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Breaking the Waves

MISC Berhad Annual Report 2009

MISC BERHAD

Breaking the Waves

rising above the challenge

MISC Berhad
Annual Report
2009

Cover Rationale

The global shipping industry is anticipated to be more challenging in the upcoming year. Moderate shipping demands due to the slowing down of the world economy and the further softening of freight rates as a result of substantial new capacities will add pressure to an already competitive and volatile business environment.

In view of the challenging business environment, MISC will continue to enhance and sustain its business by consolidating its present portfolio of services while building institutional capabilities. Over time, with attention given to efficiency improvement, we will strengthen our position within the industry.

Moving forward, we believe that our sustainable traits will be the competitive edge that will help us to continue charting our course towards our vision, navigating us safely out of the storm and into new horizons.

Breaking the Waves

rising above the challenge

In a strong business environment, most organisations experience growth. However, when the tides turn, only those who see it coming and plan ahead can hope to survive the maelstrom.

At MISC, we strongly believe that innovation, strategic flexibility and capability development are the key drivers in ensuring that we ride out the stresses of a downturn and emerge on the other side, ready for further growth and success.

In the 40 years of our operation, we have faced many complex challenges; some attributed to global events, others unique to our position as a pioneering Malaysian shipping company. Through it all, we survived and came out stronger. In an industry as volatile as shipping, an organisation cannot expect to remain viable without adapting and evolving. This knowledge has led us to develop strategies that allow us to be more flexible and agile, resulting in a corporation that is resilient in the face of uncertainty. Our astute awareness of market conditions has led us to plan ahead and strategise our next action plan. Strategic partnerships with both local and international players help us perform and grow our business, while a culture built on integrity and excellence is instilled within our people, ensuring optimum performance.

As we navigate through the stormy weather, we will continue to enhance our resilience, rising above the challenge to achieve our goals and visions.

Contents

40th

Annual General Meeting of MISC Berhad will be held at Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 20 August 2009 at 11.00 a.m.

Group Financial Review

Operating Profit
In the year under review, the Group recorded an operating profit of RM1,914.4 million from RM2,585.7 million (excluding gain on disposal of ships of RM180.5 million) recorded in FY08. This translates to a drop of RM671.3 million or 26.0% against FY08. The reduction in the Group's operating profit was mainly due to losses in the Integrated Liner Logistics' segment of RM847.6 million.

Earnings Per Share (Sen)
The Group's net profit attributable to shareholders was RM1,404.5 million in FY09 compared with RM2,420.4 million in FY08. Consequently, the Group achieved lower earnings per share of 37.8 sen in FY09 from 65.1 sen in FY08.

Dividends
During the year, the Group paid an interim dividend of 15 sen per share and the Board of Directors is recommending a final dividend of 20 sen per share, resulting in a total dividend of 35 sen per share for FY09. The total dividend per share approved and paid for FY08 was 35 sen.

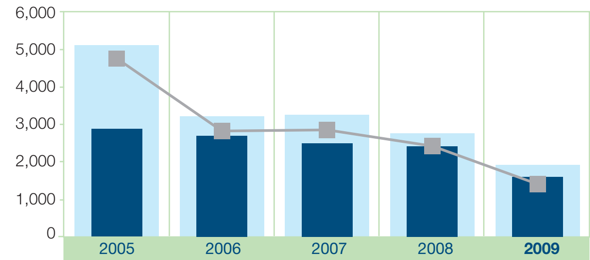
Balance Sheets
Total assets increased by RM7,747.1 million to RM36,757.1 million as at 31 March 2009 from RM29,010.0 million as at 31 March 2008. The increase was mainly contributed by the increase in the number of ships owned resulting from the delivery of four new ships and one offshore floating terminal. Total value of ships stood at RM25,843.2 million as at 31 March 2009, representing an increase of RM4,949.4 million. Increase in cash, deposits and bank balances by RM1,761.0 million also contributed to the increase in total assets.

The Group recorded total liabilities of RM15,462.8 million as at 31 March 2009 from RM10,324.8 million as at 31 March 2008. The increase of RM5,138.0 million was mainly contributed by the increase in loan balances of RM4,323.9 million.

Shareholders' Equity
Shareholders' equity grew to RM20,953.2 million as at 31 March 2009 from RM18,411.1 million as at 31 March 2008. The 13.8% increase was mainly due to foreign currency translational gains recorded during the year of RM2,363.8 million and net profit after tax of RM1,404.5 million. The foreign exchange gains arose from weakening of Ringgit Malaysia against United States Dollar. The increase in shareholders' equity was offset by the payment of interim and final dividends during the year totalling RM1,316.7 million.

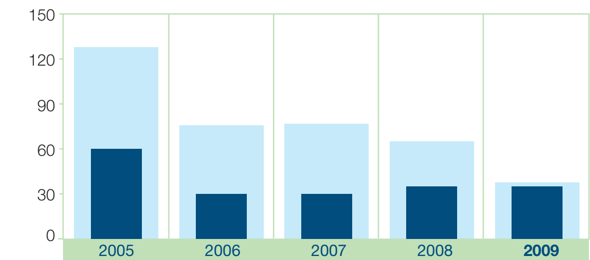
Debt / Equity Ratio
The Group's gross and net debt / equity ratio for the current year increased to 0.57 and 0.39, from FY08 of 0.41 and 0.30 respectively. The increase was due to a drawdown of new loan during the year amounting to RM4,333.9 million to fund capacity growth.

5-year Financial Highlights



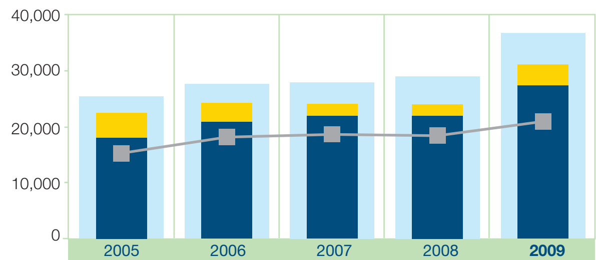
Profitability (RM million)

	2005**	2006	2007	2008***	2009
Operating Profit	5,117.8	3,222.0	3,250.4	2,766.2	**1,914.4**
Profit Before Exceptional Gains	2,875.9	2,698.5	2,493.7	2,418.9	**1,594.8**
Profit for the Year Attributable to Equity Holders of the Corporation	4,763.5	2,822.6	2,852.0	2,420.4	**1,404.5**



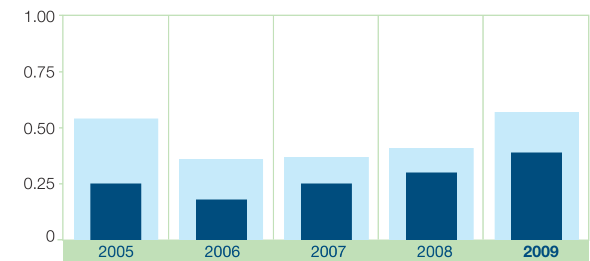
Earnings (sen per share)

	2005**	2006	2007	2008***	2009
Earnings Per Share	128.1*	75.9	76.7	65.1	**37.8**
Dividends Per Share	60.0	30.0	30.0	35.0	**35.0**



Balance Sheet (RM million)

	2005**	2006	2007	2008***	2009
Total Assets	25,431.4	27,623.1	27,954.8	29,010.0	**36,757.1**
Ships, Other Property, Plant and Equipment	18,064.2	20,844.6	21,927.2	21,980.1	**27,384.8**
Cash, Deposits and Bank Balances	4,373.8	3,426.0	2,217.6	1,964.4	**3,725.4**
Shareholders' Equity	15,279.8	18,156.2	18,639.2	18,411.1	**20,953.2**



Debt / Equity Ratio (ratio)

	2005**	2006	2007	2008***	2009
Total Debt / Equity	0.54	0.36	0.37	0.41	**0.57**
Net Debt / Equity	0.25	0.18	0.25	0.30	**0.39**

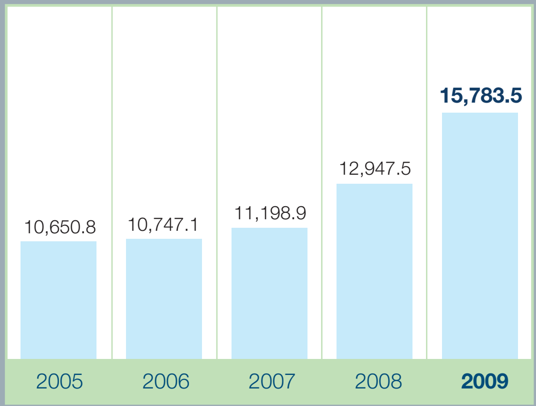
* Adjusted for bonus issue
** The 2005 audited summary data does not reflect the adoption of new and revised FRSs
*** The 2008 audited summary data reflects the adoption of FRS 139, change in accounting policy and prior year adjustments

5-year Financial Highlights

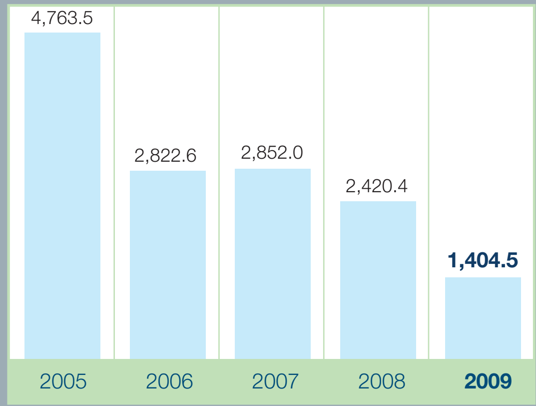
	2005** RM million	2006 RM million	2007 RM million	Restated 2008*** RM million	**2009 RM million**
Revenue	10,650.8	10,747.1	11,198.9	12,947.5	**15,783.5**
Profit Before Taxation	4,738.9	2,900.8	2,930.3	2,599.4	**1,594.8**
Profit for the Year Attributable to Equity Holders of the Corporation	4,763.5	2,822.6	2,852.0	2,420.4	**1,404.5**
Taxation	18.9	30.2	33.4	71.0	**67.6**
Dividends	837.0	1,114.1	1,097.0	1,290.0	**1,316.7**
Earnings Per Share (sen)	128.1*	75.9	76.7	65.1	**37.8**
Return on Assets (%)	22.5	12.8	12.3	10.7	**6.3**
Return on Shareholders' Equity (%)	31.2	15.5	15.3	13.1	**6.7**
Profit before Taxation as % of Revenue	44.5	27.0	26.2	20.1	**10.1**
Profit for the Year Attributable to Equity Holders of the Corporation as % of Revenue	44.7	26.3	25.5	18.7	**8.9**
Paid-up Capital	1,859.9	3,719.8	3,719.8	3,719.8	**3,719.8**
Shareholders' Equity	15,279.8	18,156.2	18,639.2	18,411.1	**20,953.2**
Total Assets	25,431.4	27,623.1	27,954.8	29,010.0	**36,757.1**
Total Liabilities	9,876.1	9,182.2	9,074.2	10,324.8	**15,462.8**
Total Borrowings	8,214.5	6,607.7	6,804.4	7,528.1	**11,852.0**
Capital Expenditure	2,665.4	3,326.6	4,399.0	3,647.3	**4,011.4**
Net Tangible Assets Per Share (sen)	382.2*	460.2	479.6	476.4	**544.9**
Debt / Equity Ratio	0.54	0.36	0.37	0.41	**0.57**
Interest Cover Ratio	15.6	13.6	13.4	12.8	**9.2**

* Adjusted for bonus issue
** The 2005 audited summary data does not reflect the adoption of new and revised FRSs
*** The 2008 audited summary data reflects the adoption of FRS 139, change in accounting policy and prior year adjustments

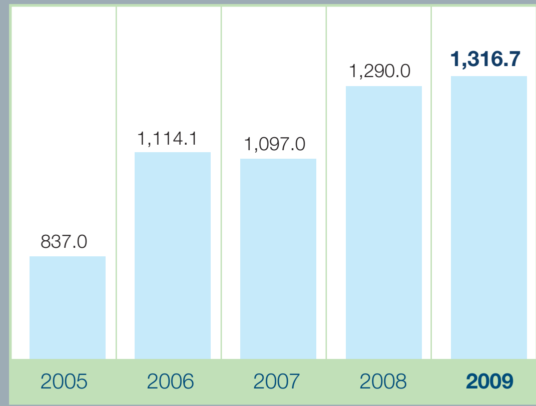
Revenue (RM million)



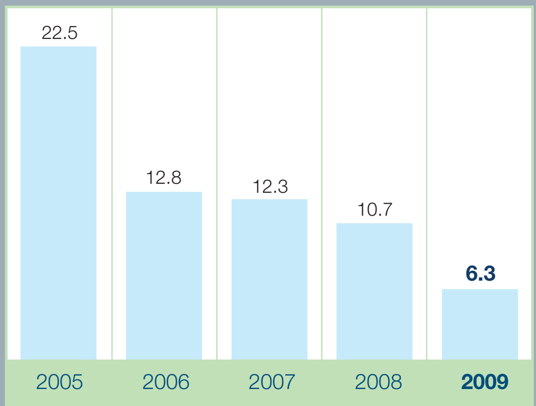
Profit for the Year Attributable to Equity Holders of the Corporation (RM million)



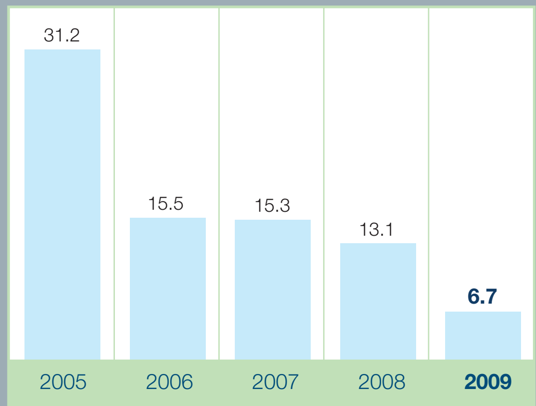
Dividends (RM million)



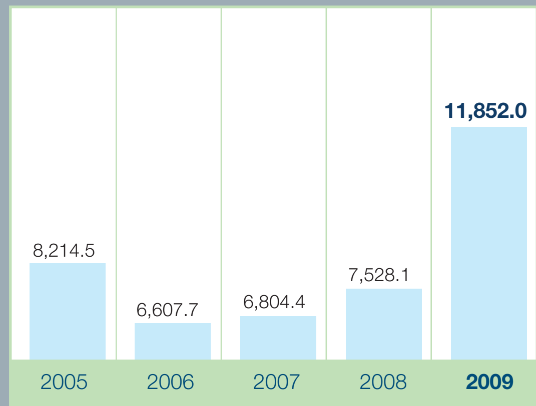
Return on Assets (%)



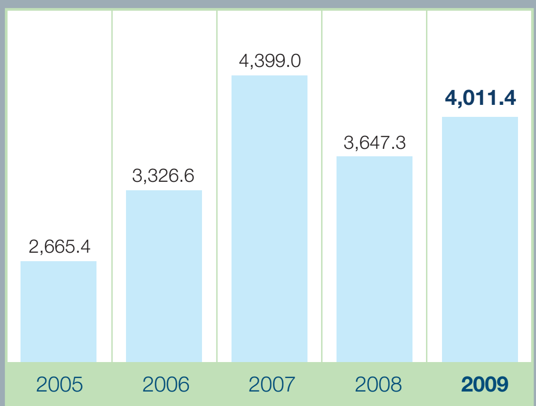
Return on Shareholder's Equity (%)



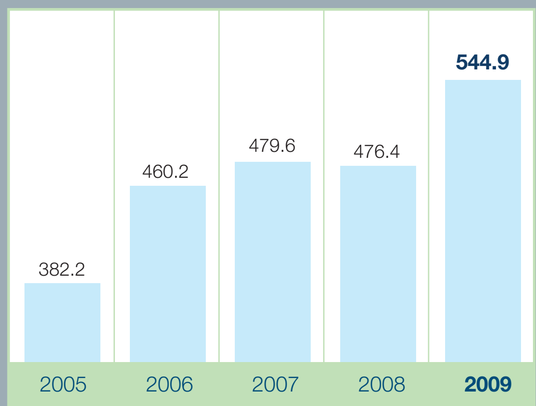
Total Borrowings (RM million)



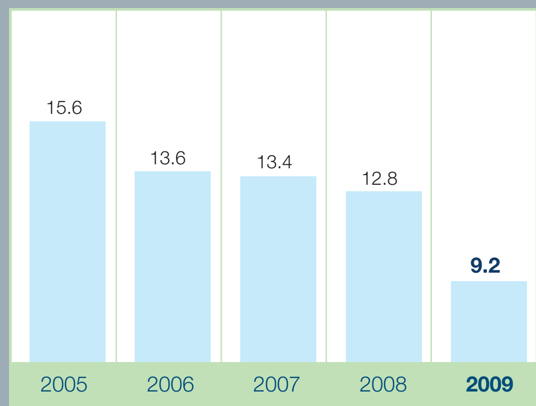
Capital Expenditure (RM million)



Net Tangible Assets Per Share (sen)



Interest Cover Ratio (no. of times)



Weathering the Storm

To compete effectively in an increasingly challenging environment, we create, manage and utilise assets and skills to our advantage. We focus on building unique core competencies, increasing our agility and thereby ensuring our success in navigating through the stormy weather.

Vision

To be the preferred provider of world class maritime transportation & logistics services.

Mission

We are a logistics service provider, maritime transportation is our core business and we support the nation's aspiration to become a leading maritime nation.

Shared Values

Loyalty
Loyal to nation and corporation

Integrity
Honest and upright

Professionalism
Committed, innovative, proactive and always striving for excellence

Cohesiveness
United in purpose and fellowship

Corporate Profile

MISC is Malaysia's leading international maritime corporation and is currently one of the top five shipping companies in the world by market capitalisation. The principal businesses of MISC consist of ship owning, ship operating, other shipping related activities, owning and operating of offshore floating facilities as well as marine repair, marine conversion and engineering & construction works.

MISC has grown from being purely a shipping line in 1968 to become a fully integrated maritime, heavy engineering and logistics services provider, particularly in energy transportation. This was brought about when MISC became a subsidiary of PETRONAS in 1998, a move that produced synergistic benefits especially in the field of oil & gas transportation.

Today, with a modern and well-diversified fleet of more than 100 vessels and a combined tonnage of more than eight million dwt, MISC provides safe, reliable, efficient and competitive shipping services both locally and internationally.

MISC is the world's leading LNG owner operator with over two decades of proven experience for safety, reliability and on-time deliveries. It is now evolving into a midstream player, offering LNG technology solutions for new offshore applications.

Through its wholly-owned subsidiary AET, MISC is a leading global tanker operator and one of the world's top three largest owner-operators of Aframax tankers. It counts amongst its customers the major oil companies and is the premier lightering operator in the US Gulf.

MISC also delivers chemical freighting solutions to various corners of the globe, leveraging on its extensive experience in transporting chemicals and vegetable oils in bulk. MISC is currently growing its fleet of chemical tankers, establishing itself as a significant transporter of chemicals and vegetable oils on the global platform. With major trading routes that includes South East Asia, the Far East, Middle East, Europe, the Indian Subcontinent and the Americas, MISC continues to add value to its services by embarking on tank terminal and storage services.

With over 40 years of experience in the industry, MISC is also one of the leading carriers in the Liner Intra-Asia trade. Being the first of its kind, the Halal Express Service offered gives MISC the competitive edge by catering to the growing needs of the Halal Industry.

Complementing the Halal Express Service, MISC offers its customers cold hub storage facilities at MILS Logistics Hub (MLH) Free Commercial Zone (FCZ) in Pulau Indah. Through strategic partnership with international players, MISC also offers integrated logistics solutions to niche market segments.

MISC has also ventured into offshore business, offering customers total offshore floating facility solutions – from design to operations. Through partnerships with many world-class companies, MISC achieved a significant milestone in realising Malaysia's first deepwater FPSO, FPSO Kikeh in 2007.

Through Malaysia Marine and Heavy Engineering (MMHE), MISC has also built a strong foundation in marine repair, marine conversion and engineering & construction for a wide spectrum of oil & gas production facilities.

Endowed with such diverse operations and supported by our strong backbone of dynamic, progressive professionals, MISC is energised to move into greater waters of success.

Group Structure* as at 30 June 2009

MISC BERHAD

LNG

PETRONAS Tankers Sdn Bhd *(Investment Holding and Provision of Management Services)*	100%
Puteri Delima Sdn Bhd *(Shipping)*	100%
Puteri Firus Sdn Bhd *(Shipping)*	100%
Puteri Intan Sdn Bhd *(Shipping)*	100%
Puteri Nilam Sdn Bhd *(Shipping)*	100%
Puteri Zamrud Sdn Bhd *(Shipping)*	100%
Puteri Delima Satu (L) Pte Ltd *(Shipping)*	100%
Puteri Firus Satu (L) Pte Ltd *(Shipping)*	100%
Puteri Nilam Satu (L) Pte Ltd *(Shipping)*	100%
Puteri Intan Satu (L) Pte Ltd *(Shipping)*	100%
Puteri Mutiara Satu (L) Pte Ltd *(Shipping)*	100%
Puteri Zamrud Satu (L) Pte Ltd *(Shipping)*	100%
Asia LNG Transport Sdn Bhd *(Shipowning and Ship Management)*	51%
Asia LNG Transport Dua Sdn Bhd *(Shipowning and Ship Management)*	51%
Nikorma Transport Limited *(LNG Transportation)*	30%

Petroleum

MISC Tanker Holdings Sdn Bhd *(Investment Holding)*	100%
MISC Tanker Holdings (Bermuda) Ltd *(Investment Holding)*	100%
AET Tanker Holdings Sdn Bhd *(Investment Holding)*	100%
AET Petroleum Tanker (M) Sdn Bhd *(Shipowning)*	100%
AET Shipmanagement (Malaysia) Sdn Bhd *(Ship Management)*	100%
AET Shipmanagement (India) Pte Ltd *(Ship Management and Manning Activities)*	99%
Eagle Star Crew Management Corporation *(Recruitment and Provision of Manpower for Maritime Vessels)*	24%
AET Shipmanagement (Singapore) Pte Ltd *(Ship Management)*	100%
AET Tankers Pte Ltd *(Commercial Operation and Chartering)*	100%
AET UK Limited *(Commercial Operation and Chartering)*	100%
AET Holdings (L) Pte Ltd *(Investment Holding)*	100%
AET Inc Limited *(Shipowning and Operations)*	100%
AET Agencies Inc *(Property Owning)*	100%
AET Offshore Services Inc *(Lightering)*	100%
AET Lightering Services LLC *(Lightering)*	100%
Paramount Tankers Corp *(Shipowning)*	50%
Bunga Kasturi (L) Pte Ltd *(Shipowning)*	100%

Chemical

Centralised Terminals Sdn Bhd *(Own, Manage, Operate and Maintain Centralised Tankage Facility)*	45%
Langsat Terminal (One) Sdn Bhd *(Provision of Tank Terminal Activities)*	36%
Langsat Terminal (Two) Sdn Bhd *(formerly known as Langsat CTF Sdn Bhd) (Provision of Multi User Petrochemical Terminal Facilities)*	36%

Offshore

MISC Offshore Holdings (Brazil) Sdn Bhd *(Investment Holding)*	100%
SBM Systems Inc *(FPSO Owner)*	49%
FPSO Brazil Venture S.A. *(Investment and Offshore Activities)*	49%
SBM Operacoes Ltda *(Operations and Maintenance of FPSO Terminals)*	49%
Brazilian Deepwater Floating Terminals Limited *(Construction of FPSO)*	49%
Brazilian Deepwater Production Limited *(Chartering of FPSO)*	49%
Brazilian Deepwater Production Contractors Limited *(Operation and Maintenance of FPSO)*	49%
Operacoes Maritimas em Mar Profundo Brasileiro Ltda *(Operations and Maintenance of FPSO)*	49%
MISC Floating Production System (Gumusut) Limited *(Asset Ownership)*	100%
MISC Offshore Floating Terminals (L) Limited *(Offshore Floating Terminals Owner and Operator)*	100%
Malaysia Offshore Mobile Production (Labuan) Ltd *(Mobile Production Unit Owner and Operator)*	70%
Malaysia Vietnam Offshore Terminal (L) Limited *(FSO Owner and Operator)*	51%
Malaysia Deepwater Floating Terminal (Kikeh) Limited *(FPSO Owner)*	51%
Malaysia Deepwater Production Contractors Sdn Bhd *(Operations and Maintenance of FPSO Terminals)*	51%
FPSO Ventures Sdn Bhd *(Operations and Maintenance of FSOs & FPSOs)*	51%
Offshore Marine Ventures Sdn Bhd *(Owning and Chartering of Support Vessels)*	26%
Vietnam Offshore Floating Terminal (Ruby) Ltd *(FPSO Owner and Operator)*	40%

Marine & Heavy Engineering

- **MSE Holdings Sdn Bhd** (Investment Holding) — 100%
  - Malaysia Marine and Heavy Engineering Sdn Bhd *(Marine Repair, Marine Conversion and Engineering and Construction)* — 100%
    - MSE Corporation Sdn Bhd *(Processing of Copper Grit)* — 100%
    - Techno Indah Sdn Bhd *(Sludge Disposal Management)* — 100%
    - MMHE-SHI LNG Sdn Bhd *(LNG Vessel Repair Works)* — 70%
    - MMHE-ATB Sdn Bhd *(Manufacturing Works of Pressure Vessels and Tube Heat Exchanges)* — 60%
    - MMHE-TPGM Sdn Bhd *(formerly known as Vital Start Sdn Bhd) (Provision of Engineering, Procurement, Construction, Installation and Commissioning)* — 60%

Liner & Integrated Logistics

- **MISC Integrated Logistics Sdn Bhd** *(Integrated Logistics Services)* — 100%
  - MILS – Seafrigo Sdn Bhd *(Owner of a Cold Storage Logistics Hub)* — 60%
  - MILS – Seafrigo Cold Chain Logistics Sdn Bhd *(formerly known as Good Zone Sdn Bhd) (Cold Chain Management and Operation)* — 60%
  - MILS – SterilGamma Sdn Bhd *(Sterilsation and Fumigation Facilities)* — 60%
  - BLG MILS Logistics Sdn Bhd *(Automotive Solutions and Related Integrated Logistics Services)* — 60%
  - Transware Distribution Services Pte Ltd *(Warehousing)* — 50%
  - Keer –MISC Logistics Co Ltd *(Transportation)* — 50%
  - Rais – Mils Logistics FZCO *(Integrated Logistics Services)* — 50%
- **MISC Agencies Sdn Bhd** *(Shipping Agent and Warehousing)* — 100%
  - MISC Agencies (Australia) Pty Ltd *(Shipping Agent)* — 100%
  - MISC Agencies (U.K.) Ltd *(Shipping Agent)* — 100%
  - MISC Agencies (Japan) Ltd *(Port and General Agent)* — 100%
  - MISC Agencies (Netherlands) B.V. *(Shipping Agent)* — 100%
    - Misan Logistics B.V. *(Haulage Brokerage, Liner Merchant and Carrier Haulage)* — 100%
  - MISC Agencies (Singapore) Private Limited *(Shipping Agent)* — 100%
    - Leo Launches Private Limited *(Launch Operator)* — 51%
  - MISC Agencies (New Zealand) Limited *(Shipping Agent)* — 100%
  - MISC Agencies (Sarawak) Sdn Bhd *(Shipping Agent)* — 65%
  - MISC Agencies (Thailand) Co Ltd *(Shipping Agent)* — 49%
  - MISC Agencies Lanka (Private) Limited *(Shipping Services)* — 40%
- **PTP-MISC Terminal Sdn Bhd** *(formerly known as Asia Pioneer Team Sdn Bhd) (Berthlease Arrangements / Transhipment Port)* — 30%

Maritime Education

- **Malaysian Maritime Academy Sdn Bhd** *(Education and Training for Seaman and Maritime Personnel)* — 100%

Others

- **MISC Capital (L) Ltd** *(Special Purpose Vehicle for Financing Arrangement)* — 100%
- **MISC International (L) Limited** *(Investment Holding)* — 100%
  - SL-MISC International Line Co Ltd *(Shipowning)* — 49%
- **MISC Enterprises Holdings Sdn Bhd** *(In Liquidation)* — 100%
  - Trans-ware Logistics (Pvt) Ltd *(Inland Container Depot)* — 25%

* excluding dormant companies

Business Overview & Fleet Strength

as at 31 March 2009

Global Energy Shipping

Liquefied Natural Gas (LNG)

Class	No. of Vessels
Aman Class	3
Tenaga Class	5
Puteri Class	5
Puteri Satu Class	6
Seri "A" Class	5
Seri "B" Class	5
Total (owned)	**29**

Core Capabilities

MISC has more than 25 years of proven experience in LNG transportation and we have earned not only a distinguished reputation for overall operational excellence, reliability, safety and on-time cargo deliveries but also the confidence of our charterers.

Facts

- Designed LNG Carriers (LNGC) based on operational feedbacks
- World's first full operational flexibility with two port discharges and partial loading and discharge
- Vessels' compatibility with most terminals worldwide
- Periodic vessels' inspection, audit and vetting ensures highest safety standards
- Ready to commercialise FSRU solutions

Major Developments in FY2008 / 2009

- Delivery of Seri Bijaksana
- Delivery of two LNGC with Dual Fuel Diesel Electric engine propulsion system: Seri Balhaf and Seri Balqis for the Yemen LNG Project
- Placement of two MISC employees in MISC's joint venture company Nikorma in Abuja, to reflect commitment to the West African LNG markets
- Secured medium term time charters for three LNGCs with the BG Group
- Commissioning of Fujian LNG Re-gasification Terminal by MISC's LNGC Seri Alam

Petroleum

Class	No. of Vessels
VLCC	11
Aframax	27
Panamax	1
Product	7
LR2	1
Total (owned)	**47**
Total (in-chartered)	**27**
Total (owned + in-chartered)	**74**

Core Capabilities

AET is our global provider of ocean transport solutions for crude oil and clean products. Through AET, we move liquid cargo for the majority of the world's oil majors and trading houses. AET's global coverage and growth plans combined with its superior service and excellent customer support will allow us to continuously enhance our position in the Aframax, VLCC and product tanker markets.

Facts

- A modern, young fleet of vessels ranging in capacity from 5,800 to 308,000 dwt
- 20 newbuildings scheduled to join the fleet within the next three years; comprising 11 owned Aframax tankers; six Aframax tankers (three owned, three commercially managed through the Restis Group joint venture); three in-chartered Medium Range 2 (MR2) tankers; three owned product tankers
- Market leader in ship-to-ship transfers in the US Gulf and the only company to offer complete one-stop-shop lightering services

Major Developments in FY2008 / 2009

- Synergistic partnership with MISC Chemical Business for MR2 tankers to carry clean petroleum products and vegetable-oils
- Established a shipowning and management operation in New Delhi to grow our clean presence in the region
- Ordered three new 6,600 dwt oil / chemical tankers from Russia's Okskaya shipyard to be delivered towards the end of 2009 and early 2010

Chemical

Class	No. of Vessels
Melati Class	7
Anggerik Class	4
Total (owned)	**11**
Total (in-chartered)	**10**
Total (owned + in-chartered)	**21**

Core Capabilities
MISC's three decades of experience in the Chemical Business has earned us an undeniable reputation for reliability and safety, transporting a wide range of cargoes from chemicals to vegetable oils. Our service integrity is a testament to our operational expertise – working within stringent safety rules and regulations to deliver cargoes reliably.

Facts
- Proven track record in transporting chemicals and vegetable oils for major producers / traders
- Quality fleet, comprising mainly double-hulled IMO II vessels with a mixture of stainless steel and coated tanks to meet the highest safety requirements for transporting liquid bulk cargo

Major Developments in FY2008 / 2009
- Secured time charter with PETRONAS for its Liquefied Petroleum Gas (LPG), Ammonia and Methanol exports
- Strengthened foothold in the Middle East market by securing Contract of Affreightment (COA) with ExxonMobil and Iran Petrochemical Commercial Company (IPCC)
- Increased and expanded palm oil trades into US and Europe by securing contracts with Wilmar Trading Pte Ltd, IOI Group and Sime Darby Group

Maritime Education

Resources	
State-of-the-art Simulation Centre	Meeting rooms with adjoining guest lounge, gymnasium and dining room
M.T. Pernas Propane Training Ship	In-campus accommodation which includes villas for senior officials
Resource Centre with Internet facilities	
Well equipped workshops and laboratories	

Core Capabilities
ALAM is the nerve centre and premier training ground for an exciting and explorative maritime career. For over 30 years, ALAM has trained thousands of Malaysians, through a regimented training and education system unique to the Academy. Working in collaboration with companies and institutions in the maritime industry, ALAM prepares students to face the challenges of the maritime profession.

Facts
- A balance of professional regimentation with a challenging college environment, our system unites classroom instruction, practical training and professional development skills

Major Developments in FY2008 / 2009
- Received high subscription from the United States Coast Guard (USCG) for ALAM's eLearning programme on LNG Shipping Cargo Operations
- A member of the Working Committee to develop SIGTTO's competency standards for Steam Engineers onboard LNG tankers
- Co-sponsored the competency standards and tables for all types of tankers in Chapter V of the STCW and a new set of competency standards and tables for Electro-Technical Officers in Chapter III of STCW
- Carried out consultancy services in relation to port development and design for Asian Petroleum Hub, Tanjung Langsat Port and Penang Port's Dangerous Goods 2 (DG2) Terminal
- Collaborated and partnered with major equipment suppliers for the shipping industry to enhance physical resources which would offer value added and hands-on training courses i.e :
  - Alfa Laval – Part funding of the supply, installation and commissioning of fuel-oil purifier plant, fresh water generator plant and computer based training package for latest IMO compliant Oily Water Separator (OWS)
  - Atlas Copco – Full funding of the supply of a high duty gas compressor with cut-out as utilised onboard an LNG tanker
  - Yokogawa – Part funding of the supply and installation of enhanced simulator capability of an LNG tanker's Distributed Control System (DCS); and
  - MAN B & W – Full funding of the supply of very large components of a two stroke slow speed diesel engine

Business Overview & Fleet Strength as at 31 March 2009

Other Energy Business

Offshore Business

Class	No. of Vessels
Floating Production Storage and Offloading (FPSO)	4*
Floating Storage and Offloading (FSO)	5**
Total (owned)	**9**

Core Capabilities

MISC's experience in Offshore Floating Facility Services began with MT Bunga Kertas, the first MISC tanker to be converted into a Floating Production, Storage and Offloading (FPSO) facility within a fast-track schedule. From design to operation, MISC offers the full scope of offshore floating facility services. Each scope of service is enhanced and strengthened by the synergy and support of MISC's subsidiaries, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) and FPSO Ventures Sdn Bhd (FVSB).

Facts

- Adoption of the latest technology to provide the best solutions for our customers' offshore development needs
- Solid foundation and position in the offshore industry to offer comprehensive solutions for deepwater and small field developments

Major Developments in FY2008 / 2009

Floating facility units that are currently under construction:

- FPSO Ruby II (Jointly owned between MISC and Petroleum Technical Services Corporation of Vietnam)
- MOPU SATU and MOPU DUA (Jointly owned between MISC and Global Process System)

* Includes one jointly owned FPSO
** Includes one jointly owned FSO

Marine & Heavy Engineering

Facilities	No. & Area
Drydock	2 drydocks (Up to 450,000 dwt - 385 m x 80 m x 14 m & 140,000 dwt - 270 m x 48 m x 12.5 m)
Open Fabrication Yard	5 fabrication areas totalling 314,600 sqm
Skid Track & Bulkhead	Up to 40,000 T
Workshops	33 workshops covering 101,380 sqm (Including fully equipped and covered cutting & assembly workshop.)
Shiplift	1 shiplift (188.4 m x 33.8 m x 8 m draft)
Landberth	2 landberths (Length 345 m each landberth)
Quay	6 Quays (Length up to 325 m)
LNG Tanker Repair Facility	
• Portable GTCR (Global Test)	3
• Cryogenic Workshop	1 (482.20 sqm)
• Invar Welding Training Centre	1 (84.28 sqm)

Core Capabilities

Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), provides a wide spectrum of oil and gas production facilities and services in marine repair, marine conversion and engineering & construction.

Facts

- One of the largest marine heavy industry facilities in the region with an area of 150.56 hectares and 1.5 km seafront
- Operates fabrication yard in Kiyanly, Turkmenistan with an area of 157,000 sqm
- Order book as at 31 March 2009 – RM7.2 billion

Major Developments in FY2008 / 2009

Projects Completed in FY2008 / 2009

- Completed the construction of PC4 Drilling Platform (3650 T) for PETRONAS Carigali Sdn Bhd comprising of jacket and topsides
- Completed the construction of the CPOC Drilling Platform Project (9580 T) for Carigali - PTTEP Operating Company Sdn Bhd
- Successfully completed the conversion of FSO Orkid
- Repaired 68 vessels inclusive of 14 LNG carriers
- Redelivered the drilling tender barge 'Searex Nine' to Marlin Offshore

Major Projects in Progress

- Construction of Gumusut-Kakap Semi Floating Production Unit – a 40,000 T deepwater semi-sub
- Conversion of tanker to an FPSO for Ruby field
- Awarded contract by PETRONAS Carigali Sdn Bhd for Kinabalu Gas Processing Platform B Topside and Jacket for the Kinabalu Non Associated Gas Development Project (Phase 1)
- Awarded contract by PETRONAS Carigali Sdn Bhd for the Integrated Procurement and Construction of Tangga Barat Central Processing Platform Topsides & Jacket for Tangga Barat Cluster Development Project (Phase 1)
- Refurbishment of two drilling rigs MOPU SATU and MOPU DUA

Integrated Liner Logistics

Liner

Class	No. of Vessels
Above 5000 TEUs	2
3000 – 5000 TEU's	3
1000 – 3000 TEU's	8
Below 1000 TEU's	6
Total (owned)	**19**
Total (in-chartered)	**18**
Total (owned + in-chartered)	**37**

Core Capabilities

With over 30 years of proven experience, MISC has carved its name as one of the leading carriers in the region. A leader in the Intra-Asia trade, our strategically placed and professionally managed agency network enable us to reach valued customers around the globe. We grow through strategic alliances with our valued customers as well as shipping partners.

Facts

- Innovator of Halal Supply Chain Solutions through the Halal Express Service
- Extensive agency network in the region
- Market leader in South East Asia, Australia and New Zealand

Major Developments in FY2008 / 2009

- Super sized Halal Service from 1,700 TEU to 4,000 TEU per week
- Expanded port rotation to include the Far East
- Pioneer in offering connection between the Far East and Indonesia

Integrated Logistics

Assets	No.
Prime movers	152 units
Road tankers	16 units
Total Storage Facility	776,221 sqft

Core Capabilities

As a one-stop service provider, MISC Integrated Logistics Sdn Bhd (MILS) integrates logistics services, which include Freight Management, Transportation, Warehousing, Project Cargo Management and other value-added activities to meet the local, regional and global requirements of its customers.

Facts

- MILS Logistic Hub (MLH), located in Pulau Indah is a logistics facility, offering a complete range of logistics services

Major Developments in FY2008 / 2009

- MLH Cold Hub commenced operations in October 2008 and was certified halal compliant by Halal Industry Development Corporation (HDC) in March 2009
- Completion of the Vehicle Distribution Center (VDC) in MILS Port Klang
- Phase two warehouse expansion for RAIS-MILS

Others

Other Class	No. of Vessels
LPG	3
Dry Bulk (Panamax)	1
Total (owned)	**4**
Total (in-chartered)	**1**
Total (owned + in-chartered)	**5**

Investor Relations Report

MISC is committed to ensure timely dissemination of material information that is complete, transparent and credible to the market about its operations, financial conditions, business strategies and future prospects.

The Investor Relations (IR) programme continues to be an integral part of MISC's commitment towards effective communication with shareholders, investors and the investment community at large and to maintain high standards of corporate governance. The IR's objective is to ensure fair and accurate representation of the Group, so that existing and potential investors can make properly informed investment decisions, and other stakeholders can have a balanced understanding of the Group and its objectives. The Group will continue to take a proactive approach in communicating with the investing community by having a dedicated IR team to attend to enquiries in an informative, timely and professional manner and to drive an extensive investors' outreach programme.

