,708	2,088,395	913,544	1,121,985
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	19	250,000	200,000	250,000	200,000
Reserves	20	1,445,048	1,354,117	478,088	663,076
		1,695,048	1,554,117	728,088	863,076
Minority interests		79,256	53,034	-	-
TOTAL EQUITY		1,774,304	1,607,151	728,088	863,076
NON-CURRENT LIABILITIES					
Borrowings	21	342,810	336,014	-	-
Deferred tax liabilities	22	1,338	-	-	-
TOTAL NON-CURRENT LIABILITIES		344,148	336,014	-	-
CURRENT LIABILITIES					
Other payables	23	60,845	71,451	4,300	14,343
Borrowings	21	6,589	73,302	-	-
Amounts due to subsidiaries	15	-	-	181,156	244,566
Provision for taxation		1,822	477	-	-
TOTAL CURRENT LIABILITIES		69,256	145,230	185,456	258,909
TOTAL LIABILITIES		413,404	481,244	185,456	258,909
TOTAL EQUITY AND LIABILITIES		2,187,708	2,088,395	913,544	1,121,985

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

statements of changes in equity

for the year ended 31 December 2007

GROUP	Note	Attributable to Equity Holders of the Company							Minority Interests	Total Equity
			Distributable	Non-distributable						
		Share capital	Retained profit	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Total reserves		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006										
As previously stated		200,000	1,089,657	98,791	34,159	40,000	1,473	1,264,080	45,082	1,509,162
Effects of adopting FRS 121		-	(56,060)	-	-	-	91,678	35,618	-	35,618
At 1 January 2006 (restated)		200,000	1,033,597	98,791	34,159	40,000	93,151	1,299,698	45,082	1,544,780
Profit for the year		-	300,565	-	-	-	-	300,565	11,761	312,326
Dividends	24	-	(136,000)	-	-	-	-	(136,000)	-	(136,000)
Currency translation differences		-	-	-	-	-	(110,146)	(110,146)	(3,809)	(113,955)
At 31 December 2006		200,000	1,198,162	98,791	34,159	40,000	(16,995)	1,354,117	53,034	1,607,151
At 1 January 2007		200,000	1,198,162	98,791	34,159	40,000	(16,995)	1,354,117	53,034	1,607,151
Bonus issue	19	50,000	-	(50,000)	-	-	-	(50,000)	-	-
Profit for the year		-	544,592	-	-	-	-	544,592	33,174	577,766
Dividends	24	-	(320,000)	-	-	-	-	(320,000)	-	(320,000)
Dividend paid to minority shareholder of a subsidiary		-	-	-	-	-	-	-	(2,594)	(2,594)
Currency translation differences		-	-	-	-	-	(83,661)	(83,661)	(4,358)	(88,019)
At 31 December 2007		250,000	1,422,754	48,791	34,159	40,000	(100,656)	1,445,048	79,256	1,774,304

COMPANY	Note		Distributable	Non-distributable					
		Share capital	Retained profit	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Total reserves	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006									
As previously stated		200,000	556,179	98,791	47,524	40,000	-	742,494	942,494
Effects of adopting FRS 121		-	(89,809)	-	-	-	120,196	30,387	30,387
At 1 January 2006 (restated)		200,000	466,370	98,791	47,524	40,000	120,196	772,881	972,881
Profit for the year		-	87,571	-	-	-	-	87,571	87,571
Dividends	24	-	(136,000)	-	-	-	-	(136,000)	(136,000)
Currency translation differences		-	-	-	-	-	(61,376)	(61,376)	(61,376)
At 31 December 2006		200,000	417,941	98,791	47,524	40,000	58,820	663,076	863,076
At 1 January 2007		200,000	417,941	98,791	47,524	40,000	58,820	663,076	863,076
Bonus issue	19	50,000	-	(50,000)	-	-	-	(50,000)	-
Profit for the year		-	230,075	-	-	-	-	230,075	230,075
Dividends	24	-	(320,000)	-	-	-	-	(320,000)	(320,000)
Currency translation differences		-	-	-	-	-	(45,063)	(45,063)	(45,063)
At 31 December 2007		250,000	328,016	48,791	47,524	40,000	13,757	478,088	728,088

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

cash flow statements

for the year ended 31 December 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	580,295	313,487	230,830	88,032
Adjustments for:				
Depreciation	38,237	39,999	465	537
Amortisation of leasehold property	1,303	171	160	171
Impairment loss on investment in subsidiaries	-	-	9,260	440
Writeback of provision for doubtful debts	(435)	(62)	-	-
Writeback of provision for impairment on quoted investment	-	(3,163)	-	-
Gain on disposal of fixed assets	(167,389)	-	-	-
Gain on disposal of quoted investments	(1,368)	(5,905)	-	-
Fixed assets written off	-	1	-	-
Unrealised gain on quoted investments	(21,406)	(29,443)	-	-
Unrealised exchange loss/(gain)	4,245	(5,008)	(2,959)	(7)
Dividend income	(1,487)	(1,304)	(239,500)	(92,500)
Interest income	(36,621)	(39,294)	(2,743)	(1,931)
Interest expenses and other financing cost	21,812	36,071	9	67
Share of results of associate	(15,262)	(15,584)	-	-
Operating profit/(loss) before working capital changes	401,924	289,966	(4,478)	(5,191)
Changes in working capital:				
Consumable stores	(315)	1,666	-	-
Receivables	40,499	(43,140)	(1,676)	343
Payables	17,939	22,861	(10,032)	11,486
Subsidiaries	-	-	(74,431)	257,331
Cash generated from/(used in) operations	460,047	271,353	(90,617)	263,969
(Tax paid)/ tax refunded	(1,285)	(973)	347	(331)
Net cash generated from/(used in) operating activities	458,762	270,380	(90,270)	263,638
CASH FLOWS FROM INVESTING ACTIVITIES				
Construction cost and purchase of vessels	(194,259)	(161,765)	-	-
Purchase of new equipment and capitalisation of dry docking cost	(4,015)	(2,979)	-	-
Purchase of other fixed assets	(86)	(728)	(62)	(1,738)
Purchase of quoted investments	(481,180)	(42,131)	-	-
Investment in subsidiaries	-	-	(103,156)	(200)
Dividend received	1,487	1,304	239,500	92,500
Interest received	36,621	39,294	2,743	1,931
Proceeds from disposal of quoted investments	465,695	43,108	-	-
Proceeds from disposal of fixed assets	529,291	57	-	-
Loan repayment from associate company	3,352	3,754	-	-
Net cash generated from/(used in) investing activities	356,906	(120,086)	139,025	92,493
Cash flows carried forward	815,668	150,294	48,755	356,131

