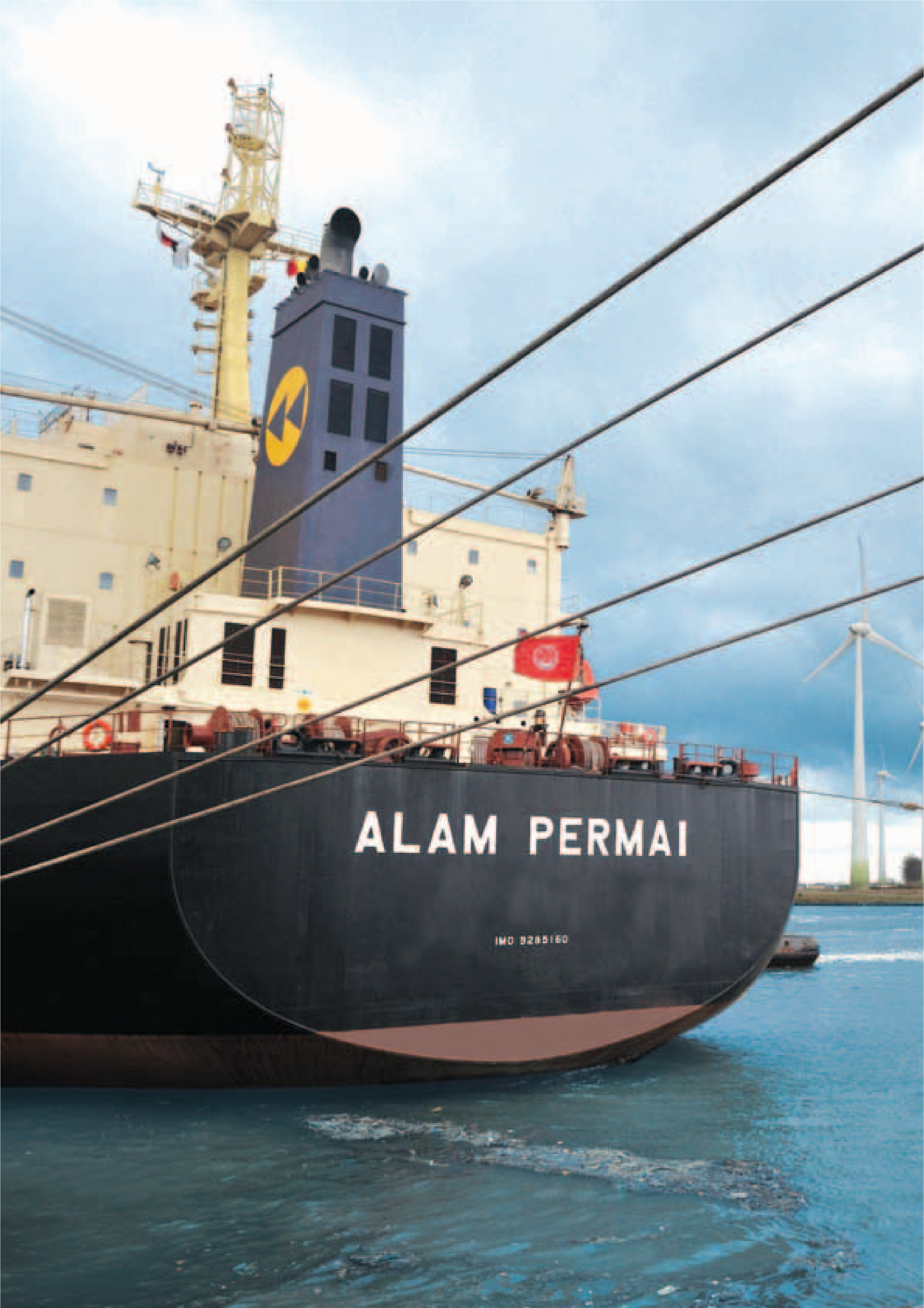
MALAYSIAN BULK CARRIERS BERHAD 175953-W

Annual Report 2009


ALAM PERMAI

Contents

Financial Highlights

	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000
FINANCIAL PERFORMANCE (RM'000)					
Revenue	**303,707**	721,158	608,142	441,600	395,783
Operating expenses	**(203,682)**	(382,389)	(228,681)	(172,409)	(144,375)
	100,025	338,769	379,461	269,191	251,408
Other operating income/(loss), net	**83,529**	219,542	236,623	84,259	435,504
Administrative expenses	**(18,298)**	(26,553)	(29,239)	(19,476)	(25,495)
	165,256	531,758	586,845	333,974	661,417
Finance cost	**(13,937)**	(27,182)	(21,812)	(36,071)	(16,946)
Share of results of associates	**63,945**	21,174	15,262	15,584	6,709
Share of results of jointly controlled entities	**32,993**	–	–	–	–
Profit before taxation	**248,257**	525,750	580,295	313,487	651,180
Taxation	**(545)**	(4,076)	(2,529)	(1,161)	(26)
Profit for the year	**247,712**	521,674	577,766	312,326	651,154
Attributable to:					
Equity holders of the company	**243,799**	460,862	544,592	300,565	640,164
Minority Interests	**3,913**	60,812	33,174	11,761	10,990
	247,712	521,674	577,766	312,326	651,154
RATIOS					
Earnings per share (sen)	**24**	46	54	30	64
Net dividend per share (sen)	**15**	38	38	24	14
Dividend payout ratio (%)	**62%**	83%	70%	80%	21%
Net return on average equity	**13%**	26%	34%	20%	52%

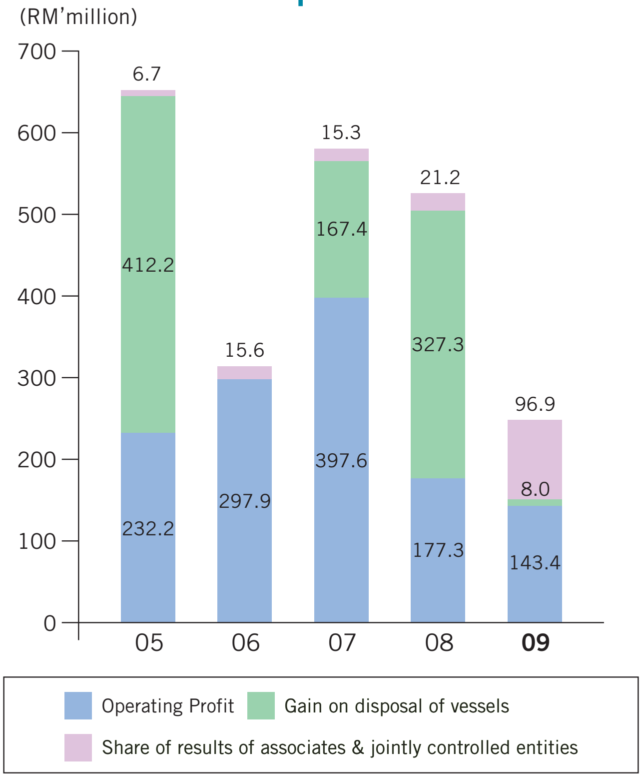
	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000
KEY BALANCE SHEET DATA (RM'000)					
Cash and cash equivalents	**460,429**	805,571	1,026,946	692,794	775,093
Total assets	**2,296,186**	2,483,705	2,187,708	2,088,395	2,017,935
Total borrowings	**352,663**	363,981	349,399	409,316	412,741
Total liabilities	**435,111**	457,822	413,404	481,244	473,155
Shareholders' equity	**1,787,074**	1,883,938	1,695,048	1,554,117	1,499,698
RATIO					
Net assets per share (RM)	**1.79**	1.88	1.70	1.55	1.50

FLEET DATA					
Number of vessels at end of year *	**15**	14	18	18	17
Total tonnage in DWT (MT'000) *	**854**	796	920	929	895
Average age of owned fleet (in years)	**11**	12	10	10	10
Total operating days (days) #	**4,970**	6,505	6,696	6,493	5,500
Total hire days (days) #	**4,682**	6,288	6,583	6,378	5,357
Time Charter Equivalent per vessel per day #					
Dry bulk carriers (USD)	**19,076**	37,952	30,095	18,281	18,093
Tankers (USD)	**15,975**	19,206	20,141	20,638	25,128

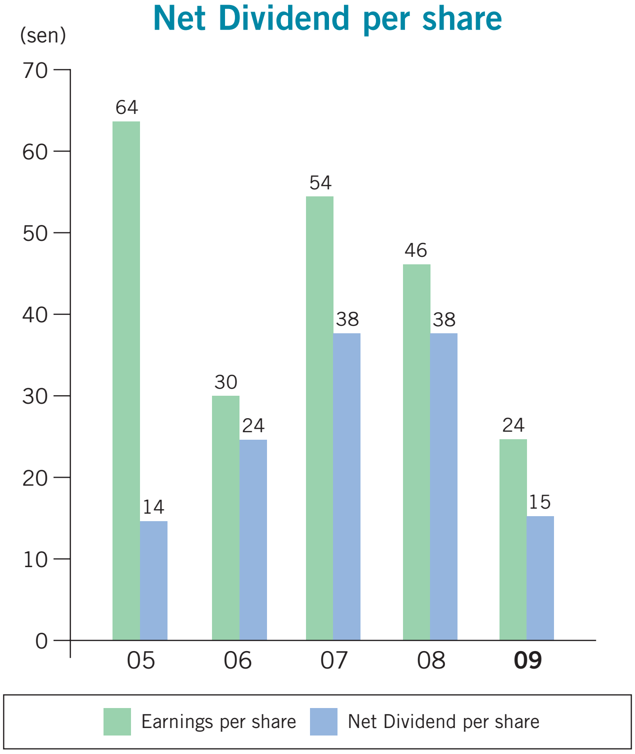
Note:
 # Includes chartered-in vessels
** Includes jointly controlled and long term charter vessels*

