Annual Report 2008

Malaysian Bulk Carriers Berhad (175953-W)

MALAYSIAN BULK CARRIERS BERHAD 175953-W

Malaysian Bulk Carriers Berhad (175953-W)
Level 17 & 18, PJ Tower,
No. 18, Jalan Persiaran Barat,
Off Jalan Timur,
46050 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : 03 7966 1688
Fax : 03 7966 1628

Investing For Growth

Annual Report 2008

Contents


LEKIR BULK TERMINAL
PINTAR

Financial Highlights

	2008 RM '000	2007 RM '000	2006 RM '000	2005 (RESTATED) RM '000	2004 (RESTATED) RM '000
Statement of Income Data:					
Revenue	**721,158**	608,142	441,600	395,783	382,288
Operating expenses	**(382,389)**	(228,681)	(172,409)	(144,375)	(123,438)
	338,769	379,461	269,191	251,408	258,850
Other operating income	**219,542**	236,623	84,259	435,504	54,373
Administration expenses	**(26,553)**	(29,239)	(19,476)	(25,495)	(13,872)
	531,758	586,845	333,974	661,417	299,351
Finance cost	**(27,182)**	(21,812)	(36,071)	(16,946)	(19,402)
Share of results of associates	**21,174**	15,262	15,584	6,709	(16)
Profit before taxation	**525,750**	580,295	313,487	651,180	279,933
Taxation	**(4,076)**	(2,529)	(1,161)	(26)	(722)
Profit for the year	**521,674**	577,766	312,326	651,154	279,211
Attributable to:					
Equity holders of the Company	**460,862**	544,592	300,565	640,164	269,475
Minority Interests	**60,812**	33,174	11,761	10,990	9,736
	521,674	577,766	312,326	651,154	279,211
Yield on average shareholders' funds #	**26%**	34%	20%	52%	31%

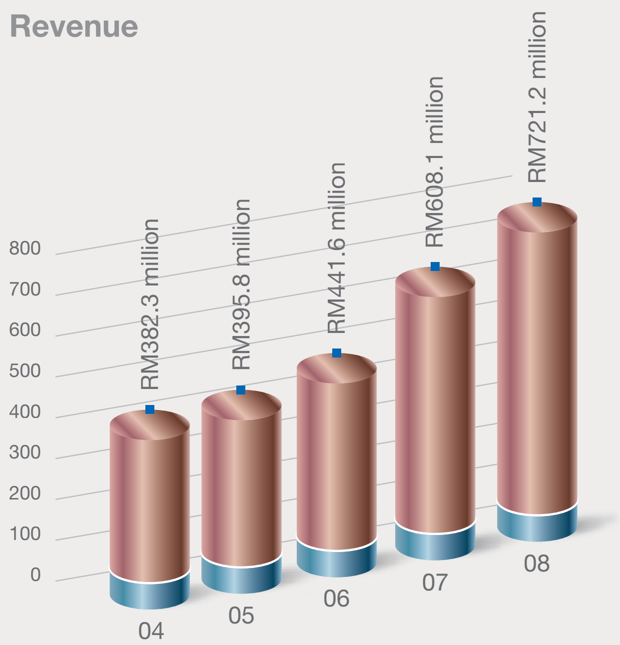
Note:
 # Computed by dividing profit attributable to equity holders of the Company over average shareholders' funds. Average shareholders' funds is the average of the shareholders' funds at beginning and end of the year.

	2008 RM '000	2007 RM '000	2006 RM '000	2005 (RESTATED) RM '000	2004 (RESTATED) RM '000
Balance Sheet Data (at end of year):					
Cash and cash equivalents	**805,571**	1,026,946	692,794	775,093	56,091
Total assets	**2,483,705**	2,187,708	2,088,395	2,017,935	1,297,246
Long term debt, including current portion and RPS	**363,981**	349,399	409,316	412,741	262,291
Equity attributable to equity holders of the Company	**1,883,938**	1,695,048	1,554,117	1,499,698	957,877
Debt (gross)/Equity ratio	**0.19**	0.21	0.26	0.28	0.27
Other Financial Data:					
Earnings before interest,depreciation, amortisation & tax	**218,823**	437,637	350,434	282,073	297,579
Net cash provided by operating activities	**342,049**	458,762	270,380	259,602	292,557
Net cash from/(used in) investing activities	**(241,037)**	356,906	(120,086)	422,439	(29,047)
Net cash from/(used in) financing activities	**(417,039)**	(435,385)	(183,311)	37,224	(286,678)
Fleet Data:					
Number of vessels (at end of year)	**12**	16	17	16	15
Total tonnage in DWT (MT'000)	**653**	777	842	808	632
Average age of fleet (in years)	**12**	10	10	10	10
Total operating days #	**6,505**	6,696	6,493	5,500	5,490
Total hire days #	**6,288**	6,583	6,378	5,357	5,300
Time Charter Equivalent per vessel per day (USD) #					
- bulkers	**37,952**	30,095	18,281	18,093	17,716
- tankers	**19,206**	20,141	20,638	25,128	22,738
(The fleet data excludes Alam Penting, which is owned by an associate)					
Per Share Data (sen):					
Earnings per share (sen)	**46**	54	30	64	27
Weighted average number of shares, basic ('000)	**1,000,000**	1,000,000	1,000,000	1,000,000	1,000,000
Net dividends per share (sen)	**38**	38	24	14	10