cash flow statements *cont'd*

for the year ended 31 December 2007

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Cash flows brought forward	815,668	150,294	48,755	356,131
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest and other financing cost	(21,812)	(36,071)	(9)	(67)
Repayment of loans	(11,645)	(10,928)	-	-
Repayment of lease financing	(61,998)	(9,493)	-	-
Loan repayments to subsidiaries	-	-	-	(212,218)
Loan repayments from subsidiaries	-	-	336,996	-
Loan to subsidiaries	-	-	(24,496)	-
Loan repayments to minority shareholders	(25,972)	-	-	-
Loan from minority shareholders of subsidiaries	8,636	9,181	-	-
Dividends paid	(320,000)	(136,000)	(320,000)	(136,000)
Dividend paid to minority shareholder of subsidiary	(2,594)	-	-	-
Net cash used in financing activities	(435,385)	(183,311)	(7,509)	(348,285)
NET CHANGE IN CASH AND CASH EQUIVALENTS	380,283	(33,017)	41,246	7,846
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(46,131)	(49,282)	(3,898)	(3,817)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	692,794	775,093	37,294	33,265
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,026,946	692,794	74,642	37,294
Cash and cash equivalents comprise:				
Short term deposits	988,783	676,671	72,268	32,687
Cash and bank balances	38,163	16,123	2,374	4,607
	1,026,946	692,794	74,642	37,294

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

notes to the financial statements

31 December 2007

1. GENERAL

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

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and comply with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia.

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

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

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

Subsidiaries are consolidated using the acquisition method of accounting except for those subsidiaries indicated in Note 11 to the financial statements which are consolidated using the merger method of accounting.

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

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

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

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

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

notes to the financial statements *cont'd*

31 December 2007

2.2 **Summary of Significant Accounting Policies** *cont'd*

(a) **Basis of Consolidation** *cont'd*

(i) **Subsidiaries** *cont'd*

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

(ii) **Associates**

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

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

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

(b) **Investment in Subsidiaries and Associates**

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

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

(c) **Consumable Stores**

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

(d) **Fixed Assets and Depreciation**

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

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

No depreciation is provided for construction in progress.

The depreciation rates used are as follows:

Vessels	25 years
Dry docking	2 - 3 years
Depot site development	2% per annum
Vehicles	20% per annum
Office equipment	20% - 33 ⅓% per annum
Furniture and fittings	10% per annum
Renovations	33 ⅓% per annum

2.2 **Summary of Significant Accounting Policies** *cont'd*

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

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

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

(e) **Financial Assets**

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

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

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

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

(ii) **Loans and receivables**

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

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

(f) **Investment Securities**

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

(g) **Determination of Fair Value**

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

notes to the financial statements *cont'd*

31 December 2007

2.2 Summary of Significant Accounting Policies *cont'd*

(h) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

(iii) Foreign operations

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

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

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

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

(i) Cash and Cash Equivalents

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

2.2 **Summary of Significant Accounting Policies** *cont'd*

(j) **Impairment of Assets**

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

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

(k) **Financial Liabilities**

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

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

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

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

(l) **Leases**

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and all lease rentals payable are accounted for on a straight-line basis over the lease term.

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid land lease payments at the balance sheet date. In the case of a lease of land and buildings, the prepaid lease payments are allocated, whenever necessary, between the land element and the buildings element of the lease at the inception of the lease in proportion to their relative fair value. The prepaid lease payments are amortised over the lease term in accordance with the pattern of benefits provided.

(m) **Income Tax**

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

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

notes to the financial statements *cont'd*

31 December 2007

2.2 **Summary of Significant Accounting Policies** *cont'd*

(m) **Income Tax** *cont'd*

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

(n) **Financial Instruments**

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

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

(o) **Equity Instruments**

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

(p) **Derivative Financial Instruments**

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

(q) **Income Recognition**

(i) **Charterhire income**

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

(ii) **Investment income**

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

(iii) **Rental and depot income**

Rental and depot income is recognised on an accrual basis.

(iv) **Ship brokerage and charterhire commission**

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

(v) **Management fees**

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

(vi) **Interest income**

Interest income is recognised on an accrual basis.

2.2 **Summary of Significant Accounting Policies** *cont'd*

(r) **Employee Benefits**

(i) **Short term benefits**

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

(ii) **Defined contribution plans**

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

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

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

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

2.3 **Changes in Accounting Policies**

The accounting policies adopted by the Group and the Company are consistent with those adopted in previous years except for the adoption of the following FRSs that are effective for the financial periods beginning on 1 January 2007:

FRS 117 - Leases
FRS 124 - Related Party Disclosures

The adoption of the FRS 124 does not result in significant changes in accounting policies of the Group and of the Company. The change in accounting policy and the effects resulting from the adoption of FRS 117 are discussed in Note 2.3(a).

In addition, the Group has also early adopted the following FRSs and amendments which are effective for financial periods beginning on or after 1 July 2007:

FRS 107 - Cash Flow Statements
FRS 111 - Construction Contracts
FRS 112 - Income Taxes
FRS 118 - Revenue
FRS 119 - Employee Benefits
FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance
FRS 126 - Accounting and Reporting by Retirement Benefit Plans
FRS 129 - Financial Reporting in Hyperinflationary Economies
FRS 134 - Interim Financial Reporting
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

notes to the financial statements *cont'd*

31 December 2007

2.3 Changes in Accounting Policies *cont'd*

IC Interpretation 6 : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7 : Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8 : Scope of FRS 2

The above FRSs, amendments to FRS and IC Interpretations do not have any significant financial impact on the Group and the Company.

The impact resulting from the change in accounting policy arising from the adoption of FRS 117 is discussed below:

(a) **FRS 117 - Leases**

(i) **Leasehold land held for own use**

Prior to 1 January 2007, leasehold land and buildings held for own use were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment losses, where applicable. The adoption of FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The minimum lease payments or the up-front payments made are allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has adopted the change in accounting policy in respect of leasehold land and buildings in accordance with the transitional provisions of FRS 117. As at 1 January 2007, the unamortised carrying amount of leasehold property is reclassified from fixed assets. The reclassification has been accounted for retrospectively and certain comparatives have been reclassified. The effects on the consolidated balance sheet as at 31 December 2007 are set out below:

	RM'000
Decrease in fixed assets	(18,508)
Increase in leasehold property	18,508

There was no material impact on the consolidated income statement for the year ended 31 December 2007.