5-Year Group Growth

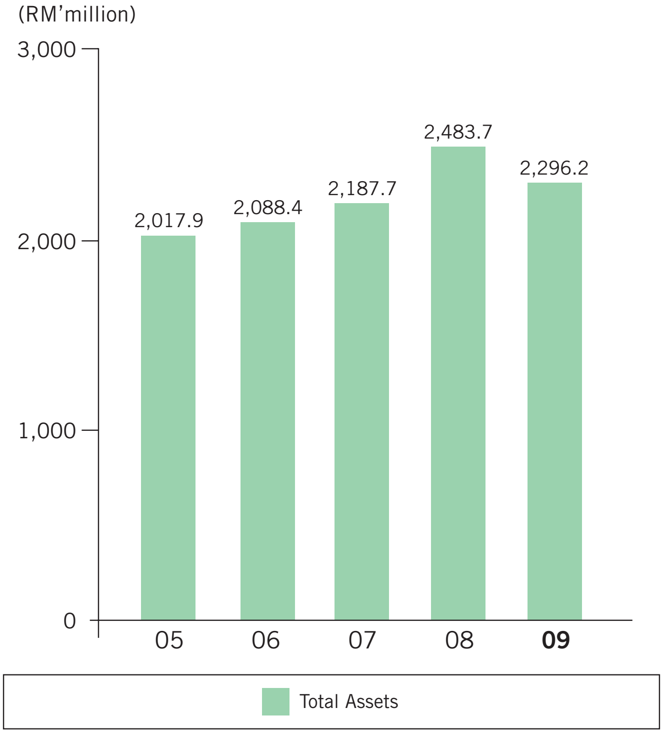
Profit Before Tax ("PBT") Components



Earnings per share and Net Dividend per share

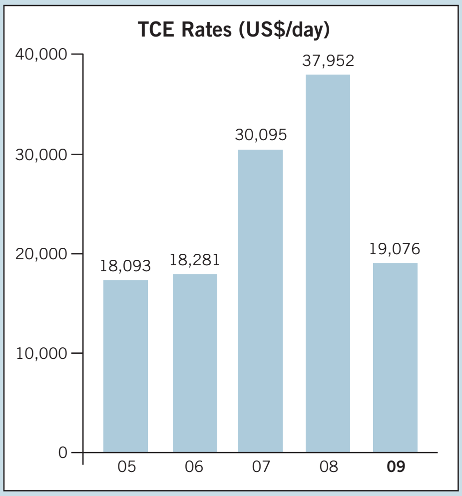


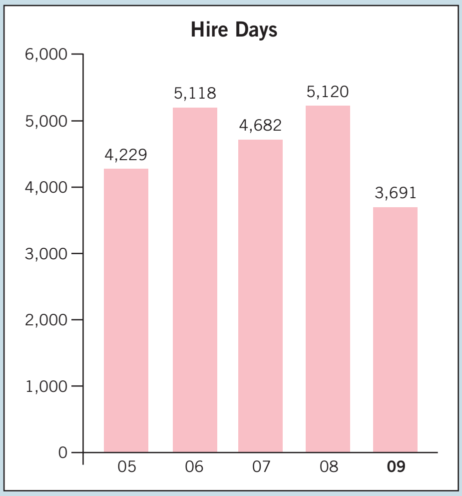
Total Assets

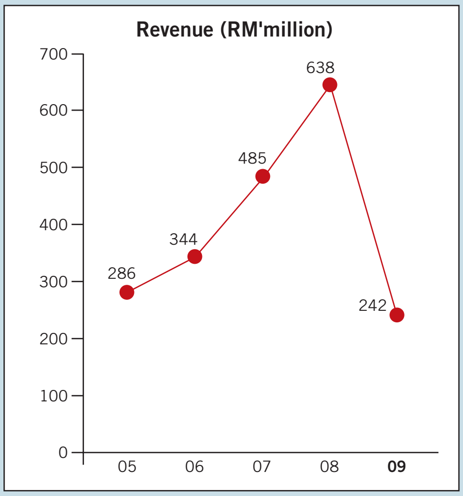


Financial Highlights - by segment

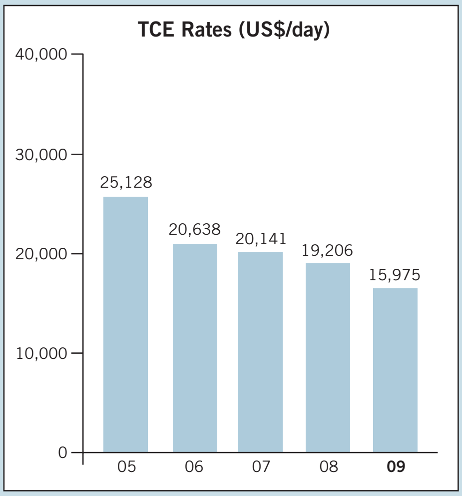
Dry Bulk Carriers

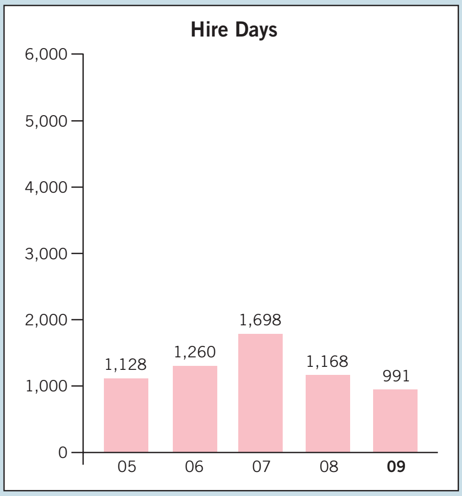


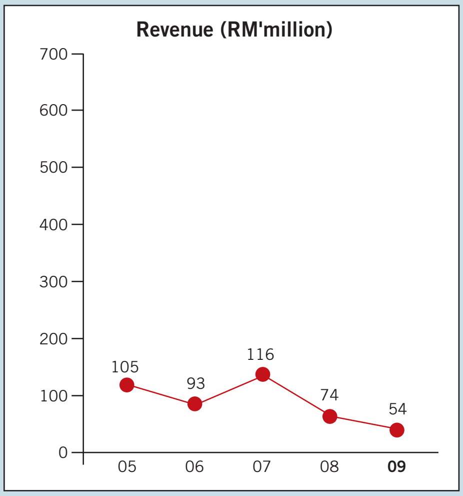




Tankers







FINANCIAL OVERVIEW AND HIGHLIGHTS

The MBC Board is pleased to report that for the financial year ended 31 December 2009, the MBC Group returned an attributable profit of RM243.8 million. Whilst the profit is 47% lower than the previous year, it should be noted that the fourth quarter of 2008 and the year 2009 were a volatile and difficult period for the shipping industry and all considered the MBC Group's performance was better than what the Board expected when we started the year.

The financial highlights for the year are:

- Group revenue dropped 58% from RM721.2 million in 2008 to RM303.7 million in 2009;
- Profit before tax ("PBT") declined by 53% from RM525.7 million in 2008 to RM248.3 million in 2009. Excluding gains from sale of vessels, operating profit increased by 21%.
- Gain from disposal of vessels was an insignificant RM8.0 million for 2009 when compared to RM327.3 million in 2008.
- Profit attributable to shareholders of RM243.8 million (RM460.9 million for 2008) represented a 13% return on average shareholder's equity.
- Operating EBITDA (excluding associates, jointly controlled entities and gain from disposal of vessels) of RM182.6 million reported a 60% margin on revenue.
- Revenue days were down to 4,682 days compared to 6,288 days in 2008, with time charter rates averaging US$18,419/day compared to US$34,470/day in 2008.
- Earnings per share was 24.38 sen

During the year, the Group generated a total cash inflow of RM393.3 million, comprising mainly of RM114.1 million from operating activities and RM240.4 million from disposal of investments. Cash outflow was RM749.3 million which included RM300 million in dividends paid to shareholders and RM214.5 million in investments. Taking into account all other cash inflow and outflow items, the net cash utilized during the year was RM356.0 million. The Group closed the year with a cash balance of RM460.4 million.

At the end of 2008, we reported RM95.3 million of realized losses and impairment provision on quoted investments. We closed the year with a total gain of RM52.9 million comprising RM38.2 million and RM14.7 million of mark-to-market and realized gains respectively.

The Board recommends a final single tier dividend of 15 sen per share, amounting to RM150 million for the financial year ended 31 December 2009.

REVIEW OF 2009

2009 started dismally following the September 2008 financial collapse of Lehman Brothers and the consequences that follow. Bank financing for businesses almost came to a halt and the ensuing economic uncertainties and bankruptcies resulted in many countries going into recession. The respective governments of the world had to provide guarantees for bank deposits and implemented various stimulus packages to shore up confidence and avert a financial meltdown.

Shipping which had undergone its longest bull run with the Baltic Dry Index (BDI) reaching a peak of 11,793 points on 20 May 2008 crashed to 663 points on 5 December 2008 - a calamitous 94% collapse within a short 6 months' period! This condition continued into the first few months of 2009. The very weak market in early 2009 adversely affected MBC causing 2009 revenue and profitability to underachieve in comparison to prior years. That the freight market managed to stage a recovery towards middle 2009 and for the BDI to now stand at about 3,000 points are reasons for cheer but considerable concerns and challenges remain ahead.

In 2008, MBC acquired a 21.23% equity stake in PACC Offshore Services Holding Group (POSH). MBC's share of post-acquisition profit in 2008 was RM4.3 million whereas in 2009, this increased to RM63.9 million. It was a timely and sound investment.

OUTLOOK

The IMF in its January 2010 bi-annual World Economic report revised their global economic outlook for FY2010 to 3.9%, up from an earlier forecast of 3.1% and strengthening further into FY2011. Whilst advanced economies' growth continue to be weak, the pace will be driven by the developing and emerging economies, with China's and India's GDP forecasted to grow at 10% and 7.7% respectively. However, there are still areas of weaknesses and problems, the latest being the economies of Portugal, Ireland, Greece and Spain. Fiscal troubles in Greece and other euro zone countries will likely check the positive growth momentum curtailing therefore the strength of global economic recovery.

Newbuilding deliveries will be greatest in FY2010 and will severely test the shipping market's ability to absorb such additional tonnage. Although global economies appear to be on the mend and the IMF is more upbeat about the economic outlook for FY2010, any slowdown in demand activities will immediately be felt and would lead to an adverse market correction.

The Chinese government's attempt to curb excessive construction investment and overproduction in certain sectors (notably steel and cement industries) may undermine demand including a curtailment in speculative inventories. We can expect FY2010 to therefore remain very volatile and that China will continue to greatly influence shipping demand as has been the case in recent years.

The tanker market is also threatened by overcapacity caused by excessive newbuilding ordering in recent years coinciding with the recent downturn in demand and product trading activities. FY2009 was a difficult year with the product tanker market easing to below operating cost for much of the year. The bright side to this is that such low rates and returns could prompt owners to phase out single hull tankers earlier thereby offsetting newbuilding deliveries. International Energy Agency's 2010 global oil demand forecast is encouraging as it has been raised to 86.30 mb/d from the previous projection of 86.17 mb/d.

The offshore sector has been weak due to the oversupply of vessels while exploration and production ("E&P") expenditures and budgets of national oil companies and oil majors have been cut, again due to the recession and uncertainties in the developed countries. With oil prices stabilising over US$70 per barrel there has been some increased E&P activities and increased E&P budgets and this has provided some optimism in the industry. This, however, have yet to translate into higher rates for owners and operators of offshore support vessels.

The coming years will be challenging. Notwithstanding the rather choppy waters ahead, Management and the Board remain confident that FY2010 will be profitable. With the current slowdown in most shipping segments as well as the large overhang in new deliveries in drybulk and tankers and the slowdown of exploration and production activities, there will be many opportunities to invest and build on the Group's future profitability.

INVESTING FOR THE FUTURE

MBC's cash reserves and its ability to remain profitable mean that we can now more aggressively pursue our expansion plans and built our foundation for our long term profitability.

The Group started 2009 with 14 vessels (11 bulk carriers and 3 product tankers). To maintain a modern fleet, a 1984 28,094 dwt handysize bulk carrier (25 years old) was disposed off in January 2009 but the following newer units were acquired during the year:

a) Ikan Juara 32,609 dwt logs bulk carrier built 2006

b) Ikan Salmon (re-named Alam Murni) 53,553 dwt bulk carrier built 2003

MBC's total fleet as of end 2009 was 15 vessels (12 bulk carriers and 3 product tankers) which includes 1 long-term chartered in vessel and two jointly controlled vessels.

With vessel values having corrected sharply, particularly second hand drybulk and tanker vessels, we are of the opinion that there are good opportunities to enlarge our fleet. The opportunities are:

- **Newbuildings** - The MBC Group had refrained from ordering newbuildings for the last couple of years. A huge price disparity now exists between ships ordered during the height of the market in 2008 and their current prices. On hindsight, our restraint to place newbuilding orders has stood us in good stead as today we are able to selectively purchase vessels that come on the market.