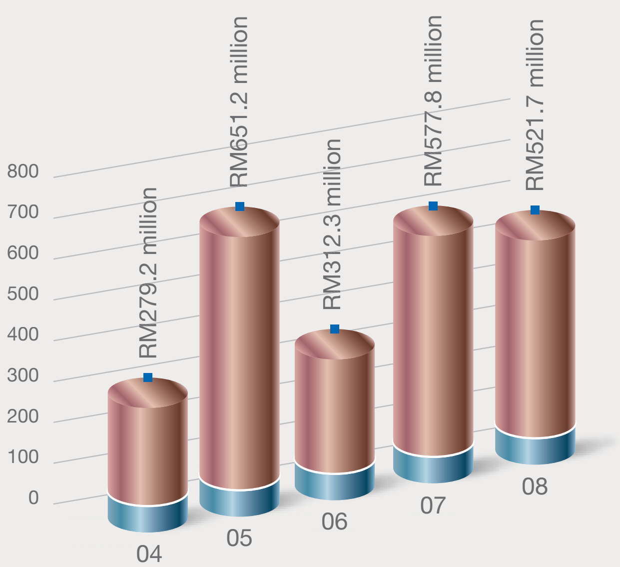
Note:
 # Includes chartered-in vessels

5-Year Group Growth

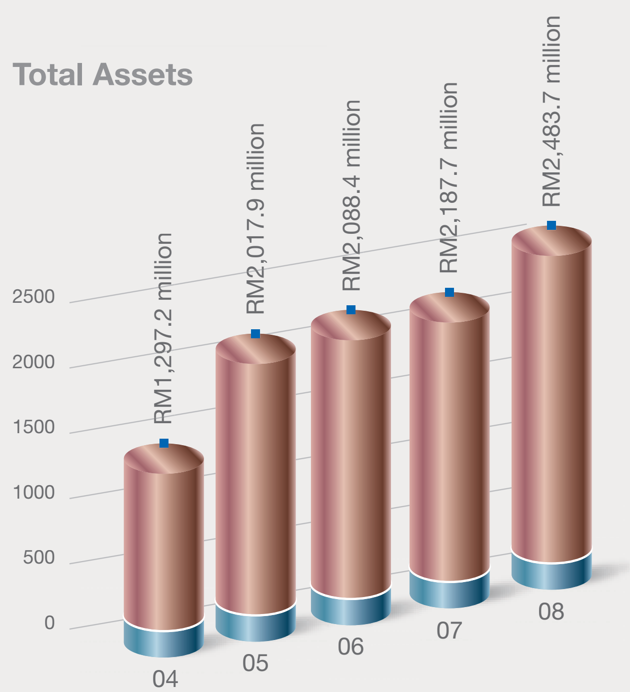
Revenue



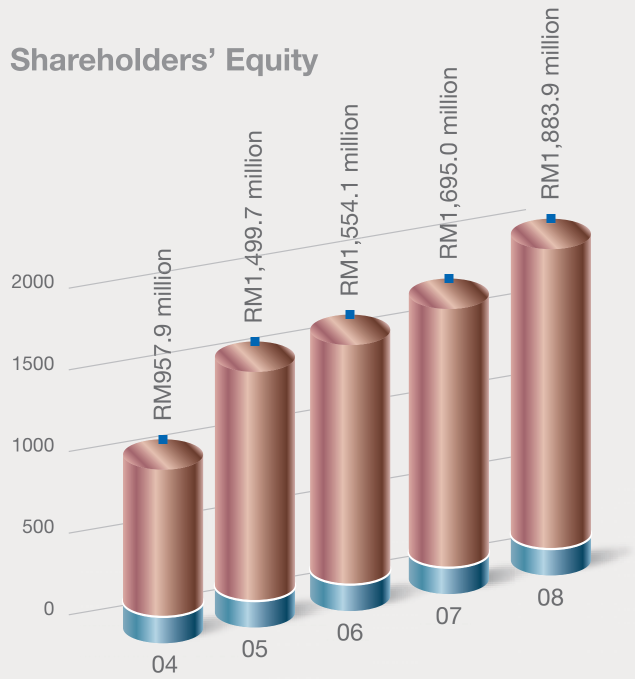
Profit For The Year



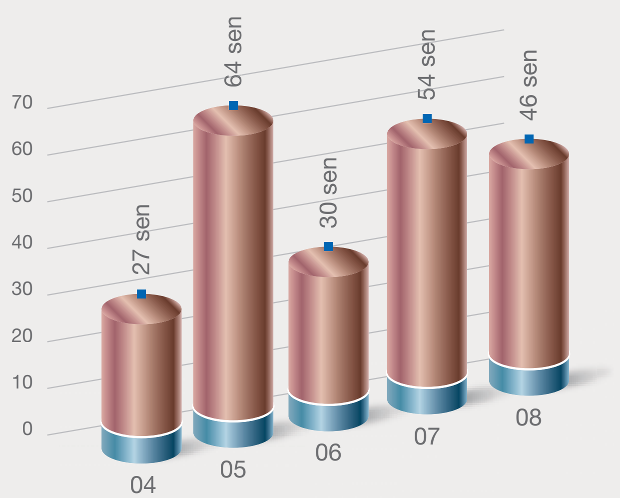
Total Assets



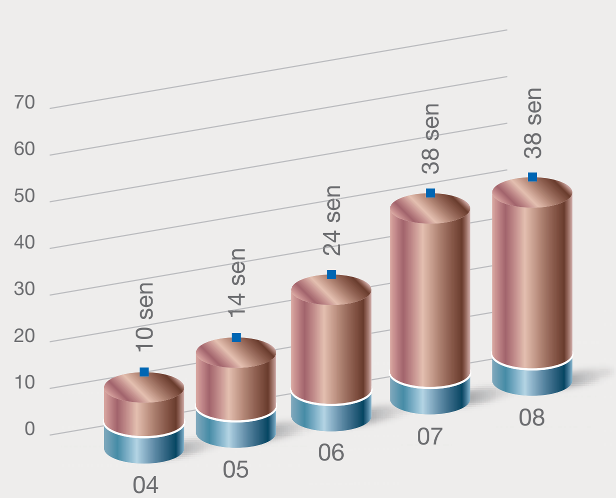
Shareholders' Equity



Earnings Per Share



Net Dividends Per Share



Chairman & CEO's Statement

FINANCIAL OVERVIEW AND HIGHLIGHTS

The MBC Group reported credible results despite a turbulent year end in 2008, with Group revenues increasing 19% to RM721.2 million. Group profits declined 9% to RM525.7 million due to the collapse of the freight market and financial turbulence in the last quarter of 2008.

Some of the financial highlights in FY2008 were:

- A profit attributable to shareholders of RM460.9 million, representing a return on average shareholders' funds of 26%;
- EBITDA of RM218.8 million and EBITDA margin of 30% of revenue;
- Both profit and EBITDA include RM95.2 million of realized losses and impairment provision on quoted investments and foreign exchange losses totaling RM48.6 million. Excluding the effect on EBITDA, the margin for the year would have been 50%;
- Revenue days of 6,288 days was marginally lower in 2008 but was counterbalanced by higher time charter average of US$34,470 a day (US$37,952 and US$19,206 for the dry bulk and tanker segment respectively);
- A final dividend of 30 sen is being proposed. Combined with the interim 8.05 sen dividend, dividend for the year will total 38.05 sen, representing 82.5% of attributable profit to be distributed back to shareholders.

MV Alam Permai transiting Terneuzen Lock, Belgium

“Looking back, our strategy in selling part of our fleet has proven to be the right one in light of the collapse of the shipping market in 2008.”

During the year, the Group generated a total cash-inflow of RM1,050.4 million comprising RM342.0 million from operating activities, RM559.2 million in sale of fixed assets (ships), RM145.7 million generated from sale of investments and interest income and RM3.5 million of loan repayments from associates. Cash-outflow was RM1,366.4 million. This included the RM792.2 million investment into PACC Offshore Services Holdings Pte Ltd, RM117.3 million for purchase of investments, RM39.9 million for the conversion of an accommodation vessel and dry docking costs, RM380.5 million being dividends paid to MBC's shareholders and RM29.9 million in loan repayments and financing cost. The Group closed the year with a healthy balance sheet, with a cash balance of RM805.6 million, quoted investments totaling RM131.2 million, and bank borrowings at RM364 million.

The end of 2008 saw the US$ appreciate by 4.8% against the Ringgit Malaysia (RM) compared to the start of the year. As FRS121 Accounting Standard requires the translation of MBC Group's US$ assets into RM for reporting purposes, the MBC Group's reserves increased by RM108.5 million with overall shareholders' equity in RM growing by 11%.

FY2008 in perspective

The Group started FY2008 with 17 vessels (12 bulk-carriers, 1 accommodation vessel and 4 product tankers). During the year, the accommodation vessel was on-sold to PACC Offshore Services Holdings Pte Ltd (“POSH”) as part of the settlement arrangement in MBC's investment into the POSH Group. During the course of the year, 2 handymax bulk-carriers and one product tanker were sold, leaving the Group with 13 vessels at the end of FY2008. In addition, MBC has one handymax drybulk carrier on long term charter. MBC's bulker fleet's average Time Charter Equivalent (TCE) for 2008 rose to US$37,952/day compared to the average TCE rate of US$ 30,096/day for 2007.

At the beginning of 2008, the global economic outlook was promising with the International Monetary Fund (“IMF”) projecting that the world's GDP would average 4.1% in 2008. However, the collapse of the US property market and financial institutions has resulted in massive deleveraging and contraction in credit and a banking crisis throughout the world. The volume of world trade has decreased, leading consequently to a sharp decline in freight rates and vessel prices.

Chairman & CEO's Statement (cont'd)

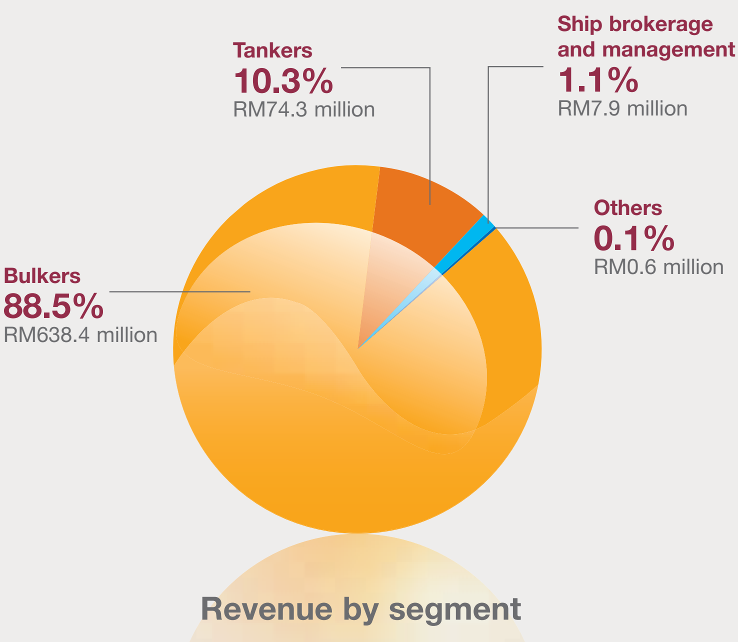
Looking back, our strategy in selling part of our fleet has proven to be the right one in light of the collapse of the shipping market in 2008.

The Baltic Dry Index ("BDI") began 2008 at 8,891 points climbing up to a historical peak of 11,793 points on 20th May 2008. However by mid 2008, the BDI started to fall, collapsing to 663 in December 2008 - a 94% fall from its peak. The tanker sector was weak prior to the decline of the dry bulk sector. The Baltic Clean Tanker Index declined by a more moderate 22.6% to close the year at 838 points.

Our quoted equity investments which had in the past years yielded the MBC Group commendable returns were adversely impacted by the global stock market meltdown. Realized losses and mark-to-market provisions for 2008 totaled RM95.2 million. Our means of safeguarding values by maintaining part of our cash reserves over an identified basket of currencies against the US$ also suffered a loss of RM48.6 million as a result of the strengthening US$ in the last quarter of 2008. This resulted in a fall in profits of RM143.8 million.

During the year, shareholders approved the investment of US$221 million representing a 21.23% equity stake in POSH. POSH is a subsidiary of Pacific Carriers Limited and is engaged in providing offshore marine support services to the offshore oil and gas industry. As at the end of 2008, the POSH Group collectively owns and operates a total of 67 vessels. The fleet comprises anchor handling tugs ("AHT"), anchor handling and supply tugs ("AHTS"), tug and barge sets, accommodation vessels, crane barges, offshore utility vessels, azimuthing terminal tugs, ballastable tank barges and an oil barge, all of which catered to provide ancillary services to the offshore oil and gas industry. In 2008, POSH Group reported an attributable profit of US$83 million of which MBC accounted for RM4.3 million as its share of post-acquisition profit.

Notwithstanding the difficult last quarter, MBC reported commendable results for 2008 and the Board is pleased to propose a final single tier dividend of 30 sen per share. Together with the net cash interim dividend of 8.05 sen that was paid in 2008, the total cash dividend for the year would amount to 38.05 sen per share. The total dividend of RM380.5 million represents a payout ratio of 82.5% of attributable profit.



Revenue by segment

Moving Forward

As global economies slide into recession, we continue to look for opportunities that will add shareholder value. Together with our strategic partners, we will be actively considering acquisition opportunities.

In 2008, the Group entered into long term charters for two 29,000 dwt handysize bulkcarriers which will be delivered in 2010 and 2011 and a further two 61,000 dwt supramaxes which will be delivered in 2012 to 2013. All four of these vessels have purchase options.

The outlook for 2009 is grim and the global economic slowdown will be protracted and severe. This is supported by the IMF's recent forecast that global growth is now slashed to 0.5% for 2009.

MT Alam Bitara at Pasir Gudang Port, Johor

"Together with our strategic partners, we will be actively considering acquisition opportunities."