2.4 Significant Accounting Estimates and Judgements

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

(i) **Depreciation of fixed assets**

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

3. REVENUE

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Charterhire income	603,036	437,733	-	-
Depot income	2,807	2,732	-	-
Ship brokerage and management	2,299	1,135	-	-
Dividend income from subsidiaries	-	-	239,500	92,500
	608,142	441,600	239,500	92,500

4. PROFIT BEFORE TAXATION

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
This is arrived at after charging/(crediting):				
Auditors' remuneration				
- current year	301	305	40	40
- underprovision in prior year	70	81	-	15
Amortisation of leasehold property	1,303	171	160	171
Directors' remuneration (Note 6)	611	583	595	567
Depreciation	38,237	39,999	465	537
Fixed assets written off	-	1	-	-
Impairment loss on investment in subsidiaries	-	-	9,260	440
Writeback of provision for doubtful debts	(435)	(62)	-	-
Writeback of provision for impairment on quoted investment	-	(3,163)	-	-
Exchange (gain)/loss				
- realised	(12,331)	252	88	1
- unrealised	4,245	(5,008)	(2,959)	(7)
Unrealised gain on quoted investments	(21,406)	(29,443)	-	-
Gain on disposal of quoted investments	(1,368)	(5,905)	-	-
Finance costs				
- interest on loans	15,430	20,855	-	-
- interest on finance leases	4,641	12,702	-	-
- LC commission and guarantee fees	1,741	2,514	9	67
Gain on disposal of fixed assets	(167,389)	-	-	-
Interest income	(36,621)	(39,294)	(2,743)	(1,931)
Rental income	(266)	(261)	(434)	(430)
Dividend income from quoted investments	(1,487)	(1,304)	-	-
Cost sharing of expenses	17,077	10,844	-	689
Rental expenses	-	52	-	12

5. STAFF AND CREW COSTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Wages, salaries and bonus	38,920	35,061	4,414	3,340
Pension costs				
- defined contribution plans	1,420	1,202	527	402
Social security costs	45	51	23	20
Other staff related expenses	10,546	9,735	220	168
	50,931	46,049	5,184	3,930

notes to the financial statements *cont'd*

31 December 2007

6. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors of the Company				
Fees:				
Executive	214	215	214	215
Non-executive	341	360	333	352
	555	575	547	567
Attendance fees:				
Executive	17	-	17	-
Non-executive	31	-	31	-
	603	575	595	567
Other Directors				
Fees	8	8	-	-
Total	611	583	595	567

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

	Number of Directors	
	2007	2006
Executive Directors:		
RM50,000 - RM100,000	3	3
Non-Executive Directors:		
RM50,000 - RM100,000	4	5
< RM50,000	1	-
	8	8

7. TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax:				
Malaysian income tax	1,298	1,357	1,606	851
Foreign tax	401	259	-	-
Overprovision in prior years	(508)	(381)	(851)	(390)
	1,191	1,235	755	461
Deferred tax (Note 22):				
Relating to temporary differences	825	(74)	-	-
Underprovision in prior years	513	-	-	-
	1,338	(74)	-	-
	2,529	1,161	755	461

7. **TAXATION** *cont'd*

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

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation		580,295	313,487	230,830	88,032
Tax exempt shipping income	(a)	(235,753)	(151,566)	-	-
Profit from companies incorporated in the BVI		(308,397)	(141,048)	-	-
Tax exempt dividend income		(216)	(145)	(233,000)	(92,500)
		(544,366)	(292,759)	(233,000)	(92,500)
		35,929	20,728	(2,170)	(4,468)
Taxation at statutory tax rate		9,701	5,804	(586)	(1,251)
Income not subject to tax		(10,494)	(5,562)	(1,469)	-
Tax savings arising from differential tax rate of 20%		(21)	-	-	-
Effect of difference in tax rates in other countries		(235)	(124)	-	-
Expenses not deductible for tax purposes		2,970	2,085	3,827	2,102
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances		(166)	(847)	(166)	-
Deferred tax assets not recognised during the year		769	186	-	-
Overprovision of tax in prior years		(508)	(381)	(851)	(390)
Underprovision of deferred tax in prior years		513	-	-	-
Taxation for the year		2,529	1,161	755	461

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

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

Taxation of the Company is in respect of interest income.

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

	Group	
	2007 RM'000	2006 RM'000
Unutilised tax losses	5,541	3,311
Unabsorbed capital allowances	1,521	1,516
	7,062	4,827

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

notes to the financial statements *cont'd*

31 December 2007

8. EARNINGS PER SHARE

Basic earnings per share

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

	Group 2007	Group 2006
Profit attributable to equity holders of the Company (RM'000)	544,592	300,565
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic earnings per share (sen)	54.46	30.06

The comparative basic earnings per share has been restated to take into account the effect of bonus issue during the financial year.

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

9. FIXED ASSETS

GROUP	Note	Vessels RM'000	Dry docking RM'000	Vessel construction in progress RM'000	Depot site development RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2007								
Cost								
At 1 January 2007		1,153,750	8,536	164,752	2,560	2,261	2,549	1,334,408
Additions		20,617	3,173	174,484	-	-	86	198,360
Disposals and write off		(331,028)	-	-	-	(4)	(41)	(331,073)
Reclassification		309,853	-	(310,597)	-	-	-	(744)
Derecognition		-	(1,031)	-	-	-	-	(1,031)
Reclassified as held for sale	18	(177,412)	(1,360)	-	-	-	-	(178,772)
Translation difference		(72,486)	(559)	-	-	(47)	(270)	(73,362)
At 31 December 2007		903,294	8,759	28,639	2,560	2,210	2,324	947,786
Accumulated Depreciation								
At 1 January 2007		325,480	4,791	-	191	1,397	1,477	333,336
Charge for the year		33,965	3,371	-	51	419	431	38,237
Disposals and write off		(5,189)	-	-	-	(4)	(41)	(5,234)
Reclassification		(744)	-	-	-	-	-	(744)
Derecognition		-	(1,031)	-	-	-	-	(1,031)
Reclassified as held for sale	18	(50,479)	(294)	-	-	-	-	(50,773)
Translation difference		(20,576)	(343)	-	-	(38)	(223)	(21,180)
At 31 December 2007		282,457	6,494	-	242	1,774	1,644	292,611
Net Book Value								
At 31 December 2007		620,837	2,265	28,639	2,318	436	680	655,175

9. FIXED ASSETS *cont'd*

GROUP *cont'd*	Note	Vessels RM'000	Dry docking RM'000	Vessel construction in progress RM'000	Leasehold land RM'000	Leasehold property RM'000	Depot site development RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2006										
Cost										
At 1 January 2006		1,250,360	14,397	130,339	13,060	8,739	2,387	2,395	2,288	1,423,965
Reclassified as leasehold property	10	-	-	-	(13,060)	(8,739)	-	-	-	(21,799)
At 1 January 2006 (restated)		1,250,360	14,397	130,339	-	-	2,387	2,395	2,288	1,402,166
Additions		1,090	1,889	161,765	-	-	173	-	555	165,472
Disposals and write off		-	-	-	-	-	-	(96)	(162)	(258)
Reclassification		118,547	-	(118,547)	-	-	-	-	-	-
Derecognition		-	(4,791)	-	-	-	-	-	-	(4,791)
Reclassified as held for sale	18	(123,795)	(1,954)	-	-	-	-	-	-	(125,749)
Translation difference		(92,452)	(1,005)	(8,805)	-	-	-	(38)	(132)	(102,432)
At 31 December 2006		1,153,750	8,536	164,752	-	-	2,560	2,261	2,549	1,334,408
Accumulated Depreciation										
At 1 January 2006		404,168	8,635	-	-	874	140	1,016	1,190	416,023
Reclassified as leasehold property	10	-	-	-	-	(874)	-	-	-	(874)
At 1 January 2006 (restated)		404,168	8,635	-	-	-	140	1,016	1,190	415,149
Charge for the year		35,567	3,435	-	-	-	51	439	507	39,999
Disposals and write off		-	-	-	-	-	-	(38)	(160)	(198)
Derecognition		-	(4,791)	-	-	-	-	-	-	(4,791)
Reclassified as held for sale	18	(87,966)	(1,721)	-	-	-	-	-	-	(89,687)
Translation difference		(26,289)	(767)	-	-	-	-	(20)	(60)	(27,136)
At 31 December 2006		325,480	4,791	-	-	-	191	1,397	1,477	333,336
Net Book Value										
At 31 December 2006		828,270	3,745	164,752	-	-	2,369	864	1,072	1,001,072