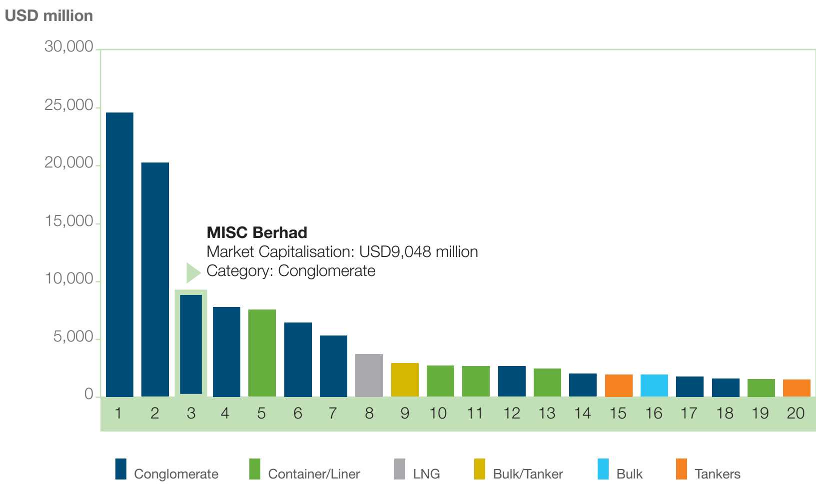
During the financial year, MISC's active IR efforts include:

- Integration of the IR functions for Equity, Fixed Income and Rating Agent constituents under Corporate Planning and Development Division. This is aimed at streamlining and enhancing the IR efforts in managing the needs of related constituents.
- Quarterly analysts' briefings where in-depth explanation on the Group's results, market conditions, long-term prospects and strategies were elaborated on; these briefings also provide an opportunity for Senior Management to engage with the investing audience.
- Feature presentations at analysts' briefings as part of MISC's effort to educate the investing public on the Group's businesses and operations.
- Site visits to Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) and other operations to support its investor education programme.
- Comprehensive annual reviews with rating agencies, namely, Moody's Investors Service, Standard & Poor's and Malaysian Rating Corporation Bhd (MARC), together with quarterly dialogue sessions via in-house meetings / telephone conferences to review announced results.
- Participation in International Investment Conferences and Non-Deal Roadshows (NDRs) for both Equity and Fixed Income markets.
- Regular dialogues with institutional investors and investment analysts, via one-on-one meetings and conference calls, facilitate two-way communication of related industry and corporate developments.

The Group's "Corporate Disclosure Policies and Procedures" identify the President / Chief Executive Officer, Vice President for Finance, Vice President for Corporate Planning & Development and Head Group Investor Relations as responsible for IR activities.

MISC aims to build and maintain improved transparency with the investing community by keeping the communication channels open and being more accessible. Such efforts will be continuously enhanced to maintain the Group's corporate credibility and to strengthen investor confidence with greater corporate transparency.

Market Capitalisation



The list excludes Cruise / Ferries companies [E.g. Carnival Corp. (U.S.A.), Royal Caribbean (U.S.A.)]

Source: Reuters, 30 June 2009

Shipping Companies by Market Capitalisation as at 30 June 2009

No.	Company	Market Listing	Market Capitalisation	Category USD million
1.	AP Moller-Maersk Group	Denmark	24,650	Conglomerate
2.	China Cosco Holdings	China	20,296	Conglomerate
3.	**MISC Berhad**	**Malaysia**	**9,048**	**Conglomerate**
4.	Mitsui OSK Lines	Japan	7,776	Conglomerate
5.	China Shipping Container Lines	China	7,543	Container / Liner
6.	China Shipping Development Co.	China	6,435	Conglomerate
7.	Nippon Yusen Kabushiki	Japan	5,307	Conglomerate
8.	Qatar Gas Transport Co. (Nakilat)	Qatar	3,693	LNG
9.	China Merchants Energy Shipping	China	2,880	Bulk / Tanker
10.	Orient Overseas International Group	Hong Kong	2,672	Container / Liner
11.	Neptune Orient Lines	Singapore	2,630	Container / Liner
12.	Kawasaki Kisen Kaisha	Japan	2,628	Conglomerate
13.	Hyundai Merchant Marine	Korea	2,415	Container / Liner
14.	Cosco Shipping Co.	China	1,989	Conglomerate
15.	Frontline Ltd	USA	1,923	Tankers
16.	STX Pan Ocean Co.	Korea	1,896	Bulk
17.	Sinotrans Shipping	Hong Kong	1,741	Conglomerate
18.	Teekay Corporation	USA	1,563	Conglomerate
19.	Evergreen Marine Corporation	Taiwan	1,525	Container / Liner
20.	Nanjing Tanker Corporation	China	1,460	Tankers

Statistics on Shareholdings as at 30 June 2009

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	279	5.11	7,007	0.00
100 – 1,000	1,201	21.99	805,391	0.02
1,001 – 10,000	2,734	50.05	10,849,648	0.29
10,001 – 100,000	914	16.73	28,632,138	0.77
100,001 to less than 5% of issued shares	332	6.08	990,502,400	26.63
5% and above of issued shares	2	0.04	2,689,031,002	72.29
Total	**5,462**	**100.00**	**3,719,827,586**	**100.00**

Directors' Shareholdings

No.	Name of Directors	No. of Shares Direct and Indirect Interests	%
1.	Tan Sri Mohd Hassan bin Marican	–	–
2.	Amir Hamzah bin Azizan	–	–
3.	Harry K. Menon	–	–
4.	Dato' Halipah binti Esa	–	–
5.	Datuk Nasarudin bin Md Idris	–	–
6.	Dato' Kalsom binti Abd. Rahman	–	–
7.	Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	–	–
8.	Ahmad Nizam bin Salleh	–	–
9.	Datuk Latifah binti Datuk Abu Mansor	–	–

Substantial Shareholders

No.	Name of Substantial Shareholders	No. of Shares	Total No. of Shares	%
1.	Petroliam Nasional Berhad		2,331,216,420	62.67
	Held Through:			
	– Cartaban Nominees (Tempatan) Sdn Bhd for Petroliam Nasional Berhad (Strategic INV)	2,322,512,920		
	– Cartaban Nominees (Tempatan) Sdn Bhd for Petroliam Nasional Berhad (Trading PF)	8,703,500		
2.	Employees Provident Fund Board		407,812,982	10.96
	– Employees Provident Fund Board (shares held in its own name)	366,518,082		
	– Employees Provident Fund Board (shares held in its own name)	3,000,000		
	Held Through:			
	– Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd	4,239,900		
	– Am Nominees (Tempatan) Sdn Bhd	4,515,300		
	– HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia	14,156,900		
	– Mayban Nominees (Tempatan) Sdn Bhd HwangDBS Investment Management Bhd	473,200		
	– SBB Nominees (Tempatan) Sdn Bhd	9,839,200		
	– Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd	1,200,000		
	– RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd	3,870,400		

30 Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
1.	Cartaban Nominees (Tempatan) Sdn Bhd Petroliam Nasional Berhad (Strategic Inv)	2,322,512,920	62.44
2.	Employees Provident Fund Board	366,518,082	9.85
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	182,159,200	4.90
4.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	85,307,500	2.29
5.	Kumpulan Wang Persaraan (Diperbadankan)	70,236,800	1.89
6.	State Financial Secretary Sarawak	61,333,334	1.65
7.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	50,088,400	1.35
8.	Valuecap Sdn Bhd	48,125,500	1.29
9.	Perbadanan Pembangunan Pulau Pinang	44,000,000	1.18
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	43,648,100	1.17

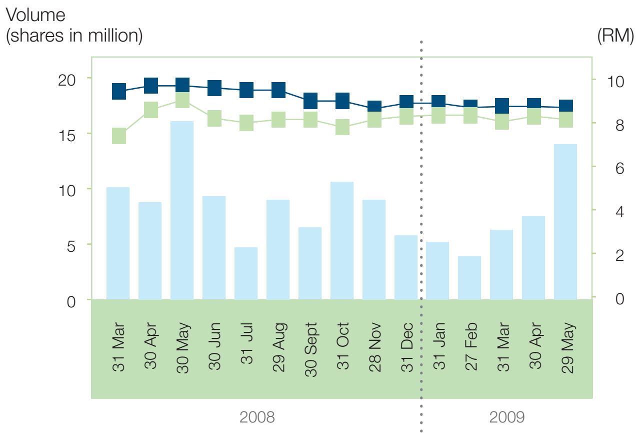
Statistics on Shareholdings as at 30 June 2009

30 Largest Shareholders (cont'd)

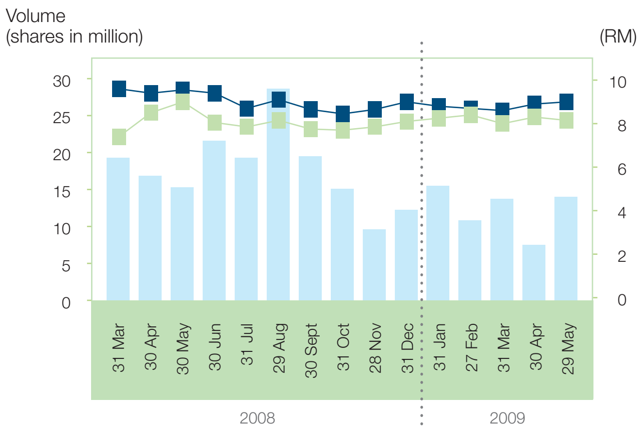
No.	Name of Shareholders	No. of Shares	%
11.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	25,156,700	0.68
12.	Lembaga Tabung Haji	24,044,100	0.65
13.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for RBC Dexia Investor Services Trust (Clients Account)	18,790,900	0.51
14.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	18,057,422	0.49
15.	Kerajaan Negeri Pahang	17,163,600	0.46
16.	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia for Employees Provident Fund	14,156,900	0.38
17.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Didik	13,823,300	0.37
18.	SBB Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,839,200	0.26
19.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Prudential Fund Management Berhad	9,629,234	0.26
20.	Cartaban Nominees (Tempatan) Sdn Bhd Petroliam Nasional Berhad (Trading PF)	8,703,500	0.23
21.	HSBC Nominees (Asing) Sdn Bhd BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	8,170,665	0.22
22.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.S.A)	7,610,200	0.20
23.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank Of New York Mellon (Mellon Acct)	6,769,665	0.18
24.	Cartaban Nominees (Asing) Sdn Bhd State Street for Ishares, Inc.	6,625,500	0.18
25.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.A.E)	6,590,714	0.18
26.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (Norges Bank)	6,462,700	0.17
27.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Government Of Singapore (C)	6,390,500	0.17
28.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	6,138,300	0.17
29.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for American International Assurance Berhad	5,310,266	0.14
30.	Db (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Deutsche Trustees Malaysia Berhad (MYETF-DJIM25)	4,556,200	0.12
Total		**3,497,919,402**	**94.03**

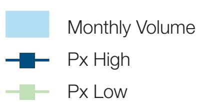
Share Performance as at 30 June 2009

MISC Local Shares



MISC Foreign Shares





List of Announcements Submitted to Bursa Malaysia

2008

30 May
- i. MISC Berhad Proposed Reverse Take-Over of Ramunia Holdings Berhad Via Disposal by MISC, Through its Wholly-Owned Subsidiary, MSE Holdings Sdn Bhd (MSEH) of Its Entire Equity Interest in Malaysia Marine and Heavy Engineering Sdn Bhd;
- ii. Proposed Renounceable Offer for Sale by MSEH of 82 Million Ordinary Shares of RM0.50 each in Ramunia to the Existing Shareholders of Ramunia; and
- iii. Proposed Exemption for MSEH and Parties Acting in Concert with it from the Obligation to Undertake a Mandatory Take-Over Offer for the Remaining Ramunia Shares, Irredeemable Convertible Preference Shares 2004 / 2009 and Warrants 2004 / 2014 in Ramunia Not Already Held by Them Upon Completion of the Proposed RTO
  (Proposed RTO)

13 Aug MOPU Contract Awarded to MISC Berhad

18 Aug 1st Quarterly Results for FY2008 / 2009

19 Sep FSO Contracts Awarded to MISC Berhad

08 Oct USD1 Billion Syndicated Transferable Term Loan Facility of MISC Capital (L) Ltd

24 Oct Contracts Awarded to Malaysia Marine and Heavy Engineering Sdn Bhd

20 Nov 2nd Quarterly Results for FY2008 / 2009

24 Nov Agreement for the Lease of "FSO Orkid" to Talisman Malaysia Limited

25 Nov Announcement on the Proposed RTO
The announcement was to inform the termination of the Conditional Sale and Purchase Agreement entered into in relation to the Proposed RTO

2009

19 Jan Revision of Order for Chemical Tanker Newbuildings

24 Feb 3rd Quarterly Results for FY2008 / 2009

11 May 4th Quarterly Results for FY2008 / 2009

14 May Joint Venture Amongst MISC Berhad, PETRONAS International Corporation Limited and Mustang Engineering Limited

15 May MISC's Withdrawal from the Grand Alliance

8 Jun Reply to Bursa's Query on Article Entitled "MISC Partners China LNG Shipping"

Source: Bursa Malaysia Berhad's website

Financial Calendar

	2008			2009				
Date	18 Aug	20 Nov	24 Dec	24 Feb	11 May	27 July	20 Aug	28 Aug
Quarterly Results	Quarter 1 Announced	Quarter 2 Announced		Quarter 3 Announced	Quarter 4 Announced			
Dividends		Interim Dividend Announced	Interim Dividend Paid		Final Dividend Announced			Payment of Proposed Final Dividend
Annual Report						Annual Report Issued		
Annual General Meeting							Annual General Meeting	

Corporate Information

Chairman
Tan Sri Mohd Hassan bin Marican

President / Chief Executive Officer
Amir Hamzah bin Azizan
(appointed with effect from 1 January 2009)

Dato' Shamsul Azhar bin Abbas
(resigned with effect from 1 January 2009)

Directors
Dato Sri Liang Kim Bang*
(resigned with effect from 18 March 2009)

Harry K. Menon*

Dato' Halipah binti Esa*

Datuk Nasarudin bin Md Idris

Dato' Kalsom binti Abd. Rahman*

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah*

Ahmad Nizam bin Salleh

Datuk Latifah binti Datuk Abu Mansor
(Alternate Director to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah)
(appointed with effect from 24 February 2009)

Dato' Ibrahim Mahaludin bin Puteh
(Alternate Director to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah)
(resigned with effect from 17 October 2008)

Audit Committee
Dato' Halipah binti Esa*
(Chairman)
Dato Sri Liang Kim Bang*
(resigned with effect from 18 March 2009)
Harry K. Menon*
Dato' Kalsom binti Abd. Rahman*

Note:
* Independent Non-Executive Director

Company Secretaries
Fadzillah binti Kamaruddin
(LS 0008989)

Nor Eliza binti Musa @ Ayob
(MAICSA 1035207)
(resigned with effect from 15 May 2009)

Registered Office
Level 25, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Tel +603 2273 8088
Fax +603 2273 6602
Homepage www.misc.com.my
Email miscweb@miscbhd.com

Auditors
Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Share Registrar
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel +603 2721 2222
Fax +603 2721 2531

Form of Legal Entity
Incorporated on 6 November 1968 as a public company limited by shares under the Companies Act 1965

Place of Incorporation and Domicile
Malaysia

Stock Exchange Listing
Main Board of Bursa Malaysia Securities Berhad


7C
8CS
6P
8P

Riding the Waves

The open sea, while unpredictable and full of challenges, is abundant with new and exciting opportunities for success. The organisation that is able to adjust and innovate its strategies to meet the constantly changing environment will be able to ride the waves of success and come out ahead of its competitors.

Profiles of Directors

Tan Sri Mohd Hassan bin Marican
Chairman, Non-Independent Non-Executive Director

Tan Sri Mohd Hassan bin Marican, a Malaysian, aged 56, was appointed Chairman and Non-Independent Non-Executive Director of MISC Berhad on 3 October 1997.

He attended six out of seven Board Meetings of the Company held in the financial year under review.

A Fellow of the Institute of Chartered Accountants in England and Wales, as well as a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, Tan Sri Mohd Hassan joined Petroliam Nasional Berhad (PETRONAS) in 1989 as Senior Vice President, Finance and was subsequently appointed President and Chief Executive Officer in February 1995.

Tan Sri Mohd Hassan is a Board member of PETRONAS and Chairman of Engen Limited, South Africa's leading oil refining and marketing company, a subsidiary of PETRONAS.

Beyond PETRONAS, Tan Sri Mohd Hassan is a Board member of Bank Negara Malaysia and a member of the Board of Malaysia-Thailand Joint Authority, which oversees petroleum development in the overlapping area between Malaysia and Thailand.

He is also a Board member of World Economic Forum's (WEF) Partnering Against Corruption Initiative (PACI).

Amir Hamzah bin Azizan
President / Chief Executive Officer

Amir Hamzah bin Azizan, a Malaysian, aged 42, was appointed President / Chief Executive Officer (CEO) and Director of MISC Berhad on 1 January 2009.

He attended two Board Meetings of the Company since his appointment and for the financial year under review.

He graduated with a Bachelor of Science Degree in Management (majoring in Finance and Economics) from Syracuse University, New York. He had also attended the Stanford Executive Programme at Stanford University, USA and the Corporate Finance Evening Programme at the London Business School, United Kingdom.

Amir Hamzah joined MISC in 2000 and was the Group's General Manager, Corporate Planning Services. Subsequently in 2004 he was the Regional Business Director (Europe, Americas, Africa and FSU) of MISC based in London, UK before being appointed President / CEO, AET Tanker Holdings Sdn Bhd on 1 April 2005.

Prior to joining MISC, he served the Shell Group of Companies for ten years in various capacities including Head of Financial Services and Manager, Planning & Support at Sarawak Shell Berhad, Marketing Credit Accountant at Shell Singapore Ptd Ltd, Internal Auditor at Shell Eastern Petroleum Pte Ltd and Senior Treasury Advisor at Shell International Ltd, London.

Amir Hamzah is Chairman of the Boards of major subsidiaries of MISC Berhad, among which includes Malaysia Marine and Heavy Engineering Sdn Bhd, MISC Integrated Logistics Sdn Bhd, Malaysian Maritime Academy Sdn Bhd and MISC Agencies Sdn Bhd. Amir Hamzah is also Deputy Chairman, AET Tanker Holdings Sdn Bhd. He is also Director of Bintulu Port Holdings Berhad and NCB Holdings Berhad.

Amir Hamzah is Board member of UK P&I Club, PETRONAS Maritime Services Sdn Bhd, as well as Executive Committee member of INTERTANKO. He is also council member of the American Bureau of Shipping, and General Committee Member of Bureau Veritas. He is also a member of Management Committee of PETRONAS.

Profiles of Directors

Harry K. Menon
Independent Non-Executive Director

Harry K. Menon, a Malaysian, aged 59, was appointed Independent Non-Executive Director of MISC Berhad on 30 August 2001. He is also a member of MISC Board Audit Committee.

He attended all the seven Board Meetings of the Company held in the financial year under review.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He spent 13 years in public practice with Hanafiah Raslan & Mohamad, seven years of which he served as a partner. He joined Public Bank Berhad as General Manager and was subsequently promoted to Executive Vice President. After serving two public listed companies, he then joined Putrajaya Holdings Sdn Bhd as Chief Operating Officer since 1997 till 2000.

Harry K. Menon is presently Chairman of Putrajaya Perdana Berhad and is a Non-Executive Director of SPK-Sentosa Corporation Berhad, M3 Technologies (Asia) Berhad, SCICOM (MSC) Berhad and UBG Berhad.

Dato' Halipah binti Esa
Independent Non-Executive Director

Dato' Halipah binti Esa, a Malaysian, aged 59, was appointed Independent Non-Executive Director of MISC Berhad on 26 April 2004. She also sits as Chairman of MISC Board Audit Committee.

She attended six out of seven Board Meetings of the Company held in the financial year under review.

Dato' Halipah graduated with an Honours Degree majoring in Economics and was later conferred a Masters of Economics Degree from the University of Malaya. She also holds Certificates in Advanced Economic Management from IMF Institute, Washington and the Kiel Institute of World Economics, Germany as well as a Certificate in Advanced Management Programme from Adam Smith Institute, London.

She began her career in 1973 as Assistant Secretary, Administrative and Diplomatic Services in the Economic Planning Unit (EPU) at the Prime Minister's Department. She subsequently held various other positions within EPU and became the Deputy Director General Macro from 1999 to 2004 prior to assuming the role of Deputy Secretary General (Policy) with the Ministry of Finance until 2005. Thereafter, she became Director General of EPU before retiring in 2006.

Dato' Halipah had been a consultant to the World Bank and United Nations Development Programme (UNDP) in advising the Royal Kingdom of Saudi Arabia on economic planning. She had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

She also sits on the Boards of Cagamas SME Berhad and KLCC Property Holdings Berhad.

Profiles of Directors

Datuk Nasarudin bin Md Idris
Non-Independent Non-Executive Director

Datuk Nasarudin bin Md Idris, a Malaysian, aged 54, was appointed Non-Independent Non-Executive Director of MISC Berhad on 11 October 2004.

He attended six out of seven Board Meetings of the Company held in the financial year under review.

He obtained his Bachelor of Arts (Honours) Degree from the University of Malaya and Masters Degree in Business Administration from Henley-The Management College, United Kingdom (UK). He also obtained a postgraduate diploma in Petroleum Economics from the College of Petroleum Studies, UK.

Since joining PETRONAS in 1978, he has held various positions within the Group including Senior General Manager, Corporate Planning and Development Division, (CPDD); Executive Assistant to the President; General Manager, Retail Business, PETRONAS Dagangan Berhad; General Manager, Corporate Development and General Manager, Group Strategic Planning.

Datuk Nasarudin is currently Vice President, Corporate Planning and Development of PETRONAS and serves on the Boards of PETRONAS and its various other subsidiaries. He is also a member of Management Committee of PETRONAS.

Dato' Kalsom binti Abd. Rahman
Independent Non-Executive Director

Dato' Kalsom binti Abd. Rahman, a Malaysian, aged 60, was appointed Independent Non-Executive Director of MISC Berhad on 27 October 2004. She is also a member of MISC Board Audit Committee.

She attended six out of seven Board Meetings of the Company held in the financial year under review.

She holds a Bachelor of Economics (Honours) Degree from the University of Malaya and Masters Degree in Business Administration (Finance) from the University of Oregon, USA.

Dato' Kalsom had served in various capacities in the Ministry of International Trade and Industry (MITI) both at Headquarters and Overseas offices, the last post being the Deputy Secretary General (Industry).

She currently sits on the Boards of Malaysian Industrial Development Finance Berhad (MIDF), MIDF Asset Management Berhad, MIDF Property Berhad, MIDF Amanah Investment Bank Berhad, Chemical Company of Malaysia Berhad and Lion Forest Industries Berhad.

Profiles of Directors

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Independent Non-Executive Director

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah, a Malaysian, aged 57, was appointed Independent Non-Executive Director of MISC Berhad on 14 September 2006.

He attended six out of seven Board Meetings of the Company held in the financial year under review.

He holds a Bachelor of Economics (Honours) Degree in Applied Economics from the University of Malaya and a Master of Philosophy in Development Studies from the Institute of Development Studies, University of Sussex, United Kingdom (UK). He went on to earn a Ph.D in Economics from the School of Business and Economic Studies, University of Leeds, UK. In 2004, he attended the Advanced Management Program at Harvard Business School, Harvard University.

Tan Sri Dr. Wan Abdul Aziz began his career in the Administrative and Diplomatic Service as Assistant Director, Economic Planning Unit (EPU) in the Prime Minister's Department in 1975. He was later promoted to the position of Senior Assistant Director, Macro-Economics in 1984, Senior Assistant Director, Human Resource Section and Director, Energy Section in 1988. In the same year, he was seconded to the World Bank Group in Washington DC, USA as Alternate Executive Director. He then served the Ministry of Finance (MOF) as Deputy Secretary in the Economics and International Division in 2001. He later returned to EPU in the Prime Minister's Department as Deputy Director General, Macro Planning Division, in 2004. In 2005, he was appointed Deputy Secretary General of Treasury (Policy), Federal Treasury in the MOF. He is currently the Secretary General of Treasury in the MOF.

Tan Sri Dr. Wan Abdul Aziz sits on the Board of Malaysia Airlines System (MAS), Federal Land Development Authority (FELDA), Kumpulan Wang Persaraan (Diperbadankan) (KWAP), Inland Revenue Board, Petroliam Nasional Berhad (PETRONAS), Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS), Cyberview Sdn Bhd, Bank Negara Malaysia, Pembinaan BLT Sdn Bhd and Malaysia Deposit Insurance Corporation (PIDM).

Ahmad Nizam bin Salleh
Non-Independent Non-Executive Director

Ahmad Nizam bin Salleh, a Malaysian, aged 53, was appointed Non-Independent Non-Executive Director of MISC Berhad on 9 January 2008.

He attended six out of seven Board Meetings held in the financial year under review.

Ahmad Nizam obtained his Bachelor of Business Administration Degree from Ohio University and attended the Advanced Management Program of Wharton School, University of Pennsylvania, USA.

He was Assistant Project Director, Malaysia LNG (MLNG) 2; Executive Assistant to the President; Senior General Manager Crude Oil Group, PETRONAS; Senior General Manager Group Treasury, PETRONAS prior to holding the post of Managing Director / Chief Executive Officer of MLNG companies. Effective 1 November 2007, he assumed the position of Vice President, Corporate Services, PETRONAS.

He is also director of Bintulu Port Holdings Berhad and member of PETRONAS Management Committee and holds several directorships within PETRONAS Group of Companies.

Profiles of Senior Management

Amir Hamzah bin Azizan
President / Chief Executive Officer
MISC Berhad

Amir Hamzah bin Azizan, aged 42, was appointed President / Chief Executive Officer (CEO) and Director of MISC Berhad on 1 January 2009.

He graduated with a Bachelor of Science Degree in Management (majoring in Finance and Economics) from Syracuse University, New York. He had also attended the Stanford Executive Program at Stanford University, USA and the Corporate Finance Evening Programme at the London Business School, United Kingdom.

Amir Hamzah joined MISC in 2000 and was the Group's General Manager, Corporate Planning Services. Subsequently in 2004 he was the Regional Business Director (Europe, Americas, Africa and FSU) of MISC based in London, UK before being appointed President / CEO, AET Tanker Holdings Sdn Bhd on 1 April 2005.

Prior to joining MISC, he served the Shell Group of Companies for ten years in various capacities including Head of Financial Services and Manager, Planning & Support at Sarawak Shell Berhad, Marketing Credit Accountant at Shell Singapore Pte Ltd, Internal Auditor at Shell Eastern Petroleum Pte Ltd and Senior Treasury Advisor at Shell International Ltd, London.

Amir Hamzah is Chairman of the Boards of major subsidiaries of MISC Berhad, among which includes Malaysia Marine and Heavy Engineering Sdn Bhd, MISC Integrated Logistics Sdn Bhd, Malaysian Maritime Academy Sdn Bhd and MISC Agencies Sdn Bhd. Amir Hamzah is also Deputy Chairman, AET Tanker Holdings Sdn Bhd.
He is also Director of Bintulu Port Holdings Berhad and NCB Holdings Berhad.

Amir Hamzah is Board member of UK P&I Club, PETRONAS Maritime Services Sdn Bhd, as well as Executive Committee member of INTERTANKO. He is also council member of American Bureau of Shipping, and General Committee Member of Bureau Veritas. He is also a member of the Management Committee of PETRONAS.

Hor Weng Yew
President / Chief Executive Officer
AET Tanker Holdings Sdn Bhd

Hor Weng Yew, aged 42, was appointed President / Chief Executive Officer, AET Tanker Holdings Sdn Bhd on 1 January 2009.

He holds a Bachelor of Arts (Economics) Degree from the National University of Singapore and obtained his MSc in Shipping, Trade & Finance (Distinction) from the City University Business School, London.

He began his career with Neptune Orient Lines Limited (NOL) in 1989 and was involved in the strategy and business planning initiatives for American Eagle Tanker Inc Ltd (AET), a subsidiary of NOL, since its inception in 1994.

He joined MISC Berhad in July 2003, following the acquisition of AET by MISC. He was later seconded to London to set up MISC Regional Office and was appointed Regional Business Director (Europe, Americas, Africa and FSU) of MISC in June 2005.

Prior to his current position, he was Vice President, Chemical Business after serving the same division in the capacity of Senior General Manager, a position he held since 1 September 2006.

Hor Weng Yew sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Wan Yusoff bin Wan Hamat
Managing Director / Chief Executive Officer
Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE)

Wan Yusoff bin Wan Hamat, aged 55, was appointed Managing Director / Chief Executive Officer (MD / CEO) of Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), a wholly-owned subsidiary of MISC Berhad on 1 April 2005.

He graduated from Birmingham University, United Kingdom with an Honours Degree in Engineering Production.

He was previously seconded from PETRONAS as the MD / CEO of MMHE (then known as Malaysia Shipyard and Engineering Sdn Bhd) on 1 May 2004 before assuming his current position.

In the 27 years that he had served PETRONAS, he had held various senior managerial positions in the development and operation of refining and petchem ventures including MTBE (M) Sdn Bhd, PETRONAS Penapisan (Terengganu) Sdn Bhd, PETRONAS Penapisan (Melaka) Sdn Bhd and Aromatics Malaysia Sdn Bhd. In 1999 and thereafter, he assumed the position of Managing Director and CEO of PETRONAS Penapisan (Terengganu) Sdn Bhd.

Wan Yusoff also sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Niels Kim Balling
Managing Director / Chief Executive Officer
MISC Integrated Logistics Sdn Bhd

Niels Kim Balling, aged 54, was appointed Managing Director / Chief Executive Officer, MISC Integrated Logistics Sdn Bhd, a wholly-owned subsidiary of MISC Berhad on 1 February 2009. Prior to that, he was Vice President, Liner Business since 1 April 2005.

He obtained his education in Maritime Law from Denmark and had since attended executive trainings from the University of Wisconsin, Massachusetts Institute of Technology and Stanford-NUS in Singapore.

He was the Managing Director of Econships Ltd (Econships), a management consulting practice, serving amongst others, Fortune 50 and Government-linked companies in Asia, within the energy, retail, transport and aerospace sectors prior to joining MISC Berhad on 15 March 2004.

During his tenure with Econships, he was also the project leader for the Hong Kong Government in developing its maritime cluster. He had also served a number of years with Orient Overseas Container Line and A.P. Moller, the parent company of Maersk Line. Niels was also active within the Council of Logistics Management USA, International Chamber of Commerce, Pacific Basin Economic Council and served on the advisory council for Hong Kong University, MBA faculty.

He is a member of the World Shipping Council and the International Council of Container Operators.

Niels also sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Profiles of Senior Management

Gunaseharan a / l R. Ganapathy
Vice President, LNG Business

Gunaseharan a / l R. Ganapathy, aged 53, was appointed Vice President, LNG Business on 1 April 2005.

He obtained his Masters of Business Administration Degree from the University of Bath, United Kingdom. He had also completed the Qualifying Examination of the Institute of Chartered Shipbrokers, London.

He began his career with MISC as a sea-staff in 1976 and subsequently joined MISC's Shore Services in 1992 before being promoted as the Project Manager, Petroleum Services. He was later appointed General Manager, Petroleum Business in 2002. In the following year, he was appointed General Manager, Tanker Business, and was responsible for the newly merged Petroleum & Chemical Services.

Gunaseharan a / l R. Ganapathy sits as a Board member of several subsidiaries, joint venture and associate companies within MISC Group.

Zahar Mohd Hashim bin Zainuddin
Vice President, Offshore Business

Zahar Mohd Hashim bin Zainuddin, aged 48, was appointed Vice President, Offshore Business on 1 April 2005.

He graduated in Marine Engineering from South Shields in the United Kingdom holding a Class 1 Marine Engineering and Class 1 Steam Certificate of Competencies.

Zahar Mohd Hashim is a member of the Malaysian Institute of Certified Engineers. He also attended the INSEAD Senior Management Development Programme.

Having over 27 years of experience in shipbuilding, ship operations and project management, he had served in various capacities within PETRONAS Group, including heading the LNG fleet operations and the technical liaison office in Japan.

He had also served MISC as Senior Manager, LNG & Tanker Fleet Operations, Senior Project Manager, FPSO and General Manager, Offshore Business.

Zahar Mohd Hashim sits as a Board member of several subsidiaries and joint venture companies within MISC Group and is the Chairman of the Technical and Offshore Committees for the Malaysia Shipowners' Association.

Mohamed Khalzani bin Mohamed Saffian
Vice President, Chemical Business

Mohamed Khalzani bin Mohamed Saffian, aged 43, was appointed Vice President, Chemical Business on 1 February 2009.

He graduated with a Bachelor of Arts Degree in Business Administration majoring in Marketing and Management Information System from the Eastern Washington University, USA.

Prior to joining MISC, he served the Shell Group of Companies for 17 years in various fields including Logistics and Customer Service, Supply Chain Strategy, New Market Entry, Supply Chain Management, Business Development and Oil Trading.

Mohamed Khalzani also sits as a Board member of several joint venture companies within MISC Group.

Baharuddin bin Arbak
Senior General Manager, Liner Business

Baharuddin bin Arbak, aged 46, was appointed Senior General Manager, Liner Business on 1 February 2009 after serving the same division in the capacity of General Manager, Operations since 13 August 2007.

He graduated from the National University of Singapore with a Bachelor of Science Degree.

Prior to joining MISC, he was with Neptune Orient Lines (NOL) Group of Companies for 19 years and had served in various liner senior management capacities in NOL's corporate headquarters in Singapore and overseas offices in Pakistan, Indonesia and Hong Kong.

Baharuddin also sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Profiles of Senior Management

Nordin bin Mat Yusoff
Vice President, Group Technical Services

Nordin bin Mat Yusoff, aged 49, was appointed Vice President, Group Technical Services on 1 August 2008. Previously, he was Vice President, Fleet Management Services since 1 April 2005.

He graduated from the University of Glasgow, Scotland with a Degree in Naval Architecture & Ocean Engineering and is a registered Professional Engineer with the Board of Engineers, Malaysia.

He joined PETRONAS in 1989 and had served in various capacities in PETRONAS Carigali Sdn Bhd and PETRONAS Tankers Sdn Bhd before joining MISC Berhad as Senior General Manager of Fleet Management Services on 1 April 2001.

Prior to joining PETRONAS, he was with Malaysia Marine and Heavy Engineering Sdn Bhd (then known as Malaysia Shipyard Engineering Sdn Bhd), a wholly-owned subsidiary of MISC Berhad and was involved in project management of various new shipbuilding and offshore structures fabrication works.

He currently sits as a Committee Member of various Classification Societies and International Shipping Organisations and a Director of Britannia Steamship Insurance Association Limited as well as Director of various subsidiaries and joint venture companies within MISC Group. He is also Chairman of the Malaysian Shipowners' Association.

Noraini binti Che Dan
Vice President, Finance

Noraini binti Che Dan, aged 53, was appointed Vice President, Finance on 1 April 2005.

She graduated from the University of Manchester with an Honours Degree in Economics. She is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Prior to joining Pernas International Holdings Berhad (Pernas), she was an audit senior of Public Accounting Firm, Hanafiah Raslan & Mohamad. She then served Pernas for 15 years in various capacities including Group General Manager, Finance and Chief Financial Officer, prior to joining MISC Berhad as General Manager, Finance Division on 1 June 2003.

She also holds directorships in Labuan Reinsurance (L) Ltd and various subsidiaries and joint venture companies within MISC Group.

Yee Yang Chien
Vice President, Corporate Planning and Development

Yee Yang Chien, aged 41, was appointed Vice President, Corporate Planning and Development on 1 April 2008.

He holds degrees in Financial Accounting / Management and Economics from the University of Sheffield, United Kingdom.

He was an auditor prior to being involved in the equity research and investment banking arena with various local and international financial institutions such as HLG Capital Berhad and Merrill Lynch (Malaysia) over a span of ten years. He had since focused mainly on corporate planning work and had also served MISC Berhad for two years since 2003 in which he was involved in the acquisition of the current MISC subsidiary, AET Group (AET).

He had also served as Group Vice President of Corporate Planning, AET from June 2005 prior to joining MISC Berhad.

Yee Yang Chien also sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Captain Rajalingam a / l Subramaniam
Vice President, Fleet Management Services

Captain Rajalingam a / l Subramaniam, aged 43, was appointed Vice President, Fleet Management Services on 1 September 2008.

He holds a Post Graduate Masters in Business Administration from Universiti Utara Malaysia and a Master Certificate of Competency – Foreign Going from Akademi Laut Malaysia (ALAM), a wholly-owned subsidiary of MISC Berhad.

He gained admission into ALAM as a cadet officer in 1983 and subsequently sailed on MISC vessels as a Sea Going Officer. In 1996, he joined MISC Shore as a Marine Superintendent in Fleet Chemical. Between 1996 and 2005, he was assigned various responsibilities in Fleet Management and Audit Department ranging from Health, Security, Safety & Environment, Vetting, Fleet Operations and Audit.

When AET Group became a part of MISC, Captain Rajalingam became the General Manager, AET Shipmanagement (Singapore) Pte Ltd in April 2005, before being promoted as its Group Vice President Shipmanagement in 2007.

He currently sits as a Committee Member of various societies and international industry bodies including INTERTANKO, Class Societies and ALAM.

Captain Rajalingam also sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Profiles of Senior Management

Iwan Azlan bin Mokhtar
Vice President, Human Resources Management

Iwan Azlan bin Mokhtar, aged 41, was appointed Vice President, Human Resources Management on 1 April 2009.

He holds a Degree in Law from the University of Nottingham, United Kingdom.

He was with the Shell Group of Companies for almost 17 years in various positions including Regional Human Resource Policy Manager for Shell Downstream based in Kuala Lumpur and Human Resource Advisor for Shell Services International based in Melbourne, Australia.

Prior to joining MISC Berhad, he was the Country Human Resource Manager, Shell Global Solutions (M) Sdn Bhd, a technical consulting subsidiary of the Royal Dutch Shell Group.

Iwan Azlan also sits as a Board member of several subsidiaries within MISC Group.

Fadzillah binti Kamaruddin
Senior General Manager, Legal & Corporate Secretarial Affairs

Fadzillah binti Kamaruddin, aged 43, was appointed Senior General Manager, Legal & Corporate Secretarial Affairs (LCSA) on 1 January 2008 and the Company Secretary of MISC Berhad on 1 November 2007.

She obtained her LLB (Honours) Degree from the University of Nottingham, United Kingdom and was further conferred a Barrister-at-Law (Lincoln's Inn).

She began her legal career with the Advisory and International Division, Attorney-General's Chambers and in 1999, she joined the Ministry of International Trade and Industry (MITI) as its Legal Adviser until 2003. She then served PETRONAS Carigali Sdn Bhd, a subsidiary of PETRONAS as Senior Legal Counsel, Domestic Operations, before joining MISC Berhad as General Manager, LCSA on 1 July 2005.

Fadzillah is also the Company Secretary of several subsidiaries and joint venture companies within MISC Group.

Board Audit Committee Report

Board Membership
The Board Audit Committee comprises three Independent Non-Executive Directors as follows:

Dato' Halipah binti Esa (Chairman)
Harry K. Menon
Dato' Kalsom binti Abd. Rahman
Dato Sri Liang Kim Bang (resigned with effect from 18 March 2009)

Terms of Reference

Constitution
The Board Audit Committee (the "Committee") was established on 28 June 1993.

Composition
The Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three members with the majority being Independent Directors.

At least one member of the Committee must be a member of the Malaysian Institute of Accountants (MIA) or have at least three years working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified by Part II of the 1st Schedule of the Accountants Act 1967. Harry K. Menon has the necessary qualification as a member of the Board Audit Committee as he is a member of the MIA and the Malaysian Institute of Certified Public Accountants as well as a Fellow of the Institute of Chartered Accountants in England and Wales.

No Alternate Director can be appointed as a member of the Committee.

Chairman of Committee
The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

Attendance and Frequency of Meetings
Meetings shall be held not less than three times a year. The quorum shall be two members.The external auditors may request a meeting if they consider that one is necessary.

During the financial year ended 31 March 2009, the Committee had held four meetings. Details of attendance are provided below:

Members	Meetings Attended	Maximum Possible to Attend
Dato' Halipah binti Esa	3	4
Dato Sri Liang Kim Bang (resigned with effect fom 18 March 2009)	3	4
Harry K. Menon	3	4
Dato' Kalsom binti Abd. Rahman	3	4

However, at least once a year, the Committee shall sit with the external auditors without any Executive Board Member present. The General Manager Group Internal Audit shall be the Secretary of the Committee.

The President / Chief Executive Officer, the Vice President Finance and representative of the external auditors shall normally attend meetings.

Board Audit Committee Report

At the conclusion of each meeting, recommendations are made for the Management to improve the internal controls, procedures and systems of the Group, wherever applicable.

Authority

The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The duties of the Committee shall include the following and other duties as may be determined by the Board from time to time:

Review, appraise, report and make appropriate recommendations to the Board of Directors on:

a. the audit plan, evaluation of the system of internal controls and the internal audit report with the external auditors;

b. the assistance and co-operation given by the employees of the Corporation to the external auditors;

c. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

d. the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions;

e. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

    i. changes in or implementation of major accounting policy changes;
    ii. significant and unusual events; and
    iii. compliance with accounting standards and other legal requirements;

f. any related party transaction and conflict of interest situation that may arise within the Corporation or Group including any transaction, procedure or course of conduct that raise questions of management integrity;

g. the quality and effectiveness of the entire accounting and internal control system of the Group;

h. the propriety of accounting policies adopted by Management and accepted by the External Auditors, where alternatives are also acceptable.

i. the effects of any change in accounting principles or of any development emanating from the accounting profession or any statutory authority;

j. the adequacy of the disclosure of information essential for a fair and full presentation of the financial affairs of the Group;

k. any significant difficulties encountered or material discoveries and findings made by the Internal or External Auditors;

l. the firm of External Auditors retained by the Group and the fees payable to the External Auditors and any change in their fees, and recommendation, if any, to retain or replace such firm in the ensuing year.