The slowdown of trade flows has devastated the shipping sectors. The combination of declining freight rates and credit crunches has seen increased contractual defaults, vessel lay ups and even caused some shipping companies to fold. Lately, the expanded new-building supply has been aggravated by easing port congestions causing shipping supply to bulge at a time when world shipping demand is fast contracting. This paints a rather uninviting shipping outlook as we enter 2009.

We take comfort that this dismal economic background is to some extent allayed by the remedial actions that the governments of major economies are taking. The IMF has noted that the recovery process will start once the banking system has restored its functionality.

Since resale values have declined significantly, MBC will be able to purchase ships at a fraction of what they were previously sold for. With banks generally reluctant and particularly selective as to who they will lend to and with many industry players looking towards their own survival, those having the resources will be best positioned to take advantage of opportunities as they arise. Having a healthy balance sheet enables us to take advantage of the opportunities.

Fleet Management

The MBC Group continues to be mindful of the green movement. PSM Perkapalan Sdn Bhd ("PPSB"), MBC's wholly-owned subsidiary, is working towards the ISO14001 certification, which is an internationally recognized standard for Environmental Management System ("EMS"). It provides a structured framework for an organization to achieve sound environmental performance.

Chairman & CEO's Statement (cont'd)

As an environmentally responsible company, we want to ensure that our operations are carried out not only safely and efficiently, but also in an environmentally friendly manner. PPSB embarked on its ISO14001 certification process in April last year and targets to be certified by June 2009.

On 12 March 2008, MBC signed a Collective Agreement with the National Union of Seafarers of Malaysia ("MSU"). We are probably one of the first companies in Malaysia to do so. We pride ourselves in looking after the welfare of our sea-going personnel and this is demonstrated by the long service years of most of our crew.

As technology keeps evolving, MBC continues to look at better ways to make our ship and shore operation more efficient. Computerization onboard has been improved to allow more concurrent users. The Planned Maintenance and Procurement System, Crew Management and Payroll System, and Document Control System onboard and ashore are in the process of being upgraded. The prototype has been installed in February 2009 and the Systems are expected to be fully operational by the second half of 2009.

Crewing cost continues to be a critical component of ship management cost. The recruitment and retention of experienced and good sea-going personnel remains an important agenda in fleet management. The Group's linkage to the Pacific Carriers Limited Group with its extensive networking has been beneficial. This along with the continued focus towards quality staff, on-going training and education supported by improvements in technologies will remain our key priorities.

MV Alam Pesona at Gladstone, Australia

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. In 2008, we sponsored 2 students for cadet training. In addition, we sponsored 4 Malaysian students on an exchange programme to Norway as part of their maritime studies in the National Technological University, Singapore. The MBC Group will continue to support efforts in building up the maritime expertise in Malaysia.

On the people side, the Group continues to organize company activities for staff and their family members and we continue to donate to charities and to worthy causes.

Acknowledgement

On behalf of the Board, we wish to thank the management and staff both on shore and on board our vessels for their commitment and dedication which has resulted in another profitable 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*

"As an environmentally responsible company, we want to ensure that our operations are carried out not only safely and efficiently, but also in an environmentally friendly manner."

MV Alam Pesona loaded with bauxite departing Gladstone, Australia

An Overview of MBC's Fleet

as at 11 March 2009

IN OPERATION

VESSEL NAME	YEAR BUILT	DWT (MT)	DRAFT (METERS)
Bulk Carriers			
1 Alam Senang	Mar-84	28,098	10.61
2 Alam Gula	May-85	23,418	9.98
3 Alam Selamat	Jul-92	39,110	10.93
4 Alam Mesra	Oct-00	46,644	11.62
5 Alam Padu	Apr-05	87,052	14.13
6 Alam Permai	Jun-05	87,052	14.13
7 Alam Penting	Jul-05	87,052	14.13
8 Alam Pesona	Sep-05	87,052	14.13
9 Alam Pintar	Oct-05	87,052	14.13
Tankers			
1 Alam Bitara	May-99	45,513	12.20
2 Alam Budi	Mar-01	47,065	12.67
3 Alam Bistari	May-01	47,065	12.67

SOLD IN 2008

Bulk Carriers			
1 Alam Makmur	Nov-00	46,644	11.62
2 Alam Selaras	Feb-92	39,110	10.93
Accommodation Vessel			
1 Pac Bintan	Jun-99	3,650	3.76
Tanker			
1 Alam Comel	Sept-07	34,671	11.80

SOLD IN 2009

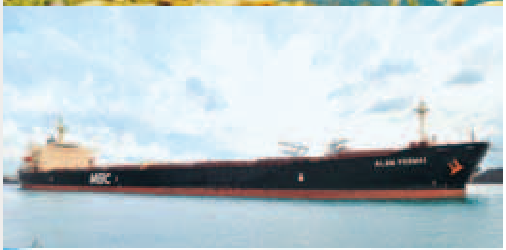
Bulk Carrier			
1 Alam Sempurna	Feb-84	28,094	10.61

LOA (METERS)	BEAM (METERS)	HO/HA	CARGO/SLOP TANKS	GEARS
178.2	23.1	5/5	N/A	4Cx25T
155.8	24.6	4/4	N/A	4Cx30T
180.8	30.5	5/5	N/A	4Cx25T
189.8	31.0	5/5	N/A	4Cx30T
229.0	36.5	7/7	N/A	Gearless
229.0	36.5	7/7	N/A	Gearless
229.0	36.5	7/7	N/A	Gearless
229.0	36.5	7/7	N/A	Gearless
229.0	36.5	7/7	N/A	Gearless
180.5	32.2	N/A	12CT, 2S	1Cx10T
182.5	32.2	N/A	14CT, 2S	1Cx10T
182.5	32.2	N/A	14CT, 2S	1Cx10T

189.8	31.0	5/5	N/A	4Cx30T
180.8	30.5	5/5	N/A	4Cx25T
88	20	N/A	N/A	2x36T
171.2	27.4	N/A	12CT, 2S	1Cx10T
178.2	23.1	5/5	N/A	4Cx25T

N/A - Not Applicable




Corporate Information

Board of Directors

Teo Joo Kim, *Executive Chairman*

Kuok Khoon Kuan, *Chief Executive Officer*

Wu Long Peng, *Executive Director*

Dato' Lim Chee Wah, *Non-Executive Non-Independent Director*

Dato' 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
Mohammad bin Abdullah

Members
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Tay Beng Chai

Nomination & Remuneration Committee

Chairman
Dato' Lim Chee Wah

Members
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Tay Beng Chai

Company Secretaries

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

Registrar

PPB Corporate Services Sdn Bhd
17th 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 : Trading
Stock Name : Maybulk
Stock Code : 5077

Auditors

Ernst & Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 9076

Website

www.maybulk.com.my

Board of Directors

Teo Joo Kim
68, 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 five (5) Board Meetings held in the financial year.

Kuok Khoon Kuan
61, 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 five (5) Board Meetings held in the financial year.

Wu Long Peng
55, Singaporean
Executive Director

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

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

He attended all the five (5) 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
69, 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 Co. Bhd, 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 all the five (5) Board Meetings held in the financial year.

Dato' Tajuddin bin Atan
50, 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, Global Carriers Berhad and Bursa Malaysia Berhad. Dato' Tajuddin is currently a member of the Board of Amanah Ikhtiar Malaysia, a private trust organization established with the objective of reducing poverty in Malaysia and is also a non-executive member of SMIDEC, a statutory body under the Ministry of International Trade and Industry.

He began his career as an Assistant Accountant with the then 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 and was the 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. He was subsequently appointed as the Chief Executive Officer of Bank Simpanan Nasional until November 2007.

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

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

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
59, 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 attended the Advanced Management Program at Harvard in 1993. 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 five (5) Board Meetings held in the financial year.

Mohammad bin Abdullah
68, Malaysian
Non-Executive
Independent Director

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

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

He attended all the five (5) Board Meetings held in the financial year.

Tay Beng Chai
47, 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 the five (5) 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*	5/5
Kuok Khoon Kuan, *Chief Executive Officer*	5/5
Wu Long Peng, *Executive Director*	5/5
Dato' Lim Chee Wah, *Non-Executive Non-Independent Director*	5/5
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Non-Executive Independent Director*	5/5
Mohammad bin Abdullah, *Non-Executive Independent Director*	5/5
Tay Beng Chai, *Non-Executive Independent Director*	5/5
Dato' Tajuddin bin Atan, *Non-Executive Non-Independent Director*	4/4

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

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

The profile of each Director is set out on pages 15 to 17 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 2008, a total of five (5) meetings were held. The record of each Director's attendance thereat is as set out above.

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

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

1.4 Re-Election

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.

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 2008, 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 appointment of Dato' Tajuddin bin Atan.

Corporate Governance Statement (cont'd)

2 DIRECTORS' REMUNERATION

Details of the Directors' remuneration for the financial year ended 31 December 2008 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	200,000	357,000
Attendance Fee	15,000	36,000
Total	**215,000**	**393,000**

The Directors' remuneration for the financial year ended 31 December 2008 fall within the following bands:-

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

3. SHAREHOLDERS

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

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

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

In addition to the published Annual Report and Quarterly Reports announced to Bursa Malaysia Securities Berhad, shareholders and investors may also access information about the Group via the Company's corporate website stated above.

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

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

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

4.2 Internal Control

The statement on the Company's internal control system is set out on pages 25 and 26 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 71 of this Annual Report.

Audit Committee Report

1. THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members of the Board, all of whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2008 are as follows:-

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

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

Tay Beng Chai
Non-Executive Independent Director

2. MEETINGS AND ATTENDANCE

The Audit Committee meets periodically to carry out its functions and duties in accordance with its Terms of Reference. During the financial year ended 31 December 2008, the Audit Committee had a total of four (4) meetings held between 18 February 2008 to 19 November 2008, 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;
- 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.