notes to the financial statements *cont'd*

31 December 2007

9. FIXED ASSETS *cont'd*

COMPANY	Note	Leasehold Property RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2007					
Cost					
At 1 January 2007		-	345	1,287	1,632
Additions		-	-	62	62
Disposals and write off		-	(4)	(29)	(33)
Translation difference		-	(35)	(227)	(262)
At 31 December 2007		-	306	1,093	1,399
Accumulated Depreciation					
At 1 January 2007		-	115	398	513
Charge for the year		-	112	353	465
Disposals and write off		-	(4)	(29)	(33)
Translation difference		-	(26)	(185)	(211)
At 31 December 2007		-	197	537	734
Net Carrying Amount					
At 31 December 2007		-	109	556	665
At 31 December 2006					
Cost					
At 1 January 2006		8,739	-	-	8,739
Reclassified as leasehold property	10	(8,739)	-	-	(8,739)
At 1 January 2006 (restated)		-	-	-	-
Additions		-	-	480	480
Transfers from subsidiary companies		-	369	889	1,258
Translation difference		-	(24)	(82)	(106)
At 31 December 2006		-	345	1,287	1,632
Accumulated Depreciation					
At 1 January 2006		874	-	-	874
Reclassified as leasehold property	10	(874)	-	-	(874)
At 1 January 2006 (restated)		-	-	-	-
Charge for the year		-	120	417	537
Translation difference		-	(5)	(19)	(24)
At 31 December 2006		-	115	398	513
Net Carrying Amount					
At 31 December 2006		-	230	889	1,119

9. **FIXED ASSETS** *cont'd*

(a) Vessels with an aggregate net book value of RM230,385,000 (2006: RM254,354,000) have been placed as security for loans obtained by the Group (Note 21(a)).

(b) Vessels with an aggregate net book value of RM23,927,000 (2006: RM56,920,000) have been sold and leased back into the Group under finance lease arrangements (Note 21(b)).

10. **LEASEHOLD PROPERTY**

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
At 1 January	20,240	-	7,180	-
Reclassified from fixed assets	-	20,925	-	7,865
At 1 January (restated)	20,240	20,925	7,180	7,865
Amortisation	(1,303)	(171)	(160)	(171)
Translation difference	(429)	(514)	(429)	(514)
	18,508	20,240	6,591	7,180
Analysed as:				
Long term leasehold property	18,232	18,937	6,431	7,020
Short term leasehold property	276	1,303	160	160
	18,508	20,240	6,591	7,180

The strata titles for leasehold property with net book value of RM6,591,000 (2006: RM7,180,000) have yet to be issued by the relevant authorities.

11. **SUBSIDIARIES**

	Company	
	2007 RM'000	**2006 RM'000**
Unquoted shares, at cost	179,741	83,281
Impairment losses	(14,386)	(5,303)
	165,355	77,978
Loans to subsidiaries (secured)	-	49,515
Loans to subsidiaries (unsecured)	554,908	825,497
Loans from subsidiaries (unsecured)	(6,840)	(6,386)
	548,068	868,626
Total	713,423	946,604

The loans to and from subsidiaries are interest-free with no fixed terms of repayment. Prior year's loans to subsidiaries of RM49,515,000 were secured over the respective subsidiaries' vessels.

notes to the financial statements *cont'd*

31 December 2007

11. SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2007	Equity interest 2006	Principal activities
Alam Budi Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Alam Gula Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Alam Selaras Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Alam Senang Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Bistari Shipping Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Bitara Shipping Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Tekunmata Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
MBC Padu Sdn Bhd [2]	Malaysia	100%	100%	Owner and operator of ships
Serba Pasifik Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
PSM Perkapalan Sdn Bhd	Malaysia	100%	100%	Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	100%	100%	Ship operator, shipbroker and general shipping
- Spectrapoint Sdn Bhd	Malaysia	100%	100%	Dormant
Lightwell Shipping Inc [4]	British Virgin Islands (BVI)	100%	100%	Investment holding
- Ambi Shipping Pte Ltd [1]	Singapore	70%	70%	Owner and operator of ships
- Novel Bright Assets Ltd [1]	BVI	60%	60%	Owner and operator of ships
- Everspeed Enterprises Ltd [4]	BVI	100%	100%	Ship operator
Indah Island Depot Sdn Bhd	Malaysia	90%	90%	Operation of container depot
Awanapuri Sdn Bhd	Malaysia	100%	100%	Investment holding
Kohing Investments Ltd [4]	BVI	100%	100%	Investment holding
New Johnson Holdings Ltd [4]	BVI	100%	100%	Investment holding
- Alam Cantik Shipping Ltd [1]	BVI	100%	100%	Owner and operator of ships
- Ethiopian Assets Ltd [1]	BVI	100%	100%	Owner and operator of ships
- Springbright Holdings Ltd [1]	BVI	100%	100%	Dormant
- Towertime Holdings Ltd [1]	BVI	100%	70%	Owner and operator of ships
- Crestbright Holdings Ltd [1]	BVI	100%	100%	Owner and operator of ships
MBC Equity Management Sdn Bhd [2]	Malaysia	100%	100%	Trading in marketable securities
Gaintrack Sdn Bhd	Malaysia	100%	100%	Trading in marketable securities
Red Sea Pacific Sdn Bhd	Malaysia	100%	100%	Owner and operator of ships
Alam Tabah Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Alam Teladan Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Kenagamas Sdn Bhd [2]	Malaysia	100%	100%	Dormant
Firstclass Performance Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Lavenco Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Polyscent Sdn Bhd [3]	Malaysia	100%	100%	Dormant
MBC Permai Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Alam Talang Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Alam Tangkas Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Alam Tenggiri Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Belia Shipping Sdn Bhd [3]	Malaysia	100%	100%	Dormant
MBC Bakti Sdn Bhd	Malaysia	100%	100%	Dormant
MBC Bayu Sdn Bhd	Malaysia	100%	100%	Dormant
MBC Berkat Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Aturanseni Sdn Bhd [3]	Malaysia	100%	100%	Dormant
Amatklasik Sdn Bhd [3]	Malaysia	100%	100%	Dormant
MBC Maju Sdn Bhd	Malaysia	100%	100%	Dormant
MBC Mutiara Sdn Bhd	Malaysia	100%	100%	Dormant