Training

During the year, the Board Audit Committee Members had attended the following conferences and seminars:

i. Global Strategic Risk Management for Corporate Directors;

ii. Audit, Internal Control & Compliance Conference 2008 – "Effective Audit Department Way Forward";

iii. PETRONAS Audit Committee Forum;

iv. Representation and Warranties;

v. Cross Border Acquisitions / Deal Structuring;

vi. Directors' Duties and Liabilities – Gaining Competitive Advantage through Effective Corporate Governance;

vii. Corporate Board in a Challenging Environment; and

viii. Bonds and Private Debts Securities.

Group Internal Audit

In the discharge of its duties, the Committee is strongly supported by the Group Internal Audit Division (GIA). GIA functionally reports directly to the Committee, conducts independent scheduled audits to ensure there are effective risk monitoring, internal controls, governance process and compliance procedures to provide the level of assurance required by the Board.

In conducting their independent audits, GIA places emphasis on risk-based auditing approach which forms an integral part of the audit plans. The key in solving lapses in internal control is the submission of audit findings, recommendations on audit issues and execution of the Agreed Corrective Actions which are encompassed in the audit reports. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's system of internal control.

GIA submits their findings and recommendations on audit issues to the Management Audit Committee (MAC) for executive reviews.

Subsequently, the reports together with deliberations and decisions by MAC are tabled at the Committee Meeting for further actions.

Minutes of Meetings of the Committee were circulated to all members of the Board and significant issues were discussed at the Board Meetings.

Staying on Course

The change of tide has not deterred us. It has taught us to prepare for the future and develop strategies that are flexible to change. Our foresight gives us the strength and ability to stay on course in the face of an unstable business environment, successfully responding and taking advantage of challenges, to achieve our business goals and corporate vision.

Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of MISC Berhad (MISC) for the financial year ended 31 March 2009.

The year in review proved to be a difficult one for the global shipping industry as the adverse effects of the ongoing global economic downturn continued to take its toll. Declining trade volumes, softening freight rates and higher operating costs were compounded by operational difficulties posed by increased security threats along key shipping routes.

Notwithstanding the difficult industry environment, the MISC Group continued to sustain a respectable performance, reflecting the timely execution of business and operational strategies that have helped preserve the Group's ability to create value amidst the challenging environment.

Financial Performance

For the financial year ended 31 March 2009, MISC achieved higher revenue of RM15.78 billion, an increase of 21.9% over last year's revenue of RM12.95 billion. Net profit, however, was lower by 39.5% at RM1.53 billion as earnings from the petroleum, offshore and LNG businesses were weighed down by the highly adverse performance of the container shipping division amidst lower volumes, depressed rates and higher costs. Consequently, the Group recorded a lower Earnings Per Share (EPS) of 37.8 sen for the year, compared to the previous year's 65.1 sen.

Underpinned by prudent financial management, the Group's balance sheet continued to remain healthy — net tangible assets rose during the year to RM5.45 per share as against last year's RM4.76 per share, net debt-to-equity ratio remained low at 0.39 times, while interest cover was strong at 9.2 times.

Dividend

The Board of Directors is recommending a final dividend of 20 sen per share, tax-exempt, which brings the total dividend for the financial year ended 31 March 2009 to 35 sen per share, tax-exempt. This recommendation translates into a comparatively high dividend payout ratio of 93% and reflects both the Board's commitment towards maintaining a stable dividend payout for its shareholders, as well as its confidence in the long-term robustness of the Group's business model and strategies.

Corporate Development

During the year, MISC took delivery of three new LNG carriers – the Seri Bijaksana, Seri Balhaf and Seri Balqis – bringing the Group's total LNG fleet size to 29 carriers. With the combined total LNG shipping capacity now exceeding two million deadweight tonnes, these additions strengthened MISC's status as the single largest owner-operator of LNG carriers in the world. Ongoing efforts to penetrate non-traditional markets and to enhance our range of LNG solutions through technological innovations will further consolidate the Group's position as a leading player in the energy transportation business.

Further progress was also recorded in the offshore business with the addition of three new units. In particular, two Floating Storage and Offloading (FSO) units – the *FSO Puteri Dulang and FSO Orkid* – entered into service during the year and were deployed to support production offshore Peninsula Malaysia and in the PM 3 Commercial Arrangement Area (CAA), a joint development area between Malaysia and Vietnam. The third unit, Floating Production, Storage and Offloading *FPSO Espirito Santo* was successfully delivered to Shell Brazil, making it the second MISC unit to participate in Brazil's offshore deepwater production. These achievements, coupled with the award of a contract for the lease of two mobile offshore production units (MOPU) for future deployment offshore Sarawak, will continue to bolster MISC's reputation as a significant player in the fast-growing market for floating production solutions.

In marine and heavy engineering, our subsidiary Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) continued to sustain its business performance, completing two fabrication projects, two marine conversion projects, as well as dry docking and repair works for some 68 vessels.

Chairman's Statement

Strategic Focus for Sustainable Growth

Despite the unfavourable industry outlook in the near-term, MISC will continue to explore for long-term growth opportunities anchored on our three core pillars of global energy shipping, capability-driven heavy engineering services and integrated liner logistics. In the energy transportation business, efforts will be intensified to strengthen our presence along the value-chain to provide a more distinct competitive advantage *vis-à-vis* our peers, while the liner business is being strategically realigned to enable MISC to transform itself from being a minor player in the Asia-Europe trade into becoming a dominant player with a strategic focus on the intra-Asian and the fast-growing *halal* trades. In heavy engineering, MISC will continue to invest in skills and facilities that strengthen our capability to leverage on the growing demand for fixed and floating production systems.

To support these business strategies, MISC will continue to enhance and harness people capabilities as the key cornerstone in realising our vision as a global champion in maritime transportation and logistics services.

2009 Outlook

The global shipping industry is expected to endure a difficult environment in the upcoming year on the back of protracted weaknesses in the world economy and international trade volumes. In addition, potential increases in new shipping capacity could further delay a recovery in freight rates. Against this backdrop, MISC is confident of being able to continue enhancing and adding value to its business. Our competitive position in the energy transportation business is expected to anchor earnings through the current economic turbulence, while firm order books for both offshore business and MMHE, underpinned by sustained investments in the exploration and production sector of the oil and gas industry, will also contribute to earnings during the coming year.

MISC will also continue to remain vigilant on cost, further improve our operational efficiencies through operational excellence initiatives and optimise our portfolio in pursuit of value generation for our shareholders.

Appreciation

I would like to take this opportunity to pay special tribute and record my heartfelt appreciation to Dato' Shamsul Azhar bin Abbas, who retired as President / Chief Executive Officer of MISC Berhad in January 2009, after having served 4½ years at the helm of the Group. Under his stewardship, MISC had achieved a long list of successes that have enabled us to grow and expand into one of the region's leading energy transportation providers. I am also particularly indebted to Dato Sri Liang Kim Bang who retired on 18 March 2009 as our longest-serving Board Member, after more than 36 years of service to MISC.

I would also like to place on record my gratitude to the Government of Malaysia for their support and assistance — particularly the Royal Malaysian Navy, whose swift response in aiding MISC during our traumatic incidents, involving the hijacking of two of our vessels in the Gulf of Aden, helped ensure the security and safe return of our crew.

My heartfelt appreciation also goes to our shareholders, clients, affiliates and partners for their continued trust and belief in MISC, and last but not least to the employees of the MISC Group for their loyalty, dedication and commitment that continue to propel the Group forward despite these difficult times.

Tan Sri Mohd Hassan bin Marican
Chairman

11 May 2009, Kuala Lumpur

Statement on Corporate Governance

The Board of Directors of MISC Berhad (Board) is committed in ensuring the highest standards of corporate governance are applied throughout the MISC Berhad Group (Group). The Board fully supports the principles of Corporate Governance as laid down in the Malaysian Code of Corporate Governance (Code) and strives to adopt such principles.

The Board is pleased to disclose the Group's application of the Principles as set out in Part 1 of the Code.

The Board

The Board is comprised of members drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Group's business operations. The Group recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders value.

The Board reserves material matters to itself for decision, which include the overall Group strategies and directions, acquisitions and divestment policies, approval of major capital expenditure projects, plans and budgets and significant financial matters, as well as human capital policies including succession planning for top management.

a. Board Balance

i. The Board has a balanced composition of executive and non-executive Directors. More than one-third (1 / 3) of the Board consist of Independent Directors, which is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (LR).

The Board has eight Directors comprising a Non-Independent Non-Executive Chairman, four Independent Non-Executive Directors, two Non-Independent Non-Executive Directors and the President / Chief Executive Officer (CEO) who is an Executive Director.

The profiles of each Director are presented on pages 28 to 35 of this Report.

ii. There is a clear division of responsibilities between the roles of the Chairman and the President / CEO to ensure a balance of power and authority.

The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the President / CEO is responsible for the overall operations of the business, organisational effectiveness and the implementation of the Board's strategies and policies. The President / CEO is assisted by the Management Committee in managing the business on a day-to-day basis.

iii. The four Independent Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders, employees and customers.

b. Supply of Information

Board meetings are scheduled in advance of the new financial year to enable Directors to plan ahead and fit the year's meetings into their schedules. The Board meets at least six times yearly. Additional meetings are held as and when required.

Statement on Corporate Governance

During the financial year ended 31 March 2009, seven meetings of the Board were held. Details of the attendance are as follows:

Board of Directors	Number of Meetings attended
Tan Sri Mohd Hassan bin Marican	6 out of 7
Dato' Shamsul Azhar bin Abbas (*resigned with effect from 1 January 2009)	5 out of 5
Dato Sri Liang Kim Bang (*resigned with effect from 18 March 2009)	5 out of 6
Harry K. Menon	7 out of 7
Dato' Halipah binti Esa	6 out of 7
Datuk Nasarudin bin Md Idris	6 out of 7
Dato' Kalsom binti Abd. Rahman	6 out of 7
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	6 out of 7
Ahmad Nizam bin Salleh	6 out of 7
Amir Hamzah bin Azizan (*appointed with effect from 1 January 2009)	2 out of 2

The agenda and a full set of Board papers for consideration are distributed prior to the Board meeting to ensure that Directors have sufficient time to read and be properly prepared for discussion at the meetings.

Comprehensive and balanced financial and non-financial information are encapsulated in the papers covering amongst others, strategic, operational, regulatory, marketing and human resource issues.

Minutes of the Board meetings which include a record of the decisions and resolutions of the Board meetings are properly maintained by the Company Secretary.

The Directors have unhindered access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

c. Appointment and Re-election of Directors

In accordance with the provisions of the Corporation's Articles of Association, at least one-third (1 / 3) of the Directors shall retire from office at least once every three years but shall be eligible for re-election. Directors who are appointed by the Board shall hold office until the next Annual General Meeting of the Corporation and shall then retire and be eligible for re-election by the Shareholders.

All Directors have no family relationship with and are not related to each other and / or major shareholders of MISC. They do not have any conflict of interest with MISC and have not been convicted of any offences within the past ten years.

d. Nomination Committee

Since the composition of the Board of Directors comprises mainly of Non-Executive Directors, the Board had, for the past years, assumed the function of a Nomination Committee. This Committee is empowered to bring to the Board its recommendations on the appointment of new Executive and Non-Executive Directors and the re-election of Directors who retire by rotation in accordance with the Corporation's Articles of Association.

All members of the Board participate in assessing, identifying, recruiting, nominating, appointing and orienting suitable candidates who can contribute effectively towards the growth of the Corporation. Any Board member who has interest in any matter raised by the Committee abstains himself from the deliberations and voting.

The Committee also ensures that the Board has an appropriate balance of expertise and abilities. The effectiveness of the Board as a whole and the contribution of each Director are also assessed.

e. Remuneration Committee

Since the Board of Directors comprises mainly of Non-Executive Directors, the full Board had, for the past years, assumed the function of a Remuneration Committee. The committee decides on the remuneration policy and terms of conditions of service for the Group as well as the remuneration of members of the Management Committee and members of the Board.

The Directors do not participate in the deliberations and voting on decisions in respect of their own remuneration packages. Matters concerning the remuneration of senior management staff of the company are considered by the Management Development Committee.

f. Directors' Training

All the Directors have attended the Mandatory Accreditation Programme (MAP), in compliance with the LR.

Directors are encouraged to attend continuous education programme, talks, seminars, workshops, conferences and other training programmes to enhance their skill and knowledge and to ensure Directors are kept abreast with new developments in the business environment.

During the financial year under review, Directors have attended the relevant training programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively, amongst others, the following:

Titles	Dates
• Recent Amendments to the Companies Act How do the amendments affect you as Director	16 April 2008
• Corporate Board In a Challenging Environment	29 May 2008
• Bonds and Private Debts Securities	10 June 2008
• Directors' Duties and Liabilities – Gaining Competitive Advantage through Effective Corporate Governance	24 July 2008
• Workshop on "Global Strategic Risk Management for Corporate Directors"	2 December 2008
• PETRONAS Board Audit Committee Forum 2009	21 February 2009
• NOC-IOC FORUM – Enhancing Global Energy Security through Cooperation and Partnership	30 – 31 March 2009
• Representations and Warranties	24 June 2009
• Cross Border Acquisitions / Deal Structuring	24 June 2009

Management is currently organising an in-house seminar for the Directors which will be held tentatively in the third quarter of 2009 / 2010.

Statement on Corporate Governance

Accountability and Audit

a. Board Audit Committee

The Board Audit Committee consists of three Independent Non-Executive Directors, with Dato' Halipah binti Esa as Chairman. Dato Sri Liang Kim Bang had resigned from the Board Audit Committee with effect from 18 March 2009. The composition and Terms of Reference of the Board Audit Committee are also provided on page 43 of this Report. The Board Audit Committee met four times during the financial year. The President / CEO and the relevant senior management personnel were in attendance at all the meetings. The external auditors were also invited to attend the Board Audit Committee Meeting when appropriate. Details of attendance of the Board Audit Committee members at its meetings are provided on page 43 of this Report.

Harry K. Menon, who possesses the stipulated accountancy qualification, was appointed as a member of the Board Audit Committee on 13 November 2001.

In addition to the duties and responsibilities set out in the Terms of Reference, the Board Audit Committee also acts as a forum for discussion on internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management system. The Board Audit Committee also conducts a review of the internal audit functions and ensures that no restrictions are placed on the scope of statutory audits and on the independence of the internal audit functions.

The Board Audit Committee meets the external auditors to discuss annual financial statements and their audit findings.

To manage confidentiality issues, Board Audit Committee meetings are held on two consecutive days, a day before the Board of Directors' Meeting to discuss audit findings and on the same day as the Board of Directors' meetings to discuss the quarterly financial results. The minutes of the Board Audit Committee meetings are formally tabled to the Board for notation and action, where necessary.

b. Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control set out on pages 55 to 60 of this Report.

c. Relationship with External Auditors

The Board ensures that there are formal and transparent arrangements for the maintenance of an objective and professional relationship with the external auditors.

d. Directors' Remuneration

Currently, annual fees of RM60,000.00 and RM36,000.00 each are being paid to the Chairman and all Non-Executive Directors respectively. In addition, for every meeting attended, a meeting allowance of RM400 is paid to each Director.

Details of directors' fees are provided on page 218 of this report.

Statement on Internal Control

The Malaysian Code on Corporate Governance requires the Board of Directors of public listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

Bursa Malaysia Listing Requirements, Paragraph 15.27(b) requires the Board to make a statement about the state of internal control of the listed entity as a Group.

The Board of MISC Berhad (The Board) is committed to continuously improve the Group's system of internal control and is pleased to provide the following statement.

Accountability of The Board

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness to safeguard the shareholders' investment and the Group's assets. This includes reviewing the strategic direction, financial, operational and compliance controls and the risk management policies and procedures.

The Board defines risk parameters and standards guided by the corporate objective to maximise long term shareholders' value whilst meeting the needs of the customers, employees and all related stakeholders. In discharging its stewardship responsibilities, the Board has defined the risk management framework to identify the key risk areas, evaluate the impact and set broad strategic policies relating to the risks and the relevant controls thereof, of which details are set-out in the following pages. This is then delegated to the Management to implement the Board's direction and policies on risk and control.

It should be noted that the system of internal control is designed to manage and control risks appropriately rather than eliminating the risk of failure, to achieve business objectives. Accordingly, these internal controls systems can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the publication – Statement on Internal Control : Guidance for Directors of Public Listed Companies.

Risk Management Framework

The Board has endorsed the establishment of a Risk Advisory Group (RAG) and identified that MISC Berhad and its group of companies (MISC) is exposed to five (5) major risk categories, namely Maritime Risk, Credit Risk, Country Risk, Finance Risk and Project Risk.

Simultaneously, risk committee / councils were formed to manage each risk category and be accountable to the RAG on any issues and developments pertaining to the respective risk areas.

Statement on Internal Control

A proper risk management structure and reporting framework has been established to ensure risks are being monitored, assessed and reviewed regularly as reflected below:

Note*: represented at PETRONAS' respective councils

The RAG comprises certain members of the MC and is responsible to oversee the overall risk management function in MISC and to advise the President / Chief Executive Officer (CEO) and MC on issues relating to:

- policies, procedures and guidelines related to risk management in line with market changes over time
- positions and exposures to ensure compliance with Group policy and recommend corrective actions
- issues arising from business lines and recommend solutions to Management
- risk limits

The RAG is required to meet and update any risk management issues on a regular basis to the President / CEO, Management Audit Committee (MAC) and Board Audit Committee (BAC) which then updates the Board.

The Maritime Risk Council (MRC) is responsible to ensure various maritime-related risks are identified and all necessary measures are in place for MISC to comply with the stringent international safety and environmental standards. Continuous assessment and profiling is carried out to ensure preventive and recovery measures are adequate in the challenging maritime environment. The Council has developed the Maritime Risk Management Framework and Guidelines in order to ensure that maritime risks are managed in a structured manner. Further improvement actions have been identified for implementation to ensure that the impact of maritime risk exposure can be mitigated or further reduced.

The MISC Credit Committee (MCC) regularly reviews the credit risk and advises on appropriate measures to improve existing credit control procedures and practices and the quality of Trade Accounts Receivables. The MCC formulates its credit & trading risk based on the credit & trading operational guideline issued by the PETRONAS Group's Credit & Trading Risk Council (CTRC). The credit & trading risk framework and guidelines have been developed to ensure all matters relating to credit & trading risk are being addressed accordingly.

MISC has a representative in the PETRONAS Country Risk Council (CRC) which allows the Group to leverage on resources of PETRONAS Group in managing country risks. At the same time, MISC has also developed the Country Risk Management Framework and Guidelines as a guide in managing country risks. The framework and guidelines would facilitate a structured and consistent approach in managing country risks.

MISC manages its finance risk exposure through the establishment of finance risk management guidelines which is in line with the PETRONAS risk management framework. Finance risk includes interest rate risk, foreign currency risk, counterparty risk, liquidity risk, price risk, bunker price risk and operation control risk. As a member of the PETRONAS Finance Risk Council (FRC), managing the Group finance risk exposures is carried out on an integrated basis. The FRC is a forum which proactively discusses, reviews and monitors finance risk exposure at Group level and makes appropriate recommendations to companies within the Group. MISC will continuously enhance its risk policies and guidelines to further strengthen its finance risk management practices and approaches. Subsequently, the Board had on 11 May 2009 approved the Corporate Financial Policy for adoption.

The MISC Project Risk Committee (PRC) is responsible to oversee the development and implementation of all best practices on project risk management for MISC Group. The PRC will also provide strategic direction, guidance and recommendations to the RAG on project risk management issues.

MISC benefits from being part of the PETRONAS Group, which has an established Risk Management Committee, which defines, develops and recommends risk management strategies and policies for the PETRONAS Group. In addition, the Risk Management Committee also coordinates group-wide risk management in terms of building risk management awareness and capabilities, monitoring the risk exposures and planning responses to potential major risk events.

Statement on Internal Control

Key Processes

The process of governing the effectiveness and integrity of the system of internal control is carried throughout the various areas as follows:

1. The BAC operates within its terms of reference and the MAC performs an important role in ensuring that there are effective risk monitoring and compliance procedures to provide the level of assurance required by the Board.

2. Senior Management sets the tone for an effective control culture in the organisation through the company's shared values, developed to focus on the importance of these four key values:

Loyalty	Integrity	Professionalism	Cohesiveness

   The importance of the shared values is manifested in the Corporation's Code of Conduct for Officers and Staff which is issued to all staff upon joining. Employees are required to strictly adhere to the Code in performing their duties.

3. MISC Group Internal Audit (GIA), reporting to the BAC, performs independent planned approved audits and initiatives within the Group to evaluate and assess the effectiveness of risk management, internal control and governance processes. GIA also conducts additional assurance assignments upon request by the Management, MAC or BAC. The BAC reviews audit reports and also conducts half yearly and yearly assessments on the adequacy of GIA's scope of work, functions and resources including its annual audit plan and strategy.

   Prior to submission to the BAC, GIA submits the findings and recommendations on audit issues to the MAC for executive reviews. The deliberations and decisions are shared during BAC meetings.

   The key in solving lapses in internal controls is the execution of the Agreed Corrective Actions which are encompassed in the audit reports. GIA monitors the status of their implementation through the Quarterly Audit Status Report of which they are recorded and analysed. The consolidated reports are submitted and presented to the MAC and BAC for deliberations and endorsement.

   The conducts of internal audit work is governed by the Internal Audit Charter and the Internal Audit Charter Memorandum. In addition, the internal audit work also conforms to the Institute of Internal Auditor's (IIA's) International Standards for the Professional Practice of Internal Auditing.

4. The Ship Management Audit Division, which reports regularly to the MAC and BAC, performs independent scheduled audits on the MISC Group vessels. The audit objectives are to verify, evaluate and review the Group's operational activities to ensure the vessels' operational integrity and reliability are maintained at all times, consistent with international regulations and internal policies.

MISC Group vessels are subject to stringent audits, vettings or inspections to meet various regulatory and commercial requirements. These include vettings by oil majors and audits by the Malaysian Marine Department and ship classification societies to maintain international safety and security management certification under the relevant Codes. In addition, MISC is also subject to periodic management reviews by our customers' risk management units such as ExxonMobil, British Petroleum Plc (BP), Chevron Texaco, Shell and Broken-Hill Properties (BHP).

The Ship Management Audit Division submits its findings and recommendations on corrective actions of each ship audited to the Fleet Management Services Division. The monitoring and follow-up on the status of the corrective actions is maintained monthly until closure. On a quarterly as well as annual basis, audit findings on each ship audited are collated and analysed into a consolidated report. The consolidated reports are submitted and presented at the MAC for review, comments and further actions. The BAC is also updated as appropriate.

5. There is a Corporate Health, Safety and Environment (CHSE) Division which drives various HSE sustainable initiatives and defines the framework that exemplifies CHSE's effort to continuously meet legal compliance as a minimum. CHSE also drives strategies and monitors performance to ensure HSE risks are managed to as low as reasonably practicable.

6. There is also a Corporate Security (CSD) Division which maintains a clear policy, procedures and framework with the aim to continuously monitor adherence to established industry security standards as well as international security standards applicable under the relevant codes.

Other Significant Elements of Internal Control Systems

1. The Board reviews quarterly reports from Management on key operating performance, legal, environmental and regulatory matters. Financial performance is deliberated by the MC and also tabled to the Board on a quarterly basis.

2. Limits of Authority (LOA) manual provides a sound framework of authority and accountability within the organisation and facilitates quality and timely corporate decision making at the appropriate level in the organisation's hierarchy.

3. The Group performs a comprehensive annual budgeting and planning exercise including the development of business strategies for the next five years, establishment of performance indicators against which business units and subsidiary companies can be evaluated. Variances against the budget are analysed and reported internally on a monthly and quarterly basis and reported quarterly to the Board. The Group's strategic directions are also reviewed semi-annually taking into account changes in market conditions and significant business risks.

Statement on Internal Control

4. There is a clear procedure for investment appraisals including equity investment or divestment and capital expenditure. Tender Committees are established to ensure tender evaluation exercises are conducted in an effective, transparent and fair manner.

5. Information and Communications Technology (ICT) is extensively employed in MISC to automate work processes and to collect key business information. MISC's information and communication system, which acts as an enabler to improve business processes, work productivity and decision making, are being implemented throughout the Group. An Information and Communications Technology Steering Committee (ICTSC) is established to provide strategic directions and guidance to ICT initiatives. Progress of ICT initiatives is monitored and reported at the ICTSC meetings to ensure smooth implementation. System reviews are initiated and conducted to confirm adequate controls are being established in order to adhere to the Company's business objectives, policies and procedures. Quarterly reports are presented to the MAC and BAC and agreed corrective actions are taken to address any non-compliances.

6. The professionalism and competency of staff are enhanced through a structured training and development program and potential entrants or candidates are subject to a stringent recruitment process. A performance management system is in place, with established key performance indicators (KPIs) to measure staff performance and the performance review is conducted on an annual basis. Action plans to address staff developmental requirements are timely prepared and implemented. This is to ensure that staff are able to deliver their KPIs so that the Corporation can meet its future management requirements.

The Board does not regularly review the internal control system of its associated companies and jointly controlled entities, as the Board does not have any direct control over their operations. Notwithstanding, MISC's interests are served through representation on the board of the respective associated companies and jointly controlled entities, and receipt and review of management accounts and inquiries thereon. These representations also provide the Board with information for timely decision making on the continuity of MISC's investments based on the performance of the associated companies and jointly controlled entities.

There were no material losses incurred during the financial year as a result of weaknesses of internal control. Management would continue to take measures to strengthen MISC's control environment.

This statement is made in accordance with the resolution of the Board of Directors dated 11 May 2009.

President / CEO's Report

The shipping industry is currently experiencing the most volatile period in its history, due to a combination of factors, including the global economic meltdown, tonnage imbalance in the market resulting in volatility of freight rates, and heightened security issues along international shipping lanes.

President / CEO's Report

Despite the economic fallouts, all business units within MISC held up well with the exception of the container shipping business, where worsening global trade growth since the second half of 2008 saw a fall from +5% in 2008 to -10.4% in 2009, an unprecedented drop in container trade volume growth. In the last 10 years, the container shipping sector saw a Compound Annual Growth Rate (CAGR) of 9% which resulted in massive investments in newbuildings, expanding container fleet capacity by more than 60% over the next five years. This coupled with the global financial crisis resulted in a decline of load factors particularly in the dominant Asia-Europe trade where volume contracted 0.6% in 2008 as compared to a growth of 18.6% in 2007, causing freight rates to plunge to historic lows.

MISC also faced security threats in the Gulf of Aden where two of our chemical tankers were hijacked in August 2008. The focus of all resources in managing this crisis remained solely on the safe return of our crew. Moving forward, the initiatives in ensuring safe passage for our crew and vessels include working with the Malaysian Government and relevant international authorities to tighten security for all our vessels plying the Gulf of Aden. MISC has been privileged with continued security escort arrangements by the Royal Malaysian Navy (RMN).

As a testimony of our long-term commitment to the safety of our crew and vessels, in collaboration with the RMN and the National Security Council (NSC), we have successfully converted one of our container ships, the 699 TEU Bunga Mas Lima into a RMN Auxiliary Vessel. The modification work was carried out by Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), the heavy engineering arm of MISC, at MMHE's yard in Pasir Gudang, Johor. Bunga Mas Lima will be manned by MISC personnel trained by the RMN. The MISC crew, now as Navy Reservists, will be responsible for the navigation and maintenance of the vessel. Regular officers and men of the RMN will be onboard the vessel to carry out all security related operations. Bunga Mas Lima will be stationed in the Gulf of Aden to provide escort services to our vessels plying the waters.

On the back of a strong balance sheet, we were successful in securing credit facilities at highly competitive rates in ensuring that our operations and scheduled capital expansions proceed as planned. A USD1 billion transferable five-year term loan facility was secured in October 2008 with Bank of Tokyo-Mitsubishi UFJ Ltd, BNP Paribas, Mizuho Corporate Bank Ltd, OCBC (Malaysia) Berhad and Sumitomo Mitsui Banking Corporation.

The core energy business units of MISC advanced ahead in planned capacity and business expansion, capitalising on the stronger first half of the financial year, simultaneously putting defensive measures into place in mitigating the full impact of the anticipated downturn.

The LNG Business expanded its fleet size maintaining our position as the world's leading owner-operator, shipping some 12% of the world's LNG cargo with no incidences. The way forward for the LNG Business is the drive towards technological innovation in providing LNG solutions beyond traditional transportation and emerging as a midstream player in the LNG value chain. A key initiative in this regard is MISC's venture into providing Floating LNG solutions together with partners, PETRONAS and Mustang Engineering Limited. This business unit remains the jewel in MISC's crown, being the largest operating profit contributor of stable and fixed income streams for the Group.

AET capitalised on an exceptional year for petroleum shipping with fleet renewal and capacity expansion. Planned expansion will proceed, and to support the fleet growth AET has established a strong recruitment capability in India, with a wholly-owned office in Gurgaon and offices in major Indian cities. In the Philippines, working together with MISC, AET established a joint-venture manning company. Together, these initiatives enable MISC and AET to attract and retain quality crew from these two leading seafaring nations.

Developing partnerships is as important for AET as it is for the rest of the MISC Group. Key partnerships include those with the Restis Group of Greece and the Sungdong yard of Korea. The Aframax vessels due to be delivered from Sungdong in 2010 will be jointly owned between AET and Restis Group, while their operation and commercial management will be conducted by AET on behalf of the joint venture.

The Chemical Business pushed out business development aggressively in preparation of newbuilding capacity coming on-stream in FY2009 / 2010 and FY2010 / 2011 with superior double-hulled IMO Type II vessels. As part of our vertical integration enhancement strategy with PETRONAS, new term businesses for shipment of methanol from Labuan and ammonia from Kertih was secured, whereby MISC chartered in the Bunga Kemboja and Kristin Knutsen. MISC's first foray in tank terminal business at Tanjung Langsat, Johor is expected to capitalise on expansion opportunities, pushing out stable income streams and value adding to the core chemical shipping services with new customers and logistic support.

In the related energy business segments, both Offshore Business and MMHE achieved marked improvements and increased profit contributions. The Offshore Business has established its presence both in the regional and international markets through strategic partnerships. Since the delivery of FPSO Bunga Kertas in 2004, the number of assets under the Offshore Business portfolio has grown to four FPSOs and five FSOs in offshore Malaysia, Vietnam and Brazil. The positioning of Offshore Business in the floating production solutions market is strengthened through demand for FPSO / FSO in the domestic upstream exploration and production industry, largely supporting PETRONAS offshore field development. A key project undertaken by the Offshore Business is the Gumusut-Kakap semi-submersible Floating Production System (FPS) whereby the Offshore Business will be the owner and operator of the FPS, which will be leased back to main contractor Sabah Shell Petroleum. Over the next five years, the Offshore Business plans to be involved in new offshore projects, offering a range of floater solutions that include Semi-sub Floating Production Units (FPU), Tension-Leg Platform (TLP) and SPAR.

Venturing into the international front, MMHE has developed the Kiyanly fabrication yard in Turkmenistan. On the domestic front, in order to meet increasing business demands, MMHE is in the midst of its Yard Optimisation programme, an important step in MMHE's headway to a leadership position as a heavy engineering solutions provider to the energy industry. In line with its strategy, MMHE is focusing on higher value marine repair works with an expanded scope and complexity that demand specialised skills and facilities. MISC will continue to support PETRONAS' deepwater aspiration in developing Malaysia as a regional deepwater hub.

The Liner Business was the Achilles' heel of the Group's performance for the year under review. Due to substantial losses incurred by Liner, immediate reengineering of its business model has taken place that will strategically shift its resources from long-haul Asia-Europe trades, which are dominated by global container giants, to an Asian-focused player. Leveraging on MISC's brand, Liner aims to emerge as one of the leading players in the niche Halal trade. This paradigm shift will involve the withdrawal of MISC from the Asia-Europe trade and thus from the Grand Alliance in May 2009, to be effective by 1 January 2010. The Liner Business withdrew from the unprofitable South Africa trade which led to seven vessels being laid-off. Subsequently, four additional vessels were laid-off upon expiry of charters by ship operators bringing the total number of vessels laid-off to 11. As part of Liner's effort to reduce operational cost, a Cost Efficiency Task Force was set up. These transformational activities are intended to place the Liner Business in a competitive position in a more focused market.

In the related logistics sector, MILS encountered a challenging year, coping with low global demand and ensuing reductions in trade volume. Energy logistics business from the oil majors buoyed MILS through the year, and moving forward will continue to be the business focus targeted for expansion. MILS will also explore new value-added services and realign its business strategies in the non-energy segment to enhance its position in the coming year.

Business Segment Review

Global Energy Shipping

- LNG Business
- Petroleum Business
- Chemical Business

LNG Business

In 2008, world Liquefied Natural Gas (LNG) trade grew marginally by 0.3% to 174 million tonnes compared with 173 million tonnes in the previous year, representing the smallest increment in years. Tight supply at existing projects and numerous outages and delays at green field start-up projects resulted in the modest increase.

Fleet count for world LNG carriers totalled 297 in 2008 with 61 carriers delivered in 2008 alone. The number of vessels increased to 315 by mid-April 2009. Meanwhile, the total number of vessels currently on order is 76; notably with a shift towards new technology in the areas of Shuttle & Re-gasification Vessels (SRV), Floating Storage & Re-gasification Units (FSRU) and Floating Liquefaction Natural Gas (FLNG).

The short to medium term charter market deteriorated during the financial year due to the increase in number of open vessels resulting from delayed gas projects and falling gas demand from the third quarter of 2008.

For the year under review, MISC remained the world's largest owner-operator of LNG carriers with the delivery of three newbuildings increasing its total fleet size to 29. New deliveries for FY2008 / 2009 include:

- Seri Bijaksana which was delivered on 28 April 2008 with a time charter to British Gas Group (BG)
- Seri Balhaf which was delivered on 1 January 2009 with a long-term time charter to Yemen LNG (effective September 2009)
- Seri Balqis which was delivered on 31 March 2009 with a long-term time charter to Yemen LNG (effective September 2009)

From our maiden cargo to Japan in 1983 and up to March 2009, the LNG Business has safely delivered 5,383 cargoes totalling 274 million tonnes of LNG. During FY2008 / 2009, the LNG fleet carried a total of 21.46 million tonnes, equivalent to 12.3% of total world LNG trade (174 million tonnes). In expanding its income streams, seeding initiatives to enhance LNG's technological competitiveness have begun.

The LNG Business aggressively pursued business opportunities including:

- Prospecting to secure a beach-head in China by engaging China LNG (CLNG) to jointly provide LNG transportation capacity for the Shanghai LNG Project.
- Collaborating closely with the Santos-PETRONAS JV, Gladstone LNG (GLNG), in evaluating transportation requirements for the Coal Bed Methane (CBM) LNG project in Australia.
- Embarking on partnerships with PETRONAS (60%) and Mustang (10%) in developing a prototype Floating LNG (FLNG) solution to monetise stranded gas fields worldwide. The latter solution is envisaged to be ready for deployment in FY2013 / 2014.

Going forward, MISC's LNG business will also be focusing resources on technological advancements in evolving and enhancing its business portfolio from conventional to innovative solutions to capitalise on the growing interest for LNG floating solutions such as FLNG and FSRU.

Business Segment Review

Petroleum Business

Despite the onslaught of the financial crisis that brought global economies to their knees towards the end of the year, 2008 proved to be an exceptionally strong year for petroleum tankers, with the second best year in average rates recorded since the boom started in 2003. Average spot earning rates for calendar year 2008 outperformed those of 2007. Earnings per day for VLCCs recorded an average of USD78,640 compared to USD42,100 in 2007, and Aframax tankers registered 2008 averages of USD44,620 per day compared to USD31,720 in the previous year.

The phenomenal and counter cyclical performance for this shipping segment was a result of modest demand for oil coupled with favourable tanker supply and demand dynamics. World fleet growth slowed in 2008 to 1.6%, compared to the breakneck pace of approximately 5.0% per annum in the preceding three years. This was a result of fewer deliveries and acceleration in fleet removals mainly through conversions, while tanker demand grew 1.8% to 307.7 million dwt in 2008. Although global oil consumption actually fell during this period, tanker demand improved due to abnormally high usage of tankers, particularly VLCCs, for oil storage due to opportunistic oil price contango play by traders.

AET's fleet renewal and expansion programme continued during the year. Three new Aframax vessels and one VLCC joined the fleet on long-term charters replacing four older ships. With the above deliveries, AET operates a fleet of 72 tankers. Capacity expansion plans will see the fleet increase by another 17 tankers (11 Aframaxes, three Medium Range (MR) and three small 6,600 dwt product tankers) for delivery between 2009 and 2011.

During the period, the company maintained a balanced portfolio of voyage and period charters for its VLCC and Aframax fleets. The global VLCC fleet was employed on voyage and time-charters, mainly transporting crude oil in the Atlantic trades and on longer haul trips to the Far East and the US West Coast. A sizeable part of the Aframax tanker fleet was employed in the Americas region, primarily in the lightering trades and shorter-haul regional crude oil trades to the USA. The remainder of the Aframax tanker fleet was employed on spot and period charters in the Mediterranean, Black Sea and European trades together with a number of contracts of affreightment (COAs) and voyage charters in the Asia region.

The Aframax tanker newbuildings due to join the fleet in the next two years are intended to replace some of the existing older and chartered-in tonnage, further strengthening our position in the lightering business and targeted markets in the Americas, Europe and Asia. Whilst the MR product tankers are intended as our entry strategy into the deep-sea clean tanker trades, the three small tankers will be employed in short-haul movements of condensates in the Caspian Sea for PETRONAS.

The workboat fleet based in Galveston, Texas, which is used exclusively for AET's lightering business, will accept two new additions towards the end of this year. Both vessels are being built in Penang, Malaysia, and will replace two of the older boats. This will consolidate AET's continuing position as the market leader in the provision of lightering services in the US Gulf.

From the highs in 2008, freight rates have retreated south as world oil consumption was dented by record crude oil prices and the start of a global economic slowdown. The outlook for 2009 is significantly downbeat with a further fall in global oil demand expected in the face of a severe global financial and economic downturn. At the same time, a substantial number of new tanker deliveries, the bulk of which are for single hull tanker replacements, will further worsen the imbalance in the tanker supply and demand equation. This will undoubtedly result in significant pressure on freight rates projected for the short-to-medium term.

In preparing for the anticipated difficult market conditions, AET concentrated on optimising its spot / term charter ratio in favour of term charters, to mitigate exposure to poor vessel earnings. Its present mix of contracts and its wide portfolio of business will afford a good level of protection in the challenging times ahead.

AET will focus on potential opportunities afforded by the current economic crisis and market downturn, implementing strict cost control policies and innovative business expansion practices to ensure that it emerges from the downturn in better shape than ever. The focus on operational excellence will continue to gather strength across the entire company, building strong foundation blocks for further business growth with quality customers.

AET will continue to hold firm to its mission to become the world's leading petroleum tanker operator and its ultimate vision to be first choice for global logistics solutions to the petroleum industry, guided by its core corporate values of excellence, responsibility, innovation and partnership.

Business Segment Review

Chemical Business

The year in review showed mixed performance as a result of the change in global business environment. While the chemical tanker market benefited from the demand for transportation of vegetable oil and petrochemical products in the earlier part of the calendar year, the financial crisis caused a reversal in trend for this market by the end of the calendar year. A combination of shrinking cargo volumes, high operating costs and security threats in the Gulf of Aden further dampened Chemical Business' performance.

Notwithstanding the adverse operating conditions, business expansion in palm oil, Middle East petrochemical and Transatlantic trade shipping continued. Bridging tonnages in the form of time charter-ins and trip chartered tankers with sizes ranging from 19,000 dwt to 50,000 dwt were employed to support new businesses. Critical for building up our clientele, the in-charter tankers initially employed for this objective will gradually and eventually be phased out and replaced with newbuildings.

In view of the market outlook for chemical tankers, MISC and SLS Shipbuilding Co Ltd Korea (SLS) agreed to revise the order of newbuildings from eight tankers to four.

Our fleet expansion programme continues with a planned delivery for seven of the eight 38,000 dwt IMO II chemical tanker newbuildings from STX Shipbuilding and two of the four 45,000 dwt IMO II chemical tankers from SLS in FY2009 / 2010.

The repercussions of the August 2008 hijacking of Bunga Melati Dua and Bunga Melati 5 in the Gulf of Aden resulted in an increase in off-hire days and therefore, a loss of income. The focus of all our efforts and resources during the crisis was to ensure the safe return of our crew.

Despite the challenging operating environment, MISC successfully secured new major contracts with Iran Petrochemical Commercial Company (IPCC), and Kwantas Corporation Bhd; and renewed contract commitments with IOI Corporation Bhd, Wilmar International Ltd, Sime Darby Bhd and Iffcochart Ltd. Throughout the year, MISC also planned and executed triangulation strategies to lift yield and increase tanker utilisation rates by carrying a mix of petrochemicals, vegetable oil and clean petroleum products (CPP) along the Transatlantic and Far East trade routes.

Chemical Business also secured new term businesses with PETRONAS where the 25,000 cbm LPG carrier Bunga Kemboja was bare-boat chartered in October 2008 for a nine-year four-month time charter to MITCO for ammonia shipments from Kertih; while the 19,000 dwt Kristin Knutsen was in-chartered in December 2008 for a two-year time charter to MITCO Labuan for methanol shipments from Labuan.

In the last financial year, MISC signed a Shareholders' Agreement with Dialog Group Berhad to jointly develop, manage and operate tank terminals at the Port of Tanjung Langsat. The Tanjung Langsat Tank Terminal, which will be fully completed and will commence operations in 2010, is designed for a storage capacity of 400,000 cbm for petroleum products. This 40-acre development is part of MISC's business strategy to expand our chemical business across the value chain in providing our customers with integrated services in the form of logistics support together with our core shipping operation.

Chemical Business' strategy in this unprecedented and challenging environment involves further cost-cutting measures, rebalancing our portfolio of charter-ins and owned assets, reducing in-charter hire costs, decreasing the number of bridging tonnage and promoting time-charter out for our tankers. Meanwhile, Chemical Business will maintain its pursuit of viable alternatives and green field trade routes for cargoes.

Business Segment Review

Other Energy Businesses

Offshore Business

The sharp volatility and plunge in oil prices during the second half of the year resulted in a number of oil & gas companies reporting significant drop in profits. The instability in the industry resulted in sluggish exploration and production (E&P) expenditure with most major industry players cutting capital expenditures. However, on a more positive note, some of the national oil companies and oil majors such as Petrobras, ExxonMobil and Chevron have pledged to maintain investment plans on projection of an eventual economic upswing. These companies have yet to show any signs of slowing down their businesses and are still pursuing their long-term business plans.

For the financial year under review, Offshore Business' operating profit was derived mainly from income generated from our portfolio of four Floating Production Storage Offloading (FPSO) units (FPSO Brasil, FPSO Espirito Santo, FPSO Bunga Kertas and FPSO Kikeh) and five Floating Storage Offloading (FSO) facilities (FSO Angsi, FSO Abu, FSO Cendor, FSO Puteri Dulang and FSO Orkid), operating in Malaysian and international waters. Additional contributions came from FPSO Venture Sdn Bhd (FVSB), MISC's subsidiary.

During the year, Offshore Business witnessed a significant milestone which further enhanced MISC's foothold in international market with the delivery of FPSO Espirito Santo for Shell Brazil, a joint venture with Single Buoy Mooring Inc (SBM). The VLCC-sized FPSO is currently undergoing installation at BC-10 field of the Campos Basin, offshore Brazil and is anticipated to receive its first oil in June 2009. The FPSO is MISC's second FPSO in Brazil's offshore deepwater fields with MISC's 49% equity stake in the joint venture company. Another significant achievement is the delivery of FSO Orkid for Talisman Malaysia Ltd at PM3 CAA, a joint development area between Malaysia and Vietnam which received its first oil in March 2009, and the FSO Puteri Dulang which was acquired in April 2008 and is on a 10-year lease contract with PETRONAS Carigali Sdn Bhd.

In line with MISC's tagline of Growth Through Partnerships, Offshore Business initiated its first venture into Vietnam through a strategic partnership with Petroleum Technical Service Corporation (PTSC),Vietnam. Subsequently, MISC was awarded a contract by PC Vietnam Limited (PCVL) for the provision of FPSO Ruby II, scheduled for delivery in September 2009 at Block 01 and 02, offshore Vietnam. Meanwhile, the construction of two Mobile Offshore Production Units (MOPU), MOPU SATU and MOPU DUA, which is a joint venture project between MISC and Global Process System (GPS) are both scheduled for delivery at Block SK305, offshore Sarawak in October 2009.

Working towards being a world class offshore floating facilities solution provider, MISC received the ISO 9001: 2000 certification in April 2008. In order to strengthen the capabilities of our employees, so as to achieve competitive and distinctive standards, the Offshore Business has embarked on a Capability Building Initiative (CBI) programme focusing on five core capability areas, namely Strategy, Engineering and Design, Project Management, Asset Management and Commercial.

MISC expects to continue pursuing technical alliances and strategic partnerships to achieve a leading edge in the domestic and selected international markets especially in FPSO / FSO and other potential new businesses such as early production system solutions and niche barges.

As a PETRONAS subsidiary, MISC will continue to place emphasis on supporting Malaysian small field development through cost effective solutions and asset optimisation in positioning itself as a leader in the domestic market and among the top three FPSO / FSO players in the Asia Pacific region. In addition, Offshore Business will continue to explore business opportunities in expanding its solutions offerings, especially in the deepwater demand areas in Malaysia, Asia Pacific, Latin America and Africa.

Business Segment Review

Marine & Heavy Engineering

Despite volatile oil prices and rigid market demand, for the financial year in review, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) registered a strong performance on the back of an orderbook of RM7.2 billion, double that of the previous year.

A total of 68 vessels docked at the yard for repair during the year compared to 57 vessels in the previous year, with average drydock utilisation rate being edged up to 93% from 92%. Revenue from rig repair was contributed mainly from the vessels WD Kent, Searex IX, Audacia and Tog Mor. The revenue from the LNG vessel repair segment was mainly from the Tenaga 3 refurbishment works, Hyundai Greenpia and Puteri Zamrud. MMHE's strategy to focus on high value marine repair coupled with capability building and cost containment initiatives have paid off through increased revenue and profits for the marine repair business.

During the year, MMHE completed the conversion work on Floating Storage & Offloading (FSO) vessel, FSO Orkid and the new build Drilling Barge T11. Ongoing marine conversion projects include the Floating Production Storage & Offloading (FPSO) FPSO Ruby II and two Mobile Offshore Production Units (MOPU), namely MOPU SATU and MOPU DUA, and Drilling Barge T12. New contracts secured during the financial year amounted to RM177 million.

The largest portion of the orderbook at 97%, was attributed to the Engineering & Construction business. The projects completed during the year were the CPOC Jacket, B11K-A Substructure and PC4 Platform. Exploiting our core strengths and expertise, current projects at the yard include the Gumusut-Kakap semi-submersible Floating Production System (FPS), Kinabalu, Tangga Barat and Ruby Princess Topside. The Gumusut-Kakap FPS is designed to process 150,000 barrels of oil per day, and can operate in a water depth of up to 7,500 feet. It is Asia Pacific's first deepwater FPS which will be operating at offshore Sabah.

MMHE strives to continuously improve its Health, Safety and Environment (HSE) practices in all its operations, with in-house targets set against international benchmarks. In the year under review, Total Recordable Case Frequency (TRCF) declined by 32% to 0.43 against an increase of 11% in total manhours, while Lost Time Injury Frequency (LTIF) remained low at 0.36.

The capability building initiatives which continued throughout the year focused on strengthening business processes and improving productivity. To ensure sustainability, MMHE has progressed into the live implementation phase of the integrated Project Management System (iPMS), an IT enabler to support key project management processes. Moving forward, all ongoing and future capability building initiatives will focus on value creation and cost reduction opportunities.

The Yard Optimisation project started in 2006 with the aim of increasing yard capacity by 80% for Engineering & Construction and 25% for Marine Repair. Phase 1 commenced with the design and construction of the Cutting & Assembly Workshop in December 2006. The workshop is the largest in the region and will significantly increase throughput in the yard. The construction of 40,000 MT Skid Track was completed in September 2008 for the load out of heavier deepwater structures. Preliminary work such as concept design and pre-qualification of contractors for 40,000 MT Bulkhead, and the Blasting & Painting shop are all in progress with completion aimed for October 2009 and April 2011 respectively. The West Finger Pier at 46.4% progress is expected to be completed in December 2009, while the Dry Dock No. 3 is scheduled for completion by April 2013.

MMHE developed the Kiyanly fabrication yard in Turkmenistan as part of the EPCIC package awarded by PETRONAS Carigali (Turkmenistan) Sdn Bhd for the Turkmenistan Block 1 project. The construction of the yard's major facilities has been completed and the MDP-A offshore platform was successfully loaded out in April 2008.

The year ahead will continue to be a challenging one with market outlook for all sectors within the industry expected to remain uncertain arising from the slow growth in energy demand, and as well as volatile oil prices and intense competition in the market for marine repair and conversion.

The expansion of low cost marine repair centres particularly in China, India and Vietnam is expected to have a profound impact on established facilities in Singapore, Malaysia, the Middle East and Japan. There will be ongoing investment in facilities and skills to sustain longer term growth, and increase in volume of higher value repairs and conversion contracts by these low cost shipyards.

MMHE remains committed to its long term vision of becoming a leading marine and heavy engineering organisation through the pursuit of growth in strategic areas and enhancement of capability through investments in infrastructure, technology and human capital.

Business Segment Review

Integrated Liner Logistics

- Liner Business
- Integrated Logistics

Liner Business

The October 2008 abolishment by the European Commission of the Liner conference block exemption, introduced in 1986, proved to be untimely and damaging to the industry. The block exemption operated to exclude many maritime transport services from the application of standard rules which prohibit anti-competitive conduct such as price fixing and market sharing. Following the abolishment, the freight rates volatility increased and further dampened the industry operating environment.

In the past eight to ten years, Liner companies have enjoyed healthy volume growth of between 7% and 8% per annum with average vessel utilisation at 92% to 93%. With the robust growth during the boom time, many Liner companies invested heavily in new tonnages resulting in deliveries of larger capacity vessels in 2008 and beyond.

However, the severity of the current economic downturn has seen demand drop to an unprecedented rate in recent history, causing shipping lines to scale back capacity. Liner freight rates are currently insufficient to cover variable costs. In response, many Liner companies have opted to terminate services and shipping routes as it is economically more viable to leave vessels idle rather than operate at a loss.

Being principally sub-scaled with little ancillary support and resources skewed towards a single trade, namely the Asia-Europe route, the Liner Business severely underperformed in this down cycle. Although bunker prices eased by 69% towards the end of 2008 from the peak in July 2008 in line with falling oil prices, it provided little relief to the overall performance for MISC's Liner Business.

Declining trade volume and depressed rates from October 2008 which plunged in the first quarter of 2009, especially in the Asia–Europe trade, resulted in massive losses.

The Liner Business took proactive actions to review strategies and where necessary, put on hold initiatives which have been made irrelevant by the ailing world economy. This included partial lay up of vessels as the cost of keeping ships inactive was lower than operating them in unprofitable routes. In addition, Liner Business implemented cost mitigating initiatives for Terminal & Vessel management, Container Logistics and Commercial activities. Further cost mitigations were achieved by moving a segment of its business activities from Singapore to Port of Tanjung Pelepas.

The meltdown in the Liner trade compelled the Liner Business to restructure its existing business model for long-term earnings stability, in the form of a total withdrawal from the Asia-Europe trade and thus from the Grand Alliance. This will allow Liner Business to strategically focus itself as an Asian player majoring in the Halal trade. By doing so, the Liner Business will move from being a "Price Taker" to a leading player in the fast growing niche Halal trade leveraging on the strength of the MISC brand.

Recognising that the weakness of the global trade will remain a formidable challenge in the container shipping industry, the MISC management is committed to seeing through these initiatives in its effort to persevere through these tough times.

Business Segment Review

Integrated Logistics

The performance of MISC Integrated Logistics Sdn Bhd (MILS) was affected by the weakening global and domestic economy. Erosion of consumer confidence and prevailing weak demand resulted in a reduction in trade volume and a slowdown in logistics activities.

The energy logistics business provided some mitigation as MILS delivered upstream energy project logistics for the PETRONAS Group and other oil majors. During the year, MILS delivered three upstream project logistics namely Sabah Sarawak Gas Pipeline (SSGP), Turkmenistan and Sabah Sarawak Shell. Details of which are:

- **SSGP Project**
  MILS managed freighting, handling and transportation of 179,384 MT hot roll coil from Bremen, Germany and Fos Sur Mer, France to Kota Kinabalu and 36,250 MT LSAW Steel Pipes from Kimitsu, Japan to Kota Kinabalu.
- **Turkmenistan Project**
  MILS handled the sea transportation package for topside / Gravitational Base Structure (GBS) pre-fabricated platform which required heavy lift for Magtymgully Collector Riser (MCR) offshore platform for PETRONAS Carigali (Turk) Sdn Bhd Block 1 Gas Development project in Turkmenistan. Apart from that, MILS also administered the logistics management for procurement items from China, Europe and US to Turkmenistan.
- **Sabah Sarawak Shell**
  MILS managed its international freighting requirements.

Within the energy downstream activities, MILS was appointed to extend its logistics offerings for PETRONAS Dagangan Berhad's Natural Gas for Vehicles (NGV) movements. With that, MILS is now entrusted with the provision of all service complements in the delivery of NGV throughout the country. However, general haulage performance suffered mainly due to high fuel cost and softening demand towards the end of 2008. Warehousing activities performed unsatisfactorily, due to slow take up rate of MILS' warehouses in Central and Southern regions.

In October 2008, MILS commenced operations of its Cold Hub in Pulau Indah through its joint venture MILS-Seafrigo Cold Chain Logistics Sdn Bhd. In March 2009, the facilities were certified Halal compliant by Halal Industry Development Corporation (HDC), making it the first halal certified cold storage in Malaysia offering value-added services. BLG-MILS Sdn Bhd completed the construction of its Vehicle Distribution Center (VDC) in Port Klang in May 2008 to provide a full range of automotive logistics services.

MILS' joint venture company in Dubai, RAIS-MILS Logistics FZCO (RMLF) embarked on its Phase 2 warehouse expansion from the existing 3,000 pallet positions to an additional of 4,500 pallet positions, targeted for completion by the end of 2009. With this additional space, it will serve the needs of potential customers requiring warehousing-related activities with value added services in the Gulf region.

Going forward, MILS will focus on servicing the energy sector, leveraging on its strength and the synergy within the PETRONAS Group of Companies to provide complementary services. On its non-energy business segments, MILS will focus on tapping niche opportunities in the evolving economic environment by working closely with existing joint venture partners and exploring options for mutually beneficial solutions.

Business Segment Review

Fleet Management

FY 2008 / 2009 was a challenging year for MISC's Fleet Management Services (FMS) in supporting MISC's business units with many regulatory changes including those related to Health, Safety, Security and Environment (HSSE), as well as heightened security threats following the August hijacking of two of our chemical tankers in the Gulf of Aden.

On HSSE matters, the Total Reportable Cases Frequency (TRCF) improved by 20%, maintaining MISC's performance at above average against the INTERTANKO benchmark. The 'Near Miss Reporting' (NMR) performance improved by 96% compared to the previous year, indicating a high level of awareness of safety and commitment to excellence among MISC's seafarers.

With the conviction that personnel accidents can be prevented, FMS together with Corporate HSE embarked on the Behavioural Safety Programme to inculcate safety behaviours among employees, with the goal of achieving Zero Incidents Zero Accidents (ZIZA). The programme is expected to be fully implemented in the next financial year.

MISC was certified with the EMS ISO 14001 standards award for its commitment to preserving the environment by managing risks and liabilities associated with water borne transportation. The fleet recorded Zero oil overboard spill incidents in FY 2008 / 2009. In addition, MISC is meeting the stringent Port State Control (PSC) inspections on international standards of safety management and condition of vessels. The percentage of PSC inspections that resulted in Zero deficiency over the number of inspections conducted also improved by 4% compared to the previous year.

A recent Tanker Management Self Assessment (TMSA) review by a key client and an independent consultant resulted in a favourable rating. MISC ships are also well-rated by the oil majors including Shell and ExxonMobil who are among our principal clients. The implementation of the Risk Centred Maintenance Programme (RCM) has also further enhanced our management capabilities.

In the area of improved efficiency, FMS embarked on e-procurement with the implementation of the electronic ship supply management software in May 2008 to strengthen the procurement process and reduce cycle time by 20%. The ongoing fuel efficiency programme saw a reduction by 9.7% in fuel resources usage last year against the agreed level, compared to 6.69% previously.

In October 2008, the Cross Functional Team (CFT) concept was implemented comprising team members of varied skill sets and knowledge working together to provide a one-stop centre for managing a specific class of ships. This concept provides focused management, enhances accountability and improves operational efficiency.

During the year under review, the MISC's Application for HR Information and Administration (MAHrINA) was rolled out to promote a seamless operational environment for crew management. The software holds a database of the crew's profiles and carries out the manning operations in respect of scheduling and joining or repatriation activities.

To ensure continuous high quality supply of sea staff, FMS leverages on the relationship with ALAM for continuous training of our cadets and officers through accredited training programmes. FMS entered into a joint venture with Parola Maritime Agency Corporation (Philippines) in July 2008 to form the Eagle Star Crew Management Corporation to provide qualified seafarers. The results of FMS' human capital focused initiatives are reflected in our sea staff retention rate of over 90% for the year under review.

Moving ahead, FMS will be continuing its initiatives to enhance operational excellence and stay ahead of regulatory requirements. FMS will also sign service level agreements with the business units as a commitment from all parties to enhance the overall performance of MISC's fleet.

Business Segment Review

Maritime Education

As Malaysia's leading maritime education and training institution, ALAM continues to focus on addressing the demand from shipping companies for skilled and competent maritime personnel, with ongoing efforts to enhance its academic programmes and facilities.

In the year under review, ALAM produced 141 professional graduates with Diplomas in Nautical Studies and 106 with Diplomas in Marine Engineering, as well as 118 marine skilled Ratings. ALAM marked a significant milestone with its 100th Convocation Ceremony in February 2009.

For the academic year, 505 cadets enrolled for the diploma programmes with 284 enrolling for the Diploma in Nautical Studies and 221 for the Diploma in Marine Engineering. International students from India, Philippines, China, Yemen, Indonesia, Bangladesh, Ukraine, Kenya, Pakistan, Brunei and Vietnam made up 26%. For post-sea programmes, enrolment was at 168 comprising 54 for the Combined Master and Chief Mate programme and 114 for the Combined Chief and Second Engineer programme.

The LNG e-learning programme on LNG Shipping Cargo Operations which complies with the Det Norske Veritas (DNV) and the Society of International Gas Tanker and Terminal Operators (SIGTTO) standards reached a subscription of 208 by mid 2008.

In line with its effort to improve training facilities, ALAM acquired the Chemical Tanker Type II simulator software and conducted its first course in May 2008 for Bostrom. In addition, ALAM introduced new courses in response to changing demands, in specialised areas including Shiphandling Course for Offshore Supply Vessel (OSV) Simulator Training and Very Large Crude Carrier (VLCC) Training, Shiphandling Course Modular for Marine Pilots Training, Junior Engineer and Junior Officer Induction Programme, International Safety Management Code Training and Advanced Ship Stability Programme for Cargo Planners.

In October 2008, the first Marine Engineering Bridging Program (MEBP) to reinforce manpower planning onboard vessels was launched with an intake of 27 Mechanical Engineering graduates.

In terms of international credits, ALAM represented Malaysia at the various International Maritime Organisation (IMO) forums. ALAM's contribution towards the comprehensive review of the Standard of Training, Certification and Watchkeeping (STCW) Code and Convention was recognised by IMO at the last STW 40 sub-committee meeting. ALAM co-sponsored all the five competency standards and tables for tankers in Chapter V of STCW, and the new competency standards and tables for Electro-Technical Officers in Chapter III. ALAM has also contributed in the area of training standards on LNG Shipping, whereby the IMO has adopted the LNG Liquid Cargo Operations Simulator course. In addition, ALAM was appointed as a member of the working committee to develop SIGTTO's competency standards for Steam Engineers onboard LNG tankers. ALAM met the full compliance of STCW when audited by the European Maritime Safety Agency (EMSA) in December 2008.

Moving forward, ALAM will focus on building its faculty strength, building rapport within the shipping industry, upgrading learning infrastructure and improving curriculum to maintain international recognition and enhance maritime academic standards.

Business Segment Review

Human Resource Services

MISC recognises that the most valuable asset in its portfolio is its human capital. Developing, preserving and nurturing this varied talent pool is imperative in both surviving the current economic crisis and more importantly to take MISC to greater heights. Hence, continuous programmes concentrating on talent attraction, development and retention will be MISC's building blocks to enhance our global competitiveness.

During the financial year, MISC focused on attracting and retaining the right personnel, leveraging on a two-pronged approach of broadening talent supply through enhanced global sourcing channels and retaining talent through intensifying career development and progression opportunities.

Together with MMHE, MISC conducted two career fairs at Universiti Kebangsaan Malaysia and Universiti Teknologi PETRONAS, and one recruitment drive at the Melbourne Recruitment Fair. Aggressive engagement and networking were also initiated to reach a wider pool of engineering and technical personnel through selected media and executive search agencies, regionally and internationally.

To meet specific career development goals, two career progression programmes targeting executives and managers were conducted during the year under review. The programmes – the Managing Your Career (MYC) programme for Executives and the Managing Career Development (MCD) programme for Managers and above, underscore the importance of the individual in determining his or her own career progression. Structured leadership assessments by external consultants were conducted for senior and middle management, coupled with relevant development plans to identify and build an internal pool of leaders for succession planning.

MISC continued to enhance its competency levels across the group through the reinforcement of Skill Group (SKG) programmes and customised functional programmes for the respective business and service units. To date, MISC has seven active SKG programmes namely SKG Finance, SKG Business Planning, SKG Supply Chain Management, SKG Human Resource Management, SKG Health, Safety and Environment, SKG Maritime and SKG Legal. Job familiarisation of shore staff to sea as part of experiential learning was also conducted for selected employees.

As a follow through measure, the MISC Employee Tracking Mindset Survey (METS) was implemented in 2008 to gauge staff mindset level and endeavour to sustain change momentum at the divisional and departmental level. The improvements will be gauged through another METS exercise which is expected to be implemented in 2010.

In ensuring a steady stream of valuable human capital, MISC will continue its Long Term Manpower Plan (LTMP) initiative in partnership with the business and service units within the Group to ensure the appointment of suitable personnel to support MISC's business aspirations. Retaining key employees is vital for an organisation in this challenging environment.

Future Outlook

Looking ahead, our diversified business growth strategy for the core energy business units will see simultaneous expansion across the matrix of energy shipping, offshore and heavy engineering value chains. As MISC expands geographically with new products and services, growth plans include establishing our presence in key international business hubs to entrench MISC's position as a global player.

The current downturn has also provided an opportunity for MISC to take stock of internal processes, fine tune and further develop required capabilities to reinforce our platform upon which to launch our next growth phase. Our people remain a strong focus as the core strength of the company, and enhanced holistic development is crucial in these times as we continue to expand the breadth and depth of services for our clients, providing them with a "one-stop" solution from a single reliable brand, MISC.

Stringent capital management in ensuring funding requirements are met both from an operational and capital expenditure perspectives, to sustain MISC through the current severe downturn and position us to capitalise on opportunities for strategic expansion and global growth. Our healthy net debt to equity ratio together with 85% of our assets remaining unencumbered, allows MISC more room for further capital raising should opportunistic requirements arise.

MISC will continue to harness group-wide synergy, particularly through our position within the PETRONAS Group of Companies to sharpen our competitive edge to seize new opportunities and deliver greater value. Building strategic partnerships will also continue to be an important element in MISC's growth.

The coming year will be a challenging one for us, as players in the shipping industry face tougher competition amidst a high-cost environment. As a leading player in the industry, MISC has, over the past years, laid out strategic building blocks to ensure our success in our sector of choice. In this regard, the Management and I would like to acknowledge and thank my predecessor, Dato' Shamsul Azhar bin Abbas, whose strong leadership strengthened the foundation on which we now continue to build. In addition, the Management and I would also like to express our sincere thanks to Dato Sri Liang Kim Bang, for his invaluable service after more than 36 years serving as an Independent Non-Executive Director of MISC Berhad. Finally, the Management and I would like to extend our sincere appreciation to the Government of Malaysia and the Royal Malaysian Navy for their selfless assistance during our time of need and for their continued support in ensuring the safety of our crew and ships plying the Gulf of Aden.

Amir Hamzah bin Azizan
President / Chief Executive Officer

Business Highlights

1 April 2008 – 31 March 2009

2008

April

3 **Bunga Kasturi Enam is MISC's 11th VLCC**
MISC's 11th VLCC was named 'Bunga Kasturi Enam' by Madam Laura Pacchiarotti, wife of Guest of Honour, Mr Domenico Calzari, International Crude and Product Manager with Italy's energy specialist, ENI. The ceremony was held at the USC Ariake Shipyard in Japan.

9 **Offshore Business Receives ISO Certification from Bureau Veritas**
MISC's Offshore Business was awarded the prestigious ISO 9001:2000 certification by Bureau Veritas, an independent certification and auditing services agency. The certification is a testimony to MISC's offshore business' consistent delivery of quality service to its customers.

14 **MISC and Maersk Cooperates in New Zealand Service**
MISC Berhad entered into a Memorandum of Understanding (MOU) with Maersk Line to collaborate in a Vessel Sharing Agreement for the South East Asia - New Zealand trade, which will see four 4,100 TEU vessels deployed in the route.

17 **MISC in Forbes Global 2000 List**
MISC was among the 15 Malaysian companies listed in the Forbes 2000 Biggest Public Companies in the World. MISC was ranked 1038th in the Global 2000 list that is compiled by Forbes once every four years. Among the 15 Malaysian companies listed, MISC was ranked 7th.

3 April 2008

9 April 2008

29 April 2008

11 June 2008

April

18 MISC Opens First Representative Office in Shanghai
MISC launched its first representative office in Shanghai to further strengthen it's presence in the China market.

28 MISC Receives Latest LNG Carrier, Seri Bijaksana
MISC welcomed its 27th LNG Carrier, Seri Bijaksana, bringing the total fleet of LNG carriers to 29. The vessel was named at a ceremony at the MHI shipyard in Nagasaki by Puan Zainab Jaafar, wife of MISC Board member, En Ahmad Nizam Saleh.

29 MISC Enters into Partnership with Port of Tanjung Pelepas
MISC and Port of Tanjung Pelepas signed a joint venture agreement for the setting up of a Joint Venture (JV) company to operate a transshipment hub to serve MISC and other shipping lines.

May

20 MISC Signs Collaboration Agreement with UTM
MISC and Universiti Teknologi Malaysia (UTM) signed a Collaboration Agreement for the Master of Engineering (Marine Technology) by Research Programmes for MISC employees, with the aim of creating competent industry subject matter experts within the company to support the business and industry needs.

June

11 MISC Signs New Time-Charter with BG
MISC continued to strengthen its third party LNG business with the signing of a new time-charter party with Methane Services Limited (MSL), the LNG subsidiary of the British Gas Group (BG). Under the agreement, MISC will be chartering out LNG Carrier Seri Bijaksana to service MSL's LNG transportation needs untill 2011.

12 MISC Secures Contract of Affreightment (COA) with Iran Petrochemical Commercial Company (IPCC)
MISC's Chemical Business continued to strengthened its foothold in the Middle East market by securing a Contract of Affreightment (COA) with IPCC. IPCC, a subsidiary of National Petrochemical Company of Iran, is responsible for the sales and marketing of chemicals, polymer, fertilisers and feedstock / liquefied gases.

Business Highlights

1 April 2008 – 31 March 2009

August

18 MISC's 39th Annual General Meeting (AGM)
Held at Istana Hotel in Kuala Lumpur, about 250 shareholders attended the AGM.

28 AET Orders Three Product Tankers in Russia Using NEWBUILDCON
AET ordered three 6,600 dwt oil / chemical tankers from Russia's Okskaya Shipyard using BIMCO's Newbuildcon standard newbuilding contract, making it one of the pioneer ship owners to use the standard newbuildings contract template.

September

3 MISC Acquires Carli Bay, a 25,301 cbm LPG Carrier through Bareboat Charter Agreement
MISC's Chemical Business continued to strengthen its collaboration with PETRONAS by securing a bareboat charter on a back-to-back basis for one 25,301 cbm LPG carrier, 'Carli Bay'. The vessel, renamed as Bunga Kemboja, will serve MITCO for its ammonia export from PETRONAS Ammonia Sdn Bhd in Kerteh.

29 MISC Secures The Release of Hijacked Vessels
MISC successfully secured the safe release of its hijacked vessels, MT Bunga Melati Dua and MT Bunga Melati 5, which were taken by pirates off the coast of Somalia on 19 and 29 August 2008 respectively.

October

11 Naming of FPSO Espirito Santo
FPSO Espirito Santo was officially named by Mrs Jennifer Howell, wife of Shell's Project Manager Mr Chris Howell, at a Naming Ceremony at Keppel Shipyard, Singapore. The FPSO will be leased to Shell Brazil E&P, in a joint venture with Petrobras and Oil and Natural Gas Corporation Limited (ONGC).

24 MMHE Awarded Tangga Barat and Kinabalu Contracts from PETRONAS Carigali Sdn Bhd (PCSB)
MMHE was awarded two contracts for the Integrated Procurement and Construction of Tangga Barat Cluster Development Project (Phase 1) for Tangga Barat Central Processing Platform (TBCP-A) Topsides and Jacket (18000 MT) and the Kinabalu Non Associated Gas (NAG) Development Project (Phase 1) for Kinabalu Gas Processing Platform B Topside and Jacket by PCSB.


18 August 2008


29 September 2008

◄ 5 November 2008

◄ 15 December 2008

October

25 MISC Chosen As ExxonMobil's Trusted Partner for Eight Consecutive Years

MISC was once again chosen by oil major ExxonMobil as its trusted logistics partner for their Yanbu / Redsea COA. MISC has been servicing ExxonMobil since 2001 and the volume carried has increased over the years to full ship basis on the Bunga Melati class vessels, signalling the company's continued trust in MISC's quality service.

November

5 Naming of FSO Orkid

MISC, along with joint venture partner, Petroleum Technical Services Corporation (PTSC), Vietnam officially received its Floating, Storage and Offloading facility, FSO Orkid. The FSO will be leased to Talisman Malaysia Limited for ten years. The facility was named by Mdm Chennene Wright, spouse of Mr Jonathan Wright, Senior Vice President, Talisman Malaysia Limited, at the MMHE yard in Pasir Gudang.

6 MISC Turns 40

MISC celebrated its 40th Anniversary. Since its inception in 1968, MISC has grown into one of the world's leading global energy transportation and logistics service provider, strengthening its business portfolios for LNG, Petroleum and Chemical Shipping.

December

10 Eagle Sapporo Joins AET Fleet

AET welcomed new Aframax Eagle Sapporo, on a 12-year time charter from Meiji Shipping of Japan. This vessel was named by Lady Sponsor Pn. Aidah Abu, wife of MISC President / CEO, En. Amir Hamzah Azizan.

15 Seri Balhaf Navigates MISC into A New Era of LNG Shipping

MISC's "Seri Balhaf", a 157,000 cbm LNG Carrier (LNGC) was named by His Excellency Mr. Ameer Salem Al-Aidaroos, Minister of Oil & Minerals of the Republic of Yemen, at the Mitsubishi Heavy Industries shipyard in Nagasaki, Japan. The vessel is the first of two MISC LNGC's to service MISC's first long term third party LNG client, Yemen LNG.

Business Highlights

1 April 2008 – 31 March 2009

2009

January

1 **MISC Welcomes New President / CEO**
MISC welcomed En Amir Hamzah Azizan as the new President / CEO of the Group.

February

9 **Two New Aframax Tankers Joins AET Fleet**
Aframax tankers Eagle Stavanger and Eagle Sydney join the AET Fleet on a ten-year charter from Det Stravangerske Dampskibsselskab (DSD).

13 **AET Shipmanagement (India) Pvt Ltd Receives India License**
AET received its Recruitment & Placement Service License (RPSL) in India for the operation of AET Shipmanagement (India) Pvt Ltd.

14 **ALAM Celebrates its 100th Convocation Ceremony**
ALAM's convocation ceremony for cadet officers hit its 100th mark, a testimony to it's strength in maritime education and training. A total of 125 cadet officers graduated with Diplomas in Nautical Studies, Marine Engineering and Marine Engineering (Steam) at this ceremony.

18 **MISC Signs Manning Agreement with Eagle Star**
MISC Berhad and AET signed a manning agreement with Eagle Star Crew Management Corporation for the company to supply qualified, competent and experienced Filipino officers and ratings to man MISC vessels.

14 February 2009

18 February 2009

27 February 2009

27 March 2009

February

27 Tun Jeanne Abdullah Names MISC's 29th LNG Carrier (LNGC), Seri Balqis

MISC's latest LNGC, Seri Balqis was named by Yang Amat Berbahagia Tun Jeanne Abdullah, at a ceremony held at Mitsubishi Heavy Industries (MHI) shipyard in Nagasaki, Japan.

March

25 FSO Orkid Successfully Receives First Oil

FSO Orkid received its first oil at 1.30pm. The FSO, located in Block PM3, Commercial Agreement Area, Northern Fields, Offshore Malaysia-Vietnam is on a 10-year lease to Talisman Malaysia Limited.

27 MISC Successfully Completes First Shipment of Base Oil to Europe

MISC's Chemical Business successfully delivered its first cargo of base oil for PETRONAS Base Oil (M) Sdn Bhd from Sungai Udang, Melaka to Antwerp. This delivery marked another milestone in the company's growth plan for Chemical business and re-affirms our commitment in working together with our parent company, PETRONAS.

Corporate Responsibility Reporting

At MISC, we understand that Corporate Responsibility (CR) is beyond philanthropy and public relations. It is infused into our business practices, and we are committed to operate in a transparent and ethical way while contributing to the nation's economic and social development. As we do so, our actions improve the quality of life of the people of MISC as well as the communities in which we operate.

Our CR portfolio covers the following aspects:

- Health, Safety and Environment
- Development of Human Capital
- Corporate Social Responsibility

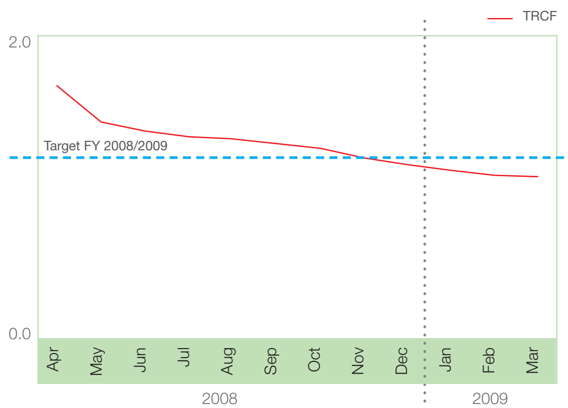
Health, Safety and Environment

MISC remains steadfast in upholding its pledge as stipulated in the policy statements on Health, Safety and Environment (HSE).

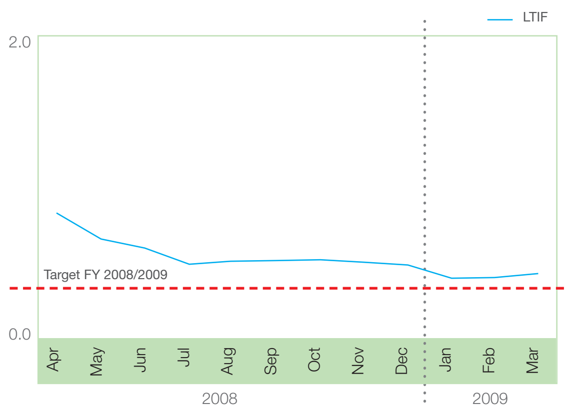
In the year under review, the MISC Group HSE managers convened for its regular quarterly meeting, where Corporate HSE (CHSE) presented the year-to-date HSE performance of all Business Units / Service Units (BUs / SUs). In February 2009, the meeting was graced by the President / CEO who shared his thoughts and principles on HSE, where he emphasised MISC's viewpoint that good HSE practices provides our business with a strong, competitive advantage.

In FY2008 / 2009, MISC posted a 16% improvement against FY2007 / 2008 of its Total Recordable Case Frequency (TRCF) – keeping in trend with the reputable outlook from previous years. This was made possible through the strong partnership with our seven HSE outfits deriving from various operations within MISC Group, and collectively with CHSE providing stewardship in HSE critical areas. The Lost Time Injury Frequency (LTIF), meanwhile, recorded a 0.11 variance from last year.

Corporate Responsibility Reporting



Total Recordable Case Frequency



Lost Time Injury Frequency

In terms of achievement by individual BUs / SUs, the following were recorded during the year in review:

- Fleet Management Services (FMS) attained ISO 14001:2004 certification for their commitment in managing the environmental risk and liabilities by minimising the business impact on the environment, ensuring zero spills and reduced emission.
- FPSO Ruby II project achieved 600,000 man-hours with zero LTI during conversion works at Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE).
- MMHE received the 2008 CPOC HSE Excellence Award (Gold Award) from Carigali – PTTEPI Operating Company Sdn Bhd (CPOC), for the CPOC 8 Legged Jacket project. The CPOC project achieved 839,523 man-hours with zero LTI.
- MMHE also received the B11K-A Substructure Plaque of Appreciation from Sarawak Shell Berhad (SSB) for the completion of B11K-A substructure and for exerting comprehensive HSE efforts to achieve overall 371 Goal Zero Days. The project achieved 745,600 man-hours with zero LTI.
- AET continued to set high safety and quality standards in the Industry, maintaining its compliance with ISO 9000 and ISO 14001 standards. For the company's commitment towards Environment Friendly operations, AET vessels received awards by the Green Award Foundation in the year under review. Ten of its vessels also received the Jones F. Devlin Awards, which were presented by the Chamber of Shipping of America for vessels which have been operating accident-free for two years or more.

During the financial year, MISC successfully conducted several programmes and activities to continually improve HSE performance groupwide. There were programmes championed or run at the Corporate level, and also those being carried out at OPU level – specific to their industrial operations.

Health

- A Health Risk Assessment (HRA) for MISC Chemical Fleet was carried out onboard Bunga Melati 7 from 30 November to 7 December 2008 from Port of Taichang, China to Singapore by a task force comprising PETRONAS Group HSE, MISC CHSE and MISC Fleet Operations – Chemical. The objective of the HRA was to assess the health risks to employees from exposure to various health hazards based on five categories: Chemical, Physical, Biological, Ergonomics and Psychosocial. Existing control measures were also evaluated and exposure levels estimated to decide on the requirements and priority of actions to be taken.
- MMHE was invited to share the company's success on the implementation of Drug & Alchohol policy during the National Convention of Drug Abuse, held in International Islamic University Malaysia (UIA). The event was co-organised by National Anti Drug Agency (AADK).

Safety

- The Behavioral Safety (BS) program, launched in MISC Integrated Logistics Sdn Bhd (MILS) in the last financial year, has been extended to Fleet Management Services (FMS) and Akademi Laut Malaysia (ALAM) in the implementation of Phase One of the Safety Culture Improvement Process to concurrently tackle the BS issue of our present and future workforce onboard our ships.
- On 4 February 2009, a Highway Emergency Response Exercise was conducted at Toll Plaza 4 (PJ-bound) KM2.8 East West Link Highway, sponsored by MILS, PETRONAS Dagangan Berhad (PDB) and Metramac Corporation Sdn Bhd and supported by PDRM, Jabatan Bomba dan Penyelamat Malaysia (JBPM) and Pusat Perubatan Universiti Kebangsaan Malaysia (PPUKM). The main objective was to assess the preparedness level of the Emergency Response Team (ERT) in addressing emergency situations and to improve coordination between ERT and the relevant authorities and agencies involved during an emergency.

- On 12 March 2009, CHSE in collaboration with KLCC Urus Harta Sdn Bhd (KLCCUH) and JBPM, conducted the annual Tier-2 emergency evacuation drill at Menara Dayabumi. This exercise was a refresher to all MISC employees on evacuation response, as well as a practical training ground for all the Emergency Response Team (ERT) members to strengthen their capabilities. The exercise provided an interface testing ground between all relevant parties which include KLCCUH, JBPM, Klinik Kita Sdn Bhd and Maha Mas Medic Services Sdn Bhd (ambulance services). A total of 933 employees participated in the drill, which accounted for 86% of 1082 MISC Dayabumi employees. Overall, it was a successful coordination of efforts by all parties concerned.

Environment

- The Department of Environment organised a National Oil Spill Training at Miri from 19-21 August 2008. The 3-day course included an overview of the National Oil Spill Contingency Plan, as well as tabletop and deployment exercises for all participants.
- An Oil Spill Response training specifically customised to cater for MISC and PETRONAS' need was conducted in February 2009. The syllabus captured the Oil Pollution Preparedness, Response & Cooperation Convention (OPRC), International Maritime Organisation (IMO) Oil Spill Response (OSR) training course, its international standards & practices, whilst maintaining a "Malaysian and Asian" perspective.

The past year has seen MISC doing its best to maintain its current standing as one of the world's leading energy transporter, managing the increasingly cost conscious environment without sacrificing our strong Health, Safety and Environment culture.

As we continue to improve and increase the level of HSE awareness while maintaining a solid business performance, we are well on our way to achieve HSE Excellence in our journey towards Global Championship.

Corporate Responsibility Reporting

Development of Human Capital

In riding the current challenging global business environment, highly competent human capital is critical to an organisation's sustainable growth. Talented leaders are expected to be able to rally commitment and collaboration from stakeholders and execute strategies successfully in achieving operational excellence and enhancing an organisation's global competitiveness.

Acknowledging that human capital is its most valuable asset, MISC continues to focus on people development through its Triple Plus initiatives with emphasis on **Leadership Development, Capability Building** as well as positive **Mindset and Behavior Change**, with the aim of achieving both employees' and organisation's aspirations.

Leadership Development	Capability Building	Mindset and Behaviour Change

Leadership Development

MISC has developed a strategic Leadership Development plan, with the aim of creating a sufficient pool of leaders for succession planning. As part of the plan, structured leadership assessments, conducted by reputable international consultants, were implemented for selected senior executives and managers. The identified development plans were then initiated based on a Learning Orientation that focused on Classroom Learning, Coaching and Mentoring; and On-Job-Training through Business Task Forces, Improvement Process, Job Secondments to Subsidiary Companies and International Assignments.

Classroom Learning involves a series of customised training programs where employees are exposed to effective management and leadership tools coupled with best practices sharing.

Conducted by trained internal and external coaches, the Coaching and Mentoring programme promotes the sharing of knowledge and the development of future leaders. This approach enables employees to apply lessons learnt through classroom training programmes and reflect on different ways to execute their responsibilities effectively.

On-Job-Training provides opportunities for employees to put into practice the knowledge from Classroom Learning, and apply experience and insights shared through Mentoring and Coaching in an experiential learning environment.

Together, this Learning Orientation will accelerate development of identified employees to assume key leadership roles in the future.

Corporate Responsibility Reporting

MISC provides a significant platform for its young executives to learn and develop themselves in various fields across the organisation through the MISC Young Executive Club (MY-EC) which consists of four batches of the latest MISC Management Trainees. Consistent with the club's objectives - to create a welcoming environment for new young executives and to serve as the "collective ideas and voices" of the group, the club organised essential activities for its members including the primary MY-EC activity of the year, namely "Fun! Talk! Reunion!", MY-EC Open House and an "up and close" sessions with the new President / CEO of MISC.

MISC also encourages its employees to grow with the business and experience the breadth of opportunities within the organisation. Employees are given opportunities to contribute cross functionally within the Group to gain new experiences and acquire new skills and competencies. Secondments to MISC's international offices in Korea, Sudan, United Kingdom, China and other South East Asia countries are ongoing in the pursuit of developing employees' technical as well as business expertise and train them to excel in complex business environments and different social and political settings.

Capability Building

Appreciating the fundamental need for Capability Building to increase effectiveness and competitiveness, MISC reinforced the institutionalisation of the identified capabilities through the Skill Group (SKG) programs and personalised functional programs for respective business and service units. Currently, there are seven active SKG programs namely Finance, Business Planning, Supply Chain Management, Legal, Human Resource Management, Health, Safety and Environment; and Maritime.

Specific functional capability building efforts are also ongoing at other units across the MISC Group. With the vision to develop further expertise in floating solutions conceptual engineering, the Offshore Business unit embarked on Phase 1 of a Capability Building Initiative Plan focusing on key elements of Engineering and Design, Project Management, Asset Management and Commercial capabilities. Fleet Management Services continued to enhance its employees' skill and competencies in capability areas of Maintenance, Procurement, Fuel Efficiency, Dry Docking and Crew Management. MMHE continues its focus on building capabilities in areas of Change Management, Procurement, Bidding and Commercial and Project Management.

Mindset and Behaviour Change

Positive Mindset and Behaviour Change among its employees is essential in MISC's journey to become a Global Champion. A structured intervention plan was designed as a follow through to the MISC Employee Tracking Mindset Survey (METS) conducted in the previous financial year. A METS Task Force, led by identified General Managers, was launched to improve the staff mindset level and sustain change momentum at all levels. The progress will be measured through another METS exercise which is expected to be conducted in 2010 to ensure that all employees embrace the Group's aspirations and are equipped to face the challenges of becoming a Global Champion.

Moving forward, MISC is committed to build a more resilient and high performing human capital to face the current economic environment and to assist the organisation in achieving its vision. MISC will continue to enhance its efforts in fostering the internal talent pool for sustainable development and growth, accelerating Leadership and Capabilities Development and providing challenging career opportunities for staff development while improving the level of engagement in the organisation.

Corporate Social Responsibility

As a responsible corporate citizen, MISC believes that success is not simply defined by what we gain but also what we give back. Our focus in terms of Corporate Social Responsibility (CSR) is in enriching the lives of the community around us, while at the same time, helping to develop the nation. Thus, at the centre of our CSR framework is the development and growth of the nation's youth, who are the future leaders of our country.

Our approach to CSR is focused on three key areas:

- Educational Outreach
- Education Support
- Community Welfare

Educational Outreach

Educate → Engage → Expose

In the year under review, MISC continued with the Navigate Your Career (NYC) programme, reiterating our message on the importance of developing soft skills among university undergraduates, with the ultimate aim of producing industry ready graduates. Maintaining the structure from last year, the NYC Project 2008 was divided into three phases. The first is an interactive three-day roadshow featuring workshops on Synergy, Inventiveness and Communication.

Corporate Responsibility Reporting

The workshops were held from July to August 2008, at Universiti Teknologi Malaysia (UTM), Skudai, Johor, Universiti Utara Malaysia, (UUM), Sintok, Kedah, Universiti Kebangsaan Malaysia (UKM), Bangi, Selangor and Universiti Malaya (UM), Kuala Lumpur.

The NYC portal (http://navigate.com.my) also continued to be a channel for students to improve their soft skills. Packed with useful tips and information on career development, the portal was upgraded in July 2008, with new interactive features including a discussion forum.

In December 2008, MISC held its annual NYC Student Attachment Programme, giving opportunity to 8 new students from various universities in the country to experience real 'working life' at MISC Berhad. Under the guidance of selected "Office Buddies", students underwent an intensive 5-week programme focusing on:

- Presentation & Public Speaking
- Brainstorming & Analytical Thinking
- Research & Report Writing
- Event & Teamwork
- Mock-up Interview & Business Etiquette

Following through with the success of NYC in Universities, for FY2008 / 2009, MISC also introduced NYC in Schools, an extension of the NYC programme, focused on exposing secondary school students to basic soft skills.

For the year under review, MISC introduced the programme to SMK Cochrane, Kuala Lumpur, Royal Military College, Sg. Besi and SM Alam Shah, Putrajaya.

Education Support

Helping young Malaysian's achieve their dreams

Another major avenue for youth development at MISC is the educational sponsorship programme which financially supports aspiring mariners to pursue a maritime career in Akademi Laut Malaysia (ALAM).

MISC Cadet Sponsorship Programme

MISC is committed to support the continuous growth and success of ALAM, with the ultimate aim of providing a pool of capable sea-going professionals to meet the needs of the global maritime industry.

In the year under review, MISC recruited a total of 390 cadets under the Cadet Sponsorship Programme. The programme places high emphasis on technical, technological and hands-on practical training, equipping cadets with the skills to excel in their respective work environment, on land and sea.

Corporate Responsibility Reporting

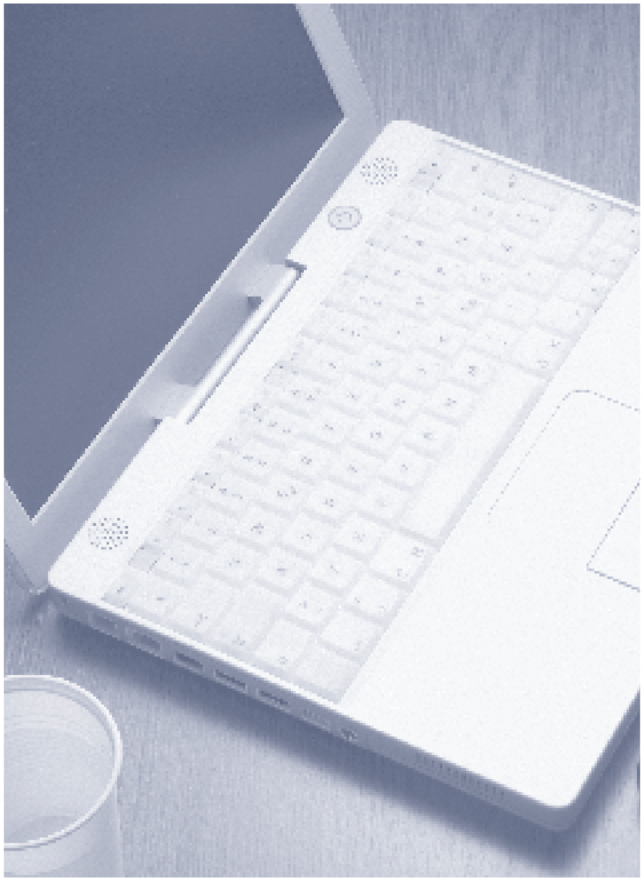
In partnership with ALAM, MISC also offers ship-berth training for our sponsored cadets, allowing them to train onboard our vessels and experience the real business and technical environment of a commercial vessel. The programme has garnered increased recognition by students, parents and international organisations, which has encouraged its growth annually.

Community Welfare

For FY2008 / 2009, we continued into the second year of the Mini CSR project, engaging with the community around us through various community welfare activities. A total of 12 projects were organised by the various departments in MISC, involving volunteers from all levels of the organisation. The activities focused mainly on the development of youth and children, which includes education enrichment programmes, children welfare efforts as well as environmental awareness projects.

The Mini CSR projects held in FY2008 / 2009 were as follows:

- Visit to Petrosains and Aquaria at KLCC with the children from Pertubuhan Kebajikan Anak Anak Yatim dan Miskin Sungai Pinang, Klang
- "Caring for the Orphan's" programme with Asrama Damai Kuang, Sg Buloh
- "Wildlife Adventure" programme with Rumah Anak Kesayanganku, Rawang, to raise awareness on wildlife conservation
- Turtle and Terrapin conservation awareness with Sekolah Kebangsaan Wangsa Melawati, Kuala Lumpur
- "Save the Turtles" project with Permata Camar and MABIQ orphanage
- "Green Day" Environmental Awareness programme with SM (P) Sri Aman, SM (L) Bukit Bintang and SMK Sultan Abdul Samad
- "Dunia Tanpa Sempadan" programme to raise awareness on ICT to the teenagers and pre-teens within the community of Perkampungan Orang Asli Bukit Manchung, Hulu Selangor
- Maritime career awareness programme with students from the Hulu Selangor District
- Motivational programme for the students of SMK Gedangsa in Gedangsa Felda
- "Bringing CSR Home" project with the students of Sekolah Tunas Bakti of Sg Besi, a school for wayward youths, exposing them to the world of shipping and the opportunities within the industry
- "Enriching by Education" programme with Sekolah Jenis Kebangsaan Tamil Ladang with the aim to enrich the lives of the students through various educational sources
- Motivational talk for Form 3 and Form 5 students of SMK Bandar Baru Sultan Suleiman (SMKBBSS), Pelabuhan Klang




AKADEMI

Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Corporation for the financial year ended 31 March 2009.

Principal Activities

The principal activities of the Corporation consist of shipowning, ship operating, other activities related to shipping services, and owning and operating offshore floating terminals.

The principal activities of the subsidiaries are described in Note 35 to the financial statements.

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

Results

	Group RM'000	Corporation RM'000
Profit for the year	1,527,224	464,991
Attributable to:		
Equity holders of the Corporation	1,404,542	464,991
Minority interests	122,682	–
	1,527,224	464,991

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, other than the effects arising from the changes in accounting policies due to early adoption of FRS 139, the results of the operations of the Group and of the Corporation during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. The effects on early adoption of FRS 139 to the Group and Corporation's financial statements are disclosed in Note 2.3 to the financial statements.

Dividends

The amount of dividends paid by the Corporation since 31 March 2008 were as follows:

	RM'000
In respect of the financial year ended 31 March 2008 as reported in the directors' report of that year:	
Final tax exempt dividend of 20 sen per share, paid on 29 August 2008	788,333

	RM'000
In respect of the financial year ended 31 March 2009:	
Interim tax exempt dividend of 15 sen per share, paid on 24 December 2008	528,326

Dividends (cont'd)

At the forthcoming Annual General Meeting, the following tax exempt dividend will be proposed for shareholders' approval in respect of the financial year ended 31 March 2009:

	RM'000
Final tax exempt dividend of 20 sen per share	743,966

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2010.

Directors

The names of the directors of the Corporation in office since the date of the last report and at the date of this report are:

Tan Sri Mohd Hassan bin Marican	
Amir Hamzah bin Azizan	(appointed on 1 January 2009)
Dato' Shamsul Azhar bin Abbas	(resigned on 1 January 2009)
Harry K. Menon	
Dato' Halipah binti Esa	
Datuk Nasarudin bin Md Idris	
Dato' Kalsom binti Abd Rahman	
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	
Ahmad Nizam bin Salleh	
Datuk Latifah binti Datuk Abu Mansor	(alternate to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah) (appointed on 24 February 2009)
Dato' Ibrahim Mahaludin bin Puteh	(alternate to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah) (resigned on 17 October 2008)
Dato Sri Liang Kim Bang	(resigned on 18 March 2009)

Directors' Benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of full-time employees of the Corporation and other related corporations) by reason of a contract made by the Corporation or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Report

Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Corporation and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 April 2008 / Date of Appointment	Bought	Sold	31 March 2009
Fellow subsidiary – PETRONAS Dagangan Berhad				
Direct				
Tan Sri Mohd Hassan bin Marican	2,000	–	–	2,000
Fellow subsidiary – PETRONAS Gas Berhad				
Direct				
Tan Sri Mohd Hassan bin Marican	5,166	–	–	5,166
Datuk Nasarudin bin Md Idris	3,000	–	–	3,000
Ahmad Nizam bin Salleh	2,000	–	–	2,000
Fellow subsidiary – KLCC Property Holdings Berhad				
Direct				
Tan Sri Mohd Hassan bin Marican	50,000	–	–	50,000
Datuk Nasarudin bin Md Idris	5,000	–	–	5,000
Amir Hamzah bin Azizan	52,000	–	–	52,000

None of the other directors in office at the end of the financial year had any interest in shares in the Corporation or its related corporations during the financial year.

Other Statutory Information

a. Before the income statements and balance sheets of the Group and of the Corporation were made out, the directors took reasonable steps:

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

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

b. At the date of this report, the directors are not aware of any circumstances which would render:

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

   ii. the values attributed to the current assets in the financial statements of the Group and of the Corporation misleading.

Other Statutory Information (cont'd)

c. At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Corporation 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 Corporation which would render any amount stated in the financial statements misleading.

e. As at the date of this report, there does not exist:

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

    ii. any contingent liability of the Group or of the Corporation 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 Corporation to meet their obligations when they fall due; and

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

Significant Events

Significant events during the financial year are disclosed in Note 38 to the financial statements.

Subsequent Events

Details of subsequent events are disclosed in Note 39 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 11 May 2009.

Tan Sri Mohd Hassan bin Marican

Amir Hamzah bin Azizan

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Mohd Hassan bin Marican and Amir Hamzah bin Azizan, being two of the directors of MISC Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 112 to 198 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Corporation as at 31 March 2009 and of the results of their operations and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 May 2009.

Tan Sri Mohd Hassan bin Marican

Amir Hamzah bin Azizan

Statutory Declaration

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

I, Noraini binti Che Dan, being the officer primarily responsible for the financial management of MISC Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 112 to 198 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 **Noraini binti Che Dan** at Kuala Lumpur in Wilayah Persekutuan on 11 May 2009

Noraini binti Che Dan

Before me,

Independent Auditors' Report

to the Members of MISC Berhad
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of MISC Berhad, which comprise the balance sheets as at 31 March 2009 of the Group and of the Corporation, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Corporation for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 112 to 198.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Corporation as at 31 March 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Corporation 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 35 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 Corporation 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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Corporation, 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

Ong Chee Wai
No. 2857/07/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
11 May 2009

Income Statements

for the Year Ended 31 March 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Corporation 2009 RM'000	Corporation 2008 RM'000 (Restated)
Revenue	3	**15,783,466**	12,947,492	**6,093,712**	5,652,986
Cost of sales		**(12,986,298)**	(9,690,595)	**(6,654,094)**	(5,085,418)
Gross profit/(loss)		**2,797,168**	3,256,897	**(560,382)**	567,568
Gain on disposal of ships		**–**	180,481	**–**	27,183
Other operating income	4	**323,516**	298,719	**1,580,437**	1,271,264
General and administrative expenses		**(1,206,316)**	(969,929)	**(433,224)**	(395,472)
Operating profit	5	**1,914,368**	2,766,168	**586,831**	1,470,543
Finance costs	8(i)	**(402,887)**	(345,385)	**(209,821)**	(133,693)
Finance income	8(ii)	**46,597**	96,095	**87,981**	117,920
Share of profit of associates		**342**	1,551	**–**	–
Share of profit of jointly controlled entities		**36,370**	80,998	**–**	–
Profit before taxation		**1,594,790**	2,599,427	**464,991**	1,454,770
Taxation	9	**(67,566)**	(71,033)	**–**	3,280
Profit for the year		**1,527,224**	2,528,394	**464,991**	1,458,050
Attributable to:					
Equity holders of the Corporation		**1,404,542**	2,420,358	**464,991**	1,458,050
Minority interests		**122,682**	108,036	**–**	–
		1,527,224	2,528,394	**464,991**	1,458,050
Earnings per share attributable to equity holders of the Corporation (sen)					
Basic	10	**37.8**	65.1		
Diluted	10	**37.8**	65.1		

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

Balance Sheets

as at 31 March 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Corporation 2009 RM'000	Corporation 2008 RM'000 (Restated)
Non-Current Assets					
Ships	12	**25,843,161**	20,893,758	**12,771,599**	9,489,294
Other property, plant and equipment	12	**1,430,046**	974,819	**46,146**	53,759
Prepaid lease payments on land and buildings	13	**111,640**	111,568	**7,306**	–
Intangible assets	14	**1,023,532**	962,432	**–**	–
Investments in subsidiaries	15	**–**	–	**6,050,795**	5,014,138
Investments in associates	16	**3,320**	2,582	**260**	96
Investments in jointly controlled entities	17	**311,754**	181,649	**2,474**	3,770
Other non-current financial assets	18	**645,684**	1,125,534	**1,992,913**	1,089,631
Deferred tax assets	27	**4,133**	4,606	**–**	–
		29,373,270	24,256,948	**20,871,493**	15,650,688
Current Assets					
Inventories	19	**441,627**	399,584	**178,635**	164,176
Trade and other receivables	20	**3,216,581**	2,369,346	**1,604,935**	2,158,931
Cash, deposits and bank balances	22	**3,725,436**	1,964,361	**2,455,122**	976,155
		7,383,644	4,733,291	**4,238,692**	3,299,262
Non-current assets classified as held for sale	23	**153**	19,793	**–**	100,415
		7,383,797	4,753,084	**4,238,692**	3,399,677
Current Liabilities					
Trade and other payables	24	**3,481,691**	2,749,062	**1,592,587**	1,393,171
Interest-bearing loans and borrowings	18	**3,104,324**	959,358	**1,000,000**	592,281
		6,586,015	3,708,420	**2,592,587**	1,985,452
Net Current Assets		**797,782**	1,044,664	**1,646,105**	1,414,225
		30,171,052	25,301,612	**22,517,598**	17,064,913

Balance Sheets

as at 31 March 2009 (cont'd)

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Corporation 2009 RM'000	Corporation 2008 RM'000 (Restated)
Equity					
Equity Attributable to Equity Holders of the Corporation					
Share capital	25	**3,719,828**	3,719,828	**3,719,828**	3,719,828
Other reserves	26	**2,209,161**	(224,391)	**979,545**	(1,004,301)
Retained profits		**15,024,173**	14,915,709	**10,282,067**	11,108,587
		20,953,162	18,411,146	**14,981,440**	13,824,114
Minority Interests		**341,079**	274,061	**–**	–
		21,294,241	18,685,207	**14,981,440**	13,824,114
Non-Current Liabilities					
Interest-bearing loans and borrowings	18	**8,747,646**	6,568,769	**7,536,158**	3,240,799
Deferred tax liabilities	27	**22,903**	47,636	**–**	–
Other non-current financial liability	18	**106,262**	–	**–**	–
		8,876,811	6,616,405	**7,536,158**	3,240,799
		30,171,052	25,301,612	**22,517,598**	17,064,913

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

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2009

	Note	Share capital RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		←------- Attributable to equity holders of the Corporation			-------→		
At 1 April 2007		3,719,828	1,121,422	13,797,911	18,639,161	241,435	18,880,596
Prior year adjustments	40	–	–	(33,319)	(33,319)	–	(33,319)
At 1 April 2007 (restated)		3,719,828	1,121,422	13,764,592	18,605,842	241,435	18,847,277
Currency translation differences:							
Group	26	–	(1,327,417)	–	(1,327,417)	(29,486)	(1,356,903)
Associates	26	–	161	–	161	–	161
Jointly controlled entities	26	–	2,166	–	2,166	–	2,166
		–	(1,325,090)	–	(1,325,090)	(29,486)	(1,354,576)
Transfer to retained profits from reserves	26	–	(20,723)	20,723	–	–	–
Net (expense) / income recognised directly in equity		–	(1,345,813)	20,723	(1,325,090)	(29,486)	(1,354,576)
Profit for the year (restated)		–	–	2,420,358	2,420,358	108,036	2,528,394
Total recognised income and expense for the year		–	(1,345,813)	2,441,081	1,095,268	78,550	1,173,818
Dividends	11	–	–	(1,289,964)	(1,289,964)	(48,176)	(1,338,140)
Additional investment in a subsidiary		–	–	–	–	2,252	2,252
At 31 March 2008		3,719,828	(224,391)	14,915,709	18,411,146	274,061	18,685,207

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2009 (cont'd)

	Note	Attributable to equity holders of the Corporation Share capital RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2008		3,719,828	(224,391)	14,915,709	18,411,146	274,061	18,685,207
Effects of adopting FRS 139	2.3(ii)(a)(v)(i)	–	147,779	20,581	168,360	–	168,360
At 1 April 2008 (restated)		3,719,828	(76,612)	14,936,290	18,579,506	274,061	18,853,567
Currency translation differences:							
Group	26	–	2,374,912	–	2,374,912	44,807	2,419,719
Associates	26	–	208	–	208	–	208
Jointly controlled entities	26	–	9,357	–	9,357	–	9,357
Non-current investments	26	–	(20,663)	–	(20,663)	–	(20,663)
Revaluation reserves	26	–	1,326	–	1,326	–	1,326
Fair value loss on non-current investments	26	–	(25,174)	–	(25,174)	–	(25,174)
Fair value loss on cash flow hedge	26	–	(54,193)	–	(54,193)	(52,069)	(106,262)
		–	2,285,773	–	2,285,773	(7,262)	2,278,511
Net income/(expense) recognised directly in equity		–	2,285,773	–	2,285,773	(7,262)	2,278,511
Profit for the year		–	–	1,404,542	1,404,542	122,682	1,527,224
Total recognised income and expense for the year		–	2,285,773	1,404,542	3,690,315	115,420	3,805,735
Dividends	11	–	–	(1,316,659)	(1,316,659)	(50,111)	(1,366,770)
Acquisition of subsidiaries		–	–	–	–	1,709	1,709
At 31 March 2009		3,719,828	2,209,161	15,024,173	20,953,162	341,079	21,294,241

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

Statement Of Changes in Equity

for the Year Ended 31 March 2009

	Note	Share capital RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 April 2007		3,719,828	127,049	10,905,284	14,752,161
Currency translation differences	26	–	(1,096,133)	–	(1,096,133)
Transfer to retained profits from reserves	26	–	(35,217)	35,217	–
Net (expense)/income recognised directly in equity		–	(1,131,350)	35,217	(1,096,133)
Profit for the year (restated)		–	–	1,458,050	1,458,050
Total recognised income and expense for the year		–	(1,131,350)	1,493,267	361,917
Dividends	11	–	–	(1,289,964)	(1,289,964)
At 31 March 2008		3,719,828	(1,004,301)	11,108,587	13,824,114
At 1 April 2008		**3,719,828**	**(1,004,301)**	**11,108,587**	**13,824,114**
Effects of adopting FRS 139	2.3(ii)(a)(v)(i)	**–**	**147,779**	**25,148**	**172,927**
At 1 April 2008 (restated)		**3,719,828**	**(856,522)**	**11,133,735**	**13,997,041**
Currency translation differences	26	**–**	**1,881,904**	**–**	**1,881,904**
Currency translation differences on non-current investments	26	**–**	**(20,663)**	**–**	**(20,663)**
Fair value loss on non-current investments	26	**–**	**(25,174)**	**–**	**(25,174)**
Net income recognised directly in equity		**–**	**1,836,067**	**–**	**1,836,067**
Profit for the year		**–**	**–**	**464,991**	**464,991**
Total recognised income for the year		**–**	**1,836,067**	**464,991**	**2,301,058**
Dividends	11	**–**	**–**	**(1,316,659)**	**(1,316,659)**
At 31 March 2009		**3,719,828**	**979,545**	**10,282,067**	**14,981,440**

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

Cash Flow Statements

for the Year Ended 31 March 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
Cash receipts from customers		**15,299,834**	12,821,671	**6,027,878**	5,813,462
Cash paid to suppliers and employees		**(11,790,681)**	(8,717,640)	**(5,268,898)**	(5,000,270)
Cash from operations		**3,509,153**	4,104,031	**758,980**	813,192
Taxation paid		**(100,022)**	(64,822)	**–**	–
Net cash generated from operating activities		**3,409,131**	4,039,209	**758,980**	813,192
Net cash used in investing activities	28	**(3,929,907)**	(2,850,164)	**(1,730,450)**	(1,321,739)
Net cash generated from/(used in) financing activities	29	**2,076,959**	(1,342,428)	**2,319,226**	789,374
Net increase/(decrease) in cash and cash equivalents		**1,556,183**	(153,383)	**1,347,756**	280,827
Cash and cash equivalents at beginning of financial year		**1,964,361**	2,217,564	**976,155**	735,116
Currency translation differences		**204,892**	(99,820)	**131,211**	(39,788)
Cash and cash equivalents at end of financial year		**3,725,436**	1,964,361	**2,455,122**	976,155
Cash and cash equivalents comprise:					
Cash, deposits and bank balances	22	**3,725,436**	1,964,361	**2,455,122**	976,155

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

Notes to the Financial Statements

31 March 2009

1. Corporate Information

The Corporation is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Corporation is located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The holding and ultimate holding company of the Corporation is Petroliam Nasional Berhad, a company incorporated and domiciled in Malaysia.

The principal activities of the Corporation consist of shipowning, ship operating, other activities related to shipping services, and owning and operating offshore floating terminals. The principal activities of the subsidiaries are described in Note 35.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 May 2009.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Corporation had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 April 2008 as described fully in Note 2.3. Further to the above, the Group and Corporation had, from the beginning of the current financial year, also early adopted FRS 139: Financial Instruments: Recognition and Measurement as described in Note 2.3(ii)(a).

The financial statements of the Group and of the Corporation have also been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The functional currency of the Corporation and certain subsidiaries is United States Dollar ("USD"). The financial statements are presented in Ringgit Malaysia ("RM") in compliance with FRS and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

a. Subsidiaries and Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Corporation's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

ii. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Corporation.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

a. Subsidiaries and Basis of Consolidation (cont'd)

ii. Basis of Consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

When the merger method is used, the cost of investment in the Corporation's book is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous years.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in subsidiaries' equity since then.

b. Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the 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 profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

b. Associates (cont'd)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Corporation's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

c. Jointly Controlled Entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Corporation's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

d. Intangible Assets

i. Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently, if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating-unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

e. Ships, Other Property, Plant and Equipment, and Depreciation

All ships, other property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, ships, other property, plant and equipment except for freehold land, ships under construction, systems work in progress and construction in progress are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Ships under construction, systems work in progress and construction in progress are also not depreciated as these assets are not available for use.

Depreciation of ships commences from the date of delivery of the ships. Depreciation of ships in operation, other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Ships constructed*	5 - 20 years
Ships purchased*	Remaining useful life up to 20 years
Buildings	2% - 7%
Drydocks and waste plant	2% - 10%
Containers	8% - 15%
Motor vehicles	10% - 33.3%
Furniture, fittings and equipment	10% - 33.3%
Computer software and hardware	15% - 33.3%
Plant and machinery	10% - 20%
Tugboats, engines and pushers	6.7% - 20%

* Including offshore floating terminals

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

Ships, other property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus is taken directly to retained profits.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

f. Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

g. Impairment of Non-Financial Assets

The carrying amounts of non-financial assets, other than construction contract assets, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

h. Inventories

Inventories which comprise bunkers, lubricants, spares, raw materials and consumable stores are held for own consumption and are stated at lower of cost and net realisable value. Cost is arrived at on the weighted average basis and comprises the purchase price and other direct charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

i. Financial Assets

Initial Recognition:

Financial assets within the scope of FRS 139 are classified as "financial assets at fair value through profit or loss", "loans and receivables", "held-to-maturity investments", "available-for-sale financial assets", or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way of purchases) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

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 includes 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 in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by FRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

The Group has not designated any financial assets as at fair value through profit or loss during the year ended 31 March 2009.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

iii. Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the net carrying amount of the financial assets. Gains and losses are recognised in the income statements when the investment are derecognised or impaired, as well as through the amortisation process.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

i. Financial Assets (cont'd)

Subsequent Measurement (cont'd):

iv. Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the income statement. The Group and the Corporation has designated its non-current investments as available-for-sale financial assets.

j. Financial Liabilities

Initial Recognition

Financial liabilities are classified as "financial liabilities at fair value through profit or loss", "loans and borrowings" or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transactions costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent Measurement:

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

i. Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liability designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by FRS 139.

Gains and losses on liabilities held for trading are recognised in the income statement.

The Group has not designated any financial liabilities as at fair value through profit or loss.

ii. Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

iii. Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date and the amount recognised less cumulative amortisation.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

k. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

l. Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

m. Amortised Cost of Financial Instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

n. Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Due from Loans and Advances to Customers

For amounts due from loans and advances to customers carried at amortised cost, the Group first assesses individually 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 the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which and impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

n. Impairment of Financial Assets (cont'd)

ii. Available-for-Sale Financial Investments

For available-for-sale financial investments, the Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increase in their fair value after impairment are recognised directly in equity.

Certain unquoted equity instruments are stated at cost less impairment as the fair value cannot be reliably measured.

Similar to 2.2(i)(iv), applicable investments under this classification would be those classified as non-current investments in prior years.

The Group and the Corporation had previously measured investments held for long term purposes at cost less diminution in value which is other than temporary.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

o. Derecognition of Financial Instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is recognised when:

– the right to receive cash flows from the asset has expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the assets, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass through' agreement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and / or purchased option (including cash settled options or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including cash settled options or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

o. Derecognition of Financial Instruments (cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or 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 the income statement.

p. Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the income statement.

For the purpose of hedge accounting, hedges are classified as:

– fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

– cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

– hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has entered into cash flow hedges and met the strict criteria for hedge accounting. The hedges are accounted for as follows:

Cash Flow Hedges

The effective portion of the gains or losses on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

p. Derivative Financial Instruments and Hedge Accounting (cont'd)

Cash Flow Hedges (cont'd)

To manage its risks, particularly interest rate risks, the Group has entered into a few interest rate swap arrangements.

The Group had prior to 1 April 2008, entered into an interest rate swap ("IRS") arrangement. This arrangement was assessed as highly effective and consequently an unrealised loss amounting to RM106,262,000 has been recognised in current year's equity. Under this arrangement, the Group pays fixed interest rate of 5.09% per annum and receives floating rate cash flow.

The Group had on 31 March 2009 entered into another interest rate swap arrangement which entitled the Group to pay fixed interest rates ranging from 2.48% to 2.81% per annum and receive floating interest rate.

The Group did not enter into any fair value hedge or net investment hedge as at the end of financial year.

Derivative instruments that are not a designated and effective hedging instrument are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances.

– Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting), for a period beyond 12 months after the balance sheet date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

– Embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

– Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

q. Leases

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

ii Operating Leases – The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

iii. Operating Lease – The Group as Lessor

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

r. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

s. Income Tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

t. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for warranty is made based on service histories to cover the estimated liability that may arise during the warranty period. Any surplus provision will be written back at the end of the warranty period while additional provision is made as and when necessary.

u. Employee Benefits

i. Short Term Benefits

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

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

u. Employee Benefits (cont'd)

ii. Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory and / or voluntary pension schemes.

iii. Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

v. Foreign Currencies

i. Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Corporation and certain subsidiaries is United States Dollar ("USD"). The financial statements are presented in Ringgit Malaysia ("RM"), in compliance with FRS.

ii. Foreign Currency Transactions

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

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

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in income statement for the period. Exchange differences arising on monetary items that form part of the Corporation's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in income statement in the Corporation's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

v. Foreign Currencies (cont'd)

iii. Foreign Operations

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

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

– Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

– All resulting exchange differences are taken to the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 April 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 April 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

w. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Freight Income

Freight receivable and the relevant discharge costs of cargoes loaded onto ships up to the balance sheet date are accrued for in the financial statements, using the percentage of completion method.

ii. Charter Income

The results of ships employed on voyage charter and that of other services rendered are accounted for on a time accrual basis. Certain charter incomes are recognised on a straight-line basis over the firm period of the contract.

iii. Lightering Income

Income on lightering charges is recognised on percentage of completion of voyages calculated on a discharge-to-discharge basis. The voyage revenue is recognised evenly over the period from a vessel's departure from its previous discharge point to its projected departure from its next discharge point.

iv. Other Shipping Related Income

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

w. Revenue Recognition (cont'd)

v. Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(f).

vi. Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

vii. Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

viii. Dividend Income

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

x. Non-Current Assets Held for Sale

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

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

y. Repairs and Maintenance

Repairs and maintenance costs are recognised in income statement in the period in which they are incurred. Drydocking expenditure is capitalised and depreciated over a period of 30 months or the period until the next drydocking date, whichever is shorter.

z. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

aa. Equity Instruments

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

The transaction costs or an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.3 Changes In Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

i. Adoption of New and Revised FRSs

On 1 April 2008, the Group and the Corporation adopted the following revised FRSs:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} – Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The Group has applied the above standards and amendments to the published standards effective financial period beginning 1 April 2008. The application of the amendments to published standards did not result in any significant impact on the financial results and financial position of the Group.

ii. Early Adoption of FRS 139 – Financial Instruments: Recognition and Measurement ("FRS 139")

The Financial Reporting Foundation (FRF) and Malaysian Accounting Standards Board (MASB) are targeting to bring Malaysia to full convergence with International Financial Reporting Standards (IFRS) by 1 January 2012. FRS 139 will be effective in Malaysia on 1 January 2010. However, the Group has voluntarily early adopted FRS 139, IC Interpretation 9 - Reassessment of Embedded Derivatives, and IC Interpretation 10 - Interim Financial Reporting and Impairment, for the financial year beginning 1 April 2008.

a. Financial Instruments: Recognition and Measurement

FRS 139 provides guidance for the measurement of financial instruments. Depending on the categorisation applied for each individual financial asset and liability, some financial assets and liabilities will need to be fair valued and others stated at amortised cost. FRS 139 prescribes prospective application for first time adoption. Significant accounting policies adopted have been summarised in Note 2.2(i) - 2.2(p).

i. Financial Assets

Prior to 1 April 2008, loans and receivables were stated at gross proceeds receivables less provision for doubtful debts. The adoption of FRS 139 has led to loans and receivables being stated at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or through the amortisation process.

Prior to 1 April 2008, available-for-sale financial assets such as quoted equity investments were accounted for at cost less impairment losses for diminution in value that was other than temporary, which was recognised in the income statement when they arose. Any reversal of the impairment loss was also recognised in the income statement. Under FRS 139, available-for-sale is measured at fair value initially and subsequently with unrealised gains or losses recognised directly in equity until the investment is derecognised.

2. Significant Accounting Policies (cont'd)

2.3 Changes In Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

ii. Early Adoption of FRS 139 (cont'd)

a. Financial Instruments: Recognition and Measurement (cont'd)

ii. Financial Liabilities

Prior to 1 April 2008, borrowings were stated at the received proceeds and transactions costs on borrowing were expensed off. FRS 139 required the borrowings to be measured at fair value initially and at amortised cost subsequently using the effective interest rate method.

iii. Impairment of Financial Assets

Prior to 1 April 2008, trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. FRS 139 requires the Group to assess, at each balance sheet date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

iv. Derivative Financial Instruments and Hedge Accounting

Prior to 1 April 2008, derivatives were not recognised in the financial statements. Under FRS 139, such derivative financial instruments are initially recognised at their fair values on the date on which a derivative contract is entered into, and are subsequently remeasured at fair value on each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gain or losses arising from changes in fair value on derivatives during the year but do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to income statement.

v. Transitional Provisions and Effects on Financial Statements

Transitional Provisions

In accordance with the transitional provision of FRS 139, the Group is required to remeasure the financial assets and liabilities as appropriate. Any adjustment of the previous carrying amount of the financial assets and liabilities shall be recognised as an adjustment to the balance of retained profit at the beginning of the financial year in which FRS 139 is initially applied.

Under the transitional provisions, the Group is permitted to designate a previously recognised financial asset as available-for-sale. For any such financial asset, the entity shall recognise all cumulative changes in fair value in a separate component of equity until subsequent derecognition or impairment, when the entity shall transfer that cumulative gains or losses to income statement. The entity shall also:

- restate the financial assets using the new designation in the comparative financial statements; and

- disclose the fair value of the financial assets at the date of designation and their classification and carrying amount in the previous financial statements. This information is disclosed in Note 34(g).

The following table provides the extent to which each of the line items in the balance sheets and income statements for the year ended 31 March 2009 is higher or lower than it would have been had the previous policies been applied in the current year.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.3 Changes In Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

ii. Early Adoption of FRS 139 (cont'd)

a. Financial Instruments: Recognition and Measurement (cont'd)

v. Transitional Provisions and Effects on Financial Statements (cont'd)

i. Effects On Balance Sheets as at 31 March 2009

	Increase / (decrease) RM'000
Group	
Other non-current financial assets #	(147,779)
Retained profits as at 1 April 2008*	(20,581)
Unrealised gain on non-current investments (Note 26) #	(147,779)
General provision for bad debts	20,581
Corporation	
Other non-current financial assets #	(147,779)
Retained profits as at 1 April 2008*	(19,098)
Unrealised gain on non-current investments (Note 26) #	(147,779)
Investment in a subsidiary	(6,050)
Due from a subsidiary	6,050
General provision for bad debts	19,098

This is in respect of fair value adjustment made to non-current investments as described in Note 2.2(i)(iv).

* As permitted under transitional provision under FRS 139, the reversal of general provision for doubtful debts for the Group of RM20,581,000 and the Corporation of RM19,098,000 has been recognised as an adjustment to the balance of retained profits as at 1 April 2008. The Corporation has recognised the fair value adjustment of RM6,050,000 by reducing the carrying amount of a loan due from a subsidiary.

ii. Effects On Income Statements for the Year Ended 31 March 2009

	Increase RM'000
Corporation	
Interest income	3,253

The Corporation has also recognised a notional interest income of RM3,253,000 during the current financial year resulting from the recognition of effective interest rate of the loan.

2. Significant Accounting Policies (cont'd)

2.3 Changes In Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

ii. Early Adoption of FRS 139 (cont'd)

a. Financial Instruments: Recognition and Measurement (cont'd)

v. Transitional Provisions and Effects on Financial Statements (cont'd)

iii. Effects on Statement of Changes In Equity – Current Year Adjustment

	(Decrease) RM'000
Group	
Fair value loss on non-current investments (Note 2.2 (i)(iv))	(25,174)
Fair value loss on cash flow hedge (Note 2.2 (p))	(54,193)
Corporation	
Fair value loss on non-current investments (Note 2.2 (i)(iv))	(25,174)

iii. Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs, were issued but not yet effective and have not been applied by the Group and the Corporation:

FRSs		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009

The adoption of these FRSs is not expected to have any material impact on the financial statements of the Group and the Corporation in the period of initial application, other than FRS 7. The Group is exempted from disclosing the possible impact if any, to the financial statements upon the initial application of FRS 7.

2.4 Significant Accounting Estimates and Judgements

a. Critical Judgements Made In Applying Accounting Policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

i. Operating Lease Commitments – The Group as Lessor

It is in the ordinary course of business that the Group enters into lease arrangements with related and third parties on its ships. Where the Group has determined that it retains all the significant risks and rewards of ownership of these ships, the ships are recognised and classified as part of non-current assets of the Group and the Corporation.

ii. Construction Contracts

The Group recognises revenue and expenses from construction contracts in the income statement by using the stage of completion method. The stage of completion is measured by reference to the completion of physical proportion of the contract work.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs as well as the recoverability of the construction contract. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

Notes to the Financial Statements

31 March 2009

2. Significant Accounting Policies (cont'd)

2.4 Significant Accounting Estimates and Judgements (cont'd)

b. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating-units ("CGU") to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2009 was RM811,553,000 (2008: RM722,285,000). Further details of the impairment loss recognised are disclosed in Note 14(a).

ii. Impairment of Ships, Other Property, Plant and Equipment

During the financial year, the Group has recognised impairment loss of RM3,403,000 (2008: RMNil) in respect of its ships, other property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the value in use of the CGU to which ships, other property, plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of ships and other property, plant and equipment of the Group as at 31 March 2009 were RM25,843,161,000 (2008: RM20,893,758,000) and RM1,430,046,000 (2008: RM974,819,000) respectively. Further details of the impairment loss recognised are disclosed in Note 12(c).

iii. Depreciation of Ships

The cost of ships is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these ships to be 20 years. This is a prudent life expectancy applied in the shipping industry. Changes in the expected level of usage and regulations could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 20% increase in the average useful lives of these assets from management's estimates would result in approximately 30% increase in profit for the year.

iv. Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM9,000 (2008: RM2,154,000) and the unrecognised tax losses and capital allowances of the Group was RM1,472,376,000 (2008: RM438,522,000).

v. Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow method. The inputs to these valuation models are taken from observable markets where possible. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include a host of considerations including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.5 Changes In Estimates

FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of property, plant and equipment at least at each financial year end. The Group and the Corporation have revised the residual value of ships during the year, and the effect of the revision is accounted for prospectively as a change in accounting estimates. As a result of this revision, the depreciation charges of the Group and the Corporation have increased by RM9,793,000 and RM15,133,000 respectively.

3. Revenue

	Group		Corporation	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
Freight income	**4,628,939**	4,422,528	**4,667,710**	4,443,201
Charter and lightering income	**7,747,281**	6,409,849	**1,185,726**	920,157
Other shipping related income	**730,132**	345,959	**240,276**	289,628
Non-shipping income	**2,677,114**	1,769,156	**–**	–
	15,783,466	12,947,492	**6,093,712**	5,652,986

Non-shipping income mainly represents revenue generated from marine repair, marine conversion and engineering and construction works.

4. Other Operating Income

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental income:				
Subsidiaries	**–**	–	**246**	275
Others	**2,578**	3,240	**7**	251
Exchange gain:				
Realised	**44,954**	87,173	**15,370**	80,587
Unrealised	**198,236**	53,863	**161,772**	31,878
Management services:				
Subsidiaries	**–**	–	**29,827**	34,938
Others	**20,864**	9,230	**6,521**	5,248
Gain on disposal of:				
Ships, other property, plant and equipment	**8,431**	77,256	**75,738**	61,215
Other investments	**–**	317	**–**	317
Dividend income on equity investments:				
Subsidiaries	**–**	–	**1,248,762**	1,019,351
Quoted in Malaysia	**21,448**	24,913	**21,448**	9,393
Unquoted in Malaysia	**1,288**	4,796	**1,288**	4,796
Unquoted outside Malaysia	**–**	198	**–**	–
Gain on liquidation of a subsidiary	**–**	–	**18,201**	19,304
Write back of impairment loss on trade receivables	**1,563**	6,756	**–**	–
Reversal of inventories written off	**–**	1,154	**–**	1,154
Miscellaneous:				
Subsidiaries	**–**	–	**1,091**	2,086
Others	**24,154**	29,823	**166**	471
	323,516	298,719	**1,580,437**	1,271,264

Notes to the Financial Statements

31 March 2009

5. Operating Profit

The following amounts have been included in arriving at operating profit:

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amortisation of intangible assets	**28,168**	28,168	**–**	–
Amortisation of prepaid lease payments on land and buildings (Note 13)	**2,665**	3,476	**–**	–
Auditors' remuneration:				
Auditors of the Corporation:				
Statutory audits	**2,174**	1,889	**600**	550
Other services	**1,087**	2,257	**87**	416
Other auditors:				
Statutory audits	**395**	415	**–**	–
Other services	**566**	358	**383**	346
Charter hire expense	**2,806,471**	2,162,873	**1,910,202**	1,371,984
Inventories used	**4,236,287**	1,706,376	**1,519,914**	953,297
Exchange loss:				
Realised	**89,084**	23,478	**76,836**	15,796
Unrealised	**63,338**	168,602	**53,346**	143,332
Operating lease rental	**2,846**	840	**–**	–
Prepaid lease payment on land and buildings written off	**–**	1,316	**–**	–
Impairment loss on receivables	**54,011**	9,529	**8,366**	–
Impairment loss on loan / interco to:				
Subsidiaries	**–**	–	**21,935**	–
Jointly controlled entity	**14,195**	–	**–**	–
Loss on disposal of a jointly controlled entity	**13,835**	–	**13,805**	–
Bad debts written off	**1,530**	704	**–**	572
Rental of equipment	**375,358**	278,160	**311,309**	255,293
Rental of land and buildings	**30,568**	26,701	**15,508**	13,879
Impairment loss on investment in:				
Jointly controlled entity	**3,932**	–	**–**	–
Unquoted equity securities	**3,022**	–	**3,022**	–
Ships, other property, plant and equipment:				
Depreciation (Note 12)	**1,676,424**	1,436,648	**637,634**	517,391
Written off	**5**	13,572	**–**	–
Impairment loss (Note 12(c))	**3,403**	–	**–**	–
Staff costs (Note 6)	**1,321,929**	1,031,041	**475,269**	372,986
Non-executive directors' remuneration (Note 7)	**1,530**	1,509	**371**	351

6. Staff Costs

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages, salaries and bonuses	**975,166**	757,332	**384,236**	293,973
Termination benefits	**–**	25	**–**	–
Social security costs	**3,391**	3,042	**822**	835
Contributions to defined contribution plans	**52,468**	42,868	**13,317**	8,807
Other staff related expenses	**290,904**	227,774	**76,894**	69,371
	1,321,929	1,031,041	**475,269**	372,986

Included in staff costs of the Group and of the Corporation are executive directors' remuneration amounting to RM6,700,000 (2008: RM5,373,000) and RM1,670,000 (2008: RM1,391,000) respectively as further disclosed in Note 7.

7. Directors' Remuneration

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors' remuneration:				
Fees	**588**	338	**–**	–
Other emoluments	**6,112**	5,035	**1,670**	1,391
	6,700	5,373	**1,670**	1,391
Non-executive directors' remuneration:				
Fees	**1,530**	1,509	**371**	351
Total directors' remuneration	**8,230**	6,882	**2,041**	1,742
Estimated money value of benefits-in-kind	**1,212**	1,243	**56**	187
Total directors' remuneration including benefits-in-kind	**9,442**	8,125	**2,097**	1,929

Notes to the Financial Statements

31 March 2009

7. Directors' Remuneration (cont'd)

The details of remuneration receivable by directors of the Corporation during the year are as follows:

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive:				
Salaries and other emoluments	**1,599**	921	**1,082**	921
Bonus	**360**	146	**214**	146
Fees	**394**	186	**–**	–
Defined contribution plan	**526**	324	**374**	324
Estimated money value of benefits-in-kind	**703**	187	**56**	187
	3,582	1,764	**1,726**	1,578
Non-executive:				
Fees	**389**	369	**371**	351
	3,971	2,133	**2,097**	1,929

The number of directors of the Corporation whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2009	2008
Executive directors:		
RM1 – RM500,000	**1**	–
RM500,001 – RM1,000,000	**–**	–
RM1,000,001 – RM1,500,000	**1**	–
RM1,500,001 – RM2,000,000	**–**	1
	*** 2**	1
Non-executive directors:		
RM1 – RM50,000	**# 6**	8
RM50,001 – RM100,000	**2**	1
	8	9

* Arising from Dato' Shamsul Azhar bin Abbas's retirement on 1 January 2009, there were two serving executive directors of the Corporation during the year. Prior to his appointment as executive director of the Corporation on 1 January 2009, Encik Amir Hamzah bin Azizan was previously the executive director of AET Tanker Holdings Sdn. Bhd., a wholly-owned subsidiary of the Corporation.

Includes two directors that had resigned during the financial year.

8. (i) **Finance Costs**

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
Interest expense:				
Subsidiaries	**–**	–	**251,834**	106,235
Third parties	**448,092**	366,804	**–**	–
Islamic Private Debt Securities	**47,533**	34,477	**47,533**	34,477
Non-convertible Cumulative Redeemable Preference Shares dividend	**–**	132	**–**	–
Total interest expense	**495,625**	401,413	**299,367**	140,712
Less: Interest expense capitalised in qualifying assets:				
Ships under construction	**(89,546)**	(56,028)	**(89,546)**	(7,019)
Constructions in progress	**(3,192)**	–	**–**	–
Total finance costs	**402,887**	345,385	**209,821**	133,693

(ii) **Finance Income**

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
Interest income:				
Subsidiaries	**–**	–	**75,482**	92,179
Deposits	**62,160**	96,095	**28,062**	25,741
Total interest income	**62,160**	96,095	**103,544**	117,920
Less: Interest income capitalised in qualifying assets:				
Ships under construction	**(15,563)**	–	**(15,563)**	–
Total finance income	**46,597**	96,095	**87,981**	117,920

Notes to the Financial Statements

31 March 2009

9. Taxation

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
Current income tax:				
Malaysian income tax	**82,763**	69,767	**–**	–
Foreign tax	**12,653**	12,071	**–**	–
(Over) / under provision in prior years:				
Malaysian income tax	**(6,929)**	7,012	**–**	–
Foreign tax	**3,334**	637	**–**	–
	91,821	89,487	**–**	–
Deferred tax (Note 27)				
Relating to origination and reversal of temporary differences	**(10,871)**	2,479	**–**	–
Relating to changes in tax rates	**(1,543)**	(15,351)	**–**	(3,280)
Overprovision in prior years	**(11,841)**	(5,582)	**–**	–
	(24,255)	(18,454)	**–**	(3,280)
	67,566	71,033	**–**	(3,280)

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the financial year.

9. Taxation (cont'd)

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

	Group		Corporation	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Profit before taxation	**1,594,790**	2,599,427	**464,991**	1,454,770
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	**398,698**	678,434	**116,248**	380,823
Effect of changes in tax rates on opening balance of deferred tax	**(1,755)**	(15,351)	**–**	(3,366)
Effect of different tax rates in other countries / jurisdictions	**(21,339)**	(33,803)	**–**	–
Income not subject to tax:				
Tax exempt shipping income	**(824,843)**	(859,697)	**(206,337)**	(255,556)
Other tax exempt income	**(39,282)**	(56,286)	**(373,984)**	(329,218)
Expenses not deductible for tax purposes	**322,031**	341,823	**209,009**	172,665
Effect of share of results of associates and jointly controlled entities	**(9,180)**	(21,463)	**–**	–
Utilisation of previously unrecognised tax losses, capital allowances and reinvestment allowances	**–**	(7,754)	**–**	–
Deferred tax assets not recognised during the year	**258,672**	43,063	**255,064**	31,372
Deferred tax over provided in prior years	**(11,841)**	(5,582)	**–**	–
Income tax (over) / under provided in prior years	**(3,595)**	7,649	**–**	–
Taxation for the year	**67,566**	71,033	**–**	(3,280)

Tax exempt shipping income is derived from the operations of the Group's sea-going Malaysian registered ships under Section 54A of the Malaysian Income Tax Act, 1967.

The Corporation has sufficient tax exempt income to frank the payment of dividend out of its entire retained profits as at 31 March 2009.

Notes to the Financial Statements

31 March 2009

10. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Corporation by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2009	**2008**
Profit attributable to equity holders of the Corporation (RM'000)	**1,404,542**	2,420,358
Weighted average number of ordinary shares in issue ('000)	**3,719,828**	3,719,828
Basic earnings per share (sen)	**37.8**	65.1

Diluted earnings per share is equivalent to basic earnings per share as there were no potential dilutive ordinary shares outstanding as at 31 March 2009.

11. Dividends

	Dividends recognised in year	
	2009 RM'000	**2008 RM'000**
In respect of financial year:		
31 March 2007:		
Final tax exempt dividend of 20 sen per share	**–**	733,433
31 March 2008:		
Interim tax exempt dividend of 15 sen per share	**–**	556,531
Final tax exempt dividend of 20 sen per share	**788,333**	–
	788,333	556,531
31 March 2009:		
Interim tax exempt dividend of 15 sen per share	**528,326**	–
	1,316,659	1,289,964

At the forthcoming Annual General Meeting, the following tax exempt dividend will be proposed for shareholders' approval in respect of the financial year ended 31 March 2009:

	RM'000
Final tax exempt dividend of 20 sen per share	743,966

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2010.

12. Ships, Other Property, Plant and Equipment

	Cost					
	At 1.4.2008 RM'000	Additions RM'000	Disposals and write offs RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2009 RM'000
Group – 31 March 2009						
Ships						
At cost:						
Ships in operation	30,644,761	516,987	(10,949)	2,615,707	4,327,423	38,093,929
Ships under construction	2,638,271	2,983,577	–	(2,615,707)	564,662	3,570,803
	33,283,032	3,500,564	(10,949)	–	4,892,085	41,664,732
Other Property, Plant and Equipment						
At cost:						
Freehold land	16,392	–	–	–	67	16,459
Freehold buildings	130,542	12,021	(133)	(44,142)	566	98,854
Leasehold buildings	60,339	4,574	–	72,820	2,138	139,871
Drydocks and waste plant	451,837	1,895	–	–	–	453,732
Containers	180,356	–	(30,248)	–	23,345	173,453
Motor vehicles	102,489	8,431	(1,423)	–	849	110,346
Furniture, fittings and equipment	97,210	14,749	(8,970)	8,016	3,380	114,385
Computer software and hardware	191,872	18,991	(1,997)	5,356	24,061	238,283
Constructions and projects in progress	294,286	429,359	(1,271)	(53,196)	21,305	690,483
Plant and machinery	283,728	20,139	(926)	11,146	619	314,706
Tugboats, engines and pushers	3,692	82	–	–	–	3,774
	1,812,743	510,241	(44,968)	–	76,330	2,354,346

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

	Accumulated depreciation						
	At 1.4.2008 RM'000	Depreciation charge for the year RM'000	Disposals, write offs and impairment losses RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2009 RM'000	Net book value at 31.3.2009 RM'000
Group – 31 March 2009							
Ships							
At cost:							
Ships in operation	12,389,274	1,595,702	–	–	1,836,595	15,821,571	22,272,358
Ships under construction	–	–	–	–	–	–	3,570,803
	12,389,274	1,595,702	–	–	1,836,595	15,821,571	25,843,161
Other Property, Plant and Equipment							
At cost:							
Freehold land	–	–	–	–	–	–	16,459
Freehold buildings	19,577	1,546	(21)	(2,767)	190	18,525	80,329
Leasehold buildings	19,998	3,525	–	2,900	657	27,080	112,791
Drydocks and waste plant	155,053	10,141	–	–	–	165,194	288,538
Containers	176,954	3,653	(30,248)	–	23,094	173,453	–
Motor vehicles	70,049	9,444	1,980	–	518	81,991	28,355
Furniture, fittings and equipment	66,877	9,389	(7,058)	5,388	1,804	76,400	37,985
Computer software and hardware	126,775	30,043	(961)	3,375	16,602	175,834	62,449
Constructions and projects in progress	–	–	–	–	–	–	690,483
Plant and machinery	199,347	12,981	(926)	(8,896)	23	202,529	112,177
Tugboats, engines and pushers	3,294	–	–	–	–	3,294	480
	837,924	80,722	(37,234)	–	42,888	924,300	1,430,046

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

	Cost					
	At 1.4.2007 RM'000	Additions RM'000	Disposals and write offs RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2008 RM'000
Group – 31 March 2008						
Ships						
At cost:						
Ships in operation	29,080,872	1,050,076	(854,702)	3,520,754	(2,152,239)	30,644,761
Ships under construction	4,382,462	2,220,385	–	(3,520,754)	(443,822)	2,638,271
	33,463,334	3,270,461	(854,702)	–	(2,596,061)	33,283,032
Other Property, Plant and Equipment						
At cost:						
Freehold land	14,876	3,481	(1,151)	–	(814)	16,392
Freehold buildings	52,545	18,472	(4,525)	66,826	(2,776)	130,542
Leasehold buildings	65,584	52	–	–	(5,297)	60,339
Drydocks and waste plant	423,910	31,675	(3,748)	–	–	451,837
Containers	199,214	–	(4,393)	–	(14,465)	180,356
Motor vehicles	101,268	1,995	(399)	–	(375)	102,489
Furniture, fittings and equipment	89,204	9,638	(2,250)	2,207	(1,589)	97,210
Computer software and hardware	193,402	5,960	(19,993)	24,682	(12,179)	191,872
Constructions and projects in progress	89,420	303,474	(3,893)	(93,715)	(1,000)	294,286
Plant and machinery	305,261	2,098	(23,181)	–	(450)	283,728
Tugboats, engines and pushers	4,394	–	(702)	–	–	3,692
	1,539,078	376,845	(64,235)	–	(38,945)	1,812,743

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

	Accumulated depreciation						
	At 1.4.2007 RM'000	Depreciation charge for the year RM'000	Disposals, write offs and impairment losses RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2008 RM'000	Net book value at 31.3.2008 RM'000
Group – 31 March 2008							
Ships							
At cost:							
Ships in operation	12,428,867	1,353,924	(428,920)	–	(964,597)	12,389,274	18,255,487
Ships under construction	–	–	–	–	–	–	2,638,271
	12,428,867	1,353,924	(428,920)	–	(964,597)	12,389,274	20,893,758
Other Property, Plant and Equipment							
At cost:							
Freehold land	–	–	–	–	–	–	16,392
Freehold buildings	18,154	5,927	(3,866)	–	(638)	19,577	110,965
Leasehold buildings	20,068	1,382	–	–	(1,452)	19,998	40,341
Drydocks and waste plant	149,269	9,149	(3,365)	–	–	155,053	296,784
Containers	190,377	5,033	(4,393)	–	(14,063)	176,954	3,402
Motor vehicles	64,028	6,694	(399)	–	(274)	70,049	32,440
Furniture, fittings and equipment	60,153	9,710	(2,250)	–	(736)	66,877	30,333
Computer software and hardware	112,964	32,349	(10,665)	–	(7,873)	126,775	65,097
Constructions and projects in progress	–	–	–	–	–	–	294,286
Plant and machinery	196,417	12,337	(9,380)	–	(27)	199,347	84,381
Tugboats, engines and pushers	3,218	143	(67)	–	–	3,294	398
	814,648	82,724	(34,385)	–	(25,063)	837,924	974,819

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

	Cost					
	At 1.4.2008 RM'000	Additions RM'000	Disposals RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2009 RM'000
Corporation – 31 March 2009						
Ships						
At cost:						
Ships in operation	13,525,691	331,495	(274,809)	1,925,474	1,892,551	17,400,402
Ships under construction	2,344,380	2,884,242	–	(2,615,707)	505,024	3,117,939
	15,870,071	3,215,737	(274,809)	(690,233)	2,397,575	20,518,341
Other Property and Equipment						
At cost:						
Containers	180,356	–	(30,248)	–	23,345	173,453
Motor vehicles	4,197	3,234	(497)	–	755	7,689
Furniture, fittings and equipment	10,034	1,458	–	–	1,492	12,984
Computer software and hardware	148,416	387	–	–	20,765	169,568
Projects in progress	–	100,394	–	(98,213)	6,175	8,356
	343,003	105,473	(30,745)	(98,213)	52,532	372,050

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

	Accumulated depreciation						
	At 1.4.2008 RM'000	Depreciation charge for the year RM'000	Disposals RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2009 RM'000	Net book value at 31.3.2009 RM'000
Corporation – 31 March 2009							
Ships							
At cost:							
Ships in operation	6,380,777	610,510	(11,605)	(160,316)	927,376	7,746,742	9,653,660
Ships under construction	–	–	–	–	–	–	3,117,939
	6,380,777	610,510	(11,605)	(160,316)	927,376	7,746,742	12,771,599
Other Property and Equipment							
At cost:							
Containers	176,954	3,653	(30,248)	–	23,094	173,453	–
Motor vehicles	2,967	1,119	(497)	–	453	4,042	3,647
Furniture, fittings and equipment	5,469	1,434	–	80	852	7,835	5,149
Computer software and hardware	103,854	20,918	–	–	15,802	140,574	28,994
Project in progress	–	–	–	–	–	–	8,356
	289,244	27,124	(30,745)	80	40,201	325,904	46,146

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

	Cost					
	At 1.4.2007 RM'000	Additions RM'000	Disposals RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2008 RM'000
Corporation – 31 March 2008						
Ships						
At cost:						
Ships in operation	12,169,424	848,052	(117,916)	1,559,332	(933,201)	13,525,691
Ships under construction	2,870,527	1,537,095	–	(1,775,326)	(287,916)	2,344,380
	15,039,951	2,385,147	(117,916)	(215,994)	(1,221,117)	15,870,071
Other Property and Equipment						
At cost:						
Containers	199,214	–	(4,393)	–	(14,465)	180,356
Motor vehicles	4,471	302	(244)	–	(332)	4,197
Furniture, fittings and equipment	10,635	116	–	–	(717)	10,034
Computer software and hardware	158,654	1,717	(186)	–	(11,769)	148,416
	372,974	2,135	(4,823)	–	(27,283)	343,003

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

	Accumulated depreciation						
	At 1.4.2007 RM'000	Depreciation charge for the year RM'000	Disposals RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2008 RM'000	Net book value at 31.3.2008 RM'000
Corporation – 31 March 2008							
Ships							
At cost:							
Ships in operation	6,447,541	484,082	(54,289)	–	(496,557)	6,380,777	7,144,914
Ships under construction	–	–	–	–	–	–	2,344,380
	6,447,541	484,082	(54,289)	–	(496,557)	6,380,777	9,489,294
Other Property and Equipment							
At cost:							
Containers	190,377	5,033	(4,393)	–	(14,063)	176,954	3,402
Motor vehicles	2,788	649	(244)	–	(226)	2,967	1,230
Furniture, fittings and equipment	4,666	1,207	–	–	(404)	5,469	4,565
Computer software and hardware	85,012	26,420	–	–	(7,578)	103,854	44,562
	282,843	33,309	(4,637)	–	(22,271)	289,244	53,759

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

a. The net carrying amounts of ships, other property, plant and equipment pledged as securities for borrowings (Note 18) are as follows:

	Group	
	2009 RM'000	2008 RM'000
Ships	**4,062,085**	3,805,128
Other property, plant and equipment	**45,959**	49,893
	4,108,044	3,855,021

b. Finance costs capitalised during the financial year for ships under construction of the Group and of the Corporation were RM89,546,000 (2008: RM56,028,000) and RM89,546,000 (2008: RM7,019,000) respectively and for construction in progress of the Group was RM3,192,000 (2008: RMNil), as disclosed in Note 8.

c. The Group has carried out a review of the recoverable amount of its ships, other property, plant and equipment during the financial year. The review led to the recognition of an impairment loss of RM3,403,000 (2008: RMNil) as disclosed in Note 5. The recoverable amount was based on value in use and was determined at the cash-generating-unit ("CGU") of each asset. In determining value in use for the CGU, the cash flows were discounted at a rate determined by management on a pre-tax basis.

13. Prepaid Lease Payments on Land and Buildings

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 April 2008 / 2007	**111,568**	118,797	**–**	–
Addition	**581**	–	**–**	–
Reclassified from non-current assets held for sale	**–**	–	**7,306**	–
Write-off	**–**	(1,316)	**–**	–
Amortisation for the year (Note 5)	**(2,665)**	(3,476)	**–**	–
Currency translation differences	**2,156**	(2,437)	**–**	–
At 31 March	**111,640**	111,568	**7,306**	–
Analysed as:				
Long term leasehold land	**97,350**	93,717	**4,322**	–
Short term leasehold land	**7,110**	7,084	**–**	–
Leasehold buildings	**7,180**	10,767	**2,984**	–
	111,640	111,568	**7,306**	–

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13. Prepaid Lease Payments On Land and Buildings (cont'd)

a. Certain properties were revalued by the directors of a subsidiary in 1988 based on valuations carried out by firms of professional valuers to reflect the market values then, prior to the subsidiary being part of the Group. Surpluses on revaluation were taken to the revaluation reserve on that date. The net book value of revalued properties, had the assets been carried at cost less depreciation, is as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Long term leasehold and foreshore land - 1988	**6,970**	7,222

b. Included in long term leasehold land of the Group is the carrying value of a long term leasehold and foreshore land of a subsidiary of RM50,558,000 (2008: RM51,991,000) which cannot be disposed off, charged or subleased without the prior consent of the Johor State Government.

14. Intangible Assets

	Group		
	Goodwill RM'000	**Other intangible assets RM'000**	**Total RM'000**
Cost			
At 1 April 2008	724,610	504,463	1,229,073
Currency translation differences	89,268	–	89,268
At 31 March 2009	**813,878**	**504,463**	**1,318,341**
Accumulated Amortisation and Impairment			
At 1 April 2008	2,325	264,316	266,641
Amortisation	–	28,168	28,168
At 31 March 2009	**2,325**	**292,484**	**294,809**
Net Carrying Amount			
At 31 March 2008	722,285	240,147	962,432
At 31 March 2009	**811,553**	**211,979**	**1,023,532**

14. Intangible Assets (cont'd)

Other intangible assets relate to fair value of time charter hire contracts based on valuations performed by an independent professional valuer, and are amortised over the time charter period of the vessels.

Impairment Test for Goodwill and Investments In Subsidiaries

a. Impairment Loss Recognised

The Group has carried out a review of the recoverable amount of its investments in subsidiaries and goodwill during the financial year. No impairment loss was recognised based on this review (2008: RMNil). The recoverable amount was based on value in use and was determined at the cash-generating-unit ("CGU") of each individual subsidiary. In determining value in use for the CGU, the cash flows were discounted at a rate determined by management on a pre-tax basis.

b. Allocation of Goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segment as follows:

	2009 RM'000	2008 RM'000
At 31 March 2009		
Energy related shipping	**728,013**	638,745
Other energy businesses	**82,820**	82,820
Non-shipping	**720**	720
	811,553	722,285

c. Key Assumptions Used In Value In Use Calculations

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections from management approved five-year financial projections. The discount rate used is based on the pre-tax weighted average cost of capital determined by the management.

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15. Investments In Subsidiaries

	Corporation 2009 RM'000	Corporation 2008 RM'000
Unquoted shares in Malaysia, at cost	**6,050,795**	5,014,138

Included in unquoted shares is preference shares of RM2,984,234,000 (2008: RM2,616,896,000) which bear interest at rates ranging from 5.00% to 6.00% (2008: 4.10% to 6.00%) per annum.

During the financial year, MILS-Seafrigo Cold Chain Logistics Sdn. Bhd., MISC Agencies (New Zealand) Limited and AET Shipmanagement (India) Private Limited were incorporated as subsidiaries of the Group. The incorporation of these subsidiaries had no significant impact on the financial statements of the Group and the Corporation.

Details of the subsidiaries are disclosed in Note 35.

16. Investments In Associates

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares in Malaysia, at cost	**591**	441	**151**	–
Unquoted shares outside Malaysia, at cost	**4,764**	4,248	**109**	96
	5,355	4,689	**260**	96
Share of post-acquisition (loss) / profit	**(1,039)**	423	**–**	–
Share of other post-acquisition reserves	**218**	(1,316)	**–**	–
	4,534	3,796	**260**	96
Less: Accumulated impairment losses	**(1,214)**	(1,214)	**–**	–
Share of net assets	**3,320**	2,582	**260**	96

16. Investments In Associates (cont'd)

The summarised financial information of the associates are as follows:

	2009 RM'000	2008 RM'000
Assets and Liabilities		
Current assets	**19,711**	22,027
Non-current assets	**19,589**	9,307
Total assets	**39,300**	31,334
Current liabilities	**14,235**	13,000
Non-current liabilities	**11,347**	7,312
Total liabilities	**25,582**	20,312
Results		
Revenue	**17,861**	13,808
Profit for the year	**1,657**	3,637

Details of the associates are disclosed in Note 36.

17. Investments In Jointly Controlled Entities

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares in Malaysia, at cost	**6,265**	2,383	**2,455**	2,133
Unquoted shares outside Malaysia, at cost	**222,378**	124,832	**19**	1,637
	228,643	127,215	**2,474**	3,770
Share of post-acquisition profits	**80,895**	57,412	**–**	–
Share of other post-acquisition reserves	**6,390**	(2,978)	**–**	–
	87,285	54,434	**–**	–
Less: Accumulated impairment loss	**(4,174)**	–	**–**	–
Share of net assets	**311,754**	181,649	**2,474**	3,770

The Group disposed its interest in Transasia Pool Pte. Ltd., for a consideration of RM4,177,000 during the year.

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17. Investments In Jointly Controlled Entities (cont'd)

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

	2009 RM'000	2008 RM'000
Assets and Liabilities		
Current assets	**1,042,703**	60,601
Non-current assets	**1,661,946**	291,281
Total assets	**2,704,649**	351,882
Current liabilities	**273,578**	27,244
Non-current liabilities	**2,115,143**	142,989
Total liabilities	**2,388,721**	170,233
Results		
Revenue	**276,286**	190,824
Profit for the year	**36,370**	80,998

Details of the jointly controlled entities are disclosed in Note 37.

18. Other Financial Assets and Financial Liabilities

a. Other Financial Assets

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current unquoted equity shares	**42,834**	40,972	**37,920**	36,085
	42,834	40,972	**37,920**	36,085
Non-current quoted equity shares	**270,456**	147,851	**270,456**	147,851
Loans and advances:				
Subsidiaries	**–**	–	**1,544,385**	899,181
Associates	**3,311**	1,735	**1,312**	1,152
Jointly controlled entities	**343,278**	934,976	**138,840**	5,362
Less: Impairment of loan to a jointly controlled entity	**(14,195)**	–	**–**	–
	329,083	934,976	**138,840**	5,362
Total other non-current financial assets	**645,684**	1,125,534	**1,992,913**	1,089,631

18. Other Financial Assets and Financial Liabilities (cont'd)

a. Other Financial Assets (cont'd)

Non-current quoted investments are held as long-term strategic investment. The Group has no intention to dispose its interest in these companies.

The loans and advances to subsidiaries are unsecured, bear interest at rates ranging from 3.22% to 7.00% (2008: 3.33% to 7.00%) per annum.

The loans to associates and jointly controlled entities are unsecured and bear interest at rates ranging from 3.22% to 7.00% (2008: 3.33% to 7.00%) per annum and repayable on demand, except for a loan to Keer-MISC Logistics Co Ltd, a jointly controlled entity amounting to RM67,203,000 (2008: RM76,706,000) which is repayable by 30 June 2010.

b. Other Financial Liability

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest rate swaps - effective hedges representing total other financial liability	106,262	–	–	–

c. Interest-bearing Loans and Borrowings

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short Term Borrowings				
Secured:				
Term loans				
Fixed rate	65,152	29,027	–	–
Floating rate	330,882	304,879	–	–
	396,034	333,906	–	–
Unsecured:				
Term loans				
Fixed rate	250,500	33,000	–	–
Hire purchase	179	171	–	–
US Dollar Guaranteed Notes	1,457,611	–	–	–
Islamic Private Debt Securities Al Murabahah Medium Term Notes	1,000,000	592,281	1,000,000	592,281
	2,708,290	625,452	1,000,000	592,281
	3,104,324	959,358	1,000,000	592,281

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18. Other Financial Assets and Financial Liabilities (cont'd)

c. Interest-bearing Loans and Borrowings (cont'd)

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Long Term Borrowings				
Secured:				
Term loans				
Fixed rate	**1,185,870**	1,046,862	**–**	–
Floating rate	**1,135,311**	1,023,743	**–**	–
	2,321,181	2,070,605	**–**	–
Unsecured:				
Term loans				
Floating rate	**3,892,189**	–	**–**	–
Hire purchase	**60**	239	**–**	–
US Dollar Guaranteed Notes	**2,534,216**	3,497,925	**–**	–
Islamic Private Debt Securities Al Murabahah Medium Term Notes	**–**	1,000,000	**–**	1,000,000
Loans from subsidiaries	**–**	–	**7,536,158**	2,240,799
	6,426,465	4,498,164	**7,536,158**	3,240,799
	8,747,646	6,568,769	**7,536,158**	3,240,799
Total Borrowings				
Term loans	**6,859,904**	2,437,511	**–**	–
Hire purchase	**239**	410	**–**	–
US Dollar Guaranteed Notes	**3,991,827**	3,497,925	**–**	–
Islamic Private Debt Securities Al Murabahah Medium Term Notes	**1,000,000**	1,592,281	**1,000,000**	1,592,281
Loans from subsidiaries	**–**	–	**7,536,158**	2,240,799
	11,851,970	7,528,127	**8,536,158**	3,833,080

The secured term loans are secured by mortgages over certain ships, other property, plant and equipment together with charter agreements, insurance of the relevant ships, other property, plant and equipment. The carrying value of the ships, other property, plant and equipment pledged is stated in Note 12(a).

Details of the range of interest rates as at the balance sheet date and the maturity profile of the above interest-bearing loans and borrowings are disclosed in Note 34.

19. Inventories

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
At cost				
Bunkers, lubricants and consumable stores	**220,534**	293,874	**102,894**	118,513
Spares	**174,244**	88,946	**75,741**	45,663
Raw materials	**46,849**	16,764	**–**	–
	441,627	399,584	**178,635**	164,176

The cost of inventories recognised as cost of sales during the financial year of the Group and the Corporation were RM4,236,287,000 (2008: RM1,706,376,000) and RM1,519,914,000 (2008: RM953,297,000) respectively.

20. Trade and Other Receivables

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
Trade Receivables				
Third parties	**1,837,937**	1,315,270	**473,896**	593,231
Subsidiaries	**–**	–	**211,036**	220,665
Holding company	**1,391**	828	**211**	16
Fellow subsidiaries	**314,621**	139,171	**34,113**	2,725
Associates	**4,225**	4,943	**4,219**	4,936
Jointly controlled entities	**5,071**	5,266	**4,834**	5,266
Due from customers on contracts (Note 21)	**314,527**	392,400	**–**	–
	2,477,772	1,857,878	**728,309**	826,839
Less: Impairment loss on trade receivables:				
Third parties	**(81,710)**	(60,493)	**(13,721)**	(36,763)
Subsidiaries	**–**	–	**(7,203)**	(1,863)
Fellow subsidiaries	**(2,811)**	(4,611)	**–**	–
Associates	**(92)**	(81)	**(92)**	(81)
	(84,613)	(65,185)	**(21,016)**	(38,707)
Trade receivables, net	**2,393,159**	1,792,693	**707,293**	788,132

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20. Trade and Other Receivables (cont'd)

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade Receivables, net (cont'd)	**2,393,159**	1,792,693	**707,293**	788,132
Other Receivables				
Amount due from related parties:				
Subsidiaries	**–**	–	**583,992**	1,144,626
Holding company	**–**	171	**–**	170
Fellow subsidiaries	**–**	238	**–**	238
Associates	**505**	1,023	**85**	282
Jointly controlled entities	**50,257**	24,786	**1,096**	–
	50,762	26,218	**585,173**	1,145,316
Deposits	**129,220**	94,158	**2,577**	2,287
Prepayments	**201,800**	85,241	**74,490**	22,601
Others	**444,564**	372,911	**241,549**	202,470
	826,346	578,528	**903,789**	1,372,674
Less: Impairment loss on other receivables:				
Subsidiaries	**–**	–	**(4,010)**	–
Jointly controlled entities	**(787)**	–	**–**	–
Others	**(2,137)**	(1,875)	**(2,137)**	(1,875)
	(2,924)	(1,875)	**(6,147)**	(1,875)
Other receivables, net	**823,422**	576,653	**897,642**	1,370,799
	3,216,581	2,369,346	**1,604,935**	2,158,931

Included in other receivables is an amount of RM125.41 million (equivalent to USD34.40 million) (2008: RMNil) placed under a United States Court depository account which is interest bearing, in connection to a pending litigation as disclosed in Note 32(ii).

a. Credit Risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group's normal trade credit terms ranges from 7 to 90 days (2008: 7 to 90 days). Other credit terms are assessed and approved on a case-by-case basis and each customer has a maximum credit limit. Credit risk is also monitored and assessed in the Management Credit Committee meetings, held at least once in every 2 months, which comprises senior management team members of the Group. In view of the aforementioned, and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

20. Trade and Other Receivables (cont'd)

b. Amount Due from Group Companies

The amounts due from holding company, fellow subsidiaries and subsidiaries are unsecured and repayable on demand except for the amount due from a subsidiary, Puteri Intan Satu (L) Private Limited, amounting to RMNil (2008: RM57,573,000) which bears interest rate of 4.50% (2008: 4.50%) per annum. The amount due from Puteri Intan Satu (L) Private Limited has been fully repaid during the year.

c. Amount Due from Associates

The amount due from associates is unsecured and has normal credit terms ranging from 15 to 30 days (2008: 15 to 30 days). The non-trade balances are repayable on demand. The balances as at balance sheet date are non-interest bearing.

d. Amount Due from Jointly Controlled Entities

The amount due from jointly controlled entities is unsecured and has normal credit terms ranging from 15 to 30 days (2008: 15 to 30 days). The non-trade balances are repayable on demand. The balances as at balance sheet date are non-interest bearing.

21. Due from / (to) Customers On Contracts

	Group	
	2009 RM'000	**2008 RM'000**
Construction contract costs incurred and recognised profits to date	**3,738,257**	3,881,497
Less: Progress billings	**(3,526,043)**	(3,578,042)
	212,214	303,455
Due from customers on contracts (Note 20)	**314,527**	392,400
Due to customers on contracts (Note 24)	**(102,313)**	(88,945)
	212,214	303,455
Advances received on contracts (Note 24)	**14,977**	7,143

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2009 RM'000	**2008 RM'000**
Depreciation of plant and equipment	**20,598**	20,288

Construction costs recognised to cost of sales during the financial year by the Group was RM3,223,707,000 (2008: RM1,225,873,000).

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22. Cash, Deposits and Bank Balances

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed banks	**3,010,285**	463,255	**2,370,561**	103,500
Cash and bank balances	**715,151**	1,501,106	**84,561**	872,655
	3,725,436	1,964,361	**2,455,122**	976,155

Other information on financial risks of cash and cash equivalents are disclosed in Note 34.

23. Non-Current Assets Classified as Held for Sale

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Land and buildings	**153**	19,793	**–**	100,415

These represent carrying values of properties owned by the Group identified for immediate disposal. Included in the Group's and Corporation's assets are leasehold land and buildings of RM153,000 (2008: RM19,793,000) and RMNil (2008: RM100,415,000) respectively. The carrying amounts of the assets immediately before reclassification are not materially different from their fair values.

24. Trade and Other Payables

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
Trade Payables				
Third parties	**2,351,150**	1,715,501	**916,917**	676,810
Subsidiaries	**–**	–	**58,707**	51,162
Holding company	**36,783**	18,095	**5,273**	18,095
Fellow subsidiaries	**5,776**	121	**570**	19
Associates	**4,821**	3,802	**4,821**	3,802
Jointly controlled entities	**1,210**	2,036	**–**	–
Construction contracts:				
Due to customers (Note 21)	**102,313**	88,945	**–**	–
Advances received (Note 21)	**14,977**	7,143	**–**	–
	2,517,030	1,835,643	**986,288**	749,888
Other Payables				
Amount due to related parties:				
Subsidiaries	**–**	–	**386,550**	481,766
Holding company	**439**	38,400	**–**	–
Fellow subsidiaries	**–**	565	**–**	–
	439	38,965	**386,550**	481,766
Amount due to joint venture partners	**112,322**	8,933	**–**	–
Accruals and provisions	**337,636**	367,407	**132,169**	93,799
Deferred income	**22,918**	10,668	**22,918**	9,933
Others	**491,346**	487,446	**64,662**	57,785
	964,661	913,419	**606,299**	643,283
	3,481,691	2,749,062	**1,592,587**	1,393,171

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24. Trade and Other Payables (cont'd)

a. Trade Payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 14 to 90 days (2008: 14 to 90 days).

b. Amount Due to Group Companies

The amounts due to holding company, fellow subsidiaries and subsidiaries of trade in nature are unsecured and repayable on demand. The non-trade balances are repayable on demand. The balances as at balance sheet date are non-interest bearing.

c. Amount Due to Associates

The trade amount due to associates have normal credit terms ranging from 15 to 30 days (2008: 15 to 30 days).

d. Amount Due to Jointly Controlled Entities

The trade amount due to jointly controlled entities have normal credit terms ranging from 15 to 30 days (2008: 15 to 30 days).

e. Other Payables, Accruals and Provisions

Included in other payables is amount due to deconsolidated subsidiaries amounting to RMNil (2008: RM2,926,000). The amount due is unsecured, interest-free and repayable upon completion of the liquidation exercise. The subsidiary was liquidated during the year and the amount due to it has been waived upon liquidation.

The Group gives approximately one year warranty on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognised at the financial year end for expected warranty claims based on past experiences of repairs and returns.

25. Share Capital

	Number of shares of RM1 each		Amount	
	2009	**2008**	**2009 RM'000**	**2008 RM'000**
Authorised				
At 1 April 2008 / 2007 and At 31 March				
Ordinary shares ('000)	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Preference share			**RM**	**RM**
	1	1	**1**	1
Issued and Fully Paid				
At 1 April 2008 / 2007 and At 31 March				
Ordinary shares ('000)	**3,719,828**	3,719,828	**3,719,828**	3,719,828
Preference share			**RM**	**RM**
	1	1	**1**	1

The preference shareholder is not entitled to any dividend nor to participate in the capital distribution upon dissolution of the Corporation but shall rank for repayment in priority to all other shares. Other rights and restrictions attached to the preference share are set out in Article 3B of the Corporation's Articles of Association.

