MALAYSIAN BULK CARRIERS BERHAD

(175953-W)

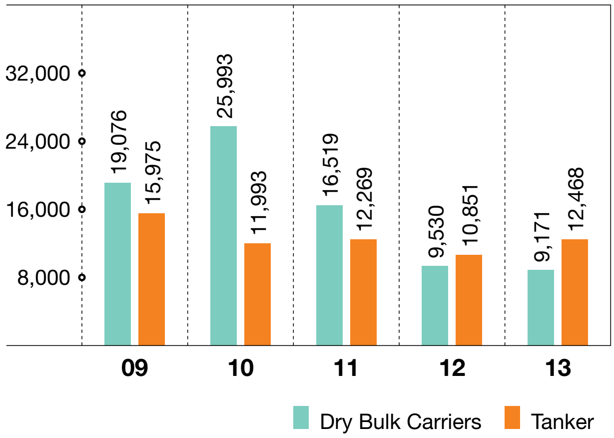
ANNUAL REPORT **2013**


POSH SANDPIPER
POSH

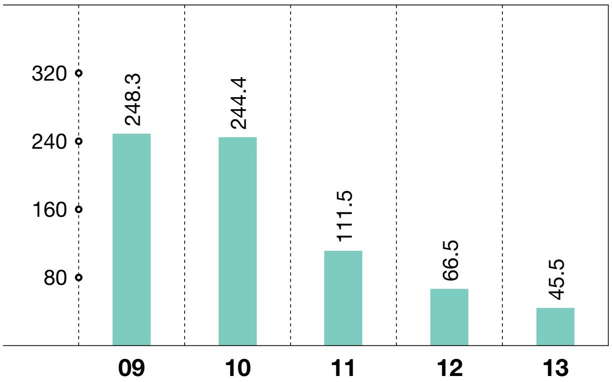
Contents

Financial Highlights

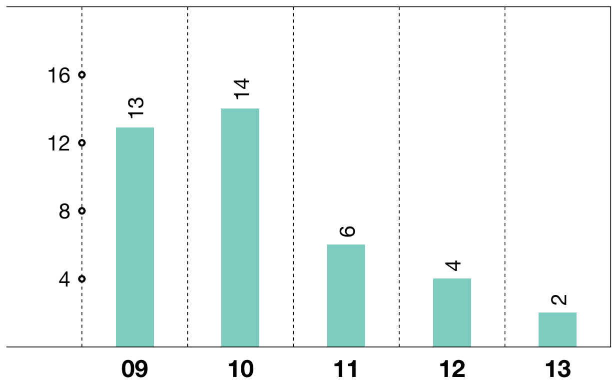
Daily Time Charter Equivalent Rate
USD



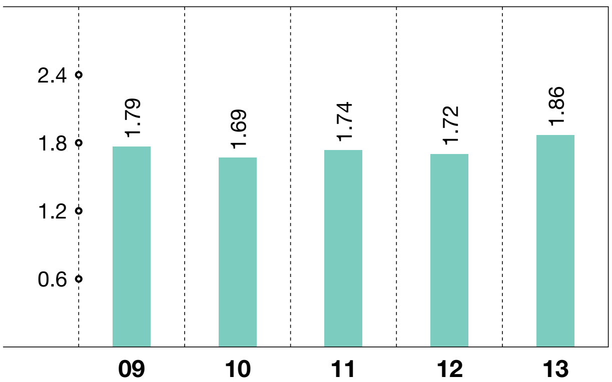
Profit before Tax
RM'million



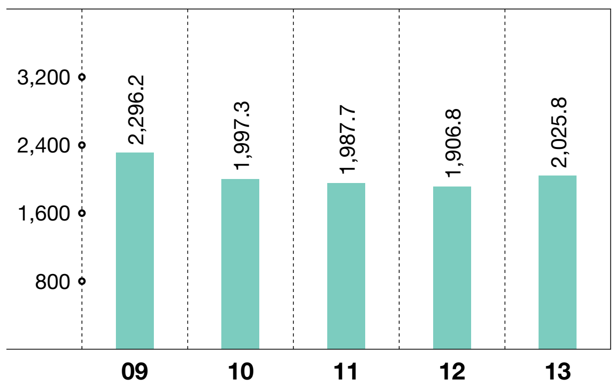
Return on Average Equity
%



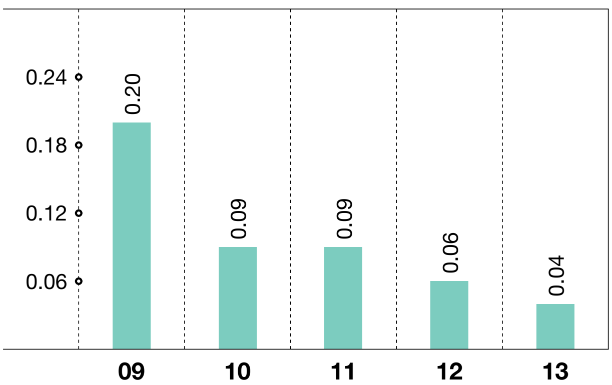
Net Assets Per Share
RM



Total Assets
RM'million



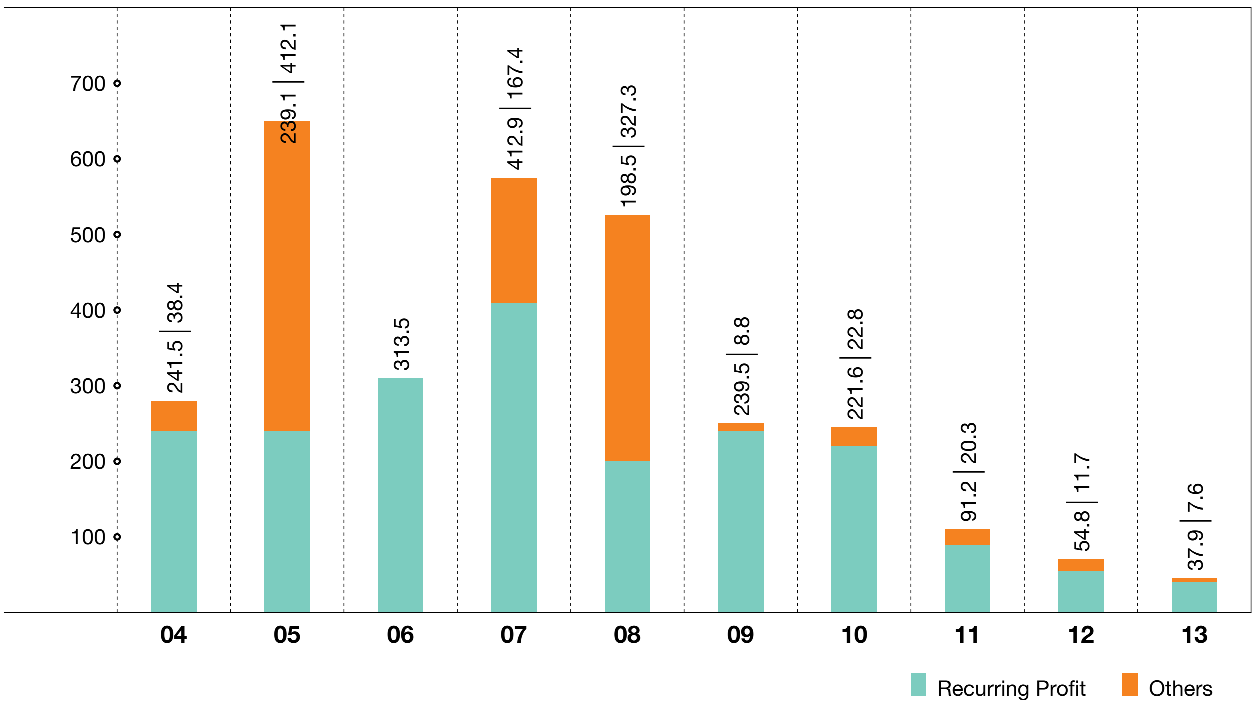
Debt to Equity Ratio
Times



Financial Highlights
(cont'd)

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
FINANCIAL PERFORMANCE					
Revenue	246,744	262,266	363,938	510,063	385,629
Voyage expenses	(84,766)	(104,871)	(107,629)	(105,813)	(81,922)
	161,978	157,395	256,309	404,250	303,707
Operating expenses	(177,625)	(165,054)	(172,260)	(209,461)	(203,682)
	(15,647)	(7,659)	84,049	194,789	100,025
Other operating income/(loss), net	25,497	41,780	13,299	37,969	83,529
Administration expenses	(12,111)	(10,905)	(13,495)	(19,843)	(18,298)
	(2,261)	23,216	83,853	212,915	165,256
Finance costs	(1,233)	(1,972)	(1,876)	(6,987)	(13,937)
Share of results of an associate	48,646	35,257	17,023	18,172	63,945
Share of results of joint ventures	354	9,950	12,494	20,268	32,993
Profit before taxation	45,506	66,451	111,494	244,368	248,257
Taxation	(1,068)	(786)	(1,430)	(1,696)	(545)
Profit for the year	44,438	65,665	110,064	242,672	247,712
Attributable to:					
Equity holders of the Company	44,532	66,049	108,000	238,368	243,799
Non-controlling interests	(94)	(384)	2,064	4,304	3,913
	44,438	65,665	110,064	242,672	247,712

10-Year Earnings Record
RM'million



Financial Highlights
(cont'd)