[1] *Subsidiaries audited by an affiliate of Ernst & Young*
[2] *Subsidiaries consolidated under the merger method of accounting*
[3] *Subsidiaries under members' voluntary liquidation*
[4] *Subsidiaries audited by WS Wong & Co.*

12. ASSOCIATE

	Group 2007 RM'000	Group 2006 RM'000
Unquoted shares, at cost	1,900	1,900
Share of post acquisition results	37,536	22,274
Proportionate shareholders' loan to associate	8,169	12,223
	47,605	36,397
The Group's interest in the associate is analysed as follows:		
Share of net assets	39,436	24,174

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

Details of the associate are as follows:

Company	Country of incorporation	Equity interest 2007	Equity interest 2006	Principal activity
Eminence Bulk Carriers Pte Ltd	Singapore	50%	50%	Owner and operator of ships

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

13. TRADE RECEIVABLES

	Group 2007 RM'000	Group 2006 RM'000
Trade receivables	42,886	33,746
Provision for doubtful debts	(88)	(598)
	42,798	33,148

14. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables include the following:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Amounts due from:				
PACC Ship Managers Pte Ltd ("PSML")	3,745	5,634	-	-
Paccship UK (A) Ltd ("PUKA")	-	45,213	-	-
Avon Shipping Ltd ("ASL")	24,243	-	-	-
Tax recoverable	2,395	950	1,062	409
Unrealised gain on currency swap	-	23,905	-	-

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

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

notes to the financial statements *cont'd*

31 December 2007

15. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

16. INVESTMENTS

	Group	
	2007 RM'000	2006 RM'000
Quoted securities, at fair value		
- Malaysia	29,312	23,194
- Foreign	179,232	154,737
	208,544	177,931
Club membership	172	172
	208,716	178,103

17. SHORT TERM DEPOSITS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits with licensed banks	988,783	676,671	72,268	32,687

The weighted average interest rate during the year was 4.12% (2006: 4.15%) and the average maturity of the deposits at year end was 33 (2006: 36) days.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The non-current assets classified as held for sale on the consolidated balance sheet are as follows:

	Carrying amount	
	2007 RM'000	2006 RM'000
ASSETS		
Fixed assets (Note 31(i))	127,999	36,062

19. SHARE CAPITAL

Group and Company	2007 No. of shares ('000)	2006 No. of shares ('000)	2007 RM'000	2006 RM'000
Authorised:				
Ordinary shares of RM0.25 par value each	2,000,000	2,000,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM0.25 par value each				
At 1 January	800,000	800,000	200,000	200,000
Bonus issue	200,000	-	50,000	-
At 31 December	1,000,000	800,000	250,000	200,000

19. SHARE CAPITAL *cont'd*

On 23 May 2007, the issued and paid up share capital of the Company was increased from RM200,000,000 to RM250,000,000 by way of a bonus issue of 200,000,000 new ordinary shares of RM0.25 each on the basis of one new ordinary share of RM0.25 each for every four existing ordinary shares of RM0.25 each held in the Company.

The bonus issue was capitalised from the share premium account of the Company.

20. RESERVES

(a) **Capital reserve**

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

(b) **Capital redemption reserve**

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

(c) **Retained profit**

As at 31 December 2007, subject to the agreement by the Inland Revenue Board, the Company has tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividends amounting to RM252,887,000 (2006: RM332,642,000) out of its retained profit. Distribution of dividends in excess of these amounts would be subjected to tax at the prevailing statutory tax rate.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

21. BORROWINGS

	Group	
	2007 RM'000	**2006 RM'000**
(a) Secured loans	299,412	276,187
(b) Finance lease payables	49,443	115,011
	348,855	391,198
Repayable within 12 months	(6,589)	(73,302)
Repayable after 12 months	342,266	317,896
(c) Unsecured loans	544	18,118
	342,810	336,014

notes to the financial statements *cont'd*

31 December 2007

21. BORROWINGS *cont'd*

Maturity of secured loans is analysed as follows:

	Group 2007 RM'000	Group 2006 RM'000
Within 1 year	298	10,928
Between 1 and 5 years	1,549	43,740
After 5 years	297,565	221,519
	299,412	276,187

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

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

The secured loans are repayable by 92 quarterly instalments with a balloon payment in 2030.

(b) Finance lease payables

	Group 2007 RM'000	Group 2006 RM'000
Minimum lease payments		
Not later than 1 year	14,061	72,928
Later than 1 year and not later than 2 years	14,023	14,970
Later than 2 years and not later than 5 years	54,932	44,787
Later than 5 years	-	28,622
	83,016	161,307
Less : Future finance charges	(33,573)	(46,296)
Present value of finance lease liabilities	49,443	115,011
Analysis of present value of finance lease liabilities		
Not later than 1 year	6,291	62,374
Later than 1 year and not later than 2 years	6,651	6,698
Later than 2 years and not later than 5 years	36,501	22,546
Later than 5 years	-	23,393
	49,443	115,011
Analysed as:		
Due within 12 months	6,291	62,374
Due after 12 months	43,152	52,637
	49,443	115,011

The secured loans and finance lease payables bear interest at a weighted average rate of 5.56% (2006: 6.56%) per annum.

(c) The unsecured loans from minority shareholders of subsidiaries bear interest rate in the range of 4.01% to 5.77% (2006: 4.65% to 5.89%) per annum and have no fixed terms of repayment.

22. DEFERRED TAX LIABILITIES

Group	Fixed Assets RM'000	Quoted Investments RM'000	Total RM'000
At 1 January 2007	-	-	-
Recognised in income statement (Note 7)	-	1,338	1,338
At 31 December 2007	-	1,338	1,338
At 1 January 2006	74	-	74
Recognised in income statement (Note 7)	(74)	-	(74)
At 31 December 2006	-	-	-

23. OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Accruals	31,450	34,936	4,241	2,762
Charterhire received in advance	14,088	6,545	-	-
Due to ship managers and agents	6,642	6,620	-	-
Other creditors (Note a)	8,665	23,350	59	11,581
	60,845	71,451	4,300	14,343

(a) Other creditors of the Group include amounts totalling RM8,249,000 (2006: RM11,709,000) and RM Nil (2006: RM2,298,000) due to Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company and PCL (Shipping) Pte Ltd ("PCLS"), a subsidiary of PCL, respectively whereas other creditors of the Company include an amount of RM59,000 (2006: RM11,573,000) due to PCL. These balances are in respect of reimbursable expenses borne by PCL and PCLS as commercial managers of the Group.