26. Other Reserves

	Other capital reserve RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Capital redemption reserve RM'000	Net unrealised gains / (losses) reserve RM'000	Currency translation reserve RM'000	Total RM'000
Group								
At 1 April 2007	41,342	1,185	35,272	1,242	45,168	–	997,213	1,121,422
Currency translation differences:								
Group	–	–	–	–	–	–	(1,327,417)	(1,327,417)
Associates	–	–	–	–	–	–	161	161
Jointly controlled entities	–	–	–	–	–	–	2,166	2,166
Transfer (to) / from retained profits	–	–	(35,217)	–	14,547	–	(53)	(20,723)
At 31 March 2008	41,342	1,185	55	1,242	59,715	–	(327,930)	(224,391)
At 1 April 2008	**41,342**	**1,185**	**55**	**1,242**	**59,715**	**–**	**(327,930)**	**(224,391)**
Effect of adopting FRS139	**–**	**–**	**–**	**–**	**–**	**147,779**	**–**	**147,779**
At 1 April 2008 (restated)	**41,342**	**1,185**	**55**	**1,242**	**59,715**	**147,779**	**(327,930)**	**(76,612)**
Currency translation differences:								
Group	**–**	**–**	**–**	**–**	**–**	**–**	**2,374,912**	**2,374,912**
Associates	**–**	**–**	**–**	**–**	**–**	**–**	**208**	**208**
Jointly controlled entities	**–**	**–**	**–**	**–**	**–**	**–**	**9,357**	**9,357**
Revaluation reserve:								
Associate	**–**	**–**	**1,326**	**–**	**–**	**–**	**–**	**1,326**
Fair value loss on non-current investments	**–**	**–**	**–**	**–**	**–**	**(25,174)**	**(20,663)**	**(45,837)**
Fair value loss on cash flow hedge	**–**	**–**	**–**	**–**	**–**	**(54,193)**	**–**	**(54,193)**
At 31 March 2009	**41,342**	**1,185**	**1,381**	**1,242**	**59,715**	**68,412**	**2,035,884**	**2,209,161**

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26. Other Reserves (cont'd)

	Capital reserve RM'000	Net unrealised gains / (losses) reserve RM'000	Currency translation reserve RM'000	Total RM'000
Corporation				
At 1 April 2007	35,217	–	91,832	127,049
Transfer to retained profits	(35,217)	–	–	(35,217)
Currency translation differences	–	–	(1,096,133)	(1,096,133)
At 31 March 2008	–	–	(1,004,301)	(1,004,301)
At 1 April 2008	**–**	**–**	**(1,004,301)**	**(1,004,301)**
Effect of adopting FRS139	**–**	**147,779**	**–**	**147,779**
At 1 April 2008 (restated)	**–**	**147,779**	**(1,004,301)**	**(856,522)**
Currency translation differences	**–**	**–**	**1,881,904**	**1,881,904**
Fair value loss on non-current investments	**–**	**(25,174)**	**(20,663)**	**(45,837)**
At 31 March 2009	**–**	**122,605**	**856,940**	**979,545**

26. Other Reserves (cont'd)

The nature and purpose of each category of reserves are as follows:

a. Revaluation Reserve

Revaluation reserve represents surplus arising from the revaluation of certain freehold land.

b. Capital Reserve

Capital reserve represents reserve arising from bonus issue in subsidiaries.

c. Other Capital Reserve

Other capital reserve represents the Group's share of its subsidiary's reserve.

d. Statutory Reserve

Statutory reserve is maintained by an overseas subsidiary in accordance with the laws of the country.

e. Capital Redemption Reserve

Capital redemption reserve represents reserve created upon the redemption of preference shares in subsidiaries.

f. Net Unrealised Gains / (Losses) Reserve

This reserve records fair value changes on available-for-sale financial assets. Also recorded here as a separate component, is the effective portion of the gain or loss on hedging instruments in cash flow hedge. The Group's net losses on non-current investments and cash flow hedges during the year, recognised in equity were RM25,174,000 (2008: RMNil) and RM106,262,000 (2008: RMNil) respectively.

g. Currency Translation Reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Corporation and foreign operations whose functional currencies are different from that of the Group's presentation currency.

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27. Deferred Tax

	Group 2009 RM'000	Group 2008 RM'000	Corporation 2009 RM'000	Corporation 2008 RM'000
At 1 April 2008 / 2007	**43,030**	61,242	**–**	3,366
Recognised in income statement (Note 9)				
In Malaysia	**(23,902)**	(22,120)	**–**	(3,280)
Outside Malaysia	**(353)**	3,666	**–**	–
Currency translation differences	**(5)**	242	**–**	(86)
At 31 March	**18,770**	43,030	**–**	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(4,133)**	(4,606)	**–**	–
Deferred tax liabilities	**22,903**	47,636	**–**	–
	18,770	43,030	**–**	–

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of The Group:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 April 2008	**47,509**	**127**	**47,636**
Recognised in income statement:			
In Malaysia	**(26,893)**	**2,601**	**(24,292)**
Outside Malaysia	**(109)**	**(203)**	**(312)**
Currency translation differences	**–**	**(129)**	**(129)**
At 31 March 2009	**20,507**	**2,396**	**22,903**

27. Deferred Tax (cont'd)
Deferred Tax Liabilities of The Group (cont'd):

	Accelerated capital allowances RM'000	Revaluation of land RM'000	Others RM'000	Total RM'000
At 1 April 2007	66,051	3,366	261	69,678
Recognised in income statement:				
In Malaysia	(22,259)	(3,164)	(191)	(25,614)
Outside Malaysia	3,717	(202)	(203)	3,312
Currency translation differences	–	–	260	260
At 31 March 2008	47,509	–	127	47,636

Deferred Tax Assets of The Group:

	Other payables RM'000	Tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 April 2008	**(2,280)**	**(560)**	**(1,766)**	**(4,606)**
Recognised in income statement:				
In Malaysia	**(353)**	**485**	**488**	**620**
Outside Malaysia	**(257)**	**62**	**33**	**(162)**
Currency translation differences	**4**	**11**	**–**	**15**
At 31 March 2009	**(2,886)**	**(2)**	**(1,245)**	**(4,133)**
At 1 April 2007	(2,446)	(5,603)	(387)	(8,436)
Recognised in income statement:				
In Malaysia	(144)	5,039	(1,401)	3,494
Outside Malaysia	310	22	22	354
Currency translation differences	–	(18)	–	(18)
At 31 March 2008	(2,280)	(560)	(1,766)	(4,606)

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27. Deferred Tax (cont'd)
Deferred Tax Assets of The Group (cont'd):

	2009 RM'000	2008 RM'000
At 1 April 2009 / 2008	–	3,366
Recognised in income statement (Note 9)	–	(3,280)
Currency translation differences	–	(86)
At 31 March	–	–

Deferred tax assets have not been recognised in respect of the following items:

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unused tax losses	**1,443,742**	409,875	**1,412,119**	397,703
Unabsorbed capital allowances	**28,634**	28,647	**–**	–
Others	**21,369**	20,536	**–**	–
	1,493,745	459,058	**1,412,119**	397,703

The unused tax losses and unabsorbed capital allowances of the Group amounting to RM1,443,742,000 (2008: RM540,951,000) and RM28,634,000 (2008: RM28,647,000) respectively are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses of the Corporation relate to the loss making non-resident ships and can be utilised to offset against future taxable profits.

Deferred tax assets have not been recognised for certain subsidiaries as these subsidiaries have a recent history of losses.

28. Cash Flows from Investing Activities

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Purchase of ships, other property, plant and equipment	**(4,010,805)**	(3,647,306)	**(3,321,210)**	(2,387,282)
Addition of prepaid lease payments	**(581)**	–	**–**	–
Purchase of additional shares in a subsidiary	**–**	–	**–**	(2,552)
Acquisitions of associates and jointly controlled entities	**(289)**	(2,229)	**–**	(2,229)
Minority interest contribution for share capital of subsidiaries	**1,709**	–	**–**	–
Additional investment in a jointly controlled entity	**(21,620)**	–	**–**	–
Repayment / (Issuance) of loans to subsidiaries, net of repayment	**–**	–	**215,584**	(194,828)
Dividends received from:				
Quoted investments	**21,448**	24,913	**21,448**	9,393
Unquoted investments	**1,309**	4,994	**1,234,600**	1,004,147
Associates and jointly controlled entities	**2,889**	70,284	**–**	–
Redemption of preference shares from a subsidiary	**–**	–	**–**	7,392
Proceeds from disposal of ships, other property, plant and equipment	**29,226**	603,796	**19,215**	106,060
Proceeds from disposal of marketable securities	**–**	936	**–**	936
Proceeds from liquidation of a subsidiary	**–**	–	**15,186**	19,304
Interest received	**46,807**	94,448	**84,727**	117,920
Net cash used in investing activities	**(3,929,907)**	(2,850,164)	**(1,730,450)**	(1,321,739)

29. Cash Flows from Financing Activities

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Drawdown of term loans	**4,333,855**	30,400	**–**	–
Drawdown of Islamic Private Debt Securities	**–**	1,578,100	**–**	1,578,100
Drawdown of loans from subsidiaries	**–**	–	**4,574,179**	739,772
Repayment of term loans	**(469,496)**	(487,851)	**–**	–
Loans to associates and jointly controlled entities	**(390,462)**	(773,026)	**(129,375)**	(8,151)
Repayment of loans from associates and jointly controlled entities	**1,012,166**	90,890	**–**	–
Repayment of Islamic Private Debt Securities	**(600,000)**	(100,000)	**(600,000)**	(100,000)
Dividends paid to shareholders of Corporation	**(1,316,659)**	(1,289,964)	**(1,316,659)**	(1,289,964)
Dividends paid to minority shareholders of subsidiaries	**(50,111)**	(48,176)	**–**	–
Repayment of preference shares	**–**	(7,102)	**–**	–
Interest paid	**(442,334)**	(335,699)	**(208,919)**	(130,383)
Net cash generated from / (used in) financing activities	**2,076,959**	(1,342,428)	**2,319,226**	789,374

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30. Related Party Disclosures

In addition to related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions. The directors are of the opinion that unless otherwise stated, the transactions below have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Related Parties				
a. Provision of Shipping and Shipping Related Services				
Charter hire revenue	**2,675,513**	2,432,235	**652,111**	383,787
Forwarding charges	**160,112**	112,716	**–**	–
Warehouse service	**19,130**	20,019	**–**	–
Haulage service	**83,509**	69,998	**–**	–
Fabrication contract service	**1,639,591**	322,993	**–**	–
Offshore and maintenance service	**31,309**	27,542	**–**	–
b. Purchase of Goods and Services				
Purchase of bunkers, lubricants and spare parts	**986,948**	256,334	**87,385**	34,067
Purchase of service for repairs, conversion of ships and drydocking	**–**	–	**1,051,508**	373,737
Purchase of crew service	**–**	1,383	**–**	–
Net transfer of ships, other property and equipment	**–**	–	**874,909**	261,156
Purchase of information technology services	**9,612**	26,249	**9,612**	26,249
Management fee	**3,255**	2,901	**183**	–
Manpower fee	**1,261**	1,326	**1,261**	1,326

30. Related Party Disclosures (cont'd)

c. Compensation of Key Management Personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Corporation, directly or indirectly, including any director of the Group and the Corporation.

The remuneration of directors and other members of key management during the year were as follows:

	Group		Corporation	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Short-term employee benefits	**28,248**	21,670	**8,301**	6,909
Defined contribution plan	**3,181**	2,672	**1,512**	1,281
	31,429	24,342	**9,813**	8,190

Included in the total key management personnel are:

	Group		Corporation	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Directors' remuneration (Note 7)	**9,442**	8,125	**2,097**	1,929

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31. Commitments

a. Capital Commitments

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure				
Approved and contracted for:				
Ships, other property, plant and equipment	**4,904,313**	5,280,956	**2,557,215**	3,429,646
Information and communication technology	**31,119**	22,294	**31,119**	22,294
	4,935,432	5,303,250	**2,588,334**	3,451,940
Approved but not contracted for:				
Ships, other property, plant and equipment	**6,312,214**	7,680,913	**6,046,814**	6,961,706
Information and communication technology	**16,023**	109,156	**16,023**	107,656
Investments	**6,750**	1,800	**–**	–
	6,334,987	7,791,869	**6,062,837**	7,069,362
Share of contracted capital commitments of a jointly controlled entity	**113,922**	122,822	**–**	–
	11,384,341	13,217,941	**8,651,171**	10,521,302

b. Non-Cancellable Operating Lease Commitments – Group as Lessee

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Future minimum rentals payable:				
Not later than 1 year	**1,748,294**	1,426,229	**999,471**	739,802
Later than 1 year and not later than 5 years	**2,791,742**	3,214,384	**857,341**	1,301,743
Later than 5 years	**2,258,183**	1,260,465	**47,058**	71,408
	6,798,219	5,901,078	**1,903,870**	2,112,953

32. Contingent Liabilities

	Group		Corporation	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unsecured				
Letters of guarantee issued in respect of banking facilities extended to third party agents	**192,596**	63,295	**174,221**	42,882
Corporate guarantees given to banks for credit facilities granted to subsidiaries	**–**	–	**9,528,016**	5,573,512
Bank guarantees extended to customers for performance bond on contracts	**148,968**	230,043	**–**	–
	341,564	293,338	**9,702,237**	5,616,394

Other than the above,

i. The group is at risk of loss related to the bankruptcy of a vendor engaged to construct several workboats. The group has provided RM21.1 million (2008: RMNil) in the financial statements for this potential loss. Depending on a number of contingencies however, this loss could be as high as RM46.7 million (2008: RMNil).

ii. As at 31 March 2009, there is a pending litigation claim made by a third party amounting to RM100.3 million (USD27.5 million) in respect of a breach of bunker fixed forward contract. The Corporation is currently contesting the claims.

33. Segment Information

a. Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the service provided, with each segment representing a strategic business unit that serves different markets.

b. Business Segments

The Group is organised on a worldwide basis into four major business segments:

i. Energy related shipping – the provision of liquefied natural gas ("LNG") services, petroleum tanker services, and chemical tanker services;

ii. Other energy businesses – operation and maintenance of offshore floating terminals, and marine repair, marine conversion and engineering and construction works;

iii. Integrated liner logistics – comprises liner services, haulage, trucking and warehousing and agency businesses; and

iv. Non-shipping – marine education and training, and other diversified businesses.

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33. Segment Information (cont'd)

b. Business Segments (cont'd)

	Energy related shipping RM'000	Other energy businesses RM'000	Integrated liner logistics RM'000	Non-shipping RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
31 March 2009							
Revenue	8,113,840	4,830,526	4,759,219	49,758	17,753,343	(1,969,877)	15,783,466
Results							
Segment results	2,137,450	612,611	(899,999)	(253,106)	1,596,956	(6,104)	1,590,852
Other operating income	169,375	48,527	52,378	1,977,920	2,248,200	(1,878,087)	370,113
Operating profit*	2,306,825	661,138	(847,621)	1,724,814	3,845,156	(1,884,191)	1,960,965
Finance costs (unallocated)	–	–	–	–	–	–	(402,887)
Share of profit of associates	–	–	342	–	342	–	342
Share of profit / (loss) of jointly controlled entities	–	38,395	(2,025)	–	36,370	–	36,370
Profit before taxation							1,594,790
Taxation							(67,566)
Profit for the year							1,527,224
ASSETS AND LIABILITIES							
Segment assets	25,083,161	8,084,056	2,851,641	25,028,151	61,047,009	(24,605,016)	36,441,993
Investments in equity method of associates	109	–	3,211	–	3,320	–	3,320
Investments in equity method of jointly controlled entities	84,182	188,211	39,361	–	311,754	–	311,754
							36,757,067
Segment liabilities	5,606,896	4,575,962	1,248,526	17,388,715	28,820,099	(13,357,273)	15,462,826
OTHER INFORMATION							
Capital expenditure	2,189,311	1,699,268	98,818	23,408	4,010,805	–	4,010,805
Depreciation	1,331,311	179,304	139,664	26,145	1,676,424	–	1,676,424
Impairment losses	–	–	3,403	–	3,403	–	3,403
Non-cash expenses other than depreciation and impairment loss	34,648	48,400	17,075	8,044	108,167	–	108,167

* Inclusive of finance income of RM46,597,000.

33. Segment Information (cont'd)

b. Business Segments (cont'd)

	Energy related shipping RM'000	Other energy businesses RM'000	Integrated liner logistics RM'000	Non-shipping RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
31 March 2008							
Revenue	6,654,465	2,398,232	4,746,936	54,503	13,854,136	(906,644)	12,947,492
Results							
Segment results	2,133,813	408,476	13,116	(227,534)	2,327,871	(40,903)	2,286,968
Gain on disposal of ships	153,298	–	27,183	–	180,481	–	180,481
Other operating income	103,899	63,436	49,683	1,629,298	1,846,316	(1,451,502)	394,814
Operating profit*	2,391,010	471,912	89,982	1,401,764	4,354,668	(1,492,405)	2,862,263
Finance costs (unallocated)	–	–	–	–	–	–	(345,385)
Share of profit of associates	–	–	1,551	–	1,551	–	1,551
Share of profit / (loss) of jointly controlled entities	63,948	20,398	(3,348)	–	80,998	–	80,998
Profit before taxation							2,599,427
Taxation							(71,033)
Profit for the year							2,528,394
ASSETS AND LIABILITIES							
Segment assets	20,337,124	5,820,522	2,768,571	18,497,540	47,423,757	(18,597,956)	28,825,801
Investments in equity method of associates	96	–	2,486	–	2,582	–	2,582
Investments in equity method of jointly controlled entities	2,133	135,396	44,120	–	181,649	–	181,649
							29,010,032
Segment liabilities	5,810,920	4,195,480	871,133	7,223,165	18,100,698	(7,775,873)	10,324,825
OTHER INFORMATION							
Capital expenditure	2,297,590	1,229,817	108,959	10,940	3,647,306	–	3,647,306
Depreciation	1,161,694	110,328	127,621	37,005	1,436,648	–	1,436,648
Impairment losses	–	–	–	–	–	–	–
Non-cash expenses other than depreciation and impairment loss	25,314	12,046	15,227	1,454	54,041	–	54,041

* Inclusive of finance income of RM96,095,000.

Notes to the Financial Statements

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33. Segment Information (cont'd)

c. Geographical Segments

Although the Group's four major business segments are managed on a worldwide basis, they operate in five principal geographical areas of the world. In Malaysia, its home country, the Group's areas of operations comprise energy related shipping, other energy businesses, integrated liner logistics and non-shipping.

The Group also operates energy related shipping and integrated liner logistics in other regions in the world as follows:

– Asia and Africa
– Europe
– Australasia
– The Americas

	Malaysia RM'000	Asia and Africa RM'000	Europe RM'000	Australasia RM'000	The Americas RM'000	Consolidated RM'000
31 March 2009						
Revenue	**6,651,196**	**1,018,679**	**2,871,361**	**744,602**	**4,497,628**	**15,783,466**
Segment assets	**25,260,913**	**155,038**	**1,309,730**	**384,013**	**9,647,373**	**36,757,067**
Capital expenditure	**3,718,943**	**1,913**	**753**	**2,214**	**286,982**	**4,010,805**
31 March 2008						
Revenue	4,613,130	923,824	2,982,179	735,942	3,692,417	12,947,492
Segment assets	18,286,771	251,122	1,377,686	374,658	8,719,795	29,010,032
Capital expenditure	3,058,991	493	21,462	107	566,253	3,647,306

d. Allocation Basis and Transfer Pricing

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

Transfer prices 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 transfers between business segments. These transfers are eliminated on consolidation.

34. Financial Instruments

a. Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and bunker price risk. The Board reviews and agrees policies for managing each of these risks as summarised below. It is, and has been throughout the year under review, the Group's policy that no speculative trading in derivative financial instruments shall be undertaken.

b. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant long term interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been placed mostly in time deposit and overnight placement.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's interest rate risks arise from the volatility of the benchmark interest rates both in Ringgit and US Dollar (which are its main borrowing currencies). The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group manages this by keeping 98% or more of its borrowings at fixed rates of interest. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps in which, the Group agrees to exchange at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at balance sheet date, the total notional principal amount of interest rate swaps of the Group is RM5,091,989,000 (2008: RM1,311,385,000). The fixed interest rates relating to interest rate swaps at the balance sheet date ranges from 2.48% to 5.09% (2008: 5.09%) per annum.

Notes to the Financial Statements

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34. Financial Instruments (cont'd)

b. Interest Rate Risk (cont'd)

The following tables set out the carrying amounts of assets / (liabilities), the range of interest rates per annum as at the balance sheet date and the remaining maturities of the Group's and the Corporation's financial instruments that are exposed to interest rate risk.

	Note	Effective interest rates %	Within 1 Year RM'000	1 – 2 Years RM'000	2 – 3 Years RM'000	3 – 4 Years RM'000	4 – 5 Years RM'000	More Than 5 Years RM'000
At 31 March 2009								
Group								
Fixed Rate								
*Term loans	18	3.30 – 7.00	(513,900)	(360,730)	(425,479)	(438,374)	(4,344,105)	(484,201)
Hire purchase	18	2.25 – 2.70	(179)	(60)	–	–	–	–
US Dollar Guaranteed Notes	18	5.17 – 6.28	(1,457,611)	–	–	–	–	(2,534,216)
Islamic Private Debt Securities	18	3.80 – 4.05	(1,000,000)	–	–	–	–	–
Floating Rate								
Deposits with licensed banks	22	0.01 – 6.50	3,010,285	–	–	–	–	–
*Term loans	18	2.36 – 5.12	(135,364)	(52,026)	–	–	–	(105,726)
Corporation								
Fixed Rate								
Islamic Private Debt Securities	18	3.80 – 4.05	(1,000,000)	–	–	–	–	–
Floating Rate								
Deposits with licensed banks	22	0.01 – 2.55	2,370,561	–	–	–	–	–

* Certain term loans are hedged by way of interest rate swap arrangements.

34. Financial Instruments (cont'd)

b. Interest Rate Risk (cont'd)

	Note	Effective interest rates %	Within 1 Year RM'000	1 – 2 Years RM'000	2 – 3 Years RM'000	3 – 4 Years RM'000	4 – 5 Years RM'000	More Than 5 Years RM'000
At 31 March 2008								
Group								
Fixed Rate								
*Term loans	18	3.30 – 7.45	(194,232)	(189,023)	(262,052)	(305,726)	(305,726)	(843,668)
Hire purchase	18	2.25 – 2.70	(171)	(179)	(60)	–	–	–
US Dollar Guaranteed Notes	18	5.00 – 6.13	–	(1,276,867)	–	–	–	(2,221,058)
Islamic Private Debt Securities	18	3.64 – 4.05	(592,281)	(1,000,000)	–	–	–	–
Floating Rate								
Deposits with licensed banks	22	1.85 – 7.50	463,255	–	–	–	–	–
*Term loans	18	3.13 – 5.97	(172,674)	(118,766)	(45,644)	–	–	–
Corporation								
Fixed Rate								
Islamic Private Debt Securities	18	3.64 – 4.05	(592,281)	(1,000,000)	–	–	–	–
Floating Rate								
Deposits with licensed banks	22	3.20 – 3.55	103,500	–	–	–	–	–

* Certain term loans are hedged by way of interest rate swap arrangements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). The impact on the Group's equity is considered immaterial.

	Movement in basis points	Effect on profit before taxation RM'000
2009		
Ringgit Malaysia	**+200 bp**	**(33,028)**
US Dollar	**+200 bp**	**(9,617)**
Ringgit Malaysia	**–200 bp**	**33,379**
US Dollar	**–200 bp**	**9,719**
2008		
Ringgit Malaysia	+200 bp	(13,430)
US Dollar	+200 bp	(3,990)
Ringgit Malaysia	–200 bp	14,431
US Dollar	–200 bp	4,288

Notes to the Financial Statements

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34. Financial instruments (cont'd)

c. Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Ringgit Malaysia ("RM"), United State Dollars ("USD"), Sterling Pound ("GBP"), Australian Dollar ("AUD"), Euro ("EUR") and Singapore Dollar ("SGD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level. Approximately 20.04% (2008: 25.91%) of Group's sales are denominated in currencies other than the unit's functional currency of the operating unit making the sale, whilst almost 84.10% (2008: 85.99%) of cost are denominated in the unit's functional currency.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the property of investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

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

	Net Financial Receivables / (Payables) Held in Non-Functional Currencies						
	Ringgit Malaysia RM'000	United States Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	EURO RM'000	Singapore Dollar RM'000	Total RM'000
Functional Currency of Group Companies							
At 31 March 2009							
Ringgit Malaysia	**–**	**220,282**	**2,457**	**(6)**	**71,966**	**12,533**	**307,232**
United States Dollar	**(145,550)**	**–**	**(23,876)**	**1,121**	**15,368**	**28,446**	**(124,491)**
	(145,550)	**220,282**	**(21,419)**	**1,115**	**87,334**	**40,979**	**182,741**
At 31 March 2008							
Ringgit Malaysia	–	194,718	2,743	(6)	5,049	2,881	205,385
United States Dollar	5,734	–	835	411	51,412	27,422	85,814
	5,734	194,718	3,578	405	56,461	30,303	291,199
Functional Currency of Corporation							
At 31 March 2009							
United States Dollar	**(46,728)**	**–**	**(320)**	**11,791**	**26,284**	**22,743**	**13,770**
At 31 March 2008							
United States Dollar	(98,309)	–	9,080	17,298	81,048	19,166	28,283

34. Financial Instruments (cont'd)

c. Foreign Currency Risk (cont'd)

The cash and bank balances of the Group companies and that of the Corporation that are not denominated in their functional currencies are as follows:

	Cash and Bank Balances Held in Non-Functional Currencies						
	Ringgit Malaysia RM'000	United States Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	EURO RM'000	Singapore Dollar RM'000	Total RM'000
Functional Currency of Group Companies							
At 31 March 2009							
Ringgit Malaysia	**–**	**22,035**	**–**	**–**	**2,714**	**–**	**24,749**
United States Dollar	**95,794**	**–**	**34,319**	**2,862**	**5,972**	**7,089**	**146,036**
	95,794	**22,035**	**34,319**	**2,862**	**8,686**	**7,089**	**170,785**
At 31 March 2008							
Ringgit Malaysia	–	87,037	683	–	1,638	7,650	97,008
United States Dollar	131,838	–	21,587	607	9,603	6,412	170,047
	131,838	87,037	22,270	607	11,241	14,062	267,055
Functional Currency of Corporation							
At 31 March 2009							
United States Dollar	**7,137**	**–**	**2,179**	**2,862**	**5,303**	**1,120**	**18,601**
At 31 March 2008							
United States Dollar	1,977	–	12,335	316	8,556	821	24,005

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The impact on the Group's equity is considered immaterial.

	Movement in US dollar rate RM	Effect on profit before taxation RM'000
2009	**+0.20**	**92,875**
	–0.20	**(92,875)**
2008	+0.20	155,058
	–0.20	(155,058)

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34. Financial Instruments (cont'd)

d. Liquidity Risk

As at 31 March 2009, the Group had at its disposal cash and short term deposits amounting to RM3,725,436,000 (2008: RM1,964,361,000).

As at 31 March 2009, the Corporation has unutilised Murabahah Commercial Paper / Medium Term Notes Programme amounting to RM2,500,000,000 (2008: RM1,900,000,000) which could be used for working capital purposes.

The Group's holdings of cash and short term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover its cash flow needs (excluding merger and acquisition activities) in the next financial year. Any shortfall and additional cash requirements arising from the Group's merger and acquisition activities can be met by additional financing. The Group's strong balance sheet provides it with financial flexibility in determining the optimum financing source. The various options, among others include, bank borrowings, bonds issuance and structured financing.

e. Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

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

f. Bunker Price Risk

Volatility of bunker price is subject to crude oil price fluctuations which occur due to fundamental and non-fundamental factors affecting supply and demand. To mitigate such risks, the Group had embarked on some form of physical hedging to manage the risk exposure. This physical hedging involves fixed forward contracts for a specified period between 1 to 6 months. The Group however did not continue to hedge bunkers and embarked on spot purchases to take advantage of the current downward trend of bunker prices.

34. Financial Instruments (cont'd)

g. Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Corporation at the balance sheet date approximated their fair values except for the following:

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Corporation Carrying amount RM'000	Corporation Fair value RM'000
At 31 March 2009					
Non-current unquoted shares	18	**42,834**	*****	**37,920**	*****
Fixed rate:					
Term loans	18	**(1,501,522)**	**(1,541,390)**	**–**	**–**
Islamic Private Debt Securities	18	**(1,000,000)**	**(988,977)**	**(1,000,000)**	**(988,977)**
US Dollar Guaranteed Notes	18	**(3,991,827)**	**(4,055,889)**	**–**	**–**
At 31 March 2008					
Non-current quoted shares	2.3 (a)(v)	147,851	295,630	147,851	295,630
Non-current unquoted shares	18	40,972	*	36,085	*
Forward bunkers contract	34(f)	–	1,612	–	1,612
Fixed rate:					
Term loans	18	(1,108,889)	(1,126,899)	–	–
Islamic Private Debt Securities	18	(1,592,281)	(1,532,100)	(1,592,281)	(1,532,100)
US Dollar Guaranteed Notes	18	(3,497,925)	(3,687,807)	–	–
Derivatives in effective hedges	34(b)	–	(76,965)	–	–

* The fair value of non-current unquoted shares cannot be reliably measured.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

i. Non-current Quoted Shares
Fair value of these non-current quoted shares is determined by reference to stock exchange quoted market bid prices on the balance sheet date.

ii. Forward Bunkers Contract
Fair value is estimated as the difference between the hedged bunker price and average market price multiplied by the unutilised hedged bunker units.

iii. Term Loans and Islamic Private Debt Securities
Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of borrowing.

iv. US Dollar Guaranteed Notes
Fair value is determined by reference to stock exchange quoted market prices on the balance sheet date.

v. Interest Rate Swap
The fair value of the interest rate swap is the amount that would be payable or receivable upon termination of the position at the balance sheet date, and is calculated at the balance sheet date as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the market rate.

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35. Subsidiaries and Activities

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
PETRONAS Tankers Sdn. Bhd.	Malaysia	Investment holding and provision of management services	**100**	100
Puteri Intan Sdn. Bhd.	Malaysia	Shipping	**100**	100
Puteri Delima Sdn. Bhd.	Malaysia	Shipping	**100**	100
Puteri Nilam Sdn. Bhd.	Malaysia	Shipping	**100**	100
Puteri Zamrud Sdn. Bhd.	Malaysia	Shipping	**100**	100
Puteri Firus Sdn. Bhd.	Malaysia	Shipping	**100**	100
MISC Ship Management Sdn. Bhd.	Malaysia	Dormant	**100**	100
MISC Enterprises Holdings Sdn. Bhd.	Malaysia	In-liquidation	**100**	100
MISC Properties Sdn. Bhd.	Malaysia	Dormant	**100**	100
MISC Information Technology Sdn. Bhd.	Malaysia	Liquidated	**–**	100
MSE Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Malaysia Marine and Heavy Engineering Sdn. Bhd.	Malaysia	Marine repair, marine conversion and engineering and construction	**100**	100
MMHE-SHI LNG Sdn. Bhd.	Malaysia	Agent for LNG vessel repair works	**70**	70
MSE Corporation Sdn. Bhd.	Malaysia	Processing of copper grit	**100**	100
Techno Indah Sdn. Bhd.	Malaysia	Sludge disposal management	**100**	100
MMHE-ATB Sdn. Bhd.	Malaysia	Manufacturing works of pressure vessels and tube heat exchangers	**60**	60
Malaysia Marine And Heavy Engineering (Turkmenistan) Sdn. Bhd.	Malaysia	Dormant	**100**	100
MISC Agencies Sdn. Bhd.	Malaysia	Shipping agent and warehousing	**100**	100
MISA (B) Sdn. Bhd. *	Brunei Darussalam	In-liquidation	**100**	100

35. Subsidiaries and Activities (cont'd)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
MISC Agencies (Sarawak) Sdn. Bhd.	Malaysia	Shipping agent	**65**	65
MISC Agencies (Netherlands) B.V. *	Netherlands	Shipping agent	**100**	100
Misan Logistics B.V. *	Netherlands	Haulage brokerage liner merchant and carrier haulage	**100**	100
MISC Agencies (Australia) Pty. Ltd. #	Australia	Shipping agent	**100**	100
MISC Agencies (U.K.) Ltd. *	United Kingdom	Shipping agent	**100**	100
Malaysia Vietnam Offshore Terminal (L) Limited	Malaysia	FSO owner	**–**	100
Vietnam Offshore Floating Terminal (Ruby) Ltd.	Malaysia	FPSO owner	**–**	100
MISC Agencies (Japan) Ltd. *	Japan	Port and general agent	**100**	100
MISC Agencies (Singapore) Private Limited *	Singapore	Shipping agent	**100**	100
Leo Launches Private Limited *	Singapore	Launch operator	**51**	51
MISC Agencies (New Zealand) Limited #	New Zealand	Shipping agent	**100**	–
MISC Ferry Services Sdn. Bhd.	Malaysia	Dormant	**100**	100
MISC Integrated Logistics Sdn. Bhd.	Malaysia	Integrated logistics services	**100**	100
MISC Haulage Services Sdn. Bhd.	Malaysia	Dormant	**100**	100
MISC Trucking and Warehousing Services Sdn. Bhd.	Malaysia	Dormant	**100**	100
MILS - Seafrigo Sdn. Bhd.	Malaysia	Own, manage and operate a cold storage logistic hub	**60**	60
MILS-Seafrigo Cold Chain Logistics Sdn. Bhd. (formerly known as Good Zone Sdn. Bhd.)	Malaysia	Cold chain logistics operation	**60**	–
MILS - SterilGamma Sdn. Bhd.	Malaysia	Sterilisation and fumigation facilities	**60**	60
Asia LNG Transport Sdn. Bhd.	Malaysia	Shipowning and ship management	**51**	51

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35. Subsidiaries and Activities (cont'd)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
Asia LNG Transport Dua Sdn. Bhd.	Malaysia	Shipowning and ship management	**51**	51
Malaysian Maritime Academy Sdn. Bhd.	Malaysia	Education and training for seamen and maritime personnel	**100**	100
Puteri Intan Satu (L) Private Limited	Malaysia	Shipping	**100**	100
Puteri Delima Satu (L) Private Limited	Malaysia	Shipping	**100**	100
Puteri Nilam Satu (L) Private Limited	Malaysia	Shipping	**100**	100
Puteri Zamrud Satu (L) Private Limited	Malaysia	Shipping	**100**	100
Puteri Firus Satu (L) Private Limited	Malaysia	Shipping	**100**	100
Puteri Mutiara Satu (L) Private Limited	Malaysia	Shipping	**100**	100
MISC Tanker Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100
MISC Tanker Holdings (Bermuda) Limited	Bermuda	Investment holding	**100**	100
AET Tanker Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100
AET Petroleum Tanker (M) Sdn. Bhd.	Malaysia	Shipowning	**100**	100
AET Shipmanagement (Malaysia) Sdn. Bhd.	Malaysia	Ship management	**100**	100
AET Shipmanagement (Singapore) Pte. Ltd. #	Singapore	Ship management	**100**	100
AET Holdings (L) Pte. Ltd.	Malaysia	Investment holding	**100**	100
AET Inc. Limited	Bermuda	Shipowning and operations	**100**	100
AET Shipmanagement (India) Private Limited	India	Ship management and manning activities	**100**	–
AET Lightering Services LLC	The United States of America	Lightering	**100**	100

35. Subsidiaries and Activities (cont'd)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
AET Tankers Pte. Ltd. #	Singapore	Commercial operation and chartering	**100**	100
AET UK Limited #	United Kingdom	Commercial operation and chartering	**100**	100
American Marine Offshore Services Limited	Cayman Islands	Liquidated	**–**	100
AET Offshore Services Inc.	The United States of America	Lightering	**100**	100
AET Agencies Inc.	The United States of America	Property owning	**100**	100
MISC International (L) Limited	Malaysia	Investment holding	**100**	100
MISC Offshore Floating Terminals (L) Limited	Malaysia	Offshore floating terminals ownership	**100**	100
MISC Capital (L) Ltd.	Malaysia	Special purpose vehicle for US Dollar Financing Arrangement	**100**	100
MISC Offshore Holdings (Brazil) Sdn. Bhd.	Malaysia	Investment holding	**100**	100
M.I.S.C. Nigeria Limited *	Nigeria	Dormant	**60**	60
FPSO Ventures Sdn. Bhd.	Malaysia	Operating and maintaining FPSO terminals	**51**	51
Malaysia Deepwater Floating Terminal (Kikeh) Limited	Malaysia	FPSO owner	**51**	51
Malaysia Deepwater Production Contractors Sdn. Bhd.	Malaysia	Operating and maintaining FPSO terminals	**51**	51
Bunga Kasturi (L) Pte. Ltd.	Malaysia	Shipowning	**100**	100
MISC Floating Production System (Gumusut) Limited	Malaysia	Dormant	**100**	100
Malaysia Offshore Mobile Production (Labuan) Ltd.	Malaysia	Mobile offshore production unit owner	**70**	100

* Audited by firms of auditors other than Ernst & Young
\# Audited by affiliates of Ernst & Young Malaysia

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36. Associates and Activities

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
BLG MILS Logistics Sdn. Bhd.	Malaysia	Automotive solutions and related integrated logistic services	**60**	60
Rais - Mils Logistic FZCO	United Arab Emirates	Integrated logistics services	**50**	50
MISC Agencies (Thailand) Co. Ltd.	Thailand	Shipping agent	**49**	49
MISC Agencies (Lanka) Private Limited	Sri Lanka	Shipping services	**40**	40
Trans-ware Logistics (Pvt.) Ltd.	Sri Lanka	Inland container depot	**25**	25
Nikorma Transport Limited	Nigeria	LNG transportation	**30**	30
PTP-MISC Terminal Sdn. Bhd. (formerly known as Asia Pioneer Team Sdn. Bhd.)	Malaysia	Berth lease arrangements / Transhipment port	**30**	–

The financial statements of the above associates are coterminous with those of the Group except for Trans-ware Logistics (Pvt.) Ltd., Nikorma Transport Limited and PTP-MISC Terminal Sdn. Bhd. which have financial year ended 31 December. For the purpose of applying the equity method of accounting, the management accounts up to 31 March 2009 have been used.

37. Jointly Controlled Entities and Activities

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
Malaysia Vietnam Offshore Terminal (L) Limited	Malaysia	FSO owner	**51**	–
Vietnam Offshore Floating Terminal (Ruby) Ltd.	Malaysia	FPSO owner	**40**	–
Offshore Marine Ventures Sdn. Bhd.	Malaysia	Provision of integrated service solutions of support vessels	**26**	26
Transware Distribution Services Pte. Ltd.	Singapore	Warehousing	**50**	50
Transasia Pool Pte. Ltd.	Singapore	Ship management	**–**	50

37. Jointly Controlled Entities and Activities (cont'd)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2009	2008
Keer - MISC Logistics Co Ltd.	Sudan	Transportation	**50**	50
Paramount Tankers Corp.	Republic of the Marshall Island	Shipowning	**50**	50
MMHE-TPGM Sdn. Bhd. (formerly known as Vital Start Sdn. Bhd.)	Malaysia	Provision of engineering, procurement, construction and commissioning	**60**	–
SL-MISC International Line Co. Ltd	Sudan	Shipowning	**49**	49
SBM Systems Inc.	Switzerland	FPSO owner	**49**	49
FPSO Brasil Venture S.A.	Switzerland	Investment and offshore activities	**49**	49
SBM Operacoes Ltda	Brazil	Operating and maintaining FPSO terminals	**49**	49
Operacoes Maritamas em Mar Profundo Brasileiro Ltda	Brazil	Operation and maintenance of FPSO	**49**	–
Brazilian Deepwater Floating Terminals Limited	Bermuda	Construction of FPSO	**49**	49
Brazilian Deepwater Production Limited	Bermuda	Chartering of FPSO	**49**	49
Brazilian Deepwater Production Contractors Limited	Bermuda	Operation and maintenance of FPSO	**49**	49
Centralised Terminals Sdn. Bhd.	Malaysia	Own, manage, operate and maintain centralised tankage facility	**45**	45
Langsat Terminal (Two) Sdn. Bhd. (formerly known as Langsat CTF Sdn. Bhd.)	Malaysia	Provision of multi user petrochemical terminal facilities	**36**	36
Langsat Terminal (One) Sdn. Bhd.	Malaysia	Provision of tank terminal activities	**36**	36
Eagle Star Crew Management Corporation	Phillipines	Recruitment and provision of manpower for maritime vessels	**24**	–

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37. Jointly Controlled Entities and Activities (cont'd)

The financial statements of the above jointly controlled entities are coterminous with those of the Group, except for these jointly controlled entities that have financial years ended, as follows:

	Financial Year Ended
Transware Distribution Services Pte. Ltd.	31 December
Paramount Tankers Corp.	31 December
SL-MISC International Line Co. Ltd.	31 December
SBM Systems Inc.	31 December
FPSO Brasil Venture S.A.	31 December
SBM Operacoes Ltda	31 December
Operacoes Maritamas em Mar Profundo Brasileiro Ltda	31 December
Brazilian Deepwater Floating Terminals Limited	31 December
Brazilian Deepwater Production Limited	31 December
Brazilian Deepwater Production Contractors Limited	31 December
Centralised Terminals Sdn. Bhd.	30 June
Langsat Terminal (One) Sdn. Bhd.	30 June
Langsat Terminal (Two) Sdn. Bhd.(formerly known as Langsat CTF Sdn. Bhd.)	30 June

For the purpose of applying the equity method of accounting, the audited financial statements up to the year ended 30 June 2008 and 31 December 2008 have been used and management accounts up to 31 March 2009 have been used for transactions up to 31 March 2009.