  The global economic and financial crisis of late 2008/2009 had dampened newbuilding orders, and saw cancellations of existing contracts by buyers and defaults by smaller/new yards - mostly due to inability to raise finance from the capital market and banks. Whilst this is positive, it does not totally remove the surplus tonnage from the market. We feel that until the shipping outlook improves and concerns about over capacity recedes, resumption of ordering will unfortunately only add to the over tonnage situation which will be detrimental for the shipping market overall.

- **Charter-in** - Whilst ordering of newbuildings may not be MBC's preferred choice at this juncture, there are other ways through which we can achieve our objective which includes acquisition of second hand vessels and charter-in of vessels.

  As reported in our previous Annual Report, two 29,000 dwt handysize bulkcarriers for delivery 2011 and two 61,000 dwt supramaxes for delivery in 2012 and 2013 have been chartered-in (long term charters). Our view is that newbuilding prices will ease further and long term charter rates will correspondingly be adjusted downwards. Should this materialise, there will be opportunities to take on more vessels under charter.

FLEET MANAGEMENT

Increasing operating costs and how to keep such costs under check, training and staff retention continues to receive Management's time and attention. Although earnings are down, costs have not declined in tandem. Indeed, with the increase in the global fleet, the demand for seafarers has increased and so has wages.

In addressing the declining supply pool and quality of seafarers, many companies have stepped up on training but it will take some time before the situation stabilises. MBC has increased the training of cadets over the last few years and we have also explored employing cadets from non traditional sources in an effort to widen our net.

The Company holds regular sea-staff seminars where the management team engages in discussions with the crew and bond over case studies and workshops. Emphasis is placed on teambuilding and the need for professionalism. Such activities cut across different rank and file so as to inculcate camaraderie necessary to achieve the standards we aspire and expect from everyone.

In addition to seminars, our crewing offices in our various recruitment centres are trained to prepare freshly recruited crew even before they join our vessels and also in providing refresher courses for those on vacation prior to rejoining our vessels.

As a result of these efforts, the morale and the sense of belonging is high and has contributed positively towards our retention record for our seafarers.

The growing trend towards higher standards in all aspects of operation and the demands to reduce pollution risk and emissions has likewise raised operating cost significantly. Such increase in costs is inevitable as the industry addresses environmental concerns relating to shipping:

- **ISO 14001:2004 (Environmental Management System)** - PSM Perkapalan Sdn Bhd (PPSB) has been working to gain ISO 14001 certification, which is an internationally recognized standard for Environmental Management System (EMS). It provides a structured framework for an organization to manage and control the effects of shipping on the environment.

  We continue to strive for safety and efficiency and to do so in the most environmentally friendly manner. After months of preparation, we are pleased to inform that we have successfully passed the audit and have been awarded ISO 14001 Certification.

- **Emission Control** - With the current concern in global warming, the shipping communities are doing their part in trying to reduce emission gases and to minimize its effect on global warming. New vessels are today fitted with cleaner engines while older vessels are required to make modifications to meet new emission standards set, for example the European Union has legislated on the use of ultra low sulphur fuel while in port. The Company is therefore in the process of modifying our shipboard equipment on our existing ships to meet the emission requirements to ensure unhindered trading between ports.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We recognise that we have a corporate responsibility towards the industry, the environment, our employees and the communities with whom we deal with and that we must ultimately share in the destinies that our decisions will lead to. This has continued to greatly influence our decisions and policies.

BOARD CHANGES AND ACKNOWLEDGEMENT

Y Bhg. Dato' Tajuddin bin Atan resigned from the Board on 1 May 2009. The Board wishes to express its sincere appreciation to Dato' Tajuddin for his invaluable contributions and services to the Group. We welcome Encik Mohd Zafer who joined the Board on 27 August 2009.

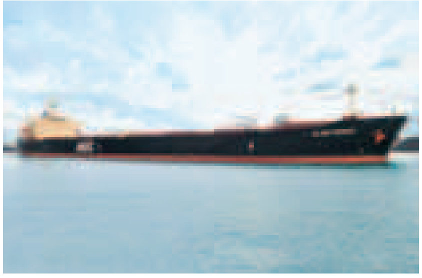
On behalf of the Board, we wish to also thank the Management and staff both on shore and on board our vessels and to all who have contributed towards our continued success and progress.

Our special thanks also to our loyal shareholders for their continued support and confidence in all that we do. We look forward to more good years ahead with the co-operation and support from all involved.

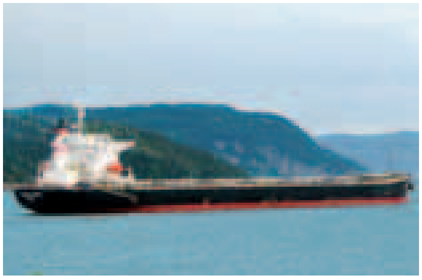
Teo Joo Kim, *Executive Chairman*
Kuok Khoon Kuan, *Chief Executive Officer*

An Overview of MBC's Fleet

as at 31 December 2009

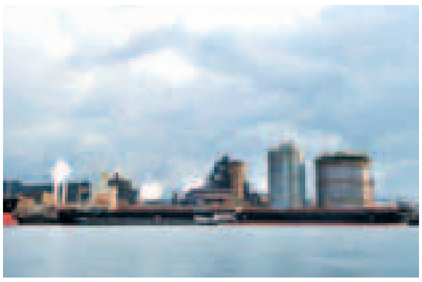













VESSEL NAME

Bulk Carriers
Owned

1 Alam Senang
2 Alam Gula
3 Alam Mesra
4 Alam Padu
5 Alam Permai
6 Alam Pesona
7 Alam Pintar
8 Ikan Juara
9 Alam Selamat

Jointly-Owned

10 Alam Penting
11 Alam Murni

Long Term Charter

12 Alam Manis

Tankers
Owned

1 Alam Bitara
2 Alam Budi
3 Alam Bistari


CATEGORY	YEAR BUILT	DWT (MT)	DRAFT (Meters)	LOA (Meters)	BEAM (Meters)	HO/HA	CARGO/SLOP TANKS	GEARS
Handysize	Mar-84	28,098	10.61	178.2	23.1	5/5	N/A	4Cx25T
Handysize	May-85	23,418	9.98	155.8	24.6	4/4	N/A	4Cx30T
Handymax	Oct-00	46,644	11.62	189.8	31.0	5/5	N/A	4Cx30T
Post-Panamax	Apr-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
Post-Panamax	Jun-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
Post-Panamax	Sep-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
Post-Panamax	Oct-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
Handysize	Feb-06	32,609	10.00	177.0	28.40	5/5	N/A	4Cx30T
Handysize	Jul-92	39,110	10.93	180.8	30.5	5/5	N/A	4Cx25T
Post-Panamax	Jul-05	87,052	14.13	229.0	36.5	7/7	N/A	Gearless
Supramax	Apr-03	53,553	12.30	189.9	32.26	5/5	N/A	4Cx30T
Supramax	Mar-07	55,500	12.58	190.0	32.26	5/5	N/A	4Cx30T
		714,192						
Product Tanker	May-99	45,513	12.20	180.5	32.2	N/A	12CT, 2S	N/A
Product Tanker	Mar-01	47,065	12.67	182.5	32.2	N/A	14CT, 2S	N/A
Product Tanker	May-01	47,065	12.67	182.5	32.2	N/A	14CT, 2S	N/A
		139,643						
	Total	853,835						

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*

Mohd Zafer bin Mohd Hashim *Non-Executive Non-Independent Director*

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

Mohammad bin Abdullah *Non-Executive Independent Director*

Tay Beng Chai *Non-Executive Independent Director*

AUDIT COMMITTEE

Chairman
Mohammad bin Abdullah

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

Tay Beng Chai

NOMINATION & REMUNERATION COMMITTEE

Chairman
Dato' Lim Chee Wah

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

Tay Beng Chai

COMPANY SECRETARIES

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 : +603-2117 0888
Fax : +603-2117 0999

REGISTERED OFFICE

Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

Tel : +603-7966 1688
Fax : +603-7966 1628

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Trading
Stock Name : Maybulk
Stock Code : 5077

AUDITORS

Ernst & Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Tel : +603-7495 8000
Fax : +603-2095 9076

WEBSITE

www.maybulk.com.my

Board of Directors

Teo Joo Kim

69, Singaporean
Executive Chairman

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

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

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

Kuok Khoon Kuan

62, Malaysian
Chief Executive Officer

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

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

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

Wu Long Peng

56, Singaporean
Executive Director

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

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

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

Notes:-

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

Dato' Lim Chee Wah

70, 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 Deputy Chairman of Malayan Sugar Manufacturing Co. Bhd, the Chairman of Jerneh Asia Berhad and Jerneh Insurance Berhad. He is also a trustee of Kuok Foundation Berhad (a charitable organisation). He obtained his Bachelor of Arts (Honours) Degree in Economics from University of Malaya.

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

Mohd Zafer bin Mohd Hashim

37, Malaysian
Non-Executive
Non-Independent Director

Encik Mohd Zafer Mohd Hashim was appointed to the Board on 27 August 2009.

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

Encik Zafer is currently the President/Group Managing Director of Bank Pembangunan Malaysia Berhad, a position he assumed since 5 August 2009. He also sits on the board of Global Carriers Berhad, Global Maritime Ventures Berhad and Pembangunan Leasing Corporation Sdn Bhd.

He was previously the Chief Financial Officer of Maybank Investment Bank Berhad and Bank Muamalat Malaysia Berhad. Prior to joining Bank Muamalat, he was attached to MMC Corporation Berhad as its General Manager. He began his career with Price Waterhouse in London.

He attended one (1) Board Meeting 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

60, Malaysian

Non-Executive Independent Director

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

Dato' Capt. Ahmad Sufian is also the Independent Non-Executive Chairman of WCT Berhad, GD Express Carrier Berhad and Alam Maritim Resources Berhad. He is also a Director of PPB Group Berhad. He qualified as a Master Mariner with a Masters Foreign-Going Certificate of Competency from United Kingdom in 1974 and a Diploma in Applied International Management from the Swedish Institute of Management in 1984. He attended the Advanced Management Program at Harvard in 1993. He is a Fellow of the Nautical Institute (UK), the Chartered Institute of Logistics and Transport and the Institute Kelautan Malaysia. He has over 35 years of experience in the international maritime industry.

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

Mohammad bin Abdullah

69, Malaysian

Non-Executive Independent Director

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

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

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

Tay Beng Chai

48, Malaysian

Non-Executive Independent Director

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

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

Mr. Tay is a Fellow of the Singapore Institute of Arbitrators and a Member of the Chartered Institute of Arbitrators, United Kingdom.

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

Notes:

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

Corporate Governance Statement

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

1. BOARD OF DIRECTORS

1.1 Principal Responsibilities

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

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

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

1.2 Composition

The Board presently comprises the following members:-

	Attendance at Board Meetings
Teo Joo Kim *Executive Chairman*	4/4
Kuok Khoon Kuan *Chief Executive Officer*	4/4
Wu Long Peng *Executive Director*	4/4
Dato' Lim Chee Wah *Non-Executive Non-Independent Director*	4/4
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid *Non-Executive Independent Director*	4/4
Mohammad bin Abdullah *Non-Executive Independent Director*	4/4
Tay Beng Chai *Non-Executive Independent Director*	4/4
Dato' Tajuddin bin Atan *Non-Executive Non-Independent Director (resigned on 1 May 2009)*	1/1
Mohd Zafer bin Mohd Hashim *Non-Executive Non-Independent Director (appointed on 27 August 2009)*	1/1

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 2009, a total of four (4) meetings were held. The record of each Director's attendance thereat is as set out above.

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

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

1.4 Re-Election

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 on Corporate Governance, and agreed upon by the Board and the Nomination & Remuneration Committee.

During the financial year ended 31 December 2009, the Nomination & Remuneration Committee had one (1) meeting, with full attendance at the meeting, to discuss and make the necessary recommendation to the Board of Directors with regards to the remuneration of directors and directors standing for re-election.

2 DIRECTORS' REMUNERATION

Details of the Directors' remuneration for the financial year ended 31 December 2009 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	200,000	347,000
Attendance Fee	12,000	33,000
Total	**212,000**	**380,000**

The Directors' remuneration for the financial year ended 31 December 2009 fall within the following bands:-

	Executive Directors	Non-Executive Directors
Below RM50,000	–	2
RM50,000 to RM100,000	3	4
Total	**3**	**6**

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 to 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 Main Market Listing Requirements, the Malaysian Code on Corporate Governance and the Audit Committee's terms of reference.

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

The statement explaining the Board of Directors' responsibility for preparing the annual financial statements is set out on page 73 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 2009 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 2009, the Audit Committee had a total of four (4) meetings held between 25 February 2009 to 25 November 2009, 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 and risk management, 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 management 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, focusing on:-
  - any changes in accounting policies and practices
  - significant adjustments arising from the audit
  - the going concern assumption
  - compliance with accounting standards and other legal requirements
- Review any related party transaction and conflict of interest situation, including any transaction, procedure or course of conduct;
- Review with the External and Internal Auditors, the effectiveness of the Group's system of internal controls, including information technology security and control;
- Review the effectiveness of the External Auditors, including their appointment, audit fee and any questions of resignation or dismissal;
- Discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- Review the External Auditors' management letter and management's response;
- Review the effectiveness of the Internal Auditors' functions, including appraisal or assessment of the performance of the Chief Audit Executive, approve the appointment or termination of senior internal audit staff, and inform itself of the resignations of internal audit staff and provide the resigning staff member an opportunity to submit his reasons for resigning;
- Consider other topics as defined by the Board of Directors; and
- Report its activities, issues and related recommendations to the Board of Directors, and any matter which has not been satisfactorily resolved, thus resulting in a breach of the Main Market Listing Requirements.

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

For the financial year ended 31 December 2009, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference. The main areas of activities undertaken by the Audit Committee were as follows:-

(a) reviewed the Internal Audit plan;

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

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

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

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

(f) reviewed the Internal Quality Assessment of the Internal Audit activity for the year 2009;

(g) engaged an external body to conduct an independent validation of the Group's Internal Audit activity to assess its conformability to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing;

(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;

(j) reviewed the Audit Committee Report and Statement on Internal Control; and

(k) assessing the adequacy of competency of the Internal Auditing function.

5. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT

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

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

The Internal Audit Plan covers the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of compliance to the internal control systems which comprises key components of control environment, risk assessment process, operational control activities, information and communication system and monitoring practices. An internal self-assessment of the internal audit activity was also conducted, followed by an independent validation by an external body as part of a Quality Assurance and Improvement program for the internal audit activity.

The cost incurred by the Internal Audit Department for the financial year ended 31 December 2009 was RM206,000.

Statement on Internal Control

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

1. BOARD RESPONSIBILITY

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

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

2. CONTROL STRUCTURE

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

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

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

3. CONTROL ENVIRONMENT

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

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

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

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

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

4. RISK MANAGEMENT

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

The Group's risk management process covering the Group's core business activities is an integral part of its daily activities in identifying, evaluating and managing the significant business risks faced by the Group. The process is 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 2009.

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 2009.

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 2009.

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	247,712	189,165
Attributable to:		
Equity holders of the Company	243,799	189,165
Minority interests	3,913	–
	247,712	189,165

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 2008:	
Final dividend of 30 sen per share, single tier, paid on 8 May 2009	300,000

The Directors recommend a final single tier dividend of 15 sen per ordinary share of RM0.25 each, amounting to RM150,000,000 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 2010.

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 (resigned on 1 May 2009)
Mohd Zafer bin Mohd Hashim (appointed on 27 August 2009)

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 29 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
	01.01.2009	Bought	Sold	31.12.2009
Direct interests				
Teo Joo Kim	1,721,250	–	(1,721,250)	–
Kuok Khoon Kuan	2,098,750	–	–	2,098,750
Wu Long Peng	1,625,000	–	–	1,625,000
Dato' Lim Chee Wah	2,000,000	–	(1,000,000)	1,000,000
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	830,000	–	(260,000)	570,000
Tay Beng Chai	375,000	–	–	375,000
Mohammad bin Abdullah	125,000	–	–	125,000
Indirect interests				
Teo Joo Kim	72,500	–	(72,500)	–
Kuok Khoon Kuan	116,250	–	(116,250)	–
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	10,000	–	(10,000)	–
Tay Beng Chai	2,500	–	–	2,500

Mohd Zafer bin Mohd Hashim does not have any interest in shares in the Company or its related corporations during the financial year.

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.

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

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

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

OTHER STATUTORY INFORMATION (cont'd)

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are disclosed in Note 33 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

10 March 2010

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 68 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 2009 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

10 March 2010

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 68 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Yap Bee Yong at
Petaling Jaya in Selangor Darul Ehsan
on 10 March 2010

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 2009 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 68.

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 2009 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' report of all 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

Choong Mei Ling
No. 1918/09/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
10 March 2010

Income Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Revenue	3	**303,707**	721,158	**205,034**	1,127,480
Operating expenses		**(203,682)**	(382,389)	**–**	–
		100,025	338,769	**205,034**	1,127,480
Other operating income/(loss), net	4	**83,529**	219,542	**(8,768)**	29,310
Administration expenses		**(18,298)**	(26,553)	**(6,672)**	(6,891)
Profit from operations		**165,256**	531,758	**189,594**	1,149,899
Finance cost		**(13,937)**	(27,182)	**–**	(6)
Share of results of associates		**63,945**	21,174	**–**	–
Share of results of jointly controlled entities		**32,993**	–	**–**	–
Profit before taxation	5	**248,257**	525,750	**189,594**	1,149,893
Taxation	8	**(545)**	(4,076)	**(429)**	(683)
Profit for the year		**247,712**	521,674	**189,165**	1,149,210
Attributable to:					
Equity holders of the Company		**243,799**	460,862	**189,165**	1,149,210
Minority interests		**3,913**	60,812	**–**	–
		247,712	521,674	**189,165**	1,149,210
Earnings per share attributable to equity holders of the Company (sen)	9	**24.38**	46.09		

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

Balance Sheets

as at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Non-current assets					
Fixed assets	10	**627,554**	581,858	**791**	376
Leasehold property	11	**18,421**	18,548	**6,736**	6,747
Subsidiaries	12	**–**	–	**1,256,185**	1,476,479
Associates	13	**815,654**	858,576	**–**	–
Jointly controlled entities	14	**139,948**	–	**–**	–
Total non-current assets		**1,601,577**	1,458,982	**1,263,712**	1,483,602
Current assets					
Consumable stores		**6,797**	6,924	**–**	–
Trade receivables	15	**28,861**	25,969	**–**	–
Other receivables and prepayments	16	**48,025**	49,263	**278**	6,780
Amounts due from subsidiaries	17	**–**	–	**8,095**	41,400
Investments	18	**150,497**	131,401	**–**	–
Short term deposits	19	**406,718**	791,696	**187,728**	67,100
Cash and bank balances		**53,711**	13,875	**6,628**	2,415
		694,609	1,019,128	**202,729**	117,695
Non-current assets classified as held for sale	20	**–**	5,595	**–**	–
Total current assets		**694,609**	1,024,723	**202,729**	117,695
Total assets		**2,296,186**	2,483,705	**1,466,441**	1,601,297
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	21	**250,000**	250,000	**250,000**	250,000
Reserves	22	**1,537,074**	1,633,938	**1,151,165**	1,266,941
		1,787,074	1,883,938	**1,401,165**	1,516,941
Minority interests		**74,001**	141,945	**–**	–
Total equity		**1,861,075**	2,025,883	**1,401,165**	1,516,941
Non-current liabilities					
Borrowings	23	**344,968**	356,635	**–**	–
Deferred tax liabilities	24	**–**	–	**–**	–
Total non-current liabilities		**344,968**	356,635	**–**	–
Current liabilities					
Other payables	25	**81,546**	90,205	**2,681**	3,588
Borrowings	23	**7,695**	7,346	**–**	–
Amounts due to subsidiaries	17	**–**	–	**62,561**	80,704
Provision for taxation		**902**	3,636	**34**	64
Total current liabilities		**90,143**	101,187	**65,276**	84,356
Total liabilities		**435,111**	457,822	**65,276**	84,356
Total equity and liabilities		**2,296,186**	2,483,705	**1,466,441**	1,601,297

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

Statements of Changes in Equity

for the year ended 31 December 2009

Group	Note	← Attributable to Equity Holders of the Company →							Minority Interests	Total Equity
			Distributable	Non-distributable						
		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	RM'000	RM'000
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	26	–	(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
At 1 January 2009		**250,000**	**1,503,116**	**48,791**	**34,159**	**40,000**	**7,872**	**1,633,938**	**141,945**	**2,025,883**
Profit for the year		**–**	**243,799**	**–**	**–**	**–**	**–**	**243,799**	**3,913**	**247,712**
Dividends	26	**–**	**(300,000)**	**–**	**–**	**–**	**–**	**(300,000)**	**–**	**(300,000)**
Dividend paid to minority shareholder of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(63,013)**	**(63,013)**
Deemed disposal of a subsidiary	12(c)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,578)**	**(11,578)**
Liquidation of subsidiaries		**–**	**45,510**	**–**	**(20,950)**	**–**	**(24,560)**	**–**	**116**	**116**
Currency translation differences		**–**	**–**	**–**	**–**	**–**	**(40,663)**	**(40,663)**	**2,618**	**(38,045)**
At 31 December 2009		**250,000**	**1,492,425**	**48,791**	**13,209**	**40,000**	**(57,351)**	**1,537,074**	**74,001**	**1,861,075**

Company	Note	Share capital RM'000	Distributable Retained profit RM'000	Non-distributable 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
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	26	–	(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
At 1 January 2009		**250,000**	**1,096,726**	**48,791**	**47,524**	**40,000**	**33,900**	**1,266,941**	**1,516,941**
Profit for the year		**–**	**189,165**	**–**	**–**	**–**	**–**	**189,165**	**189,165**
Dividends	26	**–**	**(300,000)**	**–**	**–**	**–**	**–**	**(300,000)**	**(300,000)**
Currency translation differences		**–**	**–**	**–**	**–**	**–**	**(4,941)**	**(4,941)**	**(4,941)**
Liquidation of subsidiaries		**–**	**27,250**	**–**	**(27,250)**	**–**	**–**	**–**	**–**
At 31 December 2009		**250,000**	**1,013,141**	**48,791**	**20,274**	**40,000**	**28,959**	**1,151,165**	**1,401,165**

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

Cash Flow Statements

for the year ended 31 December 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities				
Profit before taxation	**248,257**	525,750	**189,594**	1,149,893
Adjustments for:				
Depreciation	**31,711**	29,375	**289**	374
Amortisation of leasehold property	**285**	269	**169**	153
Impairment loss on investment in subsidiaries	**–**	–	**–**	955
Provision for loss on loan to subsidiary	**–**	–	**–**	5,796
(Surplus)/loss arising from liquidation of a subsidiary	**(601)**	–	**1,121**	–
Provision for doubtful debts	**404**	42	**–**	–
Gain on disposal of fixed assets	**(8,170)**	(327,346)	**(203)**	–
(Gain)/loss on disposal of quoted investments	**(14,701)**	13,040	**–**	–
Fixed assets written off	**–**	2,349	**–**	2
Unrealised (gain)/loss on quoted investments	**(38,226)**	82,226	**–**	–
Unrealised exchange loss/(gain)	**4,868**	(8,961)	**2,517**	(35,702)
Dividends from quoted investments	**(838)**	(1,641)	**–**	–
Dividends from subsidiary companies	**–**	–	**(205,034)**	(1,127,480)
Interest income	**(6,713)**	(36,407)	**(236)**	(2,380)
Interest expenses and other financing costs	**13,937**	27,182	**–**	6
Share of results of associates	**(63,945)**	(21,174)	**–**	–
Share of results of jointly controlled entities	**(32,993)**	–	**–**	–
Operating profit/(loss) before working capital changes	**133,275**	284,704	**(11,783)**	(8,383)
Changes in working capital:				
Consumable stores	**221**	(362)	**–**	–
Receivables	**(7,608)**	29,816	**6,556**	(6,366)
Payables	**(8,504)**	29,598	**(934)**	(712)
Subsidiaries	**–**	–	**29,182**	62,685
Cash generated from operations	**117,384**	343,756	**23,021**	47,224
(Tax paid)/tax refunded	**(3,298)**	(1,707)	**(459)**	443
Net cash generated from operating activities	**114,086**	342,049	**22,562**	47,667
Cash flows from investing activities				
Construction cost and purchase of vessels	**(83,206)**	(32,747)	**–**	–
Additions to leasehold property	**(242)**	–	**(242)**	–
Purchase of new equipment and capitalisation of dry docking cost	**(1,975)**	(7,036)	**–**	–
Purchase of other fixed assets	**(801)**	(145)	**(720)**	(74)
Purchase of quoted investments	**(46,653)**	(68,396)	**–**	–
Purchase of other investments	**(167,882)**	(48,919)	**–**	–
Investment in subsidiaries	**–**	–	**–**	(1,327,579)
Proceeds from redemption of redeemable preference shares of subsidiary companies	**–**	–	**198,650**	–
Dividends from quoted investments	**838**	1,641	**–**	–
Dividends from subsidiary companies	**–**	–	**205,034**	1,127,480
Dividend from an associate	**11,604**	–	**–**	–
Interest received	**6,713**	36,407	**236**	2,380

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from investing activities (cont'd)				
Proceeds from disposal of quoted investments	**75,587**	67,385	**–**	–
Proceeds from disposal of other investments	**164,829**	40,228	**–**	–
Proceeds from disposal of fixed assets	**13,765**	559,212	**203**	–
Cash effect on deconsolidation of a subsidiary (Note 12(c))	**(23,234)**	–	**–**	–
Capital distribution from liquidation of subsidiaries	**54**	–	**(732)**	(18,199)
Proportionate shareholder's advance to a jointly controlled entity	**(42,377)**	–	**–**	–
Subscription of shares in an associate	**–**	(792,167)	**–**	–
Repayment of shareholder's advance from an associate	**–**	3,500	**–**	–
Repayment of shareholder's advance from a jointly controlled entity	**5,795**	–	**–**	–
Net cash (used in)/generated from investing activities	**(87,185)**	(241,037)	**402,429**	(215,992)
Cash flows from financing activities				
Interest and other financing costs	**(12,801)**	(23,702)	**–**	(6)
Repayment of lease financing	**(7,131)**	(6,287)	**–**	–
Loan repayments from subsidiaries	**–**	–	**–**	542,272
Advance to associate company	**–**	(704)	**–**	–
Dividends paid to shareholders	**(300,000)**	(380,500)	**(300,000)**	(380,500)
Dividend paid to minority shareholder of a subsidiary	**(63,013)**	(5,846)	**–**	–
Net cash (used in)/generated from financing activities	**(382,945)**	(417,039)	**(300,000)**	161,766
Net change in cash and cash equivalents	**(356,044)**	(316,027)	**124,991**	(6,559)
Effects of foreign exchange rate changes	**10,902**	94,652	**(150)**	1,432
Cash and cash equivalents brought forward	**805,571**	1,026,946	**69,515**	74,642
Cash and cash equivalents carried forward	**460,429**	805,571	**194,356**	69,515
Cash and cash equivalents comprise:				
Short term deposits	**406,718**	791,696	**187,728**	67,100
Cash and bank balances	**53,711**	13,875	**6,628**	2,415
	460,429	805,571	**194,356**	69,515

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

1. GENERAL

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company 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 10 March 2010.

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 share capital is classified as capital reserve.

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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.

(iii) Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting based on the audited or management financial statements of the jointly controlled entities.

(b) Investment in subsidiaries, associates and jointly controlled entities

Investment in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(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
Vehicles	20% per annum
Office equipment	20% - 33 1/3% per annum
Renovations	33 1/3% per annum
Furniture and fittings	10% 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 Note 2.2(e)(i).

(g) Determination of fair value

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statement for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are initially taken directly to the foreign currency 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 Company's net investment in foreign operation are recognised in the income statement of the Company.

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

(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.

The principal closing rates used in translation are as follows:

	2009 RM	2008 RM
1 Sterling Pound	**5.522**	5.018
1 Australian Dollar	**3.068**	2.396
1 United States Dollar	**3.428**	3.471
1 Singapore Dollar	**2.445**	2.415

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 non-financial assets

The carrying amounts of the Group's and of the Company's non-financial 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 a non-financial 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Income tax (cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(q) Income recognition (cont'd)

(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.

2.3 Standards and interpretations issued but not yet effective

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"), Amendments to FRSs and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date which are not yet effective:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132 Financial Instruments: Presentation and FRS 101 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Improvements to FRSs (2009)

All the new FRSs, Amendments to FRSs and IC Interpretations above are effective for financial periods beginning on or after 1 January 2010, with the exception of FRS 8, which is effective for financial periods beginning on or after 1 July 2009.

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations will not have any significant impact on the financial statements of the Group and the Company upon initial application except for the changes in disclosures arising from the adoption of FRS 7.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7. The Group and the Company have early adopted FRS 139 since the financial period beginning 1 January 2006.

Subsequent to the end of the financial year, the MASB issued the following revised FRSs, new IC Interpretations and Amendments to FRSs:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendment to FRS 2	Share-based Payment
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

The above FRSs, Amendments to FRSs and IC Interpretations are effective for financial periods beginning on or after 1 July 2010 except for Amendments to FRS 139 which is effective for financial periods beginning on or after 1 January 2010. The adoption of the above FRSs, Amendments to FRSs and IC Interpretations is unlikely to have any significant impact on the financial statements of the Group and the Company.

2.4 Significant accounting estimates and judgements

The significant accounting estimates and assumptions used 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 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Charterhire income	**296,356**	712,697	**–**	–
Depot income	**–**	565	**–**	–
Ship brokerage and management	**7,351**	7,896	**–**	–
Dividend income from subsidiaries	**–**	–	**205,034**	1,127,480
	303,707	721,158	**205,034**	1,127,480

4. OTHER OPERATING INCOME/(LOSS), NET

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Interest income	**6,713**	36,407	**236**	2,380
Rental income	**324**	313	**492**	482
Accounting fees	**120**	–	**–**	–
Dividend income from quoted investments	**838**	1,641	**–**	–
Foreign exchange gain/(loss)				
- realised	**18,704**	(57,511)	**(6,793)**	(20,700)
- unrealised	**(4,868)**	8,961	**(2,517)**	35,702
Unrealised gain/(loss) on quoted investments	**38,226**	(82,226)	**–**	–
Gain/(loss) on disposal of quoted investments	**14,701**	(13,040)	**–**	–
Capital distribution from liquidation of subsidiary companies	**–**	–	**732**	18,199
Provision for loss on loan to subsidiary	**–**	–	**–**	(5,796)
Surplus/(loss) arising from liquidation of a subsidiary (Note 12(b))	**601**	–	**(1,121)**	–
Impairment loss on investment in subsidiaries	**–**	–	**–**	(955)
Fixed assets written off	**–**	(2,349)	**–**	(2)
Gain on disposal of fixed assets	**8,170**	327,346	**203**	–
	83,529	219,542	**(8,768)**	29,310

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Auditors' remuneration				
- current year	**380**	389	**60**	50
- underprovision in prior year	**184**	113	**5**	35
Depreciation	**31,711**	29,375	**289**	374
Amortisation of leasehold property	**285**	269	**169**	153
Staff and crew costs (Note 6)	**43,348**	48,405	**3,853**	4,045
Directors' remuneration (Note 7)	**608**	624	**592**	608
Provision for doubtful debts	**404**	42	**–**	–
Finance costs				
- interest on loans	**9,958**	22,968	**–**	–
- interest on finance leases	**2,566**	2,776	**–**	–
- LC commission and guarantee fees	**1,413**	1,438	**–**	6
Shared services cost	**8,093**	16,120	**–**	–

6. STAFF AND CREW COSTS

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Wages, salaries and bonus	**33,146**	36,334	**3,225**	3,407
Pension costs				
- defined contribution plans	**972**	1,120	**387**	408
Social security costs	**41**	44	**24**	23
Other staff related expenses	**9,189**	10,907	**217**	207
	43,348	48,405	**3,853**	4,045

7. DIRECTORS' REMUNERATION

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Directors of the Company				
Fees: Executive	**200**	200	**200**	200
Non-executive	**355**	365	**347**	357
	555	565	**547**	557
Attendance Fees: Executive	**12**	15	**12**	15
Non-executive	**33**	36	**33**	36
	600	616	**592**	608
Other Directors				
Fees	**8**	8	**–**	–
Total	**608**	624	**592**	608

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

	Number of Directors 2009	Number of Directors 2008
Executive Directors:		
RM50,000 - RM100,000	**3**	3
Non-Executive Directors:		
RM50,000 - RM100,000	**4**	5
< RM50,000	**2**	–
	9	8

8. TAXATION

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Income tax:				
Malaysian income tax	**1,946**	1,912	**110**	352
Foreign tax	**278**	1,174	**–**	–
(Over)/under provision in prior years	**(1,679)**	2,328	**319**	331
	545	5,414	**429**	683
Deferred tax (Note 24):				
Relating to temporary differences	**–**	–	**–**	–
Overprovision in prior years	**–**	(1,338)	**–**	–
	–	(1,338)	**–**	–
	545	4,076	**429**	683

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Profit before taxation		**248,257**	525,750	**189,594**	1,149,893
Tax exempt shipping income	(a)	**(146,548)**	(159,211)	**–**	–
Profit from companies incorporated in the BVI		**(99,290)**	(57,274)	**–**	–
Tax exempt dividend income		**(45)**	(154)	**(205,034)**	(1,127,480)
		(245,883)	(216,639)	**(205,034)**	(1,127,480)
		2,374	309,111	**(15,440)**	22,413
Taxation at statutory tax rate of 25% (2008: 26%)		**594**	80,369	**(3,860)**	5,827
Income not subject to tax		**(2,523)**	(85,115)	**(51)**	(7,594)
Tax savings arising from differential tax rate of 20%		**–**	(58)	**–**	–
Effect of difference in tax rates and exemption in other countries		**(224)**	(583)	**–**	–
Expenses not deductible for tax purposes		**4,179**	9,091	**4,021**	2,152
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances		**–**	(916)	**–**	(33)
Deferred tax assets not recognised during the year		**198**	298	**–**	–
(Over)/under provision of tax in prior years		**(1,679)**	2,328	**319**	331
Overprovision of deferred tax in prior years		**–**	(1,338)	**–**	–
Taxation for the year		**545**	4,076	**429**	683

8. TAXATION (cont'd)

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

(b) In the prior year, 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 approximately RM58,400,000 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.

No provision has been made in the accounts and the Company is contesting this assessment. As at the date of this report, the Court of the Special Commissioners of Income Tax has fixed the date for hearing in September 2010.

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

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

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

	Group	
	2009 **RM'000**	**2008** **RM'000**
Unutilised tax losses	**5,685**	8,675
Unabsorbed capital allowances	–	1,628
	5,685	10,303

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.

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	
	2009	**2008**
Profit attributable to equity holders of the Company (RM'000)	**243,799**	460,862
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic earnings per share (sen)	**24.38**	46.09

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	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2009						
Cost						
At 1 January 2009		**839,636**	**12,980**	**2,216**	**2,394**	**857,226**
Additions		**83,337**	**1,844**	**628**	**173**	**85,982**
Disposals and write off		**–**	**–**	**(332)**	**(3)**	**(335)**
Derecognition		**–**	**(1,738)**	**–**	**–**	**(1,738)**
Liquidation of a subsidiary	12(b)	**–**	**–**	**(1,529)**	**–**	**(1,529)**
Translation difference		**(12,335)**	**(209)**	**(19)**	**(60)**	**(12,623)**
At 31 December 2009		**910,638**	**12,877**	**964**	**2,504**	**926,983**
Accumulated Depreciation						
At 1 January 2009		**264,080**	**7,422**	**1,900**	**1,966**	**275,368**
Charge for the year		**26,649**	**4,710**	**137**	**215**	**31,711**
Disposals and write off		**–**	**–**	**(332)**	**(3)**	**(335)**
Derecognition		**–**	**(1,738)**	**–**	**–**	**(1,738)**
Liquidation of a subsidiary	12(b)	**–**	**–**	**(1,260)**	**–**	**(1,260)**
Translation difference		**(4,058)**	**(198)**	**(5)**	**(56)**	**(4,317)**
At 31 December 2009		**286,671**	**10,196**	**440**	**2,122**	**299,429**
Net Carrying Amount						
At 31 December 2009		**623,967**	**2,681**	**524**	**382**	**627,554**

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	20	(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

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
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	20	(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 Carrying Amount								
At 31 December 2008		575,556	5,558	–	–	316	428	581,858

Company	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
At 31 December 2009			
Cost			
At 1 January 2009	**332**	**1,332**	**1,664**
Additions	**628**	**92**	**720**
Disposals and write off	**(332)**	**(2)**	**(334)**
Translation difference	**(16)**	**(50)**	**(66)**
At 31 December 2009	**612**	**1,372**	**1,984**
Accumulated Depreciation			
At 1 January 2009	**332**	**956**	**1,288**
Charge for the year	**126**	**163**	**289**
Disposals and write off	**(332)**	**(2)**	**(334)**
Translation difference	**(4)**	**(46)**	**(50)**
At 31 December 2009	**122**	**1,071**	**1,193**
Net Carrying Amount			
At 31 December 2009	**490**	**301**	**791**

10. FIXED ASSETS (cont'd)

Company (cont'd)	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

(a) Vessels with an aggregate net carrying amount of RM221,365,000 (2008: RM233,966,000) have been placed as security for loans obtained by the Group (Note 23(a)).

(b) Vessels with an aggregate net carrying amount of RM23,144,000 (2008: RM24,932,000) have been sold and leased back into the Group under finance lease arrangements (Note 23(b)).

11. LEASEHOLD PROPERTY

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	**18,548**	18,508	**6,747**	6,591
Additions	**242**	–	**242**	–
Amortisation for the year	**(285)**	(269)	**(169)**	(153)
Translation difference	**(84)**	309	**(84)**	309
At 31 December	**18,421**	18,548	**6,736**	6,747
Analysed as:				
More than 1 year	**18,136**	18,279	**6,569**	6,594
Within 1 year	**285**	269	**167**	153
	18,421	18,548	**6,736**	6,747

The strata titles for leasehold property with net carrying amount of RM6,736,000 (2008: RM6,747,000) have yet to be issued by the relevant authorities.

The term of the leasehold property is 99 years.

12. SUBSIDIARIES

	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares, at cost	**1,259,934**	1,491,992
Impairment losses	**(3,749)**	(15,513)
	1,256,185	1,476,479

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity Interest 2009	Equity Interest 2008	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
MBC Padu Sdn Bhd[2]	Malaysia	**100%**	100%	Owner and operator of ships
PSM Perkapalan Sdn Bhd	Malaysia	**100%**	100%	Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	**100%**	100%	Ship operator, shipbroker and general shipping
Spectrapoint Sdn Bhd	Malaysia	**100%**	100%	Dormant
Lightwell Shipping Inc[3]	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] (Note c)	BVI	**–**	60%	Investment holding
Everspeed Enterprises Ltd[3]	BVI	**100%**	100%	Ship operator
Awanapuri Sdn Bhd	Malaysia	**100%**	100%	Investment holding
Kohing Investments Ltd[3]	BVI	**100%**	100%	Investment holding
New Johnson Holdings Ltd[3]	BVI	**100%**	100%	Investment holding
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

Subsidiaries which are under Creditors' or Members' Voluntary Winding-up, or Striking-off under Section 308 of the Companies Act 1965, at balance sheet date:

Company	Country of incorporation	Equity Interest 2009	Equity Interest 2008	Principal activities
Applied for strike-off				
Alam Selaras Sdn Bhd	Malaysia	**100%**	100%	Dormant
Red Sea Pacific Sdn Bhd	Malaysia	**100%**	100%	Dormant
Tekunmata Sdn Bhd	Malaysia	**100%**	100%	Dormant
Creditors' voluntary winding-up				
Indah Island Depot Sdn Bhd	Malaysia	**90%**	90%	Dormant

12. SUBSIDIARIES (cont'd)

Company	Country of incorporation	Equity Interest 2009	Equity Interest 2008	Principal activities
Members' voluntary winding-up				
Serba Pasifik Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Maju Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Mutiara Sdn Bhd	Malaysia	**100%**	100%	Dormant
Kenagamas Sdn Bhd[2]	Malaysia	**100%**	100%	Dormant
Alam Tenggiri Sdn Bhd	Malaysia	**100%**	100%	Dormant
MBC Berkat Sdn Bhd	Malaysia	**100%**	100%	Dormant
Amatklasik Sdn Bhd	Malaysia	**100%**	100%	Dormant

The winding-up and striking-off of the subsidiaries have no material financial impact on the financial statements of the Group and the Company.

[1] Subsidiaries audited by an affiliate of Ernst & Young
[2] Subsidiaries consolidated under the merger method of accounting
[3] Subsidiaries not audited by Ernst & Young

(a) Dormant wholly owned subsidiary companies dissolved during the year

The following dormant wholly owned subsidiary companies were dissolved during the year:-

Company	Dissolved with effect from
Alam Tangkas Sdn Bhd	24 July 2009
Alam Cantik Shipping Ltd	2 September 2009
Ethopian Assets Ltd	2 September 2009
Crestbright Holdings Ltd	2 September 2009
Towertime Holdings Ltd	2 September 2009
MBC Bayu Sdn Bhd	25 November 2009
MBC Bakti Sdn Bhd	27 November 2009
Alam Tabah Sdn Bhd	29 December 2009
Alam Teladan Sdn Bhd	29 December 2009
Aturanseni Sdn Bhd	29 December 2009
Belia Shipping Sdn Bhd	29 December 2009

(b) Commencement of Creditors' Voluntary Winding-up

On 10 March 2009, a 90% owned subsidiary company, Indah Island Depot Sdn Bhd, commenced Creditors' Voluntary Winding-up.

(c) Deemed disposal of a subsidiary

On 27 March 2009, Novel Bright Assets Ltd ("NBAL") repurchased 200,000 shares of its capital from the Group, thereby reducing the Group's 60% equity interest in NBAL to 50%, hence converting the Group's interest in NBAL to that of a jointly controlled entity.

The effects of the deconsolidation of NBAL for the financial period up to the date of deconsolidation are as follows:

(i) On the results of the Group

The impact of the deconsolidation of NBAL is insignificant to the results of the Group.

12. SUBSIDIARIES (cont'd)

(c) Deemed disposal of a subsidiary (cont'd)

(ii) On the financial position of the Group

	At deconsolidation date RM'000
Receivables	3
Cash and cash equivalents	29,023
Payables	(81)
Minority interests	(11,578)
Share of net assets accounted as jointly controlled entity	(11,578)
Net assets disposed of	5,789
Total disposal proceeds	(5,789)
Gain/(loss) on disposal	–
Cash inflow arising from disposal	5,789
Cash and cash equivalents of subsidiary company deconsolidated	(29,023)
Cash effect on deconsolidation of a subsidiary	(23,234)

13. ASSOCIATES

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**758,989**	794,067
Share of post acquisition reserves	**56,665**	58,710
	815,654	852,777
Proportionate shareholder's advance to associate	–	5,095
Amount due from associate	–	704
	815,654	858,576

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

Share of net assets	**815,654**	852,777

The proportionate shareholder's advance and amount due from associate were unsecured, interest-free and had no fixed terms of repayment.

The summarised financial information of associates is as follows:

	Group	
	2009 RM'000	2008 RM'000
Total Assets	**3,146,520**	3,221,399
Total Liabilities	**1,247,600**	1,436,961
Revenue	**780,590**	684,314
Profit for the year	**301,202**	318,097

Details of the associates are as follows:

Company	Country of incorporation	Equity Interest 2009	Equity Interest 2008	Principal activities
Eminence Bulk Carriers Pte Ltd ("Eminence") (Note a)	Singapore	–	50%	Owner and operator of ships
PACC Offshore Services Holdings Pte Ltd ("POSH") (Note b)	Singapore	**21%**	21%	Provider of offshore marine support services

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

13. ASSOCIATES (cont'd)

(a) The carrying amount of Eminence as at 1 January 2009 of RM61,381,000 was reclassed to jointly controlled entity.

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

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

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

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

The Put and Call Option, together with the Merger Put Option lapse the moment POSH undertakes an IPO.

No value has been ascribed to these options as the Directors are of the opinion that the IPO will be undertaken by the 5th anniversary of the Subscription Agreement.

14. JOINTLY CONTROLLED ENTITIES

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	13,143	–
Share of post acquisition reserves	87,383	–
	100,526	–
Proportionate shareholder's advance to jointly controlled entity	39,422	–
	139,948	–

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

Share of net assets	100,526	–

Proportionate shareholder's advance to jointly controlled entity is unsecured, bears a weighted average interest rate of 1.24% per annum with full repayment of principal and interest expected within one year.

The summarised financial information of jointly controlled entities is as follows:

	Group	
	2009 RM'000	2008 RM'000
Total Assets	284,097	–
Total Liabilities	85,530	–
Revenue	82,928	–
Profit for the year	65,985	–

14. JOINTLY CONTROLLED ENTITIES (cont'd)

Details of the jointly controlled entities are as follows:

Company	Country of incorporation	Equity Interest 2009	Equity Interest 2008	Principal activities
Eminence Bulk Carriers Pte Ltd (Note 13(a))	Singapore	**50%**	–	Owner and operator of ships
Novel Bright Assets Ltd (Note 12(c))	BVI	**50%**	–	Investment holding
Brilliant Sun Shipping Pte Ltd	Singapore	**50%**	–	Owner and operator of ships

15. TRADE RECEIVABLES

	Group 2009 RM'000	Group 2008 RM'000
Trade receivables	**29,405**	26,105
Provision for doubtful debts	**(544)**	(136)
	28,861	25,969

16. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables include the following:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Amounts due from:				
PCL (Shipping) Pte Ltd ("PCLS")	**3,339**	–	**–**	–
PACC Ship Managers Pte Ltd ("PSML")	**7,628**	2,978	**–**	–
Receivables (Note b)	**19,456**	19,939	**–**	–
Tax recoverable	**509**	513	**–**	–
Unrealised gain on foreign exchange contracts	**–**	8,716	**–**	6,486

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

(b) Receivables pursuant to a lease structure financing entered into by the PCL Group for Group vessels referred to in Note 23(a).

17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

18. INVESTMENTS

	Group 2009 RM'000	Group 2008 RM'000
At fair value		
Quoted securities in Malaysia	**931**	12,704
Quoted securities outside Malaysia	**109,762**	83,770
	110,693	96,474
Other investments outside Malaysia	**39,717**	34,755
Club membership	**87**	172
	150,497	131,401

19. SHORT TERM DEPOSITS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed banks	**406,718**	791,696	**187,728**	67,100

The weighted average interest rate during the year was 0.75% (2008: 2.54%) per annum and the average maturity of the deposits at year end was 27 (2008: 63) days.

20. 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:

	Net Carrying Amount	
	2009 RM'000	2008 RM'000
Assets		
Fixed assets (Note 33(i))	–	5,595

21. SHARE CAPITAL

	2009 No. of shares ('000)	2008 No. of shares ('000)	2009 RM'000	2008 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	**1,000,000**	1,000,000	**250,000**	250,000

22. 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 was introduced and took 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 single 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.

The Company had fully utilised its available Section 108 balance in the financial year ended 31 December 2008 and is currently under the single tier system.

23. BORROWINGS

		Group	
		2009 RM'000	2008 RM'000
(a)	Secured loans	**314,884**	318,214
(b)	Finance lease payables	**37,779**	45,223
		352,663	363,437
	Repayable within 12 months	**(7,695)**	(7,346)
	Repayable after 12 months	**344,968**	356,091
(c)	Unsecured loan	**–**	544
		344,968	356,635

Maturity of secured loans is analysed as follows:

	Group	
	2009 RM'000	2008 RM'000
Within 1 year	**397**	375
Between 1 and 5 years	**1,773**	1,676
After 5 years	**312,714**	316,163
	314,884	318,214

(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(a).

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	
	2009 RM'000	2008 RM'000
Minimum lease payments		
Not later than 1 year	**14,514**	14,696
Later than 1 year and not later than 2 years	**14,514**	14,696
Later than 2 years and not later than 5 years	**27,827**	42,872
	56,855	72,264
Less : Future finance charges	**(19,076)**	(27,041)
Present value of finance lease liabilities	**37,779**	45,223
Analysis of present value of finance lease liabilities		
Not later than 1 year	**7,298**	6,971
Later than 1 year and not later than 2 years	**7,737**	7,389
Later than 2 years and not later than 5 years	**22,744**	30,863
	37,779	45,223
Due within 12 months	**7,298**	6,971
Due after 12 months	**30,481**	38,252
	37,779	45,223

The secured loans and finance lease payables bear interest at a weighted average rate of 2.02% (2008: 5.59%) per annum.

(c) In the prior year, the unsecured loan from minority shareholder of a subsidiary company bore interest rates in the range of 4.01% to 4.09% per annum.

24. DEFERRED TAX LIABILITIES

	Group	
	Quoted investments RM'000	Total RM'000
At 1 January 2009 / 31 December 2009	–	–
At 1 January 2008	1,338	1,338
Recognised in income statement (Note 8)	(1,338)	(1,338)
At 31 December 2008	–	–

25. OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Accruals (Note a)	**40,719**	36,570	**2,587**	3,521
Charterhire received in advance	**6,381**	6,889	**–**	–
Due to ship managers and agents	**19,081**	11,628	**–**	–
Amounts due to:-				
Pacific Carriers Limited ("PCL")	**8,321**	16,316	**44**	65
PCL (Shipping) Pte Ltd ("PCLS")	**–**	17,612	**6**	2
Other creditors	**7,044**	1,190	**44**	–
	81,546	90,205	**2,681**	3,588

PCL is a substantial shareholder of the Company and PCLS is a subsidiary of PCL. The balances with PCL and PCLS are in respect of reimbursable expenses borne by PCL and PCLS as commercial managers of the Group.

(a) Accruals include unrealised loss on foreign exchange contracts of RM5,392,000 (2008: RM Nil).

26. DIVIDENDS

	Group and Company	
	2009 RM'000	2008 RM'000
In respect of financial year ended:		
31 December 2007		
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
Final dividend of 30 sen, single tier	**300,000**	–
	300,000	380,500

The Directors recommend a final single tier dividend of 15 sen per ordinary share of RM0.25 each, amounting to RM150,000,000 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 2010.

27. COMMITMENTS

		Group	
		2009	2008
		RM'000	**RM'000**
(a)	Capital expenditure approved and contracted for	**20,815**	21,526
(b)	Non-cancellable charter-in commitments		
	Due within 1 year	**16,921**	79,073
	Due later than 1 year and not later than 5 years	**220,267**	221,285
	Due later than 5 years	**510,515**	605,979
		768,518	927,863

28. MATERIAL LITIGATION

(a) A subsidiary of the Group, Everspeed Enterprises Ltd ("Everspeed") received a Notice of Arbitration from Raffles Shipping & Investment Pte Ltd ("Raffles") relating to a dispute in respect of the vessel "Bunga Saga 9" which Everspeed had chartered from Raffles in which Everspeed exercised its right to cancel the charter party in accordance with the terms of the charter party.

The claim from Raffles has not been quantified in the Notice of Arbitration but total hire in dispute is approximately USD28,500,000 less any sum that Raffles is able to recover in mitigation, e.g by re-chartering the vessel to a third party for the remaining period of the charter party.

(b) Everspeed has initiated legal action against Skaarup Fortune Shipping Ltd ("Skaarup") in respect of their early redelivery of a vessel claiming a breach under the terms of the charter party. Our legal advisors are of the view that Everspeed has a reasonably good case that under the charter party terms, Skaarup has terminated the charter party prematurely.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with Pacific Carriers Limited ("PCL"), a substantial shareholder of the Company, and its subsidiaries:				
Corporate administration fee paid	**164**	382	**–**	–
Commercial fee payable	**15,643**	26,766	**–**	–
Charterhire paid	**8,473**	47,517	**–**	–
Shared services cost	**8,093**	16,120	**–**	–
Management fee paid	**844**	1,317	**–**	–
Crewing agents fee paid	**337**	458	**–**	–
Procurement fee paid	**623**	713	**–**	–
Commission on disposal of vessels	**137**	2,078	**–**	–
Purchase of a vessel ("Ikan Juara")	**83,206**	–	–	–
Charterhire received	**(44,592)**	(108,269)	**–**	–
Crew management fee received	**(2,838)**	(2,408)	**–**	–
Rental received	**–**	(26)	**–**	(26)
Commercial fee received	**(4,529)**	(4,164)	**–**	–

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Rental receivable from Agrifert (Malaysia) Sdn Bhd, a subsidiary of a substantial shareholder, Kuok (Singapore) Limited	**(324)**	(287)	**(324)**	(287)
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	**45**	42	**45**	42
(b) Insurance premium payable to Jerneh Insurance Berhad	**1,496**	1,959	**54**	36
(c) Brokerage commission and accounting fees receivable from Katella Sdn Bhd	**(506)**	(1,539)	**–**	–
Fees for legal services payable to Tay & Partners, a firm of which a Director, Tay Beng Chai, is the Managing Partner	**10**	13	**4**	13

	Company	
	2009 RM'000	**2008 RM'000**
Transactions with subsidiaries:		
Dividend received from subsidiaries	**(205,034)**	(1,127,480)
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

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

30. 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.

30. SEGMENT INFORMATION (cont'd)

2009	Shipping bulkers RM'000	Shipping tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	**241,378**	**54,406**	**9,406**	**–**	**(1,483)**	**303,707**
Inter-segment	**572**	**–**	**(2,055)**	**–**	**1,483**	**–**
External	**241,950**	**54,406**	**7,351**	**–**	**–**	**303,707**
Results						
Segment results	**88,270**	**17,472**	**1,866**	**50,935**	**–**	**158,543**
Interest income						**6,713**
Finance cost						**(13,937)**
Share of results of associates						**63,945**
Share of results of jointly controlled entities						**32,993**
Taxation						**(545)**
Profit for the year						**247,712**
Other information						
Segment assets	**671,529**	**193,544**	**30,944**	**1,630,532**	**(230,363)**	**2,296,186**
Segment liabilities	**407,249**	**12,504**	**22,363**	**223,358**	**(230,363)**	**435,111**
Capital expenditure	**83,646**	**1,534**	**82**	**962**	**–**	**86,224**
Depreciation	**20,830**	**10,529**	**62**	**290**	**–**	**31,711**
Amortisation of leasehold property	**–**	**–**	**–**	**285**	**–**	**285**
Other non-cash income/(expenses)	**(487)**	**–**	**8**	**33,433**	**–**	**32,954**
2008						
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	1,035,340	239,298	24,724	2,231,310	(1,046,967)	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 of leasehold property	–	–	–	269	–	269
Other non-cash income/(expenses)	(264)	(7)	29	(73,065)	–	(73,307)

31. 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 2009 which comprise mainly Euro Dollars, Sterling Pound, Australian Dollars and Japanese Yen is equivalent to RM149,712,000 (2008: RM263,850,000) 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 2009						
United States Dollars	**(2,877)**	**164**	**48**	**11,963**	**(404)**	**8,894**
At 31 December 2008						
United States Dollars	(3,540)	91	(33)	4,825	(497)	846

31. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Price risk (cont'd)

Cash flow and fair value interest rate risk

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

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

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.

32. 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 as these are mainly current account balances representing working capital of the respective subsidiaries. Notwithstanding, 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.

33. SIGNIFICANT EVENTS DURING THE YEAR

(i) Disposal of vessel

On 12 January 2009, a wholly owned subsidiary company, Tekunmata Sdn Bhd, disposed of its vessel to a third party for a cash consideration of RM13,561,000.

(ii) Purchase of vessel

On 25 September 2009, a subsidiary of the Group, Ambi Shipping Pte Ltd ("Ambi"), signed a Memorandum of Agreement to purchase a vessel, Ikan Juara, from Juara Shipping Pte Ltd ("Juara") for a cash consideration of USD23,750,000. Juara is a wholly owned subsidiary of Pacific Carriers Limited, a substantial shareholder of the Company.

Ambi took delivery of the vessel on 15 October 2009.

List of Properties

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.09 (RM'000)	Date of Acquisition
Level 17 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,447 sq. ft.	99 Year Lease/ 11.9.2088	12 Years	1,669.1	12.07.2001
Level 17 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,511 sq. ft.	99 Year Lease/ 11.9.2088	12 Years	1,698.9	12.07.2001
Level 18 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,447 sq. ft.	99 Year Lease/ 11.9.2088	12 Years	1,669.1	12.07.2001
Level 18 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,511 sq. ft.	99 Year Lease/ 11.9.2088	12 Years	1,698.9	12.07.2001
Lot No.21, Section 7 Mukim of Klang District of Klang Selangor Darul Ehsan	Vacant land/ 787,159 sq. ft	99 Year Lease/ 24.2.2097	Not Applicable	11,684.3	01.10.2003

Statement of Shareholdings

as at 1 March 2010

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	361	2.57	15,662	0.00
100 - 1,000	2,513	17.88	2,065,855	0.20
1,001 - 10,000	8,936	63.57	33,605,566	3.36
10,001 - 100,000	1,985	14.12	56,179,262	5.62
100,001 to less than 5% of issued shares	257	1.83	168,080,355	16.81
5% and above of issued shares	4	0.03	740,053,300	74.01
	14,056	100.00	1,000,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Pacific Carriers Limited (PCL)	344,615,000	34.46	–	–
Bank Pembangunan Malaysia Berhad (BP)	183,945,700	18.39	–	–
PPB Group Berhad (PPB)	140,000,000	14.00	20,000	–
Employees Provident Fund Board	82,442,100	8.24	–	–
Kuok (Singapore) Limited[1]	–	–	344,615,000	34.46
Minister of Finance Incorporated[2]	–	–	183,945,700	18.39
Kuok Brothers Sdn Berhad[3]	–	–	140,020,000	14.00

Notes:-

[1] *Deemed interest through its 100% direct interest in PCL.*

[2] *Deemed interest through its 99.99% direct interest in BP.*

[3] *Deemed interest through its 50.17% direct interest in PPB.*

DIRECTORS' INTERESTS IN SHARES

(as per the Register of Directors)

	Direct Interest		Deemed Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Teo Joo Kim	–	–	–	–
Kuok Khoon Kuan	2,098,750	0.21	–	–
Wu Long Peng	1,625,000	0.16	–	–
Dato' Lim Chee Wah	1,000,000	0.10	–	–
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	570,000	0.06	–	–
Mohammad bin Abdullah	125,000	0.01	–	–
Tay Beng Chai	375,000	0.04	2,500[1]	–
Mohd Zafer bin Mohd Hashim	–	–	–	–

Note:-

[1] *Deemed interest through family member.*

THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors as at 1 March 2010)

Name of Shareholders	No. of Shares	%
1. Pacific Carriers Limited	344,615,000	34.46
2. Bank Pembangunan Malaysia Berhad	183,945,700	18.39
3. PPB Group Berhad	140,000,000	14.00
4. Employees Provident Fund Board	71,492,600	7.15
5. Valuecap Sdn Bhd	39,962,300	4.00
6. Kumpulan Wang Persaraan (Diperbadankan)	25,860,600	2.59
7. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Norges BK Lend)*	2,984,600	0.30
8. Alliancegroup Nominees (Tempatan) Sdn Bhd *PHEIM Asset Management Sdn Bhd* *For Employees Provident Fund Board*	2,800,000	0.28
9. AM Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	2,753,100	0.28
10. Mayban Nominees (Tempatan) Sdn Bhd *Mayban Investment Management Sdn Bhd* *For Kumpulan Wang Simpanan Pekerja*	2,375,600	0.24
11. HSBC Nominees (Asing) Sdn Bhd *BNY Brussels* *For Wisdomtree Emerging Markets Smallcap Dividend Fund*	2,221,048	0.22
12. Kerajaan Negeri Pahang	2,153,850	0.22
13. Amanahraya Trustees Berhad *For Amanah Saham Didik*	2,142,200	0.21
14. Amsec Nominees (Tempatan) Sdn Bhd *Amtrustee Berhad* *For CIMB Islamic Dali Equity Growth Fund*	2,101,500	0.21
15. Kuok Khoon Kuan @ Kuo Khoon Kwong	2,098,750	0.21
16. Amanahraya Trustees Berhad *For Affin Islamic Equity Fund*	2,087,200	0.21
17. Permodalan Nasional Berhad	2,033,100	0.20
18. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt AN* *For Deutsche Trustees Malaysia Berhad*	1,708,300	0.17
19. HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Taiwan)*	1,647,800	0.16
20. Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Ang Beng Poh*	1,634,300	0.16
21. Wu Long Peng	1,625,000	0.16
22. Kumpulan Wang Simpanan Pekerja	1,500,000	0.15
23. HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account* *For Lee Kai Meng*	1,450,000	0.15
24. Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd* *For Government of Singapore (C)*	1,279,325	0.13
25. Low Kok Kong	1,250,000	0.13
26. Lebar Daun Construction Sdn Bhd	1,170,000	0.12
27. Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Dimensional Emerging Markets Value Fund*	1,148,225	0.11
28. Khor It Kwang	1,030,000	0.10
29. GEO-Mobile Asia Sdn Bhd	1,007,000	0.10
30. Lim Chee Wah	1,000,000	0.10
	849,077,098	84.91

Additional Compliance Information

In compliance with the Main Market Listing Requirements, the following additional compliance information is provided:-

1. Imposition of Sanctions and/or Penalties on Company, 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 2009.

2. Non-Audit Fee Paid to Auditors

The non-audit fee paid to the External Auditors of MBC Group in the financial year ended 31 December 2009 was as follows:-

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

3. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests, or relate to loan subsisting as at 31 December 2009 or entered into during the financial year ended 31 December 2009 except as disclosed in the financial statements as set out in this Annual Report.

4. Continuing Education Programme for Directors

During the financial year ended 31 December 2009, most of the Directors except for Mr Teo Joo Kim have attended such trainings and forums in areas that are relevant to the Group's business activities. Mr Teo Joo Kim has not attended any training due to the relevant trainings schedules coinciding with his official engagements. However, Mr Teo Joo Kim is kept abreast with corporate and regulatory updates from Bursa Malaysia Securities Berhad as updated by the Company Secretaries.

Trainings and forums attended by the Directors for the financial year ended 31 December 2009 are as follows:-

- Leading teams into action
- Red flags & landmines in Financial Accounting
- Corporate Governance Guide - Towards Boardroom Excellence
- Recovery & Malaysia strategy, Making Bold Changes
- Forward Freight Arrangement/Bunker Hedging Strategies
- Macroeconomic Outlook, Malaysia Strategy
- Review & Outlook of the Ringgit Bond Market

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements of the Company and the Group for the financial year ended 31 December 2009 are set out from pages 34 to 68 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also required by the Act to ensure that proper accounting records are maintained, which disclose and sufficiently explain the transactions and financial position of the 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 21st Annual General Meeting of Malaysian Bulk Carriers Berhad ("the Company") will be held on Thursday, 15 April 2010 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 2009 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To approve the payment of a final single tier dividend of 15 sen per share for the financial year ended 31 December 2009 as recommended by the Directors. **Resolution 2**

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

(a) Mohammad bin Abdullah **Resolution 3**

(b) Tay Beng Chai **Resolution 4**

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

(a) Mohd Zafer bin Mohd Hashim **Resolution 5**

(5) To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

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

(6) To appoint auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

(7) To approve the payment of Directors' fees of RM547,000 for the financial year ended 31 December 2009. **Resolution 8**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

(8) To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 9**

"**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."

(9) To renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Resolution 10**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into the recurrent related party transactions as set out in the Circular to Shareholders dated 24 March 2010, 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."

(10) Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature **Resolution 11**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into an additional recurrent related party transaction as set out in the Circular to Shareholders dated 24 March 2010, which is 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 aggregate value of the recurrent related party transaction and the names of the related parties involved 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."

(11) To renew the authorisation for Purchase of Own Shares **Resolution 12**

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

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

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

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

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

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

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

(12) To transact any other business.

BY ORDER OF THE BOARD

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

24 March 2010
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 6, 9, 10, 11 AND 12

1. *Resolution 6*

   - *To re-appoint director pursuant to Section 129(6) of the Companies Act, 1965*

     Pursuant to Section 129(6) of the Companies Act, 1965, a person of or over the age of 70 years who is proposed for appointment as a Director of the Company, shall be appointed or re-appointed by a resolution passed by a majority of not less than three-fourths of the members of the Company present and voting in person or by proxy at a general meeting, and if so appointed, the Director shall hold office until the next annual general meeting of the Company.

     The proposed Resolution 6, if passed, will enable Dato' Lim Chee Wah to hold office until the next Annual General Meeting of the Company.

2. *Resolution 9*

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

     The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten percent (10%) of the issued and paid-up share capital of the Company for the time being.

     The proposed Resolution 9 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

     The Company had obtained the general mandate to issue shares in the last Annual General Meeting. There were no proceeds raised from the previous mandate.

3. *Resolution 10*

   - *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 24 March 2010 despatched together with the Company's 2009 Annual Report.

4. *Resolution 11*

   - *Proposed New Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature*

     The proposed Ordinary Resolution, if passed, will enable the Company and its subsidiaries to enter into an additional recurrent related party transaction, which is necessary for MBC Group's day-to-day operations, subject to the transaction 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 24 March 2010 despatched together with the Company's 2009 Annual Report.

5. *Resolution 12*

   - *To renew the authorisation for Purchase of Own Shares*

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

     Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 24 March 2010 despatched together with the Company's 2009 Annual Report.

Statement Accompanying Notice of Annual General Meeting

Details of the Directors who are standing for re-election are as set out on pages 15 to 17 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on page 70 of this Annual Report.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the forthcoming 21st Annual General Meeting, a final single tier dividend of 15 sen per share will be paid on Friday, 30 April 2010 to the shareholders whose names appear in the Record of Depositors at the close of business on Tuesday, 20 April 2010.

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 Tuesday, 20 April 2010 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

24 March 2010
Petaling Jaya

MALAYSIAN BULK CARRIERS BERHAD

175953-W

FORM OF PROXY

I/We, ____

of ____

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

*or ____

of ____

*and/or failing him, ____

of ____

(Delete where inapplicable)*

as my /our proxy, to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Thursday, 15 April 2010 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 2009 and the reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final single tier dividend of 15 sen per share for the financial year ended 31 December 2009		
3.	To re-elect Encik Mohammad bin Abdullah as a Director		
4.	To re-elect Mr Tay Beng Chai as a Director		
5.	To re-elect Encik Mohd Zafer bin Mohd Hashim as a Director		
6.	To re-appoint Dato' Lim Chee Wah as a Director		
7.	To appoint auditors of the Company		
8.	To approve the payment of Directors' fees		
9.	To authorise the Directors to allot and issue shares		
10.	To approve the renewal of shareholders' mandate for recurrent related party transactions		
11.	To approve the new mandate for additional recurrent related party transaction		
12.	To approve the renewal of authorisation for purchase of own shares		

(Please indicate with an "X" in the space provided on how you wish to cast your vote.)

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 ______ 2010

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

fold here

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Level 17 & 18, PJ Tower,
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