24. DIVIDENDS

	Amount	
	2007 RM'000	2006 RM'000
Recognised during the year		
Dividend on ordinary shares:		
First and final dividend for 2006 of 12 sen, tax exempt (2005: 12 sen, tax exempt)	96,000	96,000
Special dividend for 2006 of 18 sen, tax exempt (2005: 5 sen, tax exempt)	144,000	40,000
Interim dividend for 2007 of 8 sen, tax exempt	80,000	-
	320,000	136,000
Proposed for approval at AGM (Not recognised as at 31 December)		
Dividend on ordinary shares:		
First and final dividend for 2006 of 12 sen, tax exempt	-	96,000
Special dividend for 2006 of 18 sen, tax exempt	-	144,000
Final dividend for 2007 of 30 sen, tax exempt	300,000	-
	300,000	240,000

notes to the financial statements *cont'd*

31 December 2007

24. DIVIDENDS *cont'd*

The Directors recommend a final dividend of 30 sen per ordinary share of RM0.25 each, tax exempt, amounting to RM300,000,000, subject to the approval of the shareholders 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 profit in the financial year ending 31 December 2008.

25. COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
(a) Capital expenditure approved and contracted for	23,809	164,752
(b) Non-cancellable charter commitments		
Due within 1 year	73,448	7,723
Due later than 1 year and not later than 5 years	226,392	36,845
Due later than 5 years	609,415	93,703
	933,064	303,023

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Transactions with Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company, and its subsidiaries				
(a) PCL and its subsidiary, PCL (Shipping) Pte Ltd				
Corporate administration fee	396	418	-	-
Commercial fee	23,402	19,202	-	-
Charterhire paid	35,443	14,967	-	-
Net cost sharing of expenses(*)	17,077	17,355	-	1,184
* Includes:				
Key management personnel cost	9,724	5,684	625	367
(b) PACC Ship Managers Pte Ltd, a subsidiary of PCL				
Management fee	1,101	1,006	-	-
Crewing agents fee	495	482	-	-
Procurement fee	2,230	2,342	-	-
Supervision fee	779	744	-	-
Commission on disposal of vessels	2,676	-	-	-
(c) PCL Group				
Charterhire receivable	(102,755)	(45,261)	-	-
Crew management fees	(1,522)	(513)	-	-
Rental receivable	(63)	(63)	(63)	(63)
Sale of equipment	-	(1,315)	-	-
Rental receivable from Agrifert (Malaysia) Sdn Bhd, a subsidiary of a substantial shareholder, Kuok (Singapore) Limited	(202)	(198)	(202)	(198)

26. SIGNIFICANT RELATED PARTY TRANSACTIONS *cont'd*

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Transactions with companies in which PPB Group Berhad, a substantial shareholder, has a substantial interest				
(a) Share registration fee payable to PPB Corporate Services Sdn Bhd	65	47	65	47
(b) Insurance premium payable to Jerneh Insurance Berhad	2,057	2,279	36	36
(c) Commission and brokerage receivable from Katella Sdn Bhd	(641)	(450)	-	-
(d) Charterhire receivable from Kuok Oils & Grains Pte Ltd and Wilmar Trading Pte Ltd	(14,606)	-	-	-
Fees for legal services payable to Tay & Partners, a firm of which a Director, Tay Beng Chai, is the Managing Partner	8	85	8	81

	Company 2007 RM'000	Company 2006 RM'000
Transactions with subsidiaries		
Dividend received from subsidiaries	(239,500)	(92,500)
Rental received from subsidiaries	(169)	(169)

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

27. SEGMENTAL INFORMATION

(a) **Business segments**

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

(b) **Geographical segments**

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

(c) **Allocation basis and inter-segment charges**

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

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

notes to the financial statements *cont'd*

31 December 2007

27. SEGMENTAL INFORMATION *cont'd*

2007	Shipping bulkers RM'000	Shipping tankers RM'000	Ship brokerage and management RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	483,181	116,263	5,875	4,105	(1,282)	608,142
Inter-segment	2,295	-	(3,577)	-	1,282	-
External	485,476	116,263	2,298	4,105	-	608,142
Results						
Segment results	378,895	153,566	(5,219)	22,982	-	550,224
Interest income						36,621
Finance cost						(21,812)
Share of results of associate						15,262
Taxation						(2,529)
Profit for the year						577,766
Other information						
Segment assets	1,151,689	471,396	20,033	1,693,232	(1,276,641)	2,059,709
Segment assets held for sale	26,242	101,757	-	-	-	127,999
Total segment assets						2,187,708
Segment liabilities	367,779	244,625	20,336	1,057,305	(1,276,641)	413,404
Capital expenditure	3,856	163,975	14	30,515	-	198,360
Depreciation	22,964	13,596	59	1,618	-	38,237
Amortisation	-	-	-	1,303	-	1,303
Other non-cash income	7,864	485	71	101	-	8,521
2006						
Revenue						
Group total	342,474	93,468	4,437	2,732	(1,511)	441,600
Inter-segment	1,791	-	(3,302)	-	1,511	-
External	344,265	93,468	1,135	2,732	-	441,600
Results						
Segment results	211,186	46,668	(1,779)	38,605	-	294,680
Interest income						39,294
Finance cost						(36,071)
Share of results of associate						15,584
Taxation						(1,161)
Profit for the year						312,326
Other information						
Segment assets	1,003,545	522,948	17,400	1,710,097	(1,201,657)	2,052,333
Segment assets held for sale	36,062	-	-	-	-	36,062
Total segment assets						2,088,395
Segment liabilities	520,559	331,113	17,676	813,553	(1,201,657)	481,244
Capital expenditure	779	163,965	65	663	-	165,472
Depreciation	25,850	13,150	71	928	-	39,999
Amortisation	-	-	-	171	-	171
Other non-cash income/(expenses)	4,762	10	(24)	71	-	4,819

28. FINANCIAL RISK MANAGEMENT

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

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

Financial risk factors

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

(a) **Price Risk**

Foreign Currency Risk

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

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

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

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

The total outstanding foreign exchange contracts of the Group as at 31 December 2007 which comprise mainly Euro Dollars, Sterling Pound and Australian Dollars is equivalent to RM255,858,000 at the year end closing rate.

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

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies					
Functional Currency of Group Companies	Ringgit Malaysia RM'000	Australian Dollars RM'000	Japanese Yen RM'000	Sterling Pound RM'000	Singapore Dollars RM'000	Total RM'000
At 31 December 2007						
United States Dollars	(4,969)	(3)	(4)	3,698	(559)	(1,837)
At 31 December 2006						
United States Dollars	(793)	299	321	(276)	(197)	(646)

Cash Flow and Fair Value Interest Rate Risk

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

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

notes to the financial statements *cont'd*

31 December 2007

28. FINANCIAL RISK MANAGEMENT *cont'd*

(a) Price Risk *cont'd*

Cash Flow and Fair Value Interest Rate Risk cont'd

The Group's primary interest rate risk relates to interest-bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings and a mix of interest revision dates. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and to achieve a certain level of protection against rate hikes.