38. Significant Events

a. On 13 August 2008, PCPP Operating Company Sdn. Bhd., a joint venture company involving PETRONAS Carigali Sdn. Bhd. ("PCSB"), Pertamina and Petro Vietnam Investment and Development Company had awarded the Corporation a contract for the lease of 2 mobile offshore production units facilities for the D30 and DANA Field. These development projects are located in Block SD305 Offshore Sarawak in East Malaysia for a contractual period of 10 years. The contract value is approximately RM1,167 million to RM1,312 million (equivalent to USD320 million and USD360 million).

b. On 19 September 2008, the Corporation was awarded contracts for the provision of bareboat charter and operations & maintenance services for floating, storage and offloading Puteri Dulang in the Dulang Field by PCSB – Peninsular Malaysia Operations for a contractual period of 10 years, with an option to extend for an additional 4 years on a two plus two years basis. The contract value of the bareboat charter is approximately RM164.0 million to RM200.5 million (equivalent to USD45.0 million and USD55.0 million), whereas the contract value of the operations and maintenance services is approximately RM145.8 million to RM160.0 million (equivalent to USD40.0 million and USD45.0 million).

c. On 8 October 2008, MISC Capital (L) Ltd., a wholly-owned subsidiary of the Corporation signed a 5-year RM3.65 billion (USD 1 billion) transferable term loan facility agreement arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Mizuho Corporate Bank, Ltd., OCBC (Malaysia) Berhad and Sumitomo Mitsui Banking Corporation for general purposes. The facility is guaranteed by the Corporation.

d. On 24 October 2008, PCSB awarded Malaysia Marine and Heavy Engineering Sdn. Bhd. ("MMHE"), a wholly-owned subsidiary of the Corporation, two contracts for the Integrated Procurement and Construction of Tangga Barat Cluster Development Project (Phase 1) and the Kinabalu Non Associated Gas Development Project (Phase 2). The contracts are related to gas development located in offshore Peninsular Malaysia and Offshore Sabah respectively. The combined contract value of the two contracts is approximately RM1.17 billion.

   The two contracts awarded were signed and confirmed on 23 October 2008 and 29 October 2008.

38. Significant Events (cont'd)

e. On 20 November 2008, Malaysia Vietnam Offshore Terminal (L) Limited, a joint venture company between MISC Berhad and Petroleum Technical Services Corporation of Vietnam had entered into a Lease Agreement with Talisman Malaysia Limited for the lease of a floating, storage and offloading facility, which is to be installed in Block PM3 Commercial Agreement Area Northern Fields, Offshore Malaysia and Vietnam for a lease period of 10 years with an option to extend for 3 years maximum on an annual extension basis.

f. On 21 January 2008, MSE Holdings Sdn. Bhd. ("MSEH"), a wholly-owned subsidiary of the Corporation, entered into a conditional sale and purchase agreement with Ramunia Holdings Berhad ("Ramunia") for the reverse take-over of Ramunia via disposal of its entire equity interest in MMHE comprising 100 million ordinary shares of RM1.00 each in MMHE for a total sale consideration of RM3.20 billion.

The total sale consideration is to be satisfied by issuance of 1.40 billion new Ramunia Shares at an issue price of RM1.00 per Ramunia Share; and issuance of RM1.80 billion new Irredeemable Convertible Preference Shares ("ICPS-B") at par in Ramunia, comprising of 3.60 billion ICPS-B.

On 25 November 2008, the proposed reverse take-over arrangement was terminated by MSEH.

g. On 19 January 2009, the Corporation and SLS Shipbuilding Co. Ltd. of South Korea had mutually agreed to revise its ship order (which was confirmed on 5 July 2007) from 8 vessels to 4 vessels.

39. Subsequent Event

a. On 30 April 2009, the Corporation entered into a Shareholders' Agreement with PETRONAS International Corporation Limited and Mustang Engineering Limited, a private limited company incorporated in United Kingdom to establish a joint venture company for the purpose of providing floating LNG solutions and services worldwide.

The authorised share capital of the joint venture company is RM36.5 million (equivalent to USD10 million) where PETRONAS International will become the major shareholder with 60% stake, followed by the Corporation with 30% stake and Mustang Engineering with 10% stake. The initial paid-up capital for the joint venture would be RM1.8 million (equivalent to USD500,000) and subsequently increased up to RM36.5 million (equivalent to USD10 million) as and when required.

Notes to the Financial Statements

31 March 2009

40. Prior Year Adjustments

The following comparative amounts of the Group for the year ended 31 March 2008 have been restated to reflect the adjustments:

	Note	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Group				
Balance Sheet				
Deferred Income	24	735	9,933	10,668
Trade and other receivables	20	2,402,665	(33,319)	2,369,346
Income Statement				
Revenue	3	12,957,425	(9,933)	12,947,492
Corporation				
Balance Sheet				
Deferred Income	24	–	9,933	9,933
Income Statement				
Revenue	3	5,662,919	(9,933)	5,652,986

a. The adjustment of RM9,933,000 relates to the effects of time charter income being recognised on a straight-line basis over the contract term instead of stepped rates in the past.

b. The adjustment is to derecognise certain other receivables of RM33,319,000 brought forward from prior year.

Properties Owned

by MISC Berhad and Its Subsidiaries as at 31 March 2009

No.	Location	Description	Tenure & Year Lease Expires	Area in sq ft	Existing Use	Age of Bldg / Land (years)	Approx Net Book Value (RM'000)
1.	Lot 23 Lebuh Sultan Mohamad 1 Bandar Sultan Sulaiman 42008 Port Klang Selangor Darul Ehsan	Land, Office Building, Warehouse, Workshop, Repair Shed & Container Yard	Leasehold / 2105	2,232,950	Cargo cum Office Complex & Container Yard	18	94,548
2.	Lot 36, Seksyen 7 Fasa 1A Pulau Indah Industrial Park (West Port) Pelabuhan Klang Selangor Darul Ehsan	Land, Office Building & Warehouse	Leasehold / 2097	1,815,103	Logistics Hub	2	128,314
3.	Plot 2 P.T. 2113 Air Keroh Industrial Estate, Melaka	Land & Container Yard	Leasehold / 2091	241,326	Office Building & Container Yard	17	3,603
4.	Blok-H, Tgkt. 7 Unit No.1 Mount Pleasure Apartment 12000 Batu Ferringhi Pulau Pinang	Apartment	Freehold	1,033	Vacant	29	153
5.	Lot 2939-2941 2946-2954, 2978-2980 Mukim 16, Daerah Seberang Perai Utara, Pulau Pinang	Land, Office Building, Warehouse, Workshop, Repair Shed & Container Yard	Freehold	752,752	Cargo cum Office Complex & Container Yard	17	32,677
6.	Lot PLO 137 & 138 Tebrau II Industrial Estate Johor Darul Takzim	Land, Office Building, Warehouse, Workshop, Repair Shed & Container Yard	Leasehold / 2023	894,287	Cargo cum Office Complex & Container Yard	16	29,159
7.	PLO 516, Jalan Keluli 3 Kaw. Perindustrian Pasir Gudang, Mukim Plentong Johor Darul Takzim	Land, Office Building & Container Yard	Leasehold / 2025	217,800	Office Building & Container Yard	14	2,030

Properties Owned

by MISC Berhad and Its Subsidiaries as at 31 March 2009

No.	Location	Description	Tenure & Year Lease Expires	Area in sq ft	Existing Use	Age of Bldg / Land (years)	Approx Net Book Value (RM'000)
8.	PTD 22805 Mukim Plentong, Johor Bahru	Land, Shipyard, Warehouse, Workshops & Office Buildings	Leasehold / 2040	13,115,306	Ship repair, Shipbuilding & Engineering Fabrication Yards, Ancillary Facilities & Office Buildings	35	331,002
9.	PTD 65615 Mukim Plentong, Johor Bahru	4 Storey Residential Flats	Leasehold / 2044	698,354	Staff Quarters	30	2,866
10.	PTD 65618 Mukim Plentong, Johor Bahru	4 Storey Residential Flats	Leasehold / 2044	588,050	Staff Quarters	30	–
11.	PTD 65619 Mukim Plentong, Johor Bahru	4 Storey Residential Flats	Leasehold / 2044	128,729	Staff Quarters	30	–
12.	PTD 65616 Mukim Plentong, Johor Bahru	Land	Leasehold / 2044	169,928	Vacant	25	–
13.	PTD 65617 Mukim Plentong, Johor Bahru	Land	Leasehold / 2044	374,093	Vacant	25	–
14.	Part of Lot PT 4593 Kawasan Perindustrian Kerteh, Mukim Kerteh 24300 Kemaman Terengganu Darul Iman	Land, Office Building & Warehouse	Leasehold / 2060	47,522	Office Building & Warehouse	9	10,018
15.	Tingkat Bawah dan Tgkt 1, Wisma Takada Jalan Gaya, Lorong EWAN 88000 Kota Kinabalu	Office Premises	Leasehold / 2092	6,000	Office	15	1,184
16.	Part of Lot 9764 Mukim Batu Rakit, Kuala Terengganu	Admin Block, Classrooms, Workshops & Hostel	Leasehold / 2077	690,774	Akademi Laut Malaysia, Batu Rakit Campus	1	6,048

No.	Location	Description	Tenure & Year Lease Expires	Area in sq ft	Existing Use	Age of Bldg / Land (years)	Approx Net Book Value (RM'000)
17.	Open Yard 1203 Phase 1, Kemaman Supply Base, 24007 Kemaman, Terengganu	Warehouse	Leasehold / 2009	4,048	Warehousing & Storage	1	244
18.	305, The Collonades Porchester Square Bayswater, London W2 6AS	Apartment	Leasehold / 2073	1,200	For Staff	17	2,950
19.	Town Quay Wharf Barking Essex London	Office Building	Leasehold / 2990	10,000	Office	15	4,322
20.	447, Kent Street Sydney, Australia	Land & Building (Including 2 basement car parks)	Freehold	3,767	Office	15	1,451
21.	Suite 40, Albert Square 37-39 Albert Road Melbourne 3004 Australia	Land & Building (Including 15 basement car parks)	Freehold	11,470	Office	30	2,010
22.	Galveston, Texas, USA	Land & Office	Freehold	290,415	Workboats, Dockage & Lightering Support Operation	40	3,692
23.	Rivium 1e straat 42 2909 LE Capelle ann den IJssel, Netherland	Land & Office	Freehold	21,140	Office	11	14,863

List of Vessels

as at 31 March 2009

LNG Carriers

	Total		Built	Yard	cbm	dwt
Aman Class	3	1. Aman Bintulu	1993	Tsu Works, Japan	18,927	11,001
		2. Aman Sendai	1997	Tsu Works, Japan	18,928	10,957
		3. Aman Hakata	1998	Tsu Works, Japan	18,942	10,951
					56,797	**32,909**
Tenaga Class	5	4. Tenaga Satu	1982	Chantiers de France, France	130,055	72,083
		5. Tenaga Dua	1981	Chantiers de France, France	130,000	72,083
		6. Tenaga Tiga	1981	Chantiers de France, France	130,000	72,083
		7. Tenaga Empat	1981	CNIM La Seyne, France	130,022	71,588
		8. Tenaga Lima	1981	CNIM La Seyne, France	130,021	71,588
					650,098	**359,425**
Puteri Class	5	9. Puteri Intan	1994	Chantiers de L'Atlantique, France	130,000	73,519
		10. Puteri Delima	1995	Chantiers de L'Atlantique, France	130,000	73,519
		11. Puteri Nilam	1995	Chantiers de L'Atlantique, France	130,000	73,519
		12. Puteri Zamrud	1996	Chantiers de L'Atlantique, France	130,000	73,519
		13. Puteri Firus	1997	Chantiers de L'Atlantique, France	130,000	73,519
					650,000	**367,595**
Puteri Satu Class	6	14. Puteri Intan Satu	2002	Mitsubishi Heavy Industries, Japan	137,489	75,849
		15. Puteri Delima Satu	2002	Mitsui Engineering & Shipbuilding, Japan	137,601	75,929
		16. Puteri Nilam Satu	2003	Mitsubishi Heavy Industries, Japan	137,585	76,124
		17. Puteri Zamrud Satu	2004	Mitsui Engineering & Shipbuilding, Japan	137,590	76,144
		18. Puteri Firus Satu	2004	Mitsubishi Heavy Industries, Japan	137,617	76,197
		19. Puteri Mutiara Satu	2005	Mitsui Engineering & Shipbuilding, Japan	137,595	76,229
					825,477	**456,472**

LNG Carriers (cont'd)

	Total		Built	Yard	cbm	dwt
Seri A Class	5	20. Seri Alam	2005	Samsung Heavy Industries, Korea	145,572	83,824
		21. Seri Amanah	2006	Samsung Heavy Industries, Korea	145,709	83,400
		22. Seri Anggun	2006	Samsung Heavy Industries, Korea	145,731	83,395
		23. Seri Angkasa	2006	Samsung Heavy Industries, Korea	145,700	83,403
		24. Seri Ayu	2007	Samsung Heavy Industries, Korea	145,659	83,366
					728,371	**417,388**
Seri B Class	5	25. Seri Bakti	2007	Mitsubishi Heavy Industries, Japan	152,944	90,065
		26. Seri Begawan	2007	Mitsubishi Heavy Industries, Japan	153,023	89,902
		27. Seri Bijaksana	2008	Mitsubishi Heavy Industries, Japan	153,023	89,953
		28. Seri Balhaf	2009	Mitsubishi Heavy Industries, Japan	157,720	91,201
		29. Seri Balqis	2009	Mitsubishi Heavy Industries, Japan	157,720	91,201
					774,430	**452,322**
Total LNG Carriers	**29**				**3,685,173**	**2,086,111**

List of Vessels

as at 31 March 2009

Petroleum Tankers

	Total		Built	Yard	dwt
VLCC	11	1. Bunga Kasturi	2003	Universal Shipbuilding Corporation, Japan	299,999
		2. Bunga Kasturi Dua	2005	Universal Shipbuilding Corporation, Japan	300,542
		3. Bunga Kasturi Tiga	2006	Universal Shipbuilding Corporation, Japan	300,398
		4. Bunga Kasturi Empat	2007	Universal Shipbuilding Corporation, Japan	300,325
		5. Bunga Kasturi Lima	2007	Universal Shipbuilding Corporation, Japan	300,246
		6. Bunga Kasturi Enam	2008	Universal Shipbuilding Corporation, Japan	299,319
		7. Eagle Virginia	2002	Hyundai Heavy Industries, Korea	306,999
		8. Eagle Vermont	2002	Hyundai Heavy Industries, Korea	306,999
		9. Eagle Vienna	2004	Hyundai Heavy Industries, Korea	306,999
		10. Eagle Venice	2005	Samsung Heavy Industries, Korea	306,998
		11. Eagle Valencia	2005	Samsung Heavy Industries, Korea	306,998
					3,335,822
Aframax	27	12. Bunga Kelana Satu	1997	Hyundai Heavy Industries, Korea	105,884
		13. Bunga Kelana Dua	1997	Hyundai Heavy Industries, Korea	105,976
		14. Bunga Kelana 3	1998	Hyundai Heavy Industries, Korea	105,784
		15. Bunga Kelana 4	1999	Hyundai Heavy Industries, Korea	105,815
		16. Bunga Kelana 5	1999	Hyundai Heavy Industries, Korea	105,788
		17. Bunga Kelana 6	1999	Hyundai Heavy Industries, Korea	105,811
		18. Bunga Kelana 7	2004	Samsung Heavy Industries, Korea	105,193
		19. Bunga Kelana 8	2004	Samsung Heavy Industries, Korea	105,174
		20. Bunga Kelana 9	2004	Samsung Heavy Industries, Korea	105,200
		21. Bunga Kelana 10	2004	Samsung Heavy Industries, Korea	105,274
		22. Eagle Subaru	1994	Koyo Dockyard, Japan	95,675
		23. Eagle Otome	1994	Koyo Dockyard, Japan	95,663
		24. Eagle Columbus	1997	Koyo Dockyard, Japan	107,166
		25. Eagle Charlotte	1997	Koyo Dockyard, Japan	107,169
		26. Eagle Phoenix	1998	Namura Shipyard, Japan	106,127
		27. Eagle Austin	1998	Samsung Heavy Industries, Korea	105,426
		28. Eagle Albany	1998	Koyo Dockyard, Japan	107,160
		29. Eagle Augusta	1999	Samsung Heavy Industries, Korea	105,345
		30. Eagle Anaheim	1999	Koyo Dockyard, Japan	107,160
		31. Eagle Atlanta	1999	Koyo Dockyard, Japan	107,160

Petroleum Tankers (cont'd)

	Total		Built	Yard	dwt
Aframax (cont'd)		32. Eagle Tacoma	2002	Imabari Shipbuilding, Japan	105,592
		33. Eagle Toledo	2003	Imabari Shipbuilding, Japan	107,092
		34. Eagle Trenton	2003	Imabari Shipbuilding, Japan	107,123
		35. Eagle Tucson	2003	Imabari Shipbuilding, Japan	107,123
		36. Eagle Tampa	2003	Imabari Shipbuilding, Japan	107,123
		37. Eagle Torrance	2007	Imabari Shipbuilding, Japan	107,123
		38. Eagle Turin	2008	Imabari Shipbuilding, Japan	107,000
					2,848,126
Panamax	1	39. Bunga Kenanga	2000	Samsung Heavy Industries, Korea	73,096
					73,096
LR2	1	40. Eagle Milwaukee	1987	Hyundai Heavy Industries, Korea	84,999
					84,999
Product	7	41. Bunga Semarak	1990	Sabah Shipyard, Malaysia	16,924
		42. Bunga Siantan	1991	Sabah Shipyard, Malaysia	16,924
		43. Bunga Kasai	1994	Malaysia Shipyard & Engineering, Malaysia (Sold on 27 May 2009)	6,028
		44. Bunga Kerayong	1994	Hyundai Heavy Industries, Korea	18,130
		45. Bunga Kekaras	1995	Hyundai Heavy Industries, Korea	29,990
		46. Bunga Kemiri	1995	Sabah Shipyard, Malaysia	9,932
		47. Pernas Rantau	1994	Malaysia Shipyard & Engineering, Malaysia (Sold on 27 May 2009)	6,025
					103,953
Total Petroleum Tankers (owned)	**47**				**6,445,996**

List of Vessels

as at 31 March 2009

Petroleum Tankers (cont'd)

	Total		Built	Yard	dwt
In-Chartered					
Aframax	22	1. Eagle Carina	1992	Imabari Shipbuilding, Japan	95,639
		2. Eagle Centaurus	1992	Imabari Shipbuilding, Japan	95,644
		3. Eagle Corona	1993	Imabari Shipbuilding, Japan	95,634
		4. Glenross	1993	Stocznia / Gdynia, Poland	90,679
		5. Eagle Auriga	1993	Shin Kurushima Dockyard, Japan	102,352
		6. Lochness	1994	Stocznia / Gdynia, Poland	90,607
		7. Genmar Minotaur	1996	Samsung Heavy Industries, Korea	96,225
		8. Eagle Baltimore	1996	Samsung Heavy Industries, Korea	99,405
		9. Eagle Beaumont	1996	Samsung Heavy Industries, Korea	99,448
		10. Eagle Boston	1996	Samsung Heavy Industries, Korea	99,328
		11. Eagle Birmingham	1997	Samsung Heavy Industries, Korea	99,343
		12. Eagle Seville	1999	Samsung Heavy Industries, Korea	104,556
		13. Eagle Sibu	1999	Samsung Heavy Industries, Korea	105,366
		14. Eagle Stealth	2001	Shanghai Waigaoqiao Shipbuilding, China	89,999
		15. Stavanger Bay	2003	Sumitomo Heavy Industries, Japan	105,744
		16. CV Stealth	2005	Shanghai Waigaoqiao Shipbuilding, China	104,499
		17. Sanko Blossom	2005	Sumitomo Heavy Industries, Japan	105,699
		18. CS Stealth	2006	Shanghai Waigaoqiao Shipbuilding, China	104,592
		19. Intrepid Reliance	2006	Namura Shipbuilding, Japan	104,459
		20. Eagle Sapporo	2008	Mitsui Engineering & Shipbuilding, Japan	110,000
		21. Eagle Stavanger	2009	Sumitomo Heavy Industries, Japan	104,900
		22. Eagle Sydney	2009	Sumitomo Heavy Industries, Japan	104,900
Product	3	23. Eagle Miri	2008	STX Shipbuilding, Korea	50,000
		24. Eagle Madrid	2008	STX Shipbuilding, Korea	50,000
		25. Isola Corallo	2008	SPP Shipbuilding, Korea	50,607
Shuttle	2	26. Samara City	1993	Rousse Shipyard, Germany (redelivered in April 2009)	5,872
		27. Astrakhan City	1994	Rousse Shipyard, Germany (redelivered in May 2009)	5,760
	27				**2,371,257**
Total Petroleum Tankers (owned + in-chartered)	**74**				

Containerships

	Total		Built	Yard	dwt
Above 5000 TEUs	2	1. Bunga Seroja Satu	2006	Daewoo Shipbuilding & Marine Engineering, Korea	103,717
		2. Bunga Seroja Dua	2007	Daewoo Shipbuilding & Marine Engineering, Korea	103,773
					207,490
3000 - 5000 TEUs	3	3. Bunga Pelagi Dua	1995	Hyundai Heavy Industries, Korea	65,318
		4. Bunga Raya Satu	1998	Hyundai Heavy Industries, Korea	48,304
		5. Bunga Raya Dua	1998	Hyundai Heavy Industries, Korea	48,244
					161,866
1000 - 3000 TEUs	8	6. Bunga Bidara	1990	Keelung Shipyard, China	23,518
		7. Bunga Delima	1990	Keelung Shipyard, China	23,584
		8. Bunga Kenari	1991	Keelung Shipyard, China	23,574
		9. Bunga Terasek	1991	Keelung Shipyard, China	24,073
		10. Bunga Teratai	1998	Daewoo Shipbuilding & Marine Engineering, Korea	24,613
		11. Bunga Teratai 2	1998	Daewoo Shipbuilding & Marine Engineering, Korea	24,554
		12. Bunga Teratai 3	1998	Daewoo Shipbuilding & Marine Engineering, Korea	24,554
		13. Bunga Teratai 4	1998	Daewoo Shipbuilding & Marine Engineering, Korea	24,561
					193,031
Below 1000 TEUs	6	14. Bunga Mas 5	1997	Malaysia Shipyard & Engineering, Malaysia	8,991
		15. Bunga Mas 6	1997	Malaysia Shipyard & Engineering, Malaysia	8,668
		16. Bunga Mas 9	1998	Kyokuyo Shipyard Corporation, Japan	12,250
		17. Bunga Mas 10	1998	Kyokuyo Shipyard Corporation, Japan	12,288
		18. Bunga Mas 11	1998	Hanjin Heavy Industries & Construction, Korea	10,326
		19. Bunga Mas 12	1999	Hanjin Heavy Industries & Construction, Korea	10,313
					62,836
Total Containerships (owned)	**19**				**625,223**

List of Vessels

as at 31 March 2009

Containerships (cont'd)

	Total		Built	Yard	dwt
In-Chartered	18	1. Bella 1	1983	Blohm + Voss, Germany	37,212
		2. MISC Merlion	1990	Mitsui Engineering & Shipbuilding, Japan (redelivered in May 2009)	56,030
		3. MISC Darlington	1993	IHI Marine United, Japan	59,093
		5. OOCL Britain	1995	Samsung Heavy Industries, Korea	67,625
		5. OOCL California	1995	Mitsubishi Heavy Industries, Japan	67,765
		6. OOCL China	1996	Samsung Heavy Industries, Korea (redelivered in May 2009)	67,625
		7. Conti Singa	1996	Howaldtswerke-Deutsche Werft, Germany	44,585
		8. Northern Divinity	1997	Hyundai Heavy Industries, Korea	44,700
		9. Northern Victory	1997	Hyundai Heavy Industries, Korea	40,010
		10. Maersk Damascus	2002	Samsung Heavy Industries, Korea	52,800
		11. Theodore Strom	2004	Jurong Shipyard, Singapore	31,500
		12. Sinotran Shanghai	2005	Aker Ostsee, Germany	37,800
		13. Bernhard Sibum	2006	Zhejiang Yangfan Ship Group, China	11,797
		14. Hoheplate	2007	Zhejiang Yangfan Ship Group, China	11,797
		15. Wan Hai 601	2007	China Shipbuilding Corporation, Taiwan	67,797
		16. Wan Hai 602	2007	China Shipbuilding Corporation, Taiwan	67,797
		17. Wan Hai 603	2007	China Shipbuilding Corporation, Taiwan	67,797
		18. Wan Hai 605	2007	China Shipbuilding Corporation, Taiwan	67,797
	18				**901,527**
Total Containerships (owned + in-chartered)	**37**				

Chemical Tankers

	Total		Built	Yard	dwt
Melati Class	7	1. Bunga Melati Satu	1997	Hyundai Heavy Industries, Korea	32,126
		2. Bunga Melati Dua	1997	Hyundai Heavy Industries, Korea	32,168
		3. Bunga Melati 3	1999	Hyundai Heavy Industries, Korea	31,983
		4. Bunga Melati 4	1999	Hyundai Heavy Industries, Korea	31,967
		5. Bunga Melati 5	1999	Hyundai Heavy Industries, Korea	31,975
		6. Bunga Melati 6	2000	Hyundai Heavy Industries, Korea	31,981
		7. Bunga Melati 7	2000	Hyundai Heavy Industries, Korea	31,972
					224,172
Anggerik Class	4	8. Bunga Anggerik	1989	Korea Shipbuilding & Engineering, Korea (sold on 3 July 2009)	29,995
		9. Bunga Cenderawasih	1990	Korea Shipbuilding & Engineering, Korea	29,927
		10. Bunga Mawar	1990	Korea Shipbuilding & Engineering, Korea	29,974
		11. Bunga Tanjung	1991	Korea Shipbuilding & Engineering, Korea (sold on 24 June 2009)	29,980
					119,876
Total Chemical Tankers (owned)	**11**				**344,048**

List of Vessels

as at 31 March 2009

Chemical Tankers (cont'd)

	Total		Built	Yard	dwt
In-Chartered	10	1. Kristin Knutsen	1998	Naval Gijon, Spain	19,152
		2. Bunga Kantan Satu	2005	Fukuoka Shipyard, Japan	19,774
		3. Bunga Kantan Dua	2005	Fukuoka Shipyard, Japan	19,774
		4. Bunga Kantan Tiga	2005	Fukuoka Shipyard, Japan	19,774
		5. Prisco Ekaterina	2008	STX Shipbuilding, Korea	50,973
		6. Vidden	2008	Sekwang Heavy Industries, Korea (redelivered in April 2009)	19,700
		7. Strillen	2008	Sekwang Heavy Industries, Korea (redelivered in April 2009)	19,900
		8. Navig8 Fidelity	2008	STX Shipbuilding, Korea	46,754
		9. Navig8 Faith	2008	Sungdong Shipbuilding and Marine Engineering, Korea	46,754
		10. Navig8 Malou	2009	SPP Shipbuilding, Korea	50,667
	10				**313,222**
Total Chemical Tankers (owned + in-chartered)	**21**				

Others

	Total		Built	Yard	dwt
LPG	3	1. Pernas Butane	1991	Shin Kurushima Dockyard, Japan	2,213
		2. Konsep Maju	1995	Watanabe Shipbuilding, Japan	4,999
		3. Bunga Kekwa	1995	Fukuoka Shipbuilding, Japan	3,052
					10,264
Dry Bulk (Panamax)	1	4. Bunga Saga 9	1999	Hyundai Heavy Industries, Korea	73,127
					73,127
Total Others	**4**				**83,391**

Others (cont'd)

	Total		Built	Yard	dwt
In-Chartered LPG	1	1. Bunga Kemboja	1998	Mitsubishi Heavy Industry, Japan	20,613
	1				**20,613**
Total Others (owned + in-chartered)	**5**				

Offshore Floating Facilities

	Total		Completed Conversion	Capacity (bbls)
Floating Production Storage and Offloading (FPSO)	4	1. FPSO Bunga Kertas	2004	619,000
		2. FPSO Brasil	2002	1,700,000
		3. FPSO Kikeh	2007	2,000,000
		4. FPSO Espirito Santo*	2009	2,000,000
				6,319,000
Floating Storage and and Offloading (FSO)	5	5. FSO Puteri Dulang	1991	850,000
		6. FSO Angsi	2005	472,631
		7. FSO Cendor	2006	517,798
		8. FSO Abu	2006	590,000
		9. FSO Orkid**	2009	745,000
				3,175,429

* jointly owned with Single Buoy Mooring Inc
** jointly owned with Petroleum Technical Services Corporation

List of Vessels

as at 31 March 2009

Owned Newbuildings

	Total
Aframax	14*
Small Product	3
Chemical	12
Total	**29**

* Include six Aframax tanker jointly owned with Restis Group on a 50-50 basis.

In-Chartered Newbuildings

	Total
In-Chartered	
Containerships	4
Chemical	6
Product	3
Total	**13**

New Conversions

	Total		Expected First Oil
Floating Production Storage and Offloading (FPSO)	1	1. FPSO Ruby II	2009
Mobile Offshore Production Unit (MOPU)	2	2. MOPU SATU 3. MOPU DUA	2009 2009
Semi Submersible Floating Production Unit (FPU)	1	4. FPU Gumusut Kakap	2011
Total	**4**		

MISC Offices Around the World

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or

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www.misc.com.my

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1301 Pelican Island-2
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Tel +1 832 615 2000
Fax +1 713 622 2256

AET Shipmanagement (Malaysia) Sdn Bhd
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50050 Kuala Lumpur, Malaysia
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Fax +603 2273 0608

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Tel +65 6100 2288
Fax +65 6345 1133

AET UK Limited
Suite 8.02, Exchange Tower
1 Harbour Exchange Square
London E14, 9GE, United Kingdom
Tel +44 20 7536 5880
Fax +44 20 7538 5561

Asia LNG Transport Sdn Bhd and
Asia LNG Transport Dua Sdn Bhd
Level 16, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
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Fax +603 2275 3209

AET Shipmanagement (Singapore) Pte Ltd
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Fax +65 6345 1133

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Lot 23, Lebuh Sultan Mohamed 1
Kawasan Perusahaan PKNS Fasa II
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Fax +603 3176 1548

FPSO Ventures Sdn Bhd
Level 9, Menara Perak
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Fax +603 2145 2700

Keer – MISC Logistics Co Ltd
No. 20, Street 17
Al Amarat Khartoum, Sudan
Tel +249 183 574 550 / 51
Fax +249 183 561 717

Malaysia Deepwater Floating Terminal (Kikeh) Limited
Level 28, Menara Dayabumi
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50050 Kuala Lumpur, Malaysia
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Fax +603 2275 2953

Malaysia Deepwater Production Contractors Sdn Bhd
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Malaysia Marine and Heavy Engineering Sdn Bhd
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Malaysian Maritime Academy Sdn Bhd
P.O. Box 31, Kuala Sungai Baru
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MILS-Seafrigo Sdn Bhd
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Taman Perindustrian Pulau Indah
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Fax +603 3161 2500

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MISC Agencies Sdn Bhd (Johor)
1st Floor, Complex MISC, PLO 137 & 138
Jalan Angkasa Mas Utama
Kawasan Perindustrian Tebrau II
81100 Johor Bahru, Johor, Malaysia
Tel +607 3513 684
Fax +607 3513 695 / 696

MISC Agencies Sdn Bhd (Penang)
Suite No 5, Level 14 NB Tower 2
5050 Jalan Bagan Luar
12000 Butterworth, Penang, Malaysia
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Fax +604 3329 608

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No B4, Upper Floor, Jalan Gebeng 2 / 6
Gebeng Industrial Estate
26080 Kuantan, Pahang, Malaysia
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MISC Agencies Sdn Bhd (Sabah)
Ground Floor, Wisma Takada, Jalan Gaya
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Suite 40, Albert Square
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Victoria 3004 Australia
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Fax +61 3 9867 6167

MISC Agencies (Japan) Ltd
Koizumi Building 5th Floor
29-1 Nishigotanda 1-Chome, Shinigawa-ku Tel +81 3 5496 2365
Tokyo 141-00 31, Japan Fax +81 3 5496 2320

MISC Agencies Lanka (Private) Limited
Level 7, Valiant Towers 46 / 7
Nawam Mawatha Tel +94 11 234 8933 8
P.O. Box 795, Colombo 2 Sri Lanka Fax +94 11 234 8931 / 2

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Rivium 1E, Straat 42
2909 Le Capelle Aan Den Ijssel Tel +31 10 209 2291
Netherlands Fax +31 10 209 2239

Misan Logistics B.V.
Rivium 1E, Straat 42 Tel +0686 318 311 / 312 / 313
2909 Le Capelle Aan Den Ijssel
Netherlands Fax +0686 311 326

MISC Agencies (Sarawak) Sdn Bhd
No. 1, 1st Floor, Bintulu Parkcity Tel +0686 318 311 / 312 / 313
Commercial Centre, Bintulu
97012 Sarawak, Malaysia Fax +0686 311 326

MISC Agencies (Singapore) Pte Ltd
2, Boon Leat Terrace #05-02 / 04 Tel +65 6216 0557
Harbourside 2 Singapore 119844 Fax +65 6271 0817

MISC Agencies (Thailand) Co Ltd Tel +66 2 367 3558 / 3581
Green Tower, 4th Floor
3656 / 9-10, Rama 4 Road Klong Toey Fax +66 2 367 3586 / 3587
Bangkok 10110 Thailand

MISC Agencies (UK) Ltd
Quayside House
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IG11 7 AT, United Kingdom Fax +44 20 8507 1624

MISC Integrated Logistics Sdn Bhd
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Selangor Darul Ehsan, Malaysia Fax +603 3161 2500

MISC LNG Liason Office – Japan
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Nakaku 231-0062, Japan Fax +81 45 680 2284

MMHE-SHI LNG Sdn Bhd
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MISC Offices Around the World

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Johor, Malaysia — Fax +607 251 3999

MMHE-Turkmenistan (Ashgabat)
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Turkmenbashy Shayoly, Ashgabat — Tel +607 251 2111
744000 Turkmenistan — Fax +607 251 3999

PETRONAS Tankers Sdn Bhd
Level 28, Menara Dayabumi
Jalan Sultan Hishamuddin — Tel +603 2275 2465
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Rais-Mils Logistics FZCO
Plot No. W40B, Dubai Airport Free Zone — Tel +9714 299 4476
P.O. Box 7 Dubai, U.A.E. — Fax +9714 299 4432

Transware Distribution Services Pte Ltd
9 Gul Circle — Tel +65 6861 1757
Singapore 629565 — Fax +65 6862 5639

Centralised Terminals Sdn Bhd
109, Block G, Phileo Damansara 1
No. 9, Jalan 16 / 11
46350 Petaling Jaya — Tel +603 7959 8130
Selangor, Malaysia — Fax +603 7955 4141

MMHE-TPGM Sdn Bhd
PLO 3, Jalan Pekeliling
P.O. Box 77, 81700 Pasir Gudang — Tel +607 251 2111
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PTP-MISC Terminal Sdn Bhd
Block A, Wisma PTP
Jalan Pelabuhan Tanjung Pelepas
TST 507, 81560 Gelang Patah — Tel +607 504 2222
Johor, Malaysia — Fax +607 504 2288

Malaysia Marine and Heavy Engineering Sdn Bhd (Singapore Branch)
2, Boon Leat Terrace
Harbourside 2 — Tel +65 6220 7944 / 6200 7945
Industrial Building #05-03
Singapore 119844 — Fax +65 6224 3967

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth (40th) Annual General Meeting of MISC Berhad will be held at Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 20 August 2009 at 11.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the audited financial statements for the financial year ended 31 March 2009 and the Reports of the Directors and Auditors thereon.

2. To declare a final dividend of 20 sen per share (tax exempt) in respect of the financial year ended 31 March 2009.

3. To re-elect Amir Hamzah bin Azizan who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers himself for re-election.

4. To re-elect the following Directors who retire by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   i. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
   ii. Dato' Kalsom binti Abd. Rahman
   iii. Datuk Nasarudin bin Md Idris

5. To approve the payment of Directors' fees for the financial year ended 31 March 2009.

6. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration.

7. To transact any other ordinary business of which due notice has been given.

Notice of Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN that subject to the approval of Members at the Annual General Meeting on 20 August 2009, a final dividend of 20 sen per share (tax exempt) in respect of the financial year ended 31 March 2009 will be paid on 28 August 2009 to Depositors whose names appear in the Record of Depositors on 21 August 2009.

A depositor shall qualify for entitlement to the dividend only in respect of:

i. shares transferred into the Depositor's securities account before 4.00 p.m. on 21 August 2009 in respect of ordinary transfers.

ii. shares bought on Bursa Malaysia Securities Berhad ("Bursa Malaysia") on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

Fadzillah binti Kamaruddin (LS 0008989)
Company Secretary

Kuala Lumpur
27 July 2009

Notes:
Proxy Form

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.

2. In the case of a Corporate Body, the proxy appointed must be in accordance with its Memorandum and Articles of Association and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.

3. The form of proxy must be deposited at the Registrar of the Company, Symphony Share Registrars Sdn Bhd (378993-D) at Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

Statement Accompanying Notice of Annual General Meeting

Pursuant To Paragraph 8.28(2) of Listing Requirements of the Bursa Malaysia Securities Berhad

1. Profiles of the Directors who are standing for re-election as in Agendas 4 and 5 of the Notice of Annual General Meeting are set out from pages 28 to 34 of this Annual Report.

2. Details of the Directors' securities holdings in the Company are set out in page 108 of this Annual Report. None of the Company's Directors holds any interests in the Company's subsidiaries.

3. Details of the Directors' Fees for the Financial Year ended 31 March 2009 are as follows:

Directors*	Annual Fees RM	Board Attendance Allowance RM	BAC** Annual Fees RM	BAC** Attendance Allowance RM	Total RM
Tan Sri Mohd Hassan bin Marican	60,000	2,400	–	–	62,400
Dato Sri Liang Kim Bang ** (resigned with effect from 18 February 2009)	34,645	2,000	8,084	1,200	45,929
Harry K. Menon **	36,000	2,800	8,400	1,200	48,400
Dato' Halipah binti Esa **	36,000	2,400	12,000	1,200	51,600
Datuk Nasarudin bin Md Idris	36,000	2,400	–	–	38,400
Dato' Kalsom binti Abd. Rahman **	36,000	2,400	8,400	1,200	48,000
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	36,000	2,400	–	–	38,400
Ahmad Nizam bin Salleh	36,000	2,400	–	–	38,400

* Excluding President / CEO who holds an executive position in MISC Berhad
** Board Audit Committee

Proxy Form

MISC BERHAD
8178-H

I / We .... of ....
being a member/members of the abovenamed Company, hereby appoint ....
and / or .... of ....
and failing the abovenamed proxies, the Chairman of the meeting as my / our proxy to vote for me / us and on my / our behalf at the Fourtieth Annual General Meeting of the Company to be held at Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 20 August 2009 at 11.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Annual General Meeting:

Ordinary Business	**For**	**Against**
1. To receive and adopt the audited financial statements for the financial year ended 31 March 2009 and the Reports of the Directors and Auditors thereon.		
2. To declare a final dividend of 20 sen per share (tax exempt) in respect of the financial year ended 31 March 2009.		
3. To re-elect Amir Hamzah bin Azizan who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers himself for re-election.		
4. To re-elect the following Directors who retire by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible, offer themselves for re-election:		
i. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah		
ii. Dato' Kalsom binti Abd. Rahman		
iii. Datuk Nasarudin bin Md Idris		
5. To approve the payment of Directors' fees for the financial year ended 31 March 2009.		
6. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration.		

Unless voting instructions are indicated in the spaces above, the proxy will vote as he thinks fit.

No. of shares held .... CDS Account No. ....

Signed this...................................... day of.................................... 2009

....
Signature / Common Seal of Appointor

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy may, but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. In the case of a Corporate Body, the proxy appointed must be in accordance with its Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
3. This form of proxy must be deposited at the Registrar of the Company, Symphony Share Registrars Sdn Bhd (378993-D) at Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia, **not less than forty-eight hours** before the time appointed for holding the Meeting.

stamp

Symphony Share Registrars Sdn Bhd

Level 26, Menara Multi Purpose
Capital Square
No 8, Jalan Munshi Abdullah
50100 Kuala Lumpur