	2013	2012	2011	2010	2009
KEY BALANCE SHEET DATA (RM'000)					
Cash and cash equivalents	145,357	190,110	298,873	316,692	460,429
Total assets	2,025,842	1,906,837	1,987,715	1,997,254	2,296,186
Total borrowings	76,854	106,593	156,357	150,161	352,663
Total liabilities	112,154	137,220	191,865	254,835	435,111
Shareholders' equity	1,858,741	1,716,217	1,740,133	1,685,785	1,787,074
OTHER KEY INDICATORS					
Earnings per share (sen)	4.45	6.60	10.80	23.84	24.38
Net dividend per share (sen)	3.00	3.00	3.00	10.00	15.00
Dividend payout ratio	67%	45%	28%	42%	62%
Return on average equity	2%	4%	6%	14%	13%
Net assets per share (RM)	1.86	1.72	1.74	1.69	1.79
Equity ratio	92%	90%	88%	84%	78%
Debt to equity ratio (times)	0.04	0.06	0.09	0.09	0.20
FLEET DATA					
Number of vessels (at end of year)*	20	18	17	15	15
Total tonnage in DWT (MT'000)*	1,107	1,010	912	863	854
Average age of fleet (in years)*	6.5	6.2	8.8	9.7	9.4
Total operating days (days)#	5,311	5,220	5,484	5,661	4,970
Total hire days (days)#	5,164	5,171	5,274	5,406	4,682
Daily Time Charter Equivalent Rate#					
Dry bulk carriers (USD)	9,171	9,530	16,519	25,993	19,076
Tanker (USD)	12,468	10,851	12,269	11,993	15,975

Note:
* *Includes jointly controlled and long term charter vessels*
\# *Includes chartered-in vessels (but does not include jointly controlled vessels)*


POSH SANDPIPER
POSH
RESCUE


TERASEA EAGLE
POSH
TERASEA

Chairman & CEO's Statement

Financial Overview and Highlights

2013 was another difficult year for the bulk shipping market but it managed a rebound for the 4th quarter when rates firmed significantly especially for Capesize vessels.

Given the general challenging environment, the Group's profit before tax (PBT) for 2013 was RM45.5 million, a 32% decline against 2012's PBT of RM66.5 million. The Group remained profitable despite market difficulties due to its prudent diversification into the offshore sector and strategic asset trimming in the earlier years.

Our joint ventures in the dry bulk segment returned mixed results. All told, our joint ventures contributed RM0.35 million to 2013's performance which is lower than the RM9.95 million recorded in 2012.

Our associate, PACC Offshore Services Holdings Ltd (POSH) however reported another commendable year due to the buoyant offshore marine services sector. Benefitting from increased offshore activities, charter rates and utilization increased compared to the previous year. This coupled with the addition of new vessels into POSH's fleet enabled our share of results from POSH to increase significantly from RM35.3 million in 2012 to RM48.6 million for 2013. POSH is now a significant contributor to the Group's bottom line.

Profit attributable to shareholders was RM44.5 million (2012: RM66.0 million), translating to earnings per share of 4.45 sen (2012: 6.60 sen) and a return on shareholders' equity of 2% (2012: 4%).

During 2013, the Group generated cash of RM26.8 million from operations and RM14.0 million from disposals of property, plant and equipment. Principal cash outflows were repayment of borrowings of RM37.1 million, dividend payment of RM30.0 million and capital expenditure of RM28.8 million. The Group closed the year with a net cash of RM145.4 million.

Despite difficult market conditions, the Group remains steadfast in its prudent strategies to safeguard shareholders' interest and to reward shareholders for their continued support. However, we need to balance what we can return to shareholders against the Group's growth plans, namely reinvestment in assets and increasing our stake in POSH. In this regard, the Group has a financial commitment of approximately RM346.1 million for new ships and SGD82.4 million for subscription of new ordinary shares in POSH.

After taking into account the financial reserves and resources necessary to pursue these growth opportunities, the Board is recommending a final dividend of 3 sen per share, amounting to RM30.0 million, and representing a payout ratio of 67% of attributable profit.

Chairman & CEO's Statement
(cont'd)

The Year in Perspective

Dry Bulk Carriers

The weak dry bulk market continued from 2012 into 2013, with the first 9 months remaining a difficult period for ship owners when earnings could hardly cover operating costs. The freight recovery from late October 2013 was a welcome respite helping average earnings for our dry bulk to USD9,171/day in 2013, compared to USD9,530/day in 2012.

Whilst 2013 was extremely lean for ship owners, it was equally dismal for shipyards as investors curtailed their newbuilding orderings. Alarmed by slowing orders, shipyards dug deep to offer fuel efficient and "green" ships at lower prices which, when looking back, suggest that 2013 represented the turning point in both newbuilding prices and the ordering cycle.

It was what we had waited for.

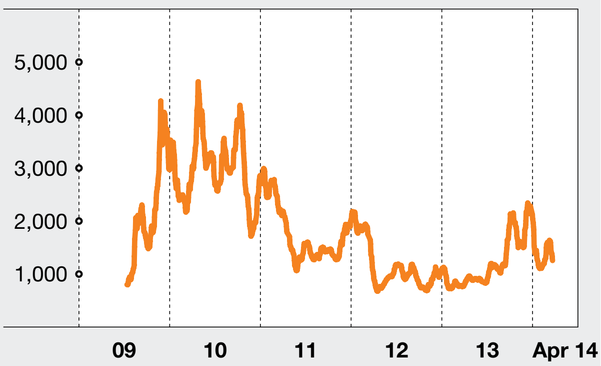
Seizing the opportunity and with the fortuitous weakening in the Yen, we quickly wrapped up various deals before private equity funds snapped up large orders at increasingly higher prices.

For the Group, we successfully contracted five dry bulk carriers (one 33,000 dwt handy bulker delivery 2016 and four 56,000-61,000 dwt supramaxes delivery 2014-15) with Japanese shipyards and these will provide quality and fuel efficient newbuildings in which to compete in this challenging market.

The freight market's rebound towards late 2013 held the promise of a return to a supply/demand equilibrium. Although prices for newbuildings have since risen, many continued to invest in the belief that the worst is over. The heavy ordering is once again raising overcapacity concerns.

Dry Bulk Market Trends

Baltic Dry Index (BDI)



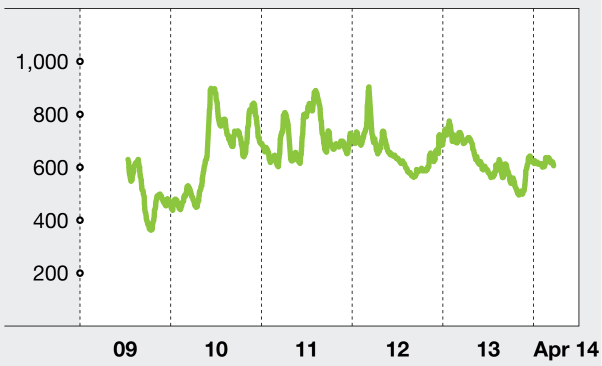
So the key must now lie in the health of the global economies and the growth in trade flows, and whether it can absorb the many newbuildings freshly contracted.

The International Monetary Fund (IMF) expects 2014 world trade volume growth to hit a three year high of 4.3% aided by the economic improvement in Europe and the United States. Clarkson Research Services projects that the total dry bulk trade will grow by about 4% year on year; and that the dry bulk fleet is currently well balanced and is expected to expand by 4% suggesting that the fleet growth will likely be in line with dry bulk demand growth for the first time in several years.

Tankers

Tanker Market Trends

Baltic Clean Tanker Index (BCTI)



The Group's product tanker fleet remains at three: Alam Bistari (47,065 dwt built 2001), Alam Budi (47,065 dwt built 2001) and Alam Bakti (47,999 dwt built 2003).

The global refining capacity is projected to increase – mainly in Asia and the Middle East whilst American and European refining capacities stagnate. The change in the refining centers and the relocation of activities has led to optimism for an increase in ton mile in the products trade and accordingly a sharp increase in Medium Range (MR) newbuilding orders. This greater optimism for the future MR market (despite the large ordering) is evidenced by charterers' willingness to pay a premium for period charters over what the spot market can secure.

We continue to trade our MR tankers to ensure consistency in earnings and to avoid the large volatility that can negatively affect incomes.

For 2013, our tanker fleet was able to average USD12,468/day versus USD10,851/day for 2012.

Chairman & CEO's Statement
(cont'd)

Offshore

The Group holds a 21.23% stake in PACC Offshore Services Holdings Ltd (POSH). It took a strategic decision to diversify from the bulk sector in 2008 which was then showing signs of strain. This has proven to be a prudent move as POSH's contribution towards the Group's overall net profit has continued to rise.

As at 31 December 2013, the POSH Group operated a diversified fleet of 112 vessels (inclusive of vessels operated by its joint ventures) across four business segments in the offshore marine services sector, namely Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation and Harbour Services and Emergency Response. It is the largest Asia-based international operator with presence in major offshore oil and gas activities. POSH Group is expanding its Offshore Accommodation Segment. It has ordered two 750-person DP3 semi-submersible accommodation vessels designed for deep waters and harsh environment and three 238-person DP2 accommodation vessels designed for shallow waters, and has one vessel that is undergoing conversion into a 198-person accommodation vessel. When all of the accommodation vessels that are under construction or undergoing conversion are delivered by 2015, its accommodation capacity will increase from 879 persons to 3,291 persons.

For 2013, POSH's contribution was RM48.6 million to the Group's profit after tax of RM44.4 million. This is a major contribution to the Group and compares well against the RM35.3 million in 2012. It is in our interest to remain significantly invested in the offshore sector.

Shipping Outlook

The bulk shipping market's recovery is dependent on demand, i.e the state of global economic recovery, and growth in trade flows viz a viz tonnage supply.

The demand side remains cautiously optimistic with improvements seen in the US and European economies prompting the IMF to declare that the global economic recovery "is becoming not only stronger but broader" echoing the sentiments recently expressed by the World Bank.

Basis IMF's April 2014 World Economic Outlook Update, it forecast world growth to be 3.6% for 2014, rising to 3.9% for 2015 – up from 3.0% in 2013.

IMF's 2014 growth forecast of 7.5% for China and 5.4% for India, whilst positive, is nonetheless disappointing compared to the robustness of previous years. Indeed, the slowdown in Chinese economic growth is of particular worry for shipping as China has been a driving force for shipping and any slowdown in its economy will have a significant and negative impact. The key drivers for China will be its urbanisation but meanwhile, declining iron ore and coal prices, could lead to greater import growth of such commodities and may aid shipping demand.

On the supply side, encouraging signs of banks' increasing reluctance to fund shipping investments and the demise of financially weak shipping companies lent the hope of a possible decline in ordering and a contraction in the world's fleet. Although newbuilding deliveries are set to decline for 2014/15 and could result in improved market conditions, this situation may be short-lived as there has been a sharp increase in newbuilding orders towards the end of last year especially by private equity funds (PE). Furthermore, scrapping is down 70% year to date versus the same period in 2013.

Owners who have managed their affairs well and who could therefore take advantage of their financial health to invest in newbuildings on a moderate scale are finding that their restraint are being undone by PE who have placed huge orders across a wide array of sectors which threatens to destroy market recovery. These funds are not our traditional ship owners and their huge speculative orders are aimed at driving up prices in which they will cash in on subsequently.

The adverse repercussion of such unbridled ordering is not their concern once they exit from the markets but from an industry standpoint, it is a problem which long term players and service providers must face.

Such excessively large speculative ordering is a bane for shipping and could lead to grave market declines and imbalances for the future. If the private equities do not rein in further ordering, this would ultimately lead to a freight market collapse. According to Marine Money, PE newbuilding orders totaled USD7.0 billion in 2013 – over 3 times the level in 2011 and more than 6 times that of 2009/2010.

If PE succeeds, the shipping scene is set for a huge change. Institutional investors will gain credence and with easy access to funds, this will lead to a change in the profile of market players.

The devastation caused by the shipping downturn when many familiar names went bankrupt only highlights the frailness of companies when faced with a prolonged market decline. The excessive and irresponsible ordering at a time when shipping overcapacity persists will prevent any sustained recovery in the market. Earnings suffer and this hinders efforts towards green technologies as companies are generally denied the financial resources needed for such investments.

Shipping may change from a sector comprising largely of shipowners/operators prudently investing in ships and serving their clients according to their needs, to a sector involving cold asset play with shorter term strategies as is evidenced by many institutional investors today.

Chairman & CEO's Statement
(cont'd)

Fleet Management

(i) Regulations

Carbon Emission

Carbon Dioxide (CO_2) is the primary gas responsible for global warming and the resulting changes in our climate. Although international shipping is the most energy efficient mode of mass transport and only a modest contributor to overall CO_2 emissions, a global approach to further improve energy efficiency and effective emission control is needed as sea transport will continue growing apace with world trade.

The International Maritime Organization (IMO) has been energetically pursuing the limitation and reduction of greenhouse gas (GHG) emissions from international shipping and although such measures to limit damage to the environment is admirable, it often is at considerable cost to ship owners.

The Group however supports these measures. The new vessels recently ordered by the Group have better designed hull form and are fitted with energy efficient engines and other energy saving devices. These vessels will not only help us compete against the less efficient vessels in the market, but also fulfill our role as a responsible corporate citizen in protecting the environment.

Maritime Labour Convention

The Maritime Labour Convention (MLC 2006) entered into force on 20 August 2013 for the 30 countries (including Singapore) that ratified it prior to 20 August 2013. Malaysia has also ratified the MLC 2006 on 20 August 2013 and the Convention will come into force on 20 August 2014. All our Singapore and Malaysian flagged vessels have successfully completed the inspections to meet the MLC 2006 requirements and were issued with Statement of Compliance (SOC) which is equivalent to the Maritime Labour Certificate.

Ballast Water Management Convention

All ships that are designed to carry dischargeable ballast water will soon have to install and implement a ballast water management system under the Ballast Water Management Convention (BWM Convention).

Although already meeting the requirement of a minimum 30 countries' ratifying the Convention, a second condition requiring that the ratifying countries cover 35 percent or more of the global tonnage, has yet to be fulfilled. As of December 2013, the figure stands at 30% so it will just be a matter of time before this investment needs to be effected.

(ii) Operations

Even though the global shipping industry continues to be depressed, shipping companies must continue to offer cost effective and attractive services to their customers. Apart from the environmental and crew welfare requirements as demanded by the authorities, shipping companies must keep up with new technologies, training and corporate responsibilities so that they can comply fully with the changing shipping environment, condition, practices and expectations of the industry.

This year, we have started overhauling our IT Systems onboard as well as ashore. An improved Planned Maintenance System together with purchasing and inventory control is being rolled out progressively across the fleet.

The purchasing system is integrated with the shore side accounting system such that quotation, ordering and payment of invoice will flow seamlessly with reduced human intervention. We have similarly installed a Crew Management System which integrates the crew placement with the payroll system. This System will help us better plan and control crew movements as our fleet expands.

As the Group and its vessels are subjected to regulations like the International Safety Management Code (ISM), International Ship and Port Facility Security Code (ISPS Code), the recently introduced MLC 2006 and the impending BWM Convention, the Group's operation manuals carried onboard and ashore have to be constantly amended to meet and comply with the regulations.

Managing the changes to these manuals involves considerable management time and resources. A Document Management System was recently installed so that changes are managed uniformly and on time both ashore as well as on board, thereby avoiding errors in filing or updating of records.

As the world's fleet increases, the demand for quality seafarers has likewise increased. The quality of a ship's crew has a direct bearing on the ship's overall performance and the Group continues to focus on good management policies and effective training in order to ensure professionalism which should reduce the incidence of human errors. The mere existence of a written policy is not sufficient. The policy must be active to be effective. This is why the Group continues with its strong emphasis on crew training in spite of the difficult market.

Corporate Social Responsibility

Although we are fully engaged in our business activities and taking care of our stakeholders be they our customers, employees and shareholders, we remain dedicated in playing our part in corporate citizenship and embrace corporate social responsibility. The Group is committed to its employees' welfare, community and the environment that we operate in. We continue to provide sponsorship to students for marine cadet training in our efforts in building up the maritime expertise in Malaysia. Shore staff are likewise encouraged to attend courses or workshops to strengthen their core skills and competencies. On the social side, various sports and recreational activities were arranged for our employees.

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

Corporate Governance

The Board recognises the importance of having good corporate governance and is committed to ensuring that high standards of corporate governance and best practices are adopted and adhered to throughout the Group. The Group's corporate governance initiatives and internal controls system are presented in the relevant sections of this Annual Report.

Acknowledgement

On behalf of the Board, we wish to thank the Management and workforce, both on shore and on board our vessels, for their untiring efforts and dedication throughout the year. To our fellow board members we wish to extend our sincere appreciation for their guidance and commitment rendered in ensuring that the Group's strategies and goals are achieved. On behalf of the Board, we also take this opportunity to extend our gratitude to our former Chairman, Mr Teo Joo Kim, for his unstinting leadership and guidance.

Finally, our thanks to all our customers, business associates, bankers, partners and shareholders, for their unwavering support and confidence in the Group.

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

Kuok Khoon Kuan
Chief Executive Officer

An Overview of MBC's Controlled Fleet

as at 31 March 2014

	Vessel Name	Category	Year Built	DWT (MT)
BULK CARRIERS				
Owned				
1	Alam Mesra	Handymax	Oct-00	46,644
2	Alam Padu	Post-Panamax	Apr-05	87,052
3	Alam Permai	Post-Panamax	Jun-05	87,052
4	Alam Pesona	Post-Panamax	Sep-05	87,052
5	Alam Pintar	Post-Panamax	Oct-05	87,052
6	Alam Sakti	Handysize	Feb-06	32,609
Jointly-Owned				
7	Alam Penting	Post-Panamax	Jul-05	87,052
8	Alam Murni	Supramax	Apr-03	53,553
9	Atlantic Progress	Handysize	Jun-11	32,527
10	Atlantic Dream	Handysize	Dec-11	32,527
Long Term Charter				
11	Alam Manis	Supramax	Mar-07	55,652
12	Alam Seri	Handysize	Mar-11	29,562
13	Alam Suria	Handysize	Jan-12	29,077
14	Alam Mutiara	Supramax	Apr-12	61,498
15	Alam Maju	Supramax	Jul-12	58,642
16	Alam Sayang	Supramax	Jul-13	61,410
17	Alam Setia	Handysize	Oct-13	36,320
18	Alam Sinar	Handysize	Jan-14	36,320
				1,001,601
TANKERS				
Owned				
1	Alam Budi	Product Tanker	Mar-01	47,065
2	Alam Bistari	Product Tanker	May-01	47,065
3	Alam Bakti	Product Tanker	Jul-03	47,999
				142,129
			Total	1,143,730

N/A – Not Applicable

An Overview of MBC's Controlled Fleet
(cont'd)

Draft (Meters)	LOA (Meters)	Beam (Meters)	HO/HA	Cargo/ Slop Tanks	Gears
11.62	189.80	31.00	5/5	N/A	4Cx30T
14.14	229.00	36.50	7/7	N/A	Gearless
14.14	229.00	36.50	7/7	N/A	Gearless
14.14	229.00	36.50	7/7	N/A	Gearless
14.14	229.00	36.50	7/7	N/A	Gearless
10.02	177.00	28.40	5/5	N/A	4Cx30T/Logs
14.14	229.00	36.50	7/7	N/A	Gearless
12.30	189.94	32.26	5/5	N/A	4Cx30T
10.20	177.40	28.20	5/5	N/A	4Cx30T
10.20	177.40	28.20	5/5	N/A	4Cx30T
12.58	189.99	32.26	5/5	N/A	4Cx30T
9.72	170.70	27.00	5/5	N/A	4Cx30T/Logs
9.72	170.70	27.00	5/5	N/A	4Cx30T
13.01	199.98	32.24	5/5	N/A	4Cx30T
12.67	197.00	32.26	5/5	N/A	4Cx30T
13.01	199.98	32.24	5/5	N/A	4Cx30T
10.72	176.50	28.80	5/5	N/A	4Cx30T
10.72	176.50	28.80	5/5	N/A	4Cx30T
12.67	182.50	32.20	N/A	14CT, 2S	N/A
12.67	182.50	32.20	N/A	14CT, 2S	N/A
12.48	179.99	32.20	N/A	16CT, 2S	N/A

Corporate Information

Board of Directors

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

Kuok Khoon Kuan
Chief Executive Officer

Teo Joo Kim
Executive Director

Wu Long Peng
Executive Director

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

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

Mohammad bin Abdullah
Independent Non-Executive Director

Tay Beng Chai
Independent Non-Executive Director

Audit Committee

Chairman
Mohammad bin Abdullah

Members
Tay Beng Chai
Dato' Mohd Zafer bin Mohd Hashim

Company Secretaries

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

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

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

Nomination & Remuneration Committee

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

Members
Dato' Lim Chee Wah
Tay Beng Chai

Stock Exchange Listing

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

Registrar

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

Website

www.maybulk.com.my

Board of Directors

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid 64, Malaysian / Independent Non-Executive Chairman

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

Dato' Capt. Ahmad Sufian is also the Independent Non-Executive Chairman of WCT Berhad and GD Express Carrier Berhad. He is also an Independent Non-Executive 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 Chartered Institute of Logistics and Transport and the Institute Kelautan Malaysia. He has over 40 years of experience in the international maritime industry.

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

Kuok Khoon Kuan 66, 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 and sits on its Board. He has over 35 years of experience in the shipping industry.

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

Teo Joo Kim 73, Singaporean / Executive Director

Mr. Teo was appointed to the Board on 25 January 1995.

Mr. Teo is also the Executive Chairman of Pacific Carriers Limited and a director of Kuok (Singapore) 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 40 years of experience in the commodity and shipping industry.

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

Notes:

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

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

Board of Directors
(cont'd)

Wu Long Peng 60, Singaporean / Executive Director

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

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

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

Dato' Lim Chee Wah 74, Malaysian / Non-Independent Non-Executive Director

Dato' Lim was appointed to the Board on 8 June 1995 and is also a member of the Nomination & Remuneration Committee.

Dato' Lim is also the Chairman of Jerneh Asia Berhad. 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.

Dato' Mohd Zafer bin Mohd Hashim 41, Malaysian / Non-Independent Non-Executive Director

Dato' Mohd Zafer bin Mohd Hashim was appointed to the Board on 27 August 2009 and is also a member of the Audit Committee.

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

Dato' 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 Maritime Ventures Berhad.

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 three (3) out of 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.

Mohammad bin Abdullah 73, Malaysian / Independent Non-Executive Director

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

Encik Mohammad is a Chartered Accountant with more than 40 years' experience in the profession and in commerce. He 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 52, Malaysian / Independent Non-Executive Director

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

He is the Managing Partner of Messrs Tay & Partners, Advocates & Solicitors and also a Partner of 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 25 years' experience in corporate law, mergers and acquisitions, finance and securities law matters. Mr. Tay is also a Fellow of the Singapore Institute of Arbitrators.

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.

Statement on Corporate Governance

The Board of Directors is committed to ensure that high standards of corporate governance are practiced throughout the Group in discharging its responsibilities to protect and enhance shareholders' value. The Group has applied the principles of corporate governance and the extent of compliance with the best practices as prescribed in the Malaysian Code on Corporate Governance 2012 ("the Code") is set out below.

1. Board of Directors

1.1 Roles and Responsibilities of the Board

The Board has the overall stewardship responsibilities of providing strategic leadership, overseeing the business conduct, identification and management of principal risks, ensuring the adequacy and integrity of internal control systems, establishing a succession plan and developing and implementing an investor relations program.

A formal schedule of matters specifically reserved for the decision of the Board and management 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.

The Company's Code of Ethics and Code of Conduct are set out in the Company's Employment Handbook, which covers matters in relation to conflict of interest, entertainment and gifts, misuse of position and insider trading. The directors and employees of the Group are expected to adhere to the standard of ethics and conduct set out therein.

1.2 Board Balance and Independence

The current board has 8 members, comprising 3 Executive Directors and 5 Non-Executive Directors, of whom 3 are Independent Directors. The number of Independent Directors is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires one-third of the Board to be independent.

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.

Whilst the Board acknowledges that the general call and support for gender diversity in a board's composition, the Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.

Profile of each Director is presented on pages 15 to 17 of this Annual Report.

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

The Code recommends that the tenure of an independent director shall not exceed a cumulative period of 9 years. The Board, through the Nomination & Remuneration Committee carried out an assessment of the independent directors namely Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, Encik Mohammad bin Abdullah and Mr. Tay Beng Chai, each of whom have served on the Board for more than 9 years. The Board is of the view that all the Independent Directors continue to be independent as:

- they have met the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- they have exercised care in performing their duties, and provided independent and objective views and judgement during board meetings and deliberations on all matters concerning the Group;

1.2 Board Balance and Independence (cont'd)

- the length of their service does not in any way impair their independent judgement nor their ability to act in the best interests of the Group. On the contrary, their years of service on the Board have imbued them with a sound knowledge of the Group's business operations which enable them to participate actively and contribute during deliberations at board meetings. This together with their individual professional experience, awareness of corporate governance and business acumen, have contributed positively to the Board's deliberations on all matters of the Group.

1.3 Board Meetings and Supply of Information

The Board meetings are scheduled in advance to enable Directors to plan ahead. The Board meets at least four (4) times a year with additional meetings to be convened as and when the Board's approval and guidance is required. During the financial year ended 31 December 2013, a total of four (4) meetings were held. The record of attendance for each Director is set out below.

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

The Directors have full and unrestricted access to the advice and services of the Company Secretaries. In addition, Directors may seek advice of independent professionals should they consider it necessary in the course of their duties at the Company's expense.

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

	Attendance at Board Meetings
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Independent Non-Executive Chairman*	4/4
Kuok Khoon Kuan, *Chief Executive Officer*	4/4
Teo Joo Kim, *Executive Director*	4/4
Wu Long Peng, *Executive Director*	3/4
Dato' Lim Chee Wah, *Non-Independent Non-Executive Director*	4/4
Mohammad bin Abdullah, *Independent Non-Executive Director*	4/4
Tay Beng Chai, *Independent Non-Executive Director*	4/4
Dato' Mohd Zafer bin Mohd Hashim, *Non-Independent Non-Executive Director*	3/4

1.4 Re-election and Re-appointment

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.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

Statement on Corporate Governance
(cont'd)

1.5 Directors' Continuing Education Programmes

All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. 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.

The Directors, after assessing their own training needs, have attended conferences and seminars in areas that are relevant to the Group's business activities. The Directors are also updated by the Company Secretaries on the salient changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Some of the conferences and seminars attended by the Directors during the financial year ended 31 December 2013 were as follows:

On Corporate, Financial and Governance issues

- Nominating Committee Programme
- Bursa Malaysia – Sustainability Training for Directors and Practitioners
- Managing Sustainable Business Transformation – From Good to Great
- Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers
- Global & Regional Macroscope, growth in untested transition
- International Financial Reporting Standards

On Commercial and Business issues

- Deutsche Bank Investment Seminar
- Asia Pacific Treasury Leaders Forum
- Launch of Sea Asia 2013
- Business Continuity planning and management
- Annual Offshore Support Journal Conference
- Offshore Technology Conference (OTC) 2013
- The World Islamic Economic Forum

1.6 Directorships in other companies

In line with Paragraph 15.06 of the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the restriction on directorship in listed issuers, all Directors of the Company are in compliance with the limits on directorships held in the public listed companies.

1.7 Board Committees

The Board has delegated specific responsibilities to the following Board Committees:

Audit Committee

The composition, terms of reference and summary of the activities of the Audit Committee is presented on pages 23 and 24 of this Annual Report.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) comprises of 3 Non-Executive Directors, with 2 being Independent Directors. The members during the financial year are as follows:

Chairman:	Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Independent Non-Executive Director*
Members:	Dato' Lim Chee Wah, *Non-Independent Non-Executive Director* Tay Beng Chai, *Independent Non-Executive Director*

Nomination & Remuneration Committee (cont'd)

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

(a) recommend to the Board, the candidates for appointment as directors and board committee members

(b) review the Board structure, size and composition and make relevant recommendations to the Board.

(c) review the required mix of skills, experience and other qualities including core competencies of Directors.

(d) assess the effectiveness of the Board and Board Committees as a whole and the contribution of the Directors.

(e) review remuneration of the directors

The NRC meets at least once a year and whenever required. In year 2013, the NRC had one (1) meeting and the attendance is set out below:

	No. of meetings attended
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	1/1
Dato' Lim Chee Wah	1/1
Tay Beng Chai	1/1

For the year under review, the NRC assessed and made recommendations to the Board with regards to the re-election of directors retiring by rotation, the composition of the Board and Board Committee and the remuneration of Directors.

2. Directors' Remuneration

Details of the Directors' remuneration for the financial year ended 31 December 2013 are as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	154	319
Attendance Fee	11	34
Total	165	353

The Directors' remuneration for the financial year ended 31 December 2013 fall within the following bands:

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

Statement on Corporate Governance
(cont'd)

3. Shareholders Communications and Investors Relations

The Company recognises the importance of maintaining an effective communication channel with its shareholders and the investing community.

Annual report and quarterly financial results are the primary mode of disseminating information on the Group's business activities and financial performance. Announcements are made as and when necessary to inform investors about developments and events within the Group. 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. In addition, shareholders and investors may also access other information about the Group via the Company's corporate website as stated above.

The Company also conducts analyst briefings after the release of financial results, for the media, fund managers and analysts, to provide an overview of the Group's performance.

Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with shareholders. At the AGM, the Board presents the Group's business and financial performance for the financial year. Shareholders are encouraged to attend the AGM and to seek clarification about the performance and operations of the Group.

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

4. Accountability and Audit

4.1 Financial Reporting

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

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

The statement explaining the Board of Directors' responsibility for preparing the annual financial statements is set out on page 81 of this Annual Report.

4.2 Relationship with Auditors

The Board maintains a formal, professional and transparent relationship with the External Auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is set out on pages 23 and 24 of this Annual Report.

4.3 Internal Control

The statement on the Company's risk management and internal control systems is set out on pages 25 to 26 of this Annual Report.

The Board is committed to ensuring that the Company complies with the Principles and Best Practices of the Code.

Audit Committee Report

1. The Audit Committee

The Audit Committee comprises exclusively of Non-Executive Directors, the majority are Independent Directors. The members during financial year ended 31 December 2013 are as follows:

Chairman:	Mohammad bin Abdullah, *Independent Non-Executive Director* *A member of the Malaysian Institute of Accountants (MIA)*
Member:	Tay Beng Chai, *Independent Non-Executive Director*
	Dato' Mohd Zafer bin Mohd Hashim, *Non-Independent Non-Executive Director* *(appointed on 24 July 2013)*
	Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, *Independent Non-Executive Director* *(resigned on 24 July 2013)*

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 2013, the Audit Committee held four (4) meetings and the record of attendance for each Audit Committee member is set out as below:

	No. of meetings attended
Mohammad bin Abdullah	4/4
Tay Beng Chai	4/4
Dato' Mohd Zafer bin Mohd Hashim	2/2*
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	2/2*

* Total number of meetings attended subsequent to appointment/resignation.

3. Summary of 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 Duties and Responsibilities

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

- Review with the Internal Auditors, the scope, functions, competency and adequacy of resources, authority, internal audit programme and results, processes or investigation undertaken and the action taken on their recommendations;
- Review the quarterly results and annual financial statements of the Group prior to the approval by the Board of Directors, focusing on:
  - any changes in accounting policies and practices
  - significant adjustments arising from the audit
  - the going concern assumption
  - compliance with accounting standards and other legal requirements
- Review any related party transaction and conflict of interest situation, including any transaction, procedure or course of conduct;
- Review with the External and Internal Auditors, the effectiveness of the Group's system of internal control, including information technology security and control;
- Review the effectiveness of the External Auditors, including their appointment, audit fee and any questions of resignation or dismissal;
- 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;

Audit Committee Report
(cont'd)

3.2 Duties and Responsibilities (cont'd)

- Review the External Auditors' management letter and management's response thereto;
- Review the effectiveness of the Internal Auditors' functions, including appraisal or assessment of the performance of the Chief Audit Executive, approve the appointment or termination of senior internal audit staff, and inform itself of the resignations of internal audit staff and provide the resigning staff member an opportunity to submit his reasons for resigning;
- Consider other topics as defined by the Board of Directors; and
- Report its activities, issues and related recommendations to the Board of Directors, and any matter which has not been satisfactorily resolved, 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 2013, 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 the Internal Auditors' 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 Auditors' 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;

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

(h) reviewed the External Auditors' audit findings and recommendations to the Board of Directors for further action where appropriate;

(i) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control;

(j) reviewed the Self-Assessment report on IT Security for the Group;

(k) reviewed and approved the Circular to Shareholders on Proposed Renewal of and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature; and

(l) met with the External Auditors twice without any executive Board members and management staff present.

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 for internal auditing work performed during the year, 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 2013 was RM442,558 (FY2012:RM503,683).

Statement on Risk Management and Internal Control

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

1. Board Responsibility

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

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

2. Risk Management

The Board is directly involved in assessing the major risks associated with the Group's business.

The Group's risk management process covering the Group's core business activities is an integral part of its daily activities in identifying, listing and evaluating the significant business risks faced by the Group. The process of reviewing the adequacy and effectiveness of the risk management process is incorporated within the Internal Audit function which reports to the Audit Committee of any weaknesses identified.

3. Internal Control

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

Control Structure

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

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

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

Financial Authority Limit/Operations Manual

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

Annual Budget

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

Financial/Operations Report

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

Statement on Risk Management and Internal Control
(cont'd)

3. Internal Control (cont'd)

Code of Ethics and Code of Conduct

The standard of ethics and conduct is set out in the Employee Handbook which is communicated to all employees of the Group.

Disaster Recovery Plan (DRP)

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

Human Resource

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

Associate and Jointly Controlled Entities

Financial and operational information of associate and jointly controlled entities are provided to management of the Group. Jointly controlled entities are commercially and operationally managed by the Group and falls within the internal audit jurisdiction of the Group. The associate is part of the Pacific Carriers Limited Group which has its audit committee and internal audit function to oversee internal controls and risk.

The Group also has representation on the boards of the associate and jointly controlled entities.

4. Monitoring and Review Activities

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

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 and risk management systems annually.

There are no material internal control failures or any reported weaknesses that have resulted in material financial losses or contingencies during the financial year ended 31 December 2013.

5. Effectiveness of Internal Control and Risk Management

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

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

The Board confirms that it has reviewed the effectiveness of the systems of internal control and risk management and is not aware of any significant weakness or deficiency for the financial year ended 31 December 2013 and up to the date of approval of this Statement on Risk Management and Internal Control.

6. Review of the Statement By External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

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 financial year ended 31 December 2013.

Principal Activities

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

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

Financial Results

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

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

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

Dividends

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

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

Directors

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

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

Directors' Benefits

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

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

Directors' Interests

According to the Register of Directors' Shareholdings, the interests of Directors who held office at the end of the financial year in shares of the Company were as follows:

	Number of ordinary shares of RM0.25 each			
	At	During the year		At
	1.1.2013	Bought	Sold	31.12.2013
Direct interests				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	–	–	500,000
Kuok Khoon Kuan	1,268,750	–	–	1,268,750
Teo Joo Kim	731,100	161,300	–	892,400
Wu Long Peng	1,625,000	–	–	1,625,000
Dato' Lim Chee Wah	–	100,000	–	100,000
Tay Beng Chai	275,000	–	–	275,000
Mohammad bin Abdullah	125,000	30,000	–	155,000
Indirect interests				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	10,000	10,000	–	20,000
Tay Beng Chai	2,500	–	–	2,500

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

Other Statutory Information

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there were no bad debts and that adequate provision had been made for doubtful debts; and

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

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

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

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

Directors' Report
(cont'd)

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

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

Subsequent Events

Details of events subsequent to the financial year are disclosed in Note 36 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2014.

Kuok Khoon Kuan

Wu Long Peng

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 75 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 on page 76 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2014.

Kuok Khoon Kuan

Wu Long Peng

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Kim Hoon, being the Officer primarily responsible for the financial management of Malaysian Bulk Carriers Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 76 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Tan Kim Hoon
at Petaling Jaya in Selangor Darul Ehsan
on 8 April 2014

Tan Kim Hoon

Before me,

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of Malaysian Bulk Carriers Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 75.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 37 on page 76 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Phang Oy Lin
No. 2985/03/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
8 April 2014

Income Statements
for the year ended 31 December 2013

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

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

Statements of Comprehensive Income
for the year ended 31 December 2013

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

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

Statements of Financial Position
as at 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Intangible assets	11	**1,808**	–	**864**	–
Property, plant and equipment	12	**515,018**	483,277	**6,329**	6,011
Subsidiaries	13	**–**	–	**1,142,288**	1,055,803
Associate	14	**999,366**	885,834	**–**	–
Joint ventures	15	**205,860**	190,993	**–**	–
Total non-current assets		**1,722,052**	1,560,104	**1,149,481**	1,061,814
Current assets					
Consumable stores	16	**9,719**	10,364	**–**	–
Derivative financial assets	17	**442**	1,382	**–**	–
Trade and other receivables	18	**39,649**	46,608	**996**	2,979
Amounts due from subsidiaries	19	**–**	–	**1,946**	2,457
Investments	20	**108,623**	91,903	**–**	–
Short term deposits	21	**30,574**	51,923	**3,665**	19,265
Cash and bank balances		**114,783**	138,187	**16,273**	21,340
		303,790	340,367	**22,880**	46,041
Non-current assets classified as held for sale	22	**–**	6,366	**–**	–
Total current assets		**303,790**	346,733	**22,880**	46,041
Total assets		**2,025,842**	1,906,837	**1,172,361**	1,107,855

Statements of Financial Position
as at 31 December 2013 (cont'd)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	**250,000**	250,000	**250,000**	250,000
Reserves	24	**1,608,741**	1,466,217	**917,483**	855,128
		1,858,741	1,716,217	**1,167,483**	1,105,128
Non-controlling interests		**54,947**	53,400	**–**	–
Total equity		**1,913,688**	1,769,617	**1,167,483**	1,105,128
Non-current liabilities					
Borrowings	25	**32,242**	33,516	**–**	–
Deferred tax liabilities	26	**221**	–	**–**	–
Total non-current liabilities		**32,463**	33,516	**–**	–
Current liabilities					
Derivative financial liabilities	17	**623**	218	**–**	–
Trade and other payables	27	**34,298**	30,218	**4,616**	2,415
Borrowings	25	**44,612**	73,077	**–**	–
Amounts due to subsidiaries	19	**–**	–	**238**	312
Provision for taxation		**158**	191	**24**	–
Total current liabilities		**79,691**	103,704	**4,878**	2,727
Total liabilities		**112,154**	137,220	**4,878**	2,727
Total equity and liabilities		**2,025,842**	1,906,837	**1,172,361**	1,107,855

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

Statements of Changes in Equity
for the year ended 31 December 2013

	← Attributable to equity holders of the Company →								
		Distributable	Non-distributable						
	Share capital RM'000	Retained profits (Note 24(a)) RM'000	Share premium RM'000	Capital reserve (Note 24(b)) RM'000	Capital redemption reserve (Note 24(c)) RM'000	Exchange translation reserve RM'000	Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2013	**250,000**	**1,377,834**	**48,791**	**13,209**	**40,000**	**(13,617)**	**1,466,217**	**53,400**	**1,769,617**
Total comprehensive income for the year	**–**	**44,532**	**–**	**–**	**–**	**127,992**	**172,524**	**3,803**	**176,327**
Dividends (Note 28)	**–**	**(30,000)**	**–**	**–**	**–**	**–**	**(30,000)**	**–**	**(30,000)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,256)**	**(2,256)**
At 31 December 2013	**250,000**	**1,392,366**	**48,791**	**13,209**	**40,000**	**114,375**	**1,608,741**	**54,947**	**1,913,688**
At 1 January 2012	250,000	1,341,785	48,791	13,209	40,000	46,348	1,490,133	55,717	1,795,850
Total comprehensive income/(loss) for the year	–	66,049	–	–	–	(59,965)	6,084	(2,317)	3,767
Dividends (Note 28)	–	(30,000)	–	–	–	–	(30,000)	–	(30,000)
At 31 December 2012	250,000	1,377,834	48,791	13,209	40,000	(13,617)	1,466,217	53,400	1,769,617

	← Attributable to equity holders of the Company →							
		Distributable	Non-distributable					
	Share capital RM'000	Retained profits (Note 24(a)) RM'000	Share premium RM'000	Capital reserve (Note 24(b)) RM'000	Capital redemption reserve (Note 24(c)) RM'000	Exchange translation reserve RM'000	Total reserves RM'000	Total RM'000
Company								
At 1 January 2013	**250,000**	**758,472**	**48,791**	**20,274**	**40,000**	**(12,409)**	**855,128**	**1,105,128**
Total comprehensive income for the year	**–**	**11,111**	**–**	**–**	**–**	**81,244**	**92,355**	**92,355**
Dividends (Note 28)	**–**	**(30,000)**	**–**	**–**	**–**	**–**	**(30,000)**	**(30,000)**
At 31 December 2013	**250,000**	**739,583**	**48,791**	**20,274**	**40,000**	**68,835**	**917,483**	**1,167,483**
At 1 January 2012	250,000	772,836	48,791	20,274	40,000	28,635	910,536	1,160,536
Total comprehensive income/(loss) for the year	–	15,636	–	–	–	(41,044)	(25,408)	(25,408)
Dividends (Note 28)	–	(30,000)	–	–	–	–	(30,000)	(30,000)
At 31 December 2012	250,000	758,472	48,791	20,274	40,000	(12,409)	855,128	1,105,128

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

Statements of Cash Flows
for the year ended 31 December 2013

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

Statements of Cash Flows
for the year ended 31 December 2013 (cont'd)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows brought forward	**26,768**	(3,089)	**(2,424)**	(9,755)
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(22,856)**	(714)	**(170)**	(69)
Acquisition of intangible assets	**(1,904)**	–	**(943)**	–
Deposit paid for vessel	**(4,039)**	–	**–**	–
Dividend from a subsidiary	**–**	–	**11,800**	–
Dividend from a joint venture	**–**	856	**–**	–
Dividend from an associate	**4,573**	–	**–**	–
Interest received	**1,780**	2,539	**236**	667
Proceeds from disposal of investments	**–**	45,466	**–**	–
Proceeds from disposal of property, plant and equipment	**13,991**	27,709	**–**	–
(Advances to)/repayment from joint ventures	**(24)**	97	**–**	–
Investment in an associate	**–**	(97,351)	**–**	–
Net cash (used in)/generated from investing activities	**(8,479)**	(21,398)	**10,923**	598
Cash flows from financing activities				
Finance costs paid	**(1,233)**	(1,972)	**–**	–
Repayment of borrowings	**(37,128)**	(44,176)	**–**	–
Dividends paid to shareholders	**(30,000)**	(30,000)	**(30,000)**	(30,000)
Dividend paid to non-controlling interests	**(2,256)**	–	**–**	–
Net cash used in financing activities	**(70,617)**	(76,148)	**(30,000)**	(30,000)
Net change in cash and cash equivalents	**(52,328)**	(100,635)	**(21,501)**	(39,157)
Effects of foreign exchange rate changes	**7,575**	(8,128)	**834**	(2,471)
Cash and cash equivalents brought forward	**190,110**	298,873	**40,605**	82,233
Cash and cash equivalents carried forward	**145,357**	190,110	**19,938**	40,605
Cash and cash equivalents comprise:				
Short term deposits	**30,574**	51,923	**3,665**	19,265
Cash and bank balances	**114,783**	138,187	**16,273**	21,340
	145,357	190,110	**19,938**	40,605

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

Notes to The Financial Statements
31 December 2013

1. Corporate Information

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2014.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company have adopted all applicable new and amended MFRS and IC Interpretations that are effective for annual periods beginning on 1 January 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the new and amended MFRS and IC Interpretations that have been issued but not yet effective. The directors expect the adoption of these standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

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

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

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

Under the acquisition method of accounting, the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets given, the equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition-related costs are expensed off in the statement of profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are initially measured at fair value as at acquisition date.

2. Significant Accounting Policies (cont'd)

2.4 Basis of consolidation (cont'd)

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

Under the merger method of accounting, the subsidiaries are consolidated as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition over the nominal value of share capital is classified as capital reserve.

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

2.5 Transactions with non-controlling interests

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

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

2.6 Subsidiaries

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

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

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

2.7 Associates and joint ventures

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

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

2. Significant Accounting Policies (cont'd)

2.7 Associates and joint ventures (cont'd)

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

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

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. Any impairment loss is recognised in profit or loss.

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

2.8 Consumable stores

Consumable stores such as lubricant oil stocks, bunkers and ship provisions are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

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

2.9 Intangible assets

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

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

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

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

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

2. Significant Accounting Policies (cont'd)

2.10 Property, plant and equipment

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

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

The depreciation rates used are as follows:

Vessels	25 years
Dry docking	2 – 3 years
Vehicles	20% per annum
Office equipment	20% – 33⅓% per annum
Renovations	33⅓% per annum
Furniture and fittings	10% per annum
Leasehold properties	99 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

2. Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost at their implicit discount rates, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Determination of fair value

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

Derecognition

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

2.12 Impairment of financial assets

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

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2.13 Investment securities

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

2.14 Borrowing costs

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

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

2. Significant Accounting Policies (cont'd)

2.15 Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

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

(iii) Foreign operations

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

2.16 Cash and cash equivalents

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

2. Significant Accounting Policies (cont'd)

2.17 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a suitable pre-tax discount rate based on the weighted average cost of capital and the risks specific to the asset.

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

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

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

2.18 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Significant Accounting Policies (cont'd)

2.19 Leases

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

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

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

2.20 Income tax

(i) Current income tax

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

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

(ii) Deferred tax

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

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

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

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

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

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

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

2. Significant Accounting Policies (cont'd)

2.20 Income tax (cont'd)

(ii) Deferred tax (cont'd)

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

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

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

2.21 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.22 Derivative financial instruments

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

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

2.23 Dividends

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

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

2.24 Income recognition

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

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

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

(iv) Rental income is accounted for on a straight-line basis over the lease terms.

2. Significant Accounting Policies (cont'd)

2.25 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.26 Non-current assets held for sale and discontinued operations

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

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

2.27 Segment reporting

Segmental information are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

2.28 Related parties

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

3. Significant Accounting Estimates and Judgements

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

3. Significant Accounting Estimates and Judgements (cont'd)

Judgements made in applying accounting policies

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

(a) Operating lease commitments – as lessee

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of vessels

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

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

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

(b) Depreciation of vessels

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

4. Revenue

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

Notes to The Financial Statements
31 December 2013 (cont'd)

5. Other Operating Income/(Loss), Net

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

6. Profit Before Taxation

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

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

7. Personnel Expenses

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

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

8. Directors' Remuneration

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

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

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

Notes to The Financial Statements
31 December 2013 (cont'd)

9. Taxation

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

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

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

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

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

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

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

10. Earnings Per Share

Basic earnings per share

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

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

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

11. Intangible Assets

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

Notes to The Financial Statements
31 December 2013 (cont'd)

12. Property, Plant and Equipment

Group	Leasehold properties RM'000	Vessels RM'000	Dry docking RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Vessels under construction RM'000	Total RM'000
Cost							
At 1 January 2013	**7,280**	**661,767**	**7,239**	**874**	**1,508**	**–**	**678,668**
Additions	**–**	**2,739**	**4,355**	**–**	**278**	**15,484**	**22,856**
Derecognition	**–**	**–**	**(5,143)**	**–**	**–**	**–**	**(5,143)**
Translation difference	**552**	**50,257**	**266**	**58**	**282**	**1,163**	**52,578**
At 31 December 2013	**7,832**	**714,763**	**6,717**	**932**	**2,068**	**16,647**	**748,959**
Accumulated depreciation							
At 1 January 2013	**1,508**	**185,999**	**5,779**	**766**	**1,339**	**–**	**195,391**
Charge for the year (Note 6)	**78**	**24,821**	**2,528**	**111**	**145**	**–**	**27,683**
Derecognition	**–**	**–**	**(5,143)**	**–**	**–**	**–**	**(5,143)**
Translation difference	**118**	**15,391**	**178**	**55**	**268**	**–**	**16,010**
At 31 December 2013	**1,704**	**226,211**	**3,342**	**932**	**1,752**	**–**	**233,941**
Net carrying amount							
At 31 December 2013	**6,128**	**488,552**	**3,375**	**–**	**316**	**16,647**	**515,018**

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

12. Property, Plant and Equipment (cont'd)

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

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

Notes to The Financial Statements
31 December 2013 (cont'd)

13. Subsidiaries

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

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2013	Equity interest 2012	Principal activities
Alam Budi Sdn Bhd	Malaysia	**100%**	100%	Owner and operator of ships
Bistari Shipping Sdn Bhd	Malaysia	**100%**	100%	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 [1]	British Virgin Islands (BVI)	**100%**	100%	Investment holding
– Ambi Shipping Pte Ltd [1]	Singapore	**70%**	70%	Owner and operator of ships
– Everspeed Enterprises Limited [1]	BVI	**100%**	100%	Ship operator
Awanapuri Sdn Bhd	Malaysia	**100%**	100%	Investment holding
New Johnson Holdings Limited [1]	BVI	**100%**	100%	Investment holding
– Bakti Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
– Madu Shipping Pte Ltd [1]	Singapore	**100%**	–	Owner and operator of ships
– Molek Shipping Pte Ltd [1]	Singapore	**100%**	–	Owner and operator of ships
– Sejahtera Shipping Pte Ltd [1]	Singapore	**100%**	–	Owner and operator of ships
Alam Gula Sdn Bhd	Malaysia	**100%**	100%	Under members' voluntary winding-up
Alam Senang Sdn Bhd	Malaysia	**100%**	100%	Under members' voluntary winding-up
MBC Equity Management Sdn Bhd [2]	Malaysia	**100%**	100%	Under members' voluntary winding-up
Bitara Shipping Sdn Bhd	Malaysia	**100%**	100%	In the process of striking off
Gaintrack Sdn Bhd	Malaysia	**–**	100%	Struck off

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

13. Subsidiaries (cont'd)

(a) Incorporation of new subsidiaries

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

14. Associate

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

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

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

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

Details of the associate are as follows:

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

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

Notes to The Financial Statements
31 December 2013 (cont'd)

14. Associate (cont'd)

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

(i) Summarised statement of financial position

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

(ii) Summarised statement of comprehensive income

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

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

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

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

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

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

15. Joint Ventures

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

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

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2013	Equity interest 2012	Principal activities
Eminence Bulk Carriers Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships
Novel Bright Assets Limited	BVI	**50%**	50%	Investment holding
– Brilliant Sun Shipping Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships
– Brilliant Star Shipping Pte Ltd	Singapore	**50%**	–	Owner and operator of ships
Progress Shipping Pte Ltd	Singapore	**50%**	50%	Investment holding
– Atlantic Progress Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships
– Atlantic Dream Pte Ltd	Singapore	**50%**	50%	Owner and operator of ships

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

(i) Summarised statements of financial position

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

Notes to The Financial Statements
31 December 2013 (cont'd)

15. Joint Ventures (cont'd)

(ii) Summarised statements of comprehensive income

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

16. Consumable Stores

Consumable stores are stated at cost.

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

17. Derivative Financial Assets/(Liabilites)

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

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

18. Trade and Other Receivables

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

Amounts due from related parties relate to advances for procurement of supplies and services on behalf of the Group. These balances are unsecured, interest-free and repayable on demand.

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

The ageing analysis of trade receivables is as follows:

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

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

19. Amounts Due From/To Subsidiaries

Balances with subsidiaries are unsecured, interest-free and repayable on demand. Funds are centralised at Group level and made available to subsidiaries as and when required.

20. Investments

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

21. Short Term Deposits

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

22. Non-Current Assets Classified as Held for Sale

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

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

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

23. Share Capital

	2013 Number of shares ('000)	**2012 Number of shares ('000)**	**2013 RM'000**	**2012 RM'000**
Group and Company				
Authorised:				
Ordinary shares of RM0.25 par value each	**2,000,000**	2,000,000	**500,000**	500,000
Redeemable preference shares of RM0.25 par value each	**400,000**	400,000	**100,000**	100,000
Issued and fully paid:				
Ordinary shares of RM0.25 par value each	**1,000,000**	1,000,000	**250,000**	250,000

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

24. Reserves

(a) Retained profits

The Company is able to distribute dividends out of its entire retained profits as at 31 December 2013 and 2012 under the single tier system.

(b) Capital reserve

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

(c) Capital redemption reserve

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

25. Borrowings

	Group	
	2013	**2012**
	RM'000	**RM'000**
Secured		
Term loan 1	**40,796**	62,802
Term loan 2	**36,058**	43,791
	76,854	106,593
Repayable within 12 months	**(44,612)**	(73,077)
Repayable after 12 months	**32,242**	33,516
Maturity of secured loans is analysed as follows:		
Within 1 year	**44,612**	73,077
Between 1 and 5 years	**32,242**	33,516
	76,854	106,593

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

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

26. Deferred Tax Liabilities

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

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

	Property, plant and equipment RM'000	Other payables RM'000	Total RM'000
At 1 January 2013	**–**	**–**	**–**
Recognised in income statement	**239**	**(18)**	**221**
At 31 December 2013	**239**	**(18)**	**221**

27. Trade and Other Payables

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

Amounts due to related parties are in respect of shared services cost and reimbursable expenses. These balances are unsecured, interest-free and repayable on demand.

28. Dividends

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

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

29. Commitments

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

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

Notes to The Financial Statements
31 December 2013 (cont'd)

30. Related Party Transactions

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

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

30. Related Party Transactions (cont'd)

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

Key management personnel

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

31. Segment Information

(a) Business segments

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

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

(b) Geographical segments

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

(c) Allocation basis and inter-segment charges

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

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

<u>Major customers</u>

Revenue from one major customer amount to RM27,973,000 (2012: RM46,381,000) arising from the provision of shipping services by the Bulker segment.

Notes to The Financial Statements
31 December 2013 (cont'd)

31. Segment Information (cont'd)

2013	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	182,767	57,248	7,352	–	(623)	246,744
Inter-segment	–	–	(623)	–	623	–
External	182,767	57,248	6,729	–	–	246,744
Results						
Segment results	(26,137)	1,538	1,788	18,770	–	(4,041)
Interest income	841	–	20	919	–	1,780
Finance costs	(669)	(554)	(10)	–	–	(1,233)
Share of results of an associate	–	–	–	48,646	–	48,646
Share of results of joint ventures	354	–	–	–	–	354
Taxation	(104)	–	(768)	(196)	–	(1,068)
(Loss)/profit for the year	(25,715)	984	1,030	68,139	–	44,438
Other information						
Investment in an associate	–	–	–	999,366	–	999,366
Investment in joint ventures	205,860	–	–	–	–	205,860
Segment assets	553,059	156,438	24,535	256,968	(170,384)	820,616
	758,919	156,438	24,535	1,256,334	(170,384)	2,025,842
Segment liabilities	167,060	74,067	8,445	32,966	(170,384)	112,154
Capital expenditure	21,702	876	1,069	1,113	–	24,760
Depreciation and amortisation	(17,724)	(9,626)	(77)	(374)	–	(27,801)
Fair value gain/(loss) on forward foreign exchange contracts	282	–	–	(457)	–	(175)
Fair value gain on investments	–	–	–	9,480	–	9,480
Unrealised foreign exchange gain/(loss), net	277	26	(36)	1,137	–	1,404

31. Segment Information (cont'd)

2012	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	194,453	61,503	7,168	–	(858)	262,266
Inter-segment	–	–	(858)	–	858	–
External	194,453	61,503	6,310	–	–	262,266
Results						
Segment results	(8,724)	(482)	1,750	28,133	–	20,677
Interest income	341	–	31	2,167	–	2,539
Finance costs	(1,155)	(795)	(22)	–	–	(1,972)
Share of results of an associate	–	–	–	35,257	–	35,257
Share of results of joint ventures	9,950	–	–	–	–	9,950
Taxation	(9)	–	(825)	48	–	(786)
Profit/(loss) for the year	403	(1,277)	934	65,605	–	65,665
Other information						
Investment in an associate	–	–	–	885,834	–	885,834
Investment in joint ventures	190,993	–	–	–	–	190,993
Non-current assets held for sale	–	–	–	6,366	–	6,366
Segment assets	478,247	158,581	19,234	239,291	(71,709)	823,644
	669,240	158,581	19,234	1,131,491	(71,709)	1,906,837
Segment liabilities	127,668	68,199	6,378	6,684	(71,709)	137,220
Capital expenditure	143	499	72	–	–	714
Additional investment in an associate	–	–	–	97,351	–	97,351
Depreciation	(18,037)	(9,615)	(46)	(334)	–	(28,032)
Fair value gain on forward foreign exchange contracts	746	–	–	434	–	1,180
Fair value gain on investments	–	–	–	15,446	–	15,446
Unrealised foreign exchange gain/(loss), net	428	22	39	(18)	–	471
Realisation of reserves on liquidation of subsidiaries	506	–	–	–	–	506

32. Financial Risk Management

Financial risk factors

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

(a) Price risk

Currency risk

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

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

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

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

Interest rate risk

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

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

At end of the reporting period, if interest rates had been 25 basis point higher/lower with all other variables held constant, the Group's profit after tax would have been RM116,000 (2012: RM137,000) lower/higher.

Market risk

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

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

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

32. Financial Risk Management (cont'd)

(b) Liquidity risk

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

The Group's exposure to liquidity risk is manageable and is addressed via internal funding as well as through sourcing of external borrowings. It is the Group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the Group's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of undiscounted financial instruments by remaining contractual maturities

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

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

(c) Credit risk

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

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

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

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

33. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. The debt to equity ratio of the Group for the year ended 31 December 2013 was 0.04:1 (2012: 0.06:1).

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

No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

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

34. Fair Value of Financial Instruments

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

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

34. Fair Value of Financial Instruments (cont'd)

(b) Fair value hierarchy

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

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

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

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

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

35. Significant Events

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

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

36. Subsequent Events

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

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

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

37. Disclosure of Realised and Unrealised Profits

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

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

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

List of Properties

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2013 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	16 years	1,523	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	16 years	1,541	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	16 years	1,523	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	16 years	1,541	12.07.2001

Statement of Shareholdings
as at 31 March 2014

Authorised Share Capital	: RM600,000,000
Issued and Paid-up Capital	: RM250,000,000
Class of Shares	: Ordinary Shares of RM0.25 each fully paid
Voting Rights	: One vote per shareholder on a show of hands One vote per ordinary share on poll

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	532	3.51	18,630	0.00
100 – 1,000	2,128	14.03	1,722,839	0.17
1,001 – 10,000	9,312	61.38	38,940,906	3.89
10,001 – 100,000	2,762	18.20	84,105,962	8.41
100,001 to less than 5% of issued shares	434	2.86	206,650,963	20.67
5% and above of issued shares	3	0.02	668,560,700	66.86
	15,171	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	–
Kuok (Singapore) Limited [1]	–	–	344,615,000	34.46
Minister of Finance Incorporated [2]	–	–	183,945,700	18.39
Kuok Brothers Sdn Berhad [3]	–	–	140,020,000	14.00

Notes :

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

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

[3] *Deemed interest through its 50.18% direct interest in PPB*

Directors' Interests in Shares (as per Register of Directors)

	Direct Interest		Deemed Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	0.05	20,000 [1]	–
Kuok Khoon Kuan	1,268,750	0.13	–	–
Teo Joo Kim	892,400	0.09	–	–
Wu Long Peng	1,625,000	0.16	–	–
Dato' Lim Chee Wah	100,000	0.01	–	–
Mohammad bin Abdullah	155,000	0.02	–	–
Tay Beng Chai	275,000	0.03	2,500 [2]	–
Dato' Mohd Zafer bin Mohd Hashim	–	–	–	–

Notes:

[1] *Deemed interest pursuant to Section 6A of the Companies Act, 1965*

[2] *Deemed interest through family member*

Statement of Shareholdings
as at 31 March 2014 (cont'd)

The Thirty Largest Shareholders
(As Per Record of Depositors as at 31 March 2014)

	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.	Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board (AMUNDI)*	7,210,000	0.72
5.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Dimensional Emerging Markets Value Fund*	6,932,625	0.69
6.	Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board (HDBS)*	5,452,500	0.55
7.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tiong Chiong Hee*	5,000,000	0.50
8.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Caceis Bank Luxembourg (CLT ACCT-DTT)*	4,948,900	0.49
9.	CIMB Commerce Trustee Berhad *For Public Focus Select Fund*	4,219,800	0.42
10.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	3,775,323	0.38
11.	Citigroup Nominees (Tempatan) Sdn Bhd *For Allianz Life Insurance Malaysia Berhad (P)*	3,549,300	0.35
12.	Citigroup Nominees (Asing) Sdn Bhd *CBHK* *For Kuwait Investment Authority (Fund 202)*	3,363,500	0.34
13.	Malaysia Nominees (Tempatan) Sendirian Berhad *For Great Eastern Life Assurance (Malaysia) Berhad (LSF)*	3,274,900	0.33
14.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For DFA Emerging Markets Small Cap Series*	3,246,700	0.32
15.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad* *For Pacific Dana Aman (3717 TRO1)*	3,084,100	0.31
16.	RHB Investment Bank Berhad *For IVT "SW Book 1"*	3,070,000	0.31
17.	Malaysia Nominees (Tempatan) Sendirian Berhad *For Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	2,722,200	0.27
18.	Amanahraya Trustees Berhad *For Public Smallcap Fund*	2,434,800	0.24
19.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (Norges Bk Lend)*	2,257,100	0.23

Statement of Shareholdings
as at 31 March 2014 (cont'd)

The Thirty Largest Shareholders
(As Per Record of Depositors as at 31 March 2014) (cont'd)

	Name of Shareholders	No. of Shares	%
20.	Kerajaan Negeri Pahang	2,153,850	0.22
21.	Amanahraya Trustees Berhad *For Public Equity Fund*	2,127,100	0.21
22.	Cimsec Nominees (Asing) Sdn Bhd *Exempt AN* *For CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	2,021,500	0.20
23.	Amanahraya Trustees Berhad *For Public Ittikal Sequel Fund*	2,000,000	0.20
24.	CIMB Commerce Trustee Berhad *For Public Regional Sector Fund*	2,000,000	0.20
25.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd* *For Pertubuhan Keselamatan Sosial (Hwang 6939-403)*	1,968,800	0.20
26.	Amanahraya Trustees Berhad *For Public Optimal Growth Fund*	1,800,000	0.18
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt AN* *For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)*	1,767,200	0.18
28.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For JPMorgan Chase Bank, National Association (U.S.A.)*	1,708,296	0.17
29.	Gan Teng Siew Realty Sdn Berhad	1,700,000	0.17
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd *State Street Luxembourg Fund MP25* *For Malta Pension Investments*	1,697,200	0.17
		754,046,394	75.40

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 Companies, Directors or Management

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, or their Directors and management by any regulatory authorities during the financial year ended 31 December 2013.

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 2013 was as follows:

Auditors	Fee (RM)	Purpose
Ernst & Young	7,500	Review of Statement on Risk Management and 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 2013 or entered into during the financial year ended 31 December 2013 except as disclosed in the financial statements as set out in this Annual Report.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 ("Act") to lay before the Company at its Annual General Meeting, annual audited financial statements of the Group and the Company, made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position 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 Malaysian Financial Reporting Standards, International 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 Group and the Company, 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 25th Annual General Meeting of Malaysian Bulk Carriers Berhad ("the Company") will be held on Friday, 23 May 2014 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur for the following purposes:

Ordinary Business

(1) To receive the audited Financial Statements for the financial year ended 31 December 2013 and the reports of the Directors and the Auditors thereon. **Resolution 1**

(2) To approve the payment of a final single tier dividend of 3 sen per ordinary share for the financial year ended 31 December 2013 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) Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid **Resolution 3**
(b) Wu Long Peng **Resolution 4**

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

"**THAT** Mr. Teo Joo Kim, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company." **Resolution 5**

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

"**THAT** Encik Mohammad bin Abdullah, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company." **Resolution 7**

(5) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix the Auditor's remuneration. **Resolution 8**

(6) To approve the payment of Directors' fees of RM473,000 for the financial year ended 31 December 2013. **Resolution 9**

As Special Business

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

Ordinary Resolutions

(7) To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 10**

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

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

(8) Renewal of Shareholders' Mandate and Additional Mandate for Recurrent Related Party Transactions 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 the recurrent related party transactions as set out in the Circular to Shareholders dated 30 April 2014, which are necessary for MBC Group's day-to-day operations in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

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

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

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

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

whichever is the earlier.

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

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

(9) To 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.

Notice of Annual General Meeting
(cont'd)

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."

(10) To transact any other business.

BY ORDER OF THE BOARD

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

30 April 2014
Petaling Jaya

Notes:-

1. *Only depositors whose names appear in the Record of Depositors as at 14 May 2014 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
6. *A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed shall be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall be invalid.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. ***Resolution 10***

   - *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 10 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

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

2. ***Resolution 11***

   - *Renewal of Shareholders' Mandate and Additional 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 30 April 2014 despatched together with the Company's 2013 Annual Report.

3. ***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 30 April 2014 despatched together with the Company's 2013 Annual Report.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the forthcoming 25th Annual General Meeting, a final single tier dividend of 3 sen per ordinary share will be paid on 19 June 2014 to the shareholders whose names appear in the Record of Depositors at the close of business on 28 May 2014.

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 28 May 2014 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

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

30 April 2014
Petaling Jaya

Statement Accompanying Notice of Annual General Meeting

Details of Directors who are standing for re-election and re-appointment 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 78 of this Annual Report.

Form of Proxy

MALAYSIAN BULK CARRIERS BERHAD
175953-W

Number of shares held	CDS Account No.

I/We, ____ NRIC/Company No. ________________________

of ____

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

1st PROXY

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

and/or failing him/her,

2nd PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No.	No. of Shares	%
			100%

or failing him/her, the Chairman of the Meeting as my /our proxy, to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on Friday, 23 May 2014 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur and at any adjournment thereof.

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

No.	Resolutions	For	Against
1.	To receive the audited Financial Statements for the financial year ended 31 December 2013 and the reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final single tier dividend of 3 sen per share for the financial year ended 31 December 2013		
3.	To re-elect Dato’ Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director		
4.	To re-elect Mr. Wu Long Peng as a Director		
5.	To re-appoint Mr. Teo Joo Kim as a Director		
6.	To re-appoint Dato’ Lim Chee Wah as a Director		
7.	To re-appoint Encik Mohammad bin Abdullah as a Director		
8.	To re-appoint Messrs Ernst & Young as Auditors of the Company		
9.	To approve the payment of Directors’ fees		
10.	To authorise the Directors to allot and issue shares		
11.	To approve the renewal of shareholders’ mandate and additional mandate for recurrent related party transactions		
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. If you do not do so, the proxy will vote or abstain from voting on the resolutions at his/their discretion)

Dated this ________________ day of ________________ 2014   Signature of Shareholder: ______________________

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 14 May 2014 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
6. *A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed shall be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting or any adjournment thereof and in default, the instrument of proxy shall be invalid.*

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STAMP

The Company Secretaries

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

Fold here

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