Market Risk

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

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

(b) Liquidity Risk

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

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

(c) Credit Risk

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

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

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

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

29. FINANCIAL INSTRUMENTS - FAIR VALUES

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

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

30. SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year were as follows:

(i) **Transfer of subsidiary**

A wholly owned subsidiary, New Johnson Holdings Ltd had on 25 June 2007 acquired 100% interest in Towertime Holdings Ltd from Ambi Shipping Pte Ltd. Ambi Shipping Pte Ltd is a joint venture in which the Group has a 70% equity share.

(ii) **Purchase of vessel**

A subsidiary of the Group had purchased a container feeder vessel from a third party. The vessel is currently being modified for conversion into an offshore accommodation vessel.

(iii) **Commencement of Members' Voluntary Winding-up**

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

(a) Alam Tabah Sdn Bhd
(b) Alam Teladan Sdn Bhd
(c) Alam Tenggiri Sdn Bhd
(d) Belia Shipping Sdn Bhd
(e) MBC Berkat Sdn Bhd
(f) Amatklasik Sdn Bhd
(g) Aturanseni Sdn Bhd

(iv) **Disposal of Vessels**

During the year the Group, through its subsidiaries, disposed of five vessels to third parties for a total cash consideration of RM529,291,000.

(v) **Bonus issue**

On 23 May 2007, the issued and paid up share capital of the Company was increased from RM200,000,000 to RM250,000,000 by way of a bonus issue of 200,000,000 new ordinary shares of RM0.25 each on the basis of one new ordinary share of RM0.25 each for every four existing shares of RM0.25 each held. The bonus issue was capitalised from the share premium account of the Company.

(vi) **Change of ownership of vessel**

During the year, a 60% owned subsidiary, Novel Bright Assets Ltd disposed of its vessel, M.T Alam Comel, to Crestbright Holdings Ltd, a wholly owned subsidiary, for a net consideration of USD40,278,000.

31. SUBSEQUENT EVENTS

(i) **Disposal of Vessels**

Subsequent to the year end the Group, through its subsidiaries, disposed of two vessels to third parties for a total cash consideration of approximately USD87,900,000.

(ii) **Commencement of Members' Voluntary Winding-up**

A wholly owned subsidiary, Kenagamas Sdn Bhd, had on 11 January 2008 commenced members' voluntary winding-up.

list of properties

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2007 (RM'000)	Date of Acquisition
Level 17 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,436 sq. ft.	99 Year Lease/ 11.9.2088	10 Years	1,633.2	12.07.2001
Level 17 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,533 sq. ft.	99 Year Lease/ 11.9.2088	10 Years	1,662.3	12.07.2001
Level 18 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,436 sq. ft	99 Year Lease/ 11.9.2088	10 Years	1,633.2	12.07.2001
Level 18 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,533 sq. ft.	99 Year Lease/ 11.9.2088	10 Years	1,662.3	12.07.2001
Lot No. 21, Section 7 Mukim of Klang District of Klang Selangor Darul Ehsan	Container Depot/ 787,159 sq. ft.	99 Year Lease/ 24.2.2097	Not Applicable	11,917	1.10.2003

statement of shareholdings

as per Record of Depositors as at 3 March 2008

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	261	2.09	11,615	0.00
100 - 1,000	1,898	15.21	1,495,389	0.15
1,001 - 10,000	8,026	64.31	28,562,900	2.86
10,001 - 100,000	1,929	15.46	56,153,017	5.61
100,001 to less than 5% of issued shares	362	2.90	245,216,379	24.52
5% and above of issued shares	4	0.03	668,560,700	66.86
	12,480	100.00	1,000,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Pacific Carriers Limited (PCL)	344,615,000	34.46	-	-
Bank Pembangunan Malaysia Berhad (BP)	183,945,700	18.39	-	-
Malayan Sugar Manufacturing Company Berhad (MSM)	79,845,600	7.98	-	-
Kuok (Singapore) Limited (KSL) (1)	-	-	344,615,000	34.46
Minister of Finance (2)	-	-	183,945,700	18.39
PPB Group Berhad (PPB) (3)	60,154,400	6.02	79,865,600	7.99
Kuok Brothers Sdn Berhad (4)	-	-	140,020,000	14.00

Note:-

(1) Deemed interest through its 100% direct interest in PCL.

(2) Deemed interest through its 99.99% direct interest in BP.

(3) Deemed interest through its 100% direct interest in MSM.

(4) Deemed interest through its 41.49% direct interest in PPB.

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Teo Joo Kim	1,721,250	0.17	217,500 (1)	0.02
Kuok Khoon Kuan	2,128,750	0.21	116,250 (1)	0.01
Wu Long Peng	1,625,000	0.16	-	-
Dato' Lim Chee Wah	2,000,000	0.20	-	-
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	775,000	0.08	-	-
Mohammad bin Abdullah	125,000	0.01	-	-
Tay Beng Chai	375,000	0.04	2,500 (1)	-
Dato' Tajuddin bin Atan	-	-	-	-

Note:-

(1) Deemed interest through family members.

statement of shareholdings *cont'd*

as per Record of Depositors as at 3 March 2008

THIRTY LARGEST SHAREHOLDERS

	Name of Shareholder	No. of Shares	%
1.	Pacific Carriers Limited	344,615,000	34.46
2.	Bank Pembangunan Malaysia Berhad	183,945,700	18.39
3.	Malayan Sugar Manufacturing Company Berhad	79,845,600	7.98
4.	PPB Group Berhad	60,154,400	6.02
5.	Employees Provident Fund Board	26,921,225	2.69
6.	Valuecap Sdn Bhd	20,429,500	2.04
7.	HSBC Nominees (Asing) Sdn Bhd *Sumitomo T&B NY* *For Asia High Dividend Equity Mother Fund*	7,063,000	0.71
8.	HSBC Nominees (Tempatan) Sdn Bhd *Nomura Asset Mgmt Malaysia* *For Employees Provident Fund Board*	5,890,625	0.59
9.	Century Castle Limited	5,737,500	0.57
10.	SBB Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	4,900,000	0.49
11.	Cartaban Nominees (Tempatan) Sdn Bhd *MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd* *For Employees Provident Fund Board*	4,861,275	0.49
12.	Kumpulan Wang Persaraan (Diperbadankan)	4,219,400	0.42
13.	AM Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	3,985,000	0.40
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Ang Beng Poh*	3,400,000	0.34
15.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Australia)*	3,052,100	0.31
16.	Citigroup Nominees (Asing) Sdn Bhd *CB LDN* *For Stichting Pensioenfonds Zorg En Welzijn*	3,051,675	0.31
17.	SBB Nominees (Tempatan) Sdn Bhd *For Kumpulan Wang Persaraan (Diperbadankan)*	2,921,100	0.29