Audit Committee Report (cont'd)

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

For the financial year ended 31 December 2008, 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) reviewing the Audit Committee charter and Internal Audit Activity charter;

(g) reviewing the proposed checklist on the adequacy of competency of the Internal Auditing function;

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

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

(j) 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. In addition, the Internal Audit Plans will include the conduct of an internal self-assessment of the internal audit activity, followed by an independent validation by an external body, as part of a Quality Assurance and Improvement program for the internal audit activity.

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.

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.

Statement On Internal Control (cont'd)

4. Risk Management

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

The Group has a risk management process covering the Group's core business activities to identify, evaluate and manage the significant business risks faced by the Group. The process has been in place throughout the year and is continually reviewed by the Audit Committee for its adequacy, and effectiveness and reported accordingly to the Board.

5. Monitoring and Review Activities

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

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

There are no material internal control failures nor have any of the reported weaknesses resulted in material financial losses or contingencies during the financial year ended 31 December 2008.

6. Effectiveness of Internal Control

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

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

The Board confirms that it has reviewed the effectiveness of the system of internal control and is not aware of any significant weakness or deficiency for the financial year ended 31 December 2008.

Financial Statements

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 2008.

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 12 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	521,674	1,149,210
Attributable to:		
Equity holders of the Company	460,862	1,149,210
Minority interests	60,812	–
	521,674	1,149,210

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 2007:	
Final dividend of 30 sen per share, tax exempt, paid on 8 May 2008	300,000
In respect of the financial year ended 31 December 2008:	
Interim dividend of 10 sen per share, comprising 7.50 sen less 26% income tax and 2.50 sen tax exempt, paid on 25 September 2008	80,500
	380,500

The Directors recommend a final single tier dividend of 30 sen per ordinary share of RM0.25 each, 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 2009.

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
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Mohammad bin Abdullah
Tay Beng Chai
Dato' Tajuddin bin Atan

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 7 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 27 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	During the year		At
	01.01.2008	Bought	Sold	31.12.2008
Teo Joo Kim	1,893,750 *	–	(100,000)	1,793,750
Kuok Khoon Kuan	2,245,000 *	–	(30,000)	2,215,000
Wu Long Peng	1,625,000	–	–	1,625,000
Dato' Lim Chee Wah	2,000,000	–	–	2,000,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	775,000	65,000	–	840,000
Tay Beng Chai	377,500 *	–	–	377,500
Mohammad bin Abdullah	125,000	–	–	125,000

Dato’ Tajuddin bin Atan does not have any interest in shares in the Company or its related corporations during the financial year.

* Restated to include disclosure of interest in securities held by Director's spouse/child pursuant to Section 134(12) of the Companies (Amendment) Act 2007.

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 values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(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 31 to the financial statements.

SUBSEQUENT EVENTS

Details of events subsequent to the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

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

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

Kuok Khoon Kuan | Wu Long Peng

Petaling Jaya, Selangor Darul Ehsan

12 March 2009

Statement by Directors
Pursuant to Section 169(15) of the Companies Act 1965

We, Kuok Khoon Kuan and Wu Long Peng, being two of the Directors of Malaysian Bulk Carriers Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 34 to 66 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 2008 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

12 March 2009

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 34 to 66 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 12 March 2009

Yap Bee Yong

Before me,

Commissioner for Oaths

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysian Bulk Carriers Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 66.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements.

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

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
12 March 2009

Income Statements
for the year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Revenue	3	**721,158**	608,142	**1,127,480**	239,500
Operating expenses		**(382,389)**	(228,681)	**–**	–
		338,769	379,461	**1,127,480**	239,500
Other operating income/(loss), net	4	**219,542**	236,623	**29,310**	(643)
Administration expenses		**(26,553)**	(29,239)	**(6,891)**	(8,018)
Profit from operations		**531,758**	586,845	**1,149,899**	230,839
Finance cost		**(27,182)**	(21,812)	**(6)**	(9)
Share of results of associates		**21,174**	15,262	**–**	–
Profit before taxation	5	**525,750**	580,295	**1,149,893**	230,830
Taxation	8	**(4,076)**	(2,529)	**(683)**	(755)
Profit for the year		**521,674**	577,766	**1,149,210**	230,075
Attributable to:					
Equity holders of the Company		**460,862**	544,592	**1,149,210**	230,075
Minority interests		**60,812**	33,174	**–**	–
		521,674	577,766	**1,149,210**	230,075
Earnings per share attributable to equity holders of the Company (sen)	9	**46.09**	54.46		

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

Balance Sheets
as at 31 December 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Fixed assets	10	**581,858**	655,175	**376**	665
Leasehold property	11	**18,548**	18,508	**6,747**	6,591
Subsidiaries	12	**–**	–	**1,476,479**	713,423
Associates	13	**858,576**	47,605	**–**	–
Total non-current assets		**1,458,982**	721,288	**1,483,602**	720,679
Current assets					
Consumable stores		**6,924**	6,517	**–**	–
Trade receivables	14	**25,969**	42,798	**–**	–
Other receivables and prepayments	15	**49,263**	53,444	**6,780**	1,349
Amounts due from subsidiaries	16	**–**	–	**41,400**	116,874
Investments	17	**131,401**	208,716	**–**	–
Short term deposits	18	**791,696**	988,783	**67,100**	72,268
Cash and bank balances		**13,875**	38,163	**2,415**	2,374
		1,019,128	1,338,421	**117,695**	192,865
Non-current assets classified as held for sale	19	**5,595**	127,999	**–**	–
Total current assets		**1,024,723**	1,466,420	**117,695**	192,865
Total assets		**2,483,705**	2,187,708	**1,601,297**	913,544
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	20	**250,000**	250,000	**250,000**	250,000
Reserves	21	**1,633,938**	1,445,048	**1,266,941**	478,088
		1,883,938	1,695,048	**1,516,941**	728,088
Minority interests		**141,945**	79,256	**–**	–
Total equity		**2,025,883**	1,774,304	**1,516,941**	728,088
Non-current liabilities					
Borrowings	22	**356,635**	342,810	**–**	–
Deferred tax liabilities	23	**–**	1,338	**–**	–
Total non-current liabilities		**356,635**	344,148	**–**	–
Current liabilities					
Other payables	24	**90,205**	60,845	**3,588**	4,300
Borrowings	22	**7,346**	6,589	**–**	–
Amounts due to subsidiaries	16	**–**	–	**80,704**	181,156
Provision for taxation		**3,636**	1,822	**64**	–
Total current liabilities		**101,187**	69,256	**84,356**	185,456
Total liabilities		**457,822**	413,404	**84,356**	185,456
Total equity and liabilities		**2,483,705**	2,187,708	**1,601,297**	913,544

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

Statements of Changes in Equity

for the year ended 31 December 2008

Group	Note	Share capital RM'000	Retained profit RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Total reserves RM'000	Minority Interests RM'000	Total Equity RM'000
		← Attributable to Equity Holders of the Company →								
			Distributable	Non-distributable						
At 1 January 2007		200,000	1,198,162	98,791	34,159	40,000	(16,995)	1,354,117	53,034	1,607,151
Bonus Issue		50,000	–	(50,000)	–	–	–	(50,000)	–	–
Profit for the year		–	544,592	–	–	–	–	544,592	33,174	577,766
Dividends	25	–	(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
At 1 January 2008		**250,000**	**1,422,754**	**48,791**	**34,159**	**40,000**	**(100,656)**	**1,445,048**	**79,256**	**1,774,304**
Profit for the year		**–**	**460,862**	**–**	**–**	**–**	**–**	**460,862**	**60,812**	**521,674**
Dividends	25	**–**	**(380,500)**	**–**	**–**	**–**	**–**	**(380,500)**	**–**	**(380,500)**
Dividend paid to minority shareholder of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,846)**	**(5,846)**
Currency translation differences		**–**	**–**	**–**	**–**	**–**	**108,528**	**108,528**	**7,723**	**116,251**
At 31 December 2008		**250,000**	**1,503,116**	**48,791**	**34,159**	**40,000**	**7,872**	**1,633,938**	**141,945**	**2,025,883**

Company	Note	Share capital RM'000	Retained profit RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Total reserves RM'000	Total RM'000
			Distributable	Non-distributable					
At 1 January 2007		200,000	417,941	98,791	47,524	40,000	58,820	663,076	863,076
Bonus Issue		50,000	–	(50,000)	–	–	–	(50,000)	–
Profit for the year		–	230,075	–	–	–	–	230,075	230,075
Dividends	25	–	(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
At 1 January 2008		**250,000**	**328,016**	**48,791**	**47,524**	**40,000**	**13,757**	**478,088**	**728,088**
Profit for the year		**–**	**1,149,210**	**–**	**–**	**–**	**–**	**1,149,210**	**1,149,210**
Dividends	25	**–**	**(380,500)**	**–**	**–**	**–**	**–**	**(380,500)**	**(380,500)**
Currency translation differences		**–**	**–**	**–**	**–**	**–**	**20,143**	**20,143**	**20,143**
At 31 December 2008		**250,000**	**1,096,726**	**48,791**	**47,524**	**40,000**	**33,900**	**1,266,941**	**1,516,941**

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

Cash Flow Statements
for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before taxation	525,750	580,295	1,149,893	230,830
Adjustments for:				
Depreciation	29,375	38,237	374	465
Amortisation of leasehold property	269	1,303	153	160
Impairment loss on investment in subsidiaries	–	–	955	9,260
Capital distribution by subsidiaries dissolved/under liquidation	–	–	(18,199)	–
Provision for loss on loan to subsidiary	–	–	5,796	–
Provision for doubtful debts	42	–	–	–
Writeback of provision for doubtful debts	–	(435)	–	–
Gain on disposal of fixed assets	(327,346)	(167,389)	–	–
Loss/(gain) on disposal of quoted investments	13,040	(1,368)	–	–
Fixed assets written off	2,349	–	2	–
Unrealised loss/(gain) on quoted investments	82,226	(21,406)	–	–
Unrealised exchange (gain)/loss	(8,961)	4,245	(35,702)	(3,509)
Dividend income	(1,641)	(1,487)	(1,127,480)	(239,500)
Interest income	(36,407)	(36,621)	(2,380)	(2,743)
Interest expenses and other financing costs	27,182	21,812	6	9
Share of results of associates	(21,174)	(15,262)	–	–
Operating profit/(loss) before working capital changes	284,704	401,924	(26,582)	(5,028)
Changes in working capital:				
Consumable stores	(362)	(315)	–	–
Receivables	29,816	40,499	(6,366)	(1,676)
Payables	29,598	17,939	(712)	(10,032)
Subsidiaries	–	–	62,685	(73,881)
Cash generated from/(used in) operations	343,756	460,047	29,025	(90,617)
(Tax paid)/tax refunded	(1,707)	(1,285)	443	347
Net cash generated from/(used in) operating activities	342,049	458,762	29,468	(90,270)
Cash flows from investing activities				
Construction cost and purchase of vessels	(32,747)	(194,259)	–	–
Purchase of new equipment and capitalisation of dry docking cost	(7,036)	(4,015)	–	–
Purchase of other fixed assets	(145)	(86)	(74)	(62)
Purchase of quoted investments	(117,315)	(481,180)	–	–
Investment in subsidiaries	–	–	(1,327,579)	(103,156)
Dividends received	1,641	1,487	1,127,480	239,500
Interest received	36,407	36,621	2,380	2,743
Proceeds from disposal of quoted investments	107,613	465,695	–	–
Proceeds from disposal of fixed assets	559,212	529,291	–	–
Subscription of shares in an associate	(792,167)	–	–	–
Loan repayment from an associate	3,500	3,352	–	–
Net cash (used in)/generated from investing activities	(241,037)	356,906	(197,793)	139,025
Cash flows carried forward	101,012	815,668	(168,325)	48,755

Cash Flow Statements (cont'd)
for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows brought forward	**101,012**	815,668	**(168,325)**	48,755
Cash flows from financing activities				
Interest and other financing costs	**(23,702)**	(21,812)	**(6)**	(9)
Repayment of loans	**–**	(11,645)	**–**	–
Repayment of lease financing	**(6,287)**	(61,998)	**–**	–
Loan repayments from subsidiaries	**–**	–	**542,272**	336,996
Loan to subsidiaries	**–**	–	**–**	(24,496)
Loan repayments to minority shareholders	**–**	(25,972)	**–**	–
Loan from minority shareholders of subsidiaries	**–**	8,636	**–**	–
Advance to associate company	**(704)**	–	**–**	–
Dividends paid	**(380,500)**	(320,000)	**(380,500)**	(320,000)
Dividend paid to minority shareholder of subsidiary	**(5,846)**	(2,594)	**–**	–
Net cash (used in)/generated from financing activities	**(417,039)**	(435,385)	**161,766**	(7,509)
Net change in cash and cash equivalents	**(316,027)**	380,283	**(6,559)**	41,246
Effects of foreign exchange rate changes	**94,652**	(46,131)	**1,432**	(3,898)
Cash and cash equivalents brought forward	**1,026,946**	692,794	**74,642**	37,294
Cash and cash equivalents carried forward	**805,571**	1,026,946	**69,515**	74,642
Cash and cash equivalents comprise:				
Short term deposits	**791,696**	988,783	**67,100**	72,268
Cash and bank balances	**13,875**	38,163	**2,415**	2,374
	805,571	1,026,946	**69,515**	74,642

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

Notes to the Financial Statements
31 December 2008

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 is 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 12 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 12 March 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company are prepared on the historical cost basis, except for investment securities and derivative financial instruments which are stated at fair value, and are in accordance 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 12 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.

Notes to the Financial Statements (cont'd)
31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Fixed assets and depreciation (cont'd)

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 1/3% per annum
Furniture and fittings	10% per annum
Renovations	33 1/3% per annum

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).

Notes to the Financial Statements (cont'd)
31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Cash and cash equivalents

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

(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's 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.

Notes to the Financial Statements (cont'd)
31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

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 accounted for as an appropriation of retained profit in the period in which they are approved.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

Notes to the Financial Statements (cont'd)

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in previous years.

The Group and the Company have not adopted the following Financial Reporting Standards ("FRS") and IC Interpretations which have been issued by the Malaysian Accounting Standard Board ("MASB") as of the balance sheet date but are not yet effective:

FRSs/Interpretations	Effective date
FRS 4 - Insurance Contracts	1 January 2010
FRS 7 - Financial Instruments: Disclosures	1 January 2010
FRS 8 - Operating Segments	1 July 2009
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

The adoption of the above FRSs and IC Interpretations will not have any significant impact on the financial statements of the Group and the Company.

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		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Charterhire income	**712,697**	603,036	**–**	–
Depot income	**565**	2,807	**–**	–
Ship brokerage and management	**7,896**	2,299	**–**	–
Dividend income from subsidiaries	**–**	–	**1,127,480**	239,500
	721,158	608,142	**1,127,480**	239,500

4. OTHER OPERATING INCOME/(LOSS), NET

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Interest income	**36,407**	36,621	**2,380**	2,743
Rental income	**313**	266	**482**	434
Dividend income from quoted investments	**1,641**	1,487	**–**	–
Foreign exchange gain/(loss)				
- realised	**(57,511)**	12,331	**(20,700)**	1,931
- unrealised	**8,961**	(4,245)	**35,702**	3,509
Unrealised (loss)/gain on quoted investments	**(82,226)**	21,406	**–**	–
(Loss)/gain on disposal of quoted investments	**(13,040)**	1,368	**–**	–
Capital distribution by subsidiaries dissolved/under liquidation	**–**	–	**18,199**	–
Provision for loss on loan to subsidiary	**–**	–	**(5,796)**	–
Impairment loss on investment in subsidiaries	**–**	–	**(955)**	(9,260)
Fixed assets written off	**(2,349)**	–	**(2)**	–
Gain on disposal of fixed assets	**327,346**	167,389	**–**	–
	219,542	236,623	**29,310**	(643)

5. PROFIT BEFORE TAXATION

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Auditors' remuneration				
- current year	**389**	301	**50**	40
- underprovision in prior year	**113**	70	**35**	–
Depreciation	**29,375**	38,237	**374**	465
Amortisation of leasehold property	**269**	1,303	**153**	160
Directors' remuneration (Note 7)	**624**	611	**608**	595
Provision/(Writeback of provision) for doubtful debts	**42**	(435)	**–**	–
Finance costs				
- interest on loans	**22,968**	15,430	**–**	–
- interest on finance leases	**2,776**	4,641	**–**	–
LC commission and guarantee fees	**1,438**	1,741	**6**	9
Cost sharing of expenses	**16,120**	17,077	**–**	–

6. STAFF AND CREW COSTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Wages, salaries and bonus	**36,334**	38,920	**3,407**	4,414
Pension costs				
- defined contribution plans	**1,120**	1,420	**408**	527
Social security costs	**44**	45	**23**	23
Other staff related expenses	**10,907**	10,546	**207**	220
	48,405	50,931	**4,045**	5,184

Notes to the Financial Statements (cont'd)

31 December 2008

7. DIRECTORS' REMUNERATION

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Directors of the Company				
Fees: Executive	**200**	214	**200**	214
Non-executive	**365**	341	**357**	333
	565	555	**557**	547
Attendance Fees: Executive	**15**	17	**15**	17
Non-executive	**36**	31	**36**	31
	616	603	**608**	595
Other Directors				
Fees	**8**	8	**–**	–
Total	**624**	611	**608**	595

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

	Number of Directors 2008	Number of Directors 2007
Executive Directors:		
RM50,000 - RM100,000	**3**	3
Non-Executive Directors:		
RM50,000 - RM100,000	**5**	4
< RM50,000	**–**	1
	8	8

8. TAXATION

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Income tax:				
Malaysian income tax	**1,912**	1,298	**352**	1,606
Foreign tax	**1,174**	401	**–**	–
Under/(Over) provision in prior years	**2,328**	(508)	**331**	(851)
	5,414	1,191	**683**	755
Deferred tax (Note 23):				
Relating to temporary differences	**–**	825	**–**	–
(Over)/Under provision in prior years	**(1,338)**	513	**–**	–
	(1,338)	1,338	**–**	–
	4,076	2,529	**683**	755

8. 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:

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Profit before taxation		525,750	580,295	1,149,893	230,830
Tax exempt shipping income	(a)	(486,516)	(235,753)	–	–
Profit from companies incorporated in the BVI		(57,274)	(308,397)	–	–
Tax exempt dividend income		(154)	(216)	(1,127,480)	(233,000)
		(543,944)	(544,366)	(1,127,480)	(233,000)
		(18,194)	35,929	22,413	(2,170)
Taxation at statutory tax rate		(4,730)	9,701	5,827	(586)
Income not subject to tax		(16)	(10,494)	(7,594)	(1,469)
Tax savings arising from differential tax rate of 20%		(58)	(21)	–	–
Effect of difference in tax rates and exemptions in other countries		(583)	(235)	–	–
Expenses not deductible for tax purposes		9,091	2,970	2,152	3,827
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances		(916)	(166)	(33)	(166)
Deferred tax assets not recognised during the year		298	769	–	–
Under/(Over)provision of tax in prior years		2,328	(508)	331	(851)
(Over)/Underprovision of deferred tax in prior years		(1,338)	513	–	–
Taxation for the year		4,076	2,529	683	755

(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 and rental income.

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

	Group 2008 RM'000	Group 2007 RM'000
Unutilised tax losses	8,675	5,541
Unabsorbed capital allowances	1,628	1,521
	10,303	7,062

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 2008

9. 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 2008	Group 2007
Profit attributable to equity holders of the Company (RM'000)	**460,862**	544,592
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic earnings per share (sen)	**46.09**	54.46

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.

10. 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 2008								
Cost								
At 1 January 2008		903,294	8,759	28,639	2,560	2,210	2,324	947,786
Additions		283	6,753	32,747	–	57	88	39,928
Disposals and write off		(120,840)	(790)	–	(2,560)	(88)	(224)	(124,502)
Reclassification		61,386	–	(61,386)	–	–	–	–
Derecognition		–	(2,166)	–	–	–	–	(2,166)
Reclassified as held for sale	19	(43,145)	–	–	–	–	–	(43,145)
Translation difference		38,658	424	–	–	37	206	39,325
At 31 December 2008		839,636	12,980	–	–	2,216	2,394	857,226
Accumulated Depreciation								
At 1 January 2008		282,457	6,494	–	242	1,774	1,644	292,611
Charge for the year		25,202	3,666	–	17	178	312	29,375
Disposals and write off		(16,469)	(739)	–	(259)	(88)	(177)	(17,732)
Derecognition		–	(2,166)	–	–	–	–	(2,166)
Reclassified as held for sale	19	(37,550)	–	–	–	–	–	(37,550)
Translation difference		10,440	167	–	–	36	187	10,830
At 31 December 2008		264,080	7,422	–	–	1,900	1,966	275,368
Net Book Value								
At 31 December 2008		575,556	5,558	–	–	316	428	581,858

10. FIXED ASSETS (cont'd)

Group (cont'd)	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	19	(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	19	(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

Notes to the Financial Statements (cont'd)
31 December 2008

10. FIXED ASSETS (cont'd)

Company	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2008			
Cost			
At 1 January 2008	306	1,093	1,399
Additions	–	74	74
Disposals and write off	–	(7)	(7)
Translation difference	26	172	198
At 31 December 2008	332	1,332	1,664
Accumulated Depreciation			
At 1 January 2008	197	537	734
Charge for the year	108	266	374
Disposals and write off	–	(5)	(5)
Translation difference	27	158	185
At 31 December 2008	332	956	1,288
Net Carrying Amount			
At 31 December 2008	–	376	376
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

(a) Vessels with an aggregate net book value of RM233,966,000 (2007: RM230,385,000) have been placed as security for loans obtained by the Group (Note 22(a)).

(b) Vessels with an aggregate net book value of RM24,932,000 (2007: RM23,927,000) have been sold and leased back into the Group under finance lease arrangements (Note 22(b)).

11. LEASEHOLD PROPERTY

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	**18,508**	20,240	**6,591**	7,180
Amortisation	**(269)**	(1,303)	**(153)**	(160)
Translation difference	**309**	(429)	**309**	(429)
At 31 December	**18,548**	18,508	**6,747**	6,591
Analysed as:				
Long term leasehold property	**18,279**	18,232	**6,594**	6,431
Short term leasehold property	**269**	276	**153**	160
	18,548	18,508	**6,747**	6,591

The strata titles for leasehold property with net book value of RM6,747,000 (2007: RM6,591,000) have yet to be issued by the relevant authorities.

The term of the leasehold property is 99 years.

12. SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	**1,491,992**	179,741
Impairment losses	**(15,513)**	(14,386)
	1,476,479	165,355
Loans to subsidiaries (unsecured)	**5,796**	554,908
Loans from subsidiaries (unsecured)	**–**	(6,840)
	5,796	548,068
Less: Provision for loss	**(5,796)**	–
	–	548,068
Total	**1,476,479**	713,423

Details of the subsidiaries are as follows:

Company	Country of Incorporation	Equity Interest 2008	Equity Interest 2007	Principal Activities
Alam Budi Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
Alam Gula Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
Alam Senang Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
Bistari Shipping Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
Bitara Shipping Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
Tekunmata Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
MBC Padu Sdn Bhd [2]	Malaysia	**100%**	100%	Owner and operator of ships
PSM Perkapalan Sdn Bhd	Malaysia	**100%**	100%	Manager of ships

Notes to the Financial Statements (cont'd)
31 December 2008

12. SUBSIDIARIES (cont'd)

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

Company	Country of Incorporation	Equity Interest 2008	Equity Interest 2007	Principal Activities
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%	Dormant
- Everspeed Enterprises Ltd [4]	BVI	**100%**	100%	Ship operator
Indah Island Depot Sdn Bhd	Malaysia	**90%**	90%	Dormant
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%	Dormant
- Ethiopian Assets Ltd [1]	BVI	**100%**	100%	Dormant
- Towertime Holdings Ltd [1]	BVI	**100%**	100%	Dormant
- Crestbright Holdings Ltd [1]	BVI	**100%**	100%	Dormant
- Springbright Holdings Ltd [1]	BVI	**100%**	100%	Dormant
MBC Equity Management Sdn Bhd [2]	Malaysia	**100%**	100%	Trading in marketable securities
Gaintrack Sdn Bhd	Malaysia	**100%**	100%	Trading in marketable securities
Alam Selaras Sdn Bhd	Malaysia	**100%**	100%	Dormant
Red Sea Pacific Sdn Bhd	Malaysia	**100%**	100%	Dormant
Serba Pasifik Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Maju Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Mutiara Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Bakti Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Bayu Sdn Bhd	Malaysia	**100%**	100%	Dormant
Kenagamas Sdn Bhd [2] [3]	Malaysia	**100%**	100%	Dormant
Alam Tangkas Sdn Bhd [3]	Malaysia	**100%**	100%	Dormant
Alam Tabah Sdn Bhd [3]	Malaysia	**100%**	100%	Dormant
Alam Teladan 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 Berkat Sdn Bhd [3]	Malaysia	**100%**	100%	Dormant
Aturanseni Sdn Bhd [3]	Malaysia	**100%**	100%	Dormant
Amatklasik Sdn Bhd [3]	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. SUBSIDIARIES (cont'd)

(a) Share issuance by wholly owned subsidiary companies

During the year, the Company subscribed to the following Redeemable Preference Shares issued by its wholly owned subsidiary companies:

(i) Lightwell Shipping Inc - Issuance of 83,375 Redeemable Preference Shares of USD1.00 each at a premium of USD3,999 each, amounting to USD333,500,000 (RM1,157,578,500 equivalent)

(ii) MBC Padu Sdn Bhd - Issuance of 10,000 Redeemable Preference Shares of RM1.00 each, at a premium of RM2,999 each, amounting to RM30,000,000

(iii) Bitara Shipping Sdn Bhd - Issuance of 10,000 Redeemable Preference Shares of RM1.00 each, at a premium of RM3,999 each, amounting to RM40,000,000

(iv) Alam Budi Sdn Bhd - Issuance of 10,000 Redeemable Preference Shares of RM1.00 each, at a premium of RM4,999 each, amounting to RM50,000,000

(v) Bistari Shipping Sdn Bhd - Issuance of 10,000 Redeemable Preference Shares of RM1.00 each, at a premium of RM4,999 each, amounting to RM50,000,000

(b) Commencement of Members' Voluntary Winding-up

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

(c) Wholly owned subsidiary companies dissolved during the year

Five wholly owned subsidiary companies, Firstclass Performance Sdn Bhd, Lavenco Sdn Bhd, Polyscent Sdn Bhd, MBC Permai Sdn Bhd and Alam Talang Sdn Bhd, were dissolved on 15 October 2008.

13. ASSOCIATES

	Group	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	**794,067**	1,900
Share of post acquisition results	**58,710**	37,536
	852,777	39,436
Proportionate shareholders' loan to associate	**5,095**	8,169
Amount due from associate	**704**	–
	858,576	47,605
The Group's interest in the associates is analysed as follows:		
Share of net assets	**852,777**	39,436

The loan to associate and amount due from associate are unsecured, interest-free and have no fixed terms of repayment.

Details of the associates are as follows:

Company	Equity Interest 2008	Equity Interest 2007	Principal Activities
Eminence Bulk Carriers Pte Ltd (Incorporated in Singapore)	**50%**	50%	Owner and operator of ships
PACC Offshore Services Holdings Pte Ltd (Incorporated in Singapore)	**21%**	–	Provider of offshore marine support services

The associates are audited by an affiliate of Ernst & Young.

Notes to the Financial Statements (cont'd)

31 December 2008

14. TRADE RECEIVABLES

	Group	
	2008	2007
	RM'000	RM'000
Trade receivables	**26,105**	42,886
Provision for doubtful debts	**(136)**	(88)
	25,969	42,798

15. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables include the following:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Amounts due from:				
PACC Ship Managers Pte Ltd ("PSML")	**2,978**	3,745	**–**	–
Avon Shipping Ltd ("ASL")	**19,939**	24,243	**–**	–
Tax recoverable	**513**	2,395	**–**	1,062
Unrealised gain on forex contracts	**8,716**	–	**6,486**	–

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

The balances with ASL relate to balance retained under tax lease structured financing for Group vessels (Note 22(a)), as well as operating expenses on these vessels.

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

17. INVESTMENTS

	Group	
	2008	2007
	RM'000	RM'000
Quoted securities, at fair value		
- Malaysia	**12,704**	29,312
- Foreign	**118,525**	179,232
	131,229	208,544
Club membership	**172**	172
	131,401	208,716

18. SHORT TERM DEPOSITS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**791,696**	988,783	**67,100**	72,268

The weighted average interest rate during the year was 2.54% (2007: 4.12%) per annum and the average maturity of the deposits at year end was 63 (2007: 33) days.

19. 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	
	2008 RM'000	2007 RM'000
Assets		
Fixed assets (Note 32(i))	**5,595**	127,999

20. SHARE CAPITAL

	2008 No. of shares ('000)	2007 No. of shares ('000)	2008 RM'000	2007 RM'000
Group and Company				
Authorised:				
Ordinary shares of RM0.25 par value each	**2,000,000**	2,000,000	**500,000**	500,000
Issued and fully paid:				
Ordinary shares of RM0.25 par value each				
At 1 January	**1,000,000**	800,000	**250,000**	200,000
Bonus issue	**–**	200,000	**–**	50,000
At 31 December	**1,000,000**	1,000,000	**250,000**	250,000

21. 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

Pursuant to the Finance Act, 2007, the single tier system has been introduced and it is to take effect from the year of assessment 2008. Under the single tier system, tax on a company's profit is a final tax and dividend distributed to shareholders will be exempted from tax. With the implementation of the singe tier system, companies with a credit balance in the Section 108 account are allowed either to elect for an irrevocable option to switch over to the single tier system or to continue using the available credit balance as at 31 December 2007 until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013.

During the year, the Company had fully utilised its available Section 108 balance by distributing franked interim dividend for the year ended 31 December 2008. The Company has since opted to switch to single tier system and hence the final dividend for the year ended 31 December 2008, which the Directors have recommended as disclosed in Note 25, will be distributed as single tier dividend.

Notes to the Financial Statements (cont'd)

31 December 2008

22. BORROWINGS

		Group	
		2008	2007
		RM'000	RM'000
(a)	Secured loans	318,214	299,412
(b)	Finance lease payables	45,223	49,443
		363,437	348,855
	Repayable within 12 months	(7,346)	(6,589)
	Repayable after 12 months	356,091	342,266
(c)	Unsecured loans	544	544
		356,635	342,810

Maturity of secured loans is analysed as follows:

Within 1 year	375	298
Between 1 and 5 years	1,676	1,549
After 5 years	316,163	297,565
	318,214	299,412

(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 10.

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 88 quarterly instalments with a balloon payment in 2030.

(b) Finance lease payables

	Group	
	2008	2007
	RM'000	RM'000
Minimum lease payments		
Not later than 1 year	14,696	14,061
Later than 1 year and not later than 2 years	14,696	14,023
Later than 2 years and not later than 5 years	42,872	54,932
	72,264	83,016
Less : Future finance charges	(27,041)	(33,573)
Present value of finance lease liabilities	45,223	49,443
Analysis of present value of finance lease liabilities		
Not later than 1 year	6,971	6,291
Later than 1 year and not later than 2 years	7,389	6,651
Later than 2 years and not later than 5 years	30,863	36,501
	45,223	49,443
Analysed as:		
Due within 12 months	6,971	6,291
Due after 12 months	38,252	43,152
	45,223	49,443

The secured loans and finance lease payables bear interest at a weighted average rate of 5.59% (2007: 5.56%) per annum.

(c) The unsecured loans from minority shareholders of subsidiaries bear interest rate in the range of 4.01% to 4.09% (2007: 4.01% to 5.77%) per annum and have no fixed terms of repayment.

23. DEFERRED TAX LIABILITIES

	Quoted investments RM'000	Total RM'000
Group		
At 1 January 2008	**1,338**	**1,338**
Recognised in income statement (Note 8)	**(1,338)**	**(1,338)**
At 31 December 2008	**–**	**–**
At 1 January 2007	–	–
Recognised in income statement (Note 8)	1,338	1,338
At 31 December 2007	1,338	1,338

24. OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accruals	**36,570**	31,450	**3,521**	4,241
Charterhire received in advance	**6,889**	14,088	**–**	–
Due to ship managers and agents	**11,628**	6,642	**–**	–
Other creditors (Note a)	**35,118**	8,665	**67**	59
	90,205	60,845	**3,588**	4,300

(a) Other creditors of the Group include amounts totalling RM16,316,000 (2007: RM8,249,000) and RM17,612,000 (2007: RM Nil) 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 RM65,000 (2007: RM59,000) due to PCL and RM2,000 (2007:RM Nil) due to PCLS. These balances are in respect of reimbursable expenses borne by PCL and PCLS as commercial managers of the Group.

25. DIVIDENDS

	Amount	
	2008 RM'000	2007 RM'000
In respect of financial year ended:		
31 December 2006		
First and final dividend of 12 sen, tax exempt	**–**	96,000
Special dividend of 18 sen, tax exempt	**–**	144,000
31 December 2007		
Interim dividend of 8 sen, tax exempt	**–**	80,000
Final dividend of 30 sen, tax exempt	**300,000**	–
31 December 2008		
Interim dividend of 10 sen, comprising 7.50 sen less 26% tax, and 2.50 sen tax exempt	**80,500**	–
	380,500	320,000

The Directors recommend a final single tier dividend of 30 sen per ordinary share of RM0.25 each, 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 2009.

Notes to the Financial Statements (cont'd)

31 December 2008

26. COMMITMENTS

		Group	
		2008 RM'000	2007 RM'000
(a)	Capital expenditure approved and contracted for	**21,526**	23,809
(b)	Non-cancellable charter commitments		
	Due within 1 year	**79,073**	73,448
	Due later than 1 year and not later than 5 years	**221,285**	226,392
	Due later than 5 years	**605,979**	609,415
		927,863	933,064

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

		Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 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	**382**	396	**–**	–
	Commercial fee	**26,766**	23,402	**–**	–
	Charterhire paid	**47,517**	35,443	**–**	–
	Net cost sharing of expenses	**16,120**	17,077	**–**	–
(b)	PACC Ship Managers Pte Ltd, a subsidiary of PCL				
	Management fee	**1,317**	1,101	**–**	–
	Crewing agents fee	**458**	495	**–**	–
	Procurement fee	**713**	2,230	**–**	–
	Supervision fee	**–**	779	**–**	–
	Commission on disposal of vessels	**2,078**	2,676	**–**	–
(c)	PCL Group				
	Charterhire receivable	**(108,269)**	(102,755)	**–**	–
	Crew management fee	**(2,408)**	(1,522)	**–**	–
	Rental receivable	**(26)**	(63)	**(26)**	(63)
	Commercial fee	**(4,164)**	–	**–**	–

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Rental receivable from Agrifert (Malaysia) Sdn Bhd, a subsidiary of a substantial shareholder, Kuok (Singapore) Limited	**(287)**	(202)	**(287)**	(202)
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	**42**	65	**42**	65
(b) Insurance premium payable to Jerneh Insurance Berhad	**1,959**	2,057	**36**	36
(c) Commission and brokerage receivable from Katella Sdn Bhd	**(1,539)**	(641)	**–**	–
(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	**13**	8	**13**	8

	Company 2008 RM'000	Company 2007 RM'000
Transactions with subsidiaries		
Dividend received from subsidiaries	**(1,127,480)**	(239,500)
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.

Key Management Personnel Cost

The key management personnel of the Group includes executive directors and non-executive directors of the Company. The remuneration of directors is disclosed in Note 7.

Notes to the Financial Statements (cont'd)

31 December 2008

28. SEGMENT INFORMATION

(a) Business segments

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

(b) Geographical segments

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

(c) Allocation basis and inter-segment charges

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

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

2008	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	635,556	74,266	12,112	565	(1,341)	721,158
Inter-segment	2,875	–	(4,216)	–	1,341	–
External	638,431	74,266	7,896	565	–	721,158
Results						
Segment results	555,951	66,713	1,738	(129,051)	–	495,351
Interest income						36,407
Finance cost						(27,182)
Share of results of associates						21,174
Taxation						(4,076)
Profit for the year						521,674
Other information						
Segment assets	1,029,745	239,298	24,724	2,231,310	(1,046,967)	2,478,110
Segment assets held for sale	5,595	–	–	–	–	5,595
Total segment assets						2,483,705
Segment liabilities	419,929	13,559	19,183	1,052,118	(1,046,967)	457,822
Capital expenditure	5,952	1,084	71	32,821	–	39,928
Depreciation	19,070	9,798	53	454	–	29,375
Amortisation	–	–	–	269	–	269
Other non-cash income/(expenses)	(264)	(7)	29	(73,065)	–	(73,307)

28. SEGMENT 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	19,452	–	27,872

Notes to the Financial Statements (cont'd)
31 December 2008

29. FINANCIAL RISK MANAGEMENT

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

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

Financial risk factors

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

(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 2008 which comprise mainly Euro Dollars, Sterling Pound, Australian Dollars and Japanese Yen is equivalent to RM263,850,000 (2007: 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 2008						
United States Dollars	**(3,540)**	**91**	**(33)**	**4,825**	**(497)**	**846**
At 31 December 2007						
United States Dollars	(4,969)	(3)	(4)	3,698	(559)	(1,837)

29. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Price risk (cont'd)

Foreign currency risk (cont'd)

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.

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

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

Notes to the Financial Statements (cont'd)
31 December 2008

30. 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.

31. SIGNIFICANT EVENTS DURING THE YEAR

(i) Disposal of vessels

During the year the Group, through its subsidiaries, disposed of three vessels to third parties for a total cash consideration of RM473,448,000.

(ii) Tax assessment on deemed interest income

Following a field audit, the Inland Revenue Board ("IRB") has deemed interest income for all interest-free loans which the Company provides to its wholly-owned subsidiaries and raised a tax assessment of RM58.4 million on these deemed interest income covering financial years 2003 to 2005.

The Company does not agree with this assessment because it considers these loans as part of its equity (debt equity) which finances the acquisition of the various vessels the Group has acquired. As is common practice amongst international ship-owners, ships are typically owned via a "one-ship one company" structure with debt equity and nominal capital to ring-fence against frivolous claims and liabilities. Despite various exchanges with IRB, the IRB has maintained its stance and consequently an assessment has been raised by the IRB on 15 August 2008.

The Company views this assessment as a significant departure from the IRB's past practices in respect of interest-free loans to wholly-owned subsidiaries and considers this as incorrect under the Malaysian income tax law. Consequently, no provision was made in the accounts and the Company is contesting this assessment.

(iii) Subscription of shares in an associate

The Group had on 16 December 2008 subscribed for 34 million new ordinary shares in PACC Offshore Services Holdings Pte Ltd ("POSH"), representing 21% of the enlarged issued and paid up share capital of POSH, for a consideration of USD221 million. The consideration was satisfied by cash of USD197 million and the balance by the transfer of an offshore accommodation vessel, Pac Bintan, at the market value of USD24 million.

32. SUBSEQUENT EVENTS

(i) Disposal of vessel

Subsequent to the year end, a wholly owned subsidiary, Tekunmata Sdn Bhd, disposed of its vessel to a third party for a cash consideration of USD3,850,000.

(ii) Commencement of Creditors' Voluntary Winding-up

A 90% owned subsidiary, Indah Island Depot Sdn Bhd, had on 10 March 2009 commenced creditors' voluntary winding-up.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

List Of Properties

Address/Description	Existing Use/ Approximate Area	Tenure/ Date Of Expiry Of Lease	Age Of Building	Net Book Value @ 31.12.08 (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	11 Years	1,671.8	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	11 Years	1,701.7	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	11 Years	1,671.8	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	11 Years	1,701.7	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	11,801.0	01.10.2003

Statement of Shareholdings
as at 3 March 2009

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	330	2.42	14,518	0.00
100 - 1,000	2,231	16.38	1,817,095	0.18
1,001 - 10,000	8,718	64.01	32,118,597	3.21
10,001 - 100,000	2,034	14.93	56,917,487	5.69
100,001 to less than 5% of issued shares	302	2.22	181,479,703	18.15
5% and above of issued shares	5	0.04	727,652,600	72.77
	13,620	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	–	–
Employees Provident Fund Board	66,412,200	6.64	–	–
Kuok (Singapore) Limited (KSL) (1)	–	–	344,615,000	34.46
Minister of Finance Incorporated (2)	–	–	183,945,700	18.39
PPB Group Berhad (3)	60,154,400	6.02	79,865,600	7.99
Kuok Brothers Sdn Berhad (4)	–	–	140,020,000	14.00

Notes:-
(1) *Deemed interest through its 100% direct interest in PCL.*
(2) *Deemed interest through its 99.99% direct interest in BP.*
(3) *Deemed interest through its 100% direct interest in MSM.*
(4) *Deemed interest through its 50.17% direct interest in PPB.*

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

	Direct Interest		Deemed Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Teo Joo Kim	1,793,750 (1)	0.18	–	–
Kuok Khoon Kuan	2,215,000 (1)	0.22	–	–
Wu Long Peng	1,625,000	0.16	–	–
Dato' Lim Chee Wah	1,700,000	0.17	–	–
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	820,000 (1)	0.08	–	–
Mohammad bin Abdullah	125,000	0.01	–	–
Tay Beng Chai	377,500 (1)	0.04	–	–

Note:-
(1) *Includes disclosure of interest in securities held by Director's child/spouse pursuant to Section 134(12) of the Companies (Amendment) Act 2007.*

THE THIRTY LARGEST SHAREHOLDERS
(as per Record of Depositors as at 3 March 2009)

Name of Shareholders	No. of Shares	%
1. Pacific Carriers Limited	344,615,000	34.46
2. Bank Pembangunan Malaysia Berhad	183,945,700	18.39
3. Malayan Sugar Manufacturing Company Berhad	79,845,600	7.98
4. PPB Group Berhad	60,154,400	6.02
5. Employees Provident Fund Board	59,091,900	5.91
6. Valuecap Sdn Bhd	31,336,600	3.13
7. Kumpulan Wang Persaraan (Diperbadankan)	24,783,400	2.48
8. Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Ang Beng Poh*	3,400,000	0.34
9. AM Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	3,253,100	0.33
10. Century Castle Limited	2,623,100	0.26
11. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For SG Private Banking (Suisse) SA*	2,499,975	0.25
12. Amanah Raya Nominees (Tempatan) Sdn Bhd *For Sekim Amanah Saham Nasional*	2,467,900	0.25
13. Jerneh Insurance Bhd	2,315,875	0.23
14. Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd* *For Government of Singapore (C)*	2,172,950	0.22
15. Kerajaan Negeri Pahang	2,153,850	0.22
16. OCBC Bank (Malaysia) Berhad	2,153,850	0.22
17. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Investment Management Sdn Bhd* *For Kumpulan Wang Simpanan Pekerja*	2,120,000	0.21
18. Kuok Khoon Kuan @ Kuo Khoon Kwong	2,098,750	0.21
19. Amanah Raya Nominees (Tempatan) Sdn Bhd *For Affin Islamic Equity Fund*	2,087,200	0.21
20. Permodalan Nasional Berhad	2,033,100	0.20
21. Lim Chee Wah	2,000,000	0.20
22. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt AN* *For Deutsche Trustees Malaysia Berhad*	1,824,100	0.18
23. Teo Joo Kim	1,721,250	0.17
24. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Taiwan)*	1,647,800	0.16
25. Wu Long Peng	1,625,000	0.16
26. Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For DFA Emerging Markets Fund*	1,552,725	0.16
27. Kumpulan Wang Simpanan Pekerja	1,500,000	0.15
28. Khor It Kwang	1,380,000	0.14
29. HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Lee Kai Meng*	1,250,000	0.13
30. Low Kok Kong	1,250,000	0.13
	830,903,125	83.09

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 2008.

2. Non-Audit Fees Paid to Auditors

The non-audit fees paid/payable to the External Auditors of MBC Group for the financial year ended 31 December 2008 were as follows:-

AUDITORS	FEES (RM)	PURPOSE
Ernst & Young	15,000	For professional services rendered in connection with payroll audit
Ernst & Young	7,000	Review of Statement on Internal Control
Ernst & Young	12,000	FRS Implementation Assessment

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 2008 or entered into during the financial year ended 31 December 2008 except as disclosed in the Financial Statements as set out in this Annual Report.

4. Continuing Education Programmes for Directors

During the financial year ended 31 December 2008, 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:-

- Importance of IT Security
- Latest Development on Tax Audits and Tax Investigations
- Blue Ocean Strategy
- Improving Board of Directors' Performance, Leadership & Governance
- Duties & Liabilities of Company Directors : Impact of Companies (Amendment) Act 2007 and Malaysian Code on Corporate Governance (Revised 2007)
- Global Factors Impacting Malaysian Export Competitiveness
- International CEO Forum V
- Risk Awareness

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 2008 are set out from pages 34 to 66 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 20th Annual General Meeting of Malaysian Bulk Carriers Berhad ("Company") will be held on Wednesday, 22 April 2009 at 10:00 a.m. at Saujana Ballroom, The Saujana, Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan for the following purposes:-

AGENDA

(1) To receive the audited Financial Statements for the financial year ended 31 December 2008 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To declare a final single tier dividend of 30 sen per share for the financial year ended 31 December 2008. **Resolution 2**

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

(a) Teo Joo Kim **Resolution 3**

(b) Wu Long Peng **Resolution 4**

(c) Dato' Lim Chee Wah **Resolution 5**

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

(5) To approve the payment of Directors' fees of RM557,000 for the financial year ended 31 December 2008. **Resolution 7**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

(6) 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."

(7) 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 2009, 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."

(8) 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."

(9) To transact any other business.

Notice of Annual General Meeting (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 30 sen per share, has been recommended by the Directors in respect of the financial year ended 31 December 2008. Subject to the shareholders' approval at the forthcoming 20th Annual General Meeting of the Company, the proposed dividend will be paid on Friday, 8 May 2009 to the shareholders whose names appear in the Record of Depositors on Monday, 27 April 2009.

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, 27 April 2009 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 2009
Petaling Jaya

Notes:

1. *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.*

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

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

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

EXPLANATORY NOTES ON RESOLUTIONS 8, 9 AND 10

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 2009.

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 reserve of the Company.

  Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 31 March 2009.

Statement Accompanying Notice of Annual General Meeting

Details of the Directors who are standing for re-election are as set out on pages 15 and 16 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on page 68 of this Annual Report.

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Form of Proxy

MALAYSIAN BULK CARRIERS BERHAD
175953-W

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 20th Annual General Meeting of the Company to be held on Wednesday, 22 April 2009 at 10:00 a.m. at Saujana Ballroom, The Saujana, Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan and at any adjournment thereof in the manner indicated below:-

No.	Resolutions	For	Against
1.	To receive the audited Financial Statements for the financial year ended 31 December 2008 and the reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final single tier dividend of 30 sen per share for the financial year ended 31 December 2008		
3.	To re-elect Mr Teo Joo Kim as a Director		
4.	To re-elect Mr Wu Long Peng as a Director		
5.	To re-elect Dato' Lim Chee Wah 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		

(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 ______ 2009

No. of Shares Held: ______________________

Signature of Shareholder: ______________________

Notes:-

1. *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
3. *A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
4. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed shall be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall be invalid.*

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STAMP

The Company Secretaries
Malaysian Bulk Carriers Berhad (175953-W)
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

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