	Name of Shareholder	No. of Shares	%
18.	HSBC Nominees (Asing) Sdn Bhd *Nomura BK LUX* *For TMA South East Asian Equity Fund*	2,500,000	0.25
19.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For SG Private Banking (Suisse) SA*	2,499,975	0.25
20.	Cartaban Nominees (Asing) Sdn Bhd *Investors Bank and Trust Company* *For Ishares, Inc.*	2,319,050	0.23
21.	Jerneh Insurance Bhd	2,315,875	0.23
22.	HSBC Nominees (Asing) Sdn Bhd *TNTC* *For LSV Emerging Markets Equity Fund L.P.*	2,306,500	0.23
23.	Wilemma Holdings Limited	2,276,625	0.23
24.	Kerajaan Negeri Pahang	2,153,850	0.22
25.	OCBC Bank (Malaysia) Berhad	2,153,850	0.22
26.	Permodalan Nasional Berhad	2,139,900	0.21
27.	Kuok Khoon Kuan @ Kuo Khoon Kwong	2,128,750	0.21
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Lee Kai Meng*	2,075,000	0.21
29.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt AN* *For Deutsche Trustees Malaysia Berhad*	2,029,000	0.20
30.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Erste Bank Der Oesterreichischen Sparkassen AG*	2,000,000	0.20
		793,891,475	79.39

additional compliance information

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

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

   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, or their Directors and management by any regulatory authorities during the financial year ended 31 December 2007.

2. **Non-Audit Fee Paid to Auditors**

   The non-audit fee paid/payable to the External Auditors of MBC Group for the financial year ended 31 December 2007 was as follows:-

AUDITORS	FEE (RM)	PURPOSE
Ernst & Young	7,000	Review of Statement on Internal Control

3. **Material Contracts**

   There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests, or relate to loan subsisting as at 31 December 2007 or entered into during the financial year ended 31 December 2007 except as disclosed in the Financial Statements as set out in this Annual Report.

4. **Continuing Education Programme for Directors**

   During the financial year ended 31 December 2007 the Directors have attended such trainings and forums in areas that would enable them to effectively discharge their duties to the Group and/or that are relevant to the Group's business activities. These trainings and forums include the following:-

   - Audit Committee and Accounting Manipulation
   - Corporate Social Responsibility
   - Executing Brand Management Program
   - Corporate Governance & Media
   - Improving Board of Directors' Performance, Leadership and Governance
   - Making Corporate Boards More Effective
   - Updates on the Companies Amendment Act 2007

directors' responsibility statement

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

The financial statements of the Company and the Group for the financial year ended 31 December 2007 are set out from pages 30 to 61 of this Annual Report.

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

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

Kuok Khoon Kuan
Chief Executive Officer

Wu Long Peng
Executive Director

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of Malaysian Bulk Carriers Berhad ("Company") will be held on Wednesday, 23 April 2008 at 10:00 a.m. at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur for the following purposes:-

AGENDA

(1) To receive the audited Financial Statements for the financial year ended 31 December 2007 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To declare a final dividend of 30 sen per share, tax exempt, for the financial year ended 31 December 2007. **Resolution 2**

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

(a) Kuok Khoon Kuan **Resolution 3**
(b) Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid **Resolution 4**

(4) To re-elect the following Director who is retiring pursuant to Article 100 of the Company's Articles of Association:

(a) Dato' Tajuddin bin Atan **Resolution 5**

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

(6) To approve the payment of Directors' fees of RM547,000 for the financial year ended 31 December 2007. **Resolution 7**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

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

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

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

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

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into the recurrent related party transactions as set out in the Circular to Shareholders dated 31 March 2008, which are necessary for MBC Group's day-to-day operations in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders,

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

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

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

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

whichever is the earlier,

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

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

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

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

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

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

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

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

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

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

notice of annual general meeting *cont'd*

Special Resolution

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

"**THAT** the proposed amendments to the existing Articles of Association of the Company as set out under Section 2.0 of Part C of the Circular to Shareholders of the Company dated 31 March 2008 be and are hereby approved and adopted."

(11) To transact any other business.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 30 sen per share, tax exempt, has been recommended by the Directors in respect of the financial year ended 31 December 2007. Subject to the shareholders' approval at the forthcoming 19th Annual General Meeting of the Company, the proposed dividend will be paid on Thursday, 8 May 2008 to the shareholders whose names appear in the Record of Depositors on Monday, 28 April 2008.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.00 p.m. on Monday, 28 April 2008 in respect of ordinary transfers; and

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

BY ORDER OF THE BOARD

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

31 March 2008
Petaling Jaya

Notes:

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

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

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

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

EXPLANATORY NOTES ON RESOLUTIONS 8,9,10 AND 11

1 *Resolution 8*

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

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

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

2 *Resolution 9*

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

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

Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 31 March 2008.

3 *Resolution 10*

– To authorise the Purchase of Own Shares

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

Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 31 March 2008.

4 *Resolution 11*

- Proposed Amendments to the Articles of Association

The proposed Special Resolution, if passed, will incorporate the changes so as to comply with recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act, 1965, for further clarity and to reflect current practices.

Further information on the proposed Special Resolution is set out in the Circular to Shareholders dated 31 March 2008.

statement accompanying notice of annual general meeting

Further details of the Directors who are standing for re-election, namely Mr Kuok Khoon Kuan, Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Dato' Tajuddin bin Atan, are as set out on pages 13 to 15 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on page 63 of this Annual Report.

MALAYSIAN BULK CARRIERS BERHAD 175953-W

proxy form

I/We, ______________________________________

of ______________________________________

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

or* ______________________________________

of ______________________________________

and/or* failing him, ______________________________________

of ______________________________________

(Delete where inapplicable)*

as my/our proxy, to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on Wednesday, 23 April 2008 at 10:00 a.m. at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur and at any adjournment thereof in the manner indicated below:-

	For	Against
1. To receive the audited Financial Statements for the financial year ended 31 December 2007 and the reports of the Directors and the Auditors thereon		
2. To approve the payment of a final dividend of 30 sen per share, tax exempt, for the financial year ended 31 December 2007		
3. To re-elect Mr Kuok Khoon Kuan as a Director		
4. To re-elect Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director		
5. To re-elect Dato' Tajuddin bin Atan as a Director		
6. To re-appoint Messrs Ernst & Young as Auditors of the Company		
7. To approve the payment of Directors' fees		
8. To authorise the Directors to allot and issue shares		
9. To approve the renewal of shareholders' mandate for recurrent related party transactions		
10. To authorise the Purchase of Own Shares		
11. To approve the amendments to the Articles of Association		

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

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

1st Proxy :		%
2nd Proxy :		%
	100	%

Dated this ________ day of ____________ 2008

No. of Shares Held: ________________

Signature of Shareholder: ________________

Notes:

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

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

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

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

STAMP

The Company Secretaries
MALAYSIAN BULK CARRIERS BERHAD *(175953-W)*
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan