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Annual Report 2010

MISC BERHAD 8178-H

MISC BERHAD

Telling it quickly. If you only have 10 minutes to read this report, this is what you need to know …

KEY FINANCIAL HIGHLIGHTS FOR FYE2010

Revenue: **RM13.8 billion**

Profit Before Taxation: **RM911.9 million**

Dividends: **Total dividend of 35 sen per share**

Total Assets: **RM41.1 billion**

Shareholders' Equity: **RM23.7 billion**

*MISC is the **third largest shipping conglomerate** in the world by Market Capitalisation **

*as at 30 June 2010

41st

Annual General Meeting of MISC Berhad will be held at Nirwana Ballroom 1, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 19 August 2010 at 11.00 a.m.

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Group Financial Review

Operating Profit

For the Financial Year Ended 31 March ("FYE") 2010, the Group registered an operating profit of RM1,194.7 million, a reduction of RM681.1 million compared to the RM1,875.8 million operating profit recorded in FYE2009. The reduction in the Group's operating profit was mainly due to higher losses recorded by its Liner and Chemical businesses and reduced profitability in its Petroleum segment.

Earnings Per Share (Sen)

Basic Earnings Per Share (EPS) dropped to 17.7 sen in FYE2010 from 35.9 sen in FYE2009 due to lower profit attributable to the equity holders of the Corporation and higher weighted average number of shares in issue in FYE2010. Profit attributable to the equity holders of the Corporation was RM682.0 million in FYE 2010 from RM1,366.6 million in FYE2009. Higher weighted number of shares in issue in FYE2010 of 3,860,789,000 compared to 3,805,971,000 in FYE2009 was due to the completion of the Rights Issue Exercise of 1 Rights Share for every 5 shares in February 2010.

Dividends

For the current financial year, an interim tax exempt dividend of 15.0 sen per share was paid on 24 December 2009. Upon Shareholders' Approval, the proposed final tax exempt dividend of 20.0 sen per share will be paid on 30 August 2010, translating in a total dividend of 35.0 sen per share for FYE2010. The total dividend per share approved and paid for FYE2009 was 35.0 sen per share.

Balance Sheets

The total assets of the Group was higher by 12.0% or RM4,397.7 million to RM41,060.2 million as at FYE2010 from RM36,662.5 million as at FYE2009. The increase in the Group's total assets was mainly due to higher cash deposits and bank balances by RM4,123.7 million arising mainly from proceeds of the Rights Issue.

Higher capital expenditure during the year led to increase in total carrying value of ships, offshore floating assets and other property, plant and equipment by RM970.2 million.

Other contributing factors to the increase in the Group's total assets include higher investments in jointly controlled entities ("JCE") and increase in loans extended to these JCEs totaling RM240.2 million and RM251.3 million respectively.

Lower sales for the year, however led to a 38.0% reduction or RM1,222.7 million in total receivables to RM1,993.9 million as at FYE2010 from RM3,216.6 million as at FYE2009 .

The Group's total liabilities stood at RM17,024.0 million as at FYE2010 from RM15,590.3 million as at FYE2009, representing an increase of RM1,433.7 million. The higher total liabilities recorded was mainly due to an increase in loan balances by RM919.7 million when compared to 31 March 2009.

Shareholders' Equity

Shareholders' equity surged to RM23,662.0 million as at FYE2010 from RM20,732.1 million as at FYE2009.

The higher shareholders' equity was contributed mainly from the Rights Issue exercise which led to increase in share capital and creation of share premium of RM744.0 million and RM4,459.5 million respectively. Net profit after tax of RM682.0 million also contributed to the higher shareholders' equity as at FYE2010.

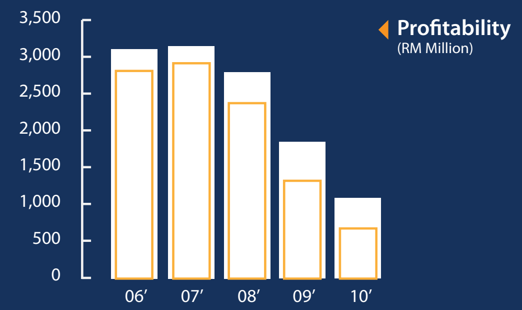
Foreign currency translation loss of RM1,745.0 million and payment of dividends totaling RM1,296.8 million during the year, however, dampened the amount of increase in shareholders' equity as at FYE2010.

Net Debt / Equity Ratio

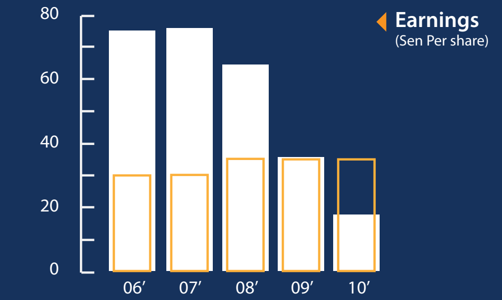
The higher cash balances contributed by the Rights Issue proceeds in February 2010 has led to a reduction in the Group's net debt equity ratio from 0.39 as at FYE2009 to 0.21 as at FYE2010.

5-Year Financial Highlights

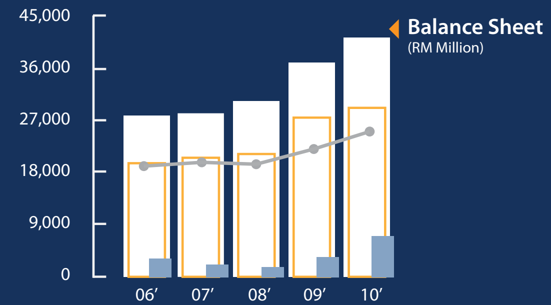
PROFITABILITY (RM Million)	2006	2007	2008*	2009**	2010
Operating Profit	3,222.0	3,250.4	2,766.2	1,875.8	1,194.7
Profit Before Gain/Net Loss on Disposal of Ships	2,698.5	2,493.7	2,418.9	1,556.3	933.1
Profit Before Taxation	2,900.8	2,930.3	2,599.4	1,556.3	911.9
Profit for the Year Attributable to Equity Holders of the Corporation	2,822.6	2,852.0	2,420.4	1,366.6	682.0



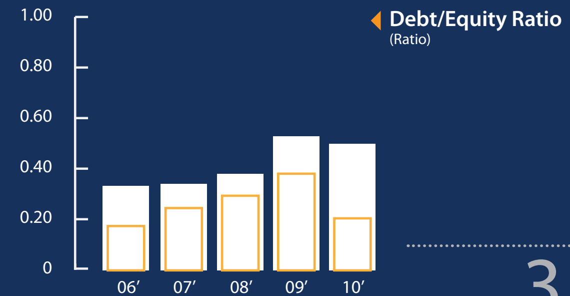
EARNINGS (Sen Per Share)	2006	2007	2008*	2009**	2010
Earnings Per Share	75.9	76.7	65.1	35.9	17.7
Dividends Per Share	30.0	30.0	35.0	35.0	35.0



BALANCE SHEET (RM Million)	2006	2007	2008*	2009**	2010
Total Assets	27,623.1	27,954.8	29,010.0	36,662.5	41,060.2
Ships, Offshore Floating Assets, Other Property, Plant & Equipment	20,844.6	21,927.2	21,980.1	27,384.8	28,355.0
Cash, Deposits and Bank Balances	3,426.0	2,217.6	1,964.4	3,725.4	7,849.1
Shareholders' Equity	18,156.2	18,639.2	18,411.1	20,732.1	23,662.0



DEBT/EQUITY RATIO (Ratio)	2006	2007	2008*	2009**	2010
Gross Debt/Equity	0.36	0.37	0.41	0.57	0.54
Net Debt/Equity	0.18	0.25	0.30	0.39	0.21



* *The 2008 audited summary data has been restated to reflect the adoption of FRS 139, change in accounting policy and prior year adjustments*

** *The 2009 audited summary data has been restated to reflect the change in accounting policy and prior year adjustments*

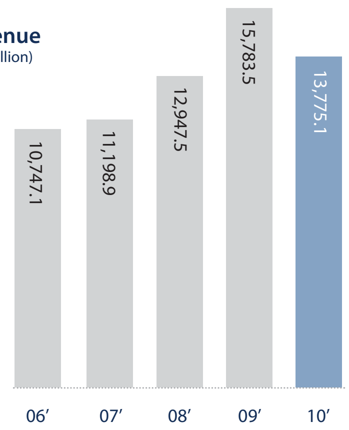
	2006 RM Million	2007 RM Million	2008* RM Million	2009** RM Million	2010 RM Million
Revenue	10,747.1	11,198.9	12,947.5	15,783.5	13,775.1
Operating profit	3,222.0	3,250.4	2,766.2	1,875.8	1,194.7
Profit before gain/net loss on disposal of ships	2,698.5	2,493.7	2,418.9	1,556.3	933.1
Profit before taxation	2,900.8	2,930.3	2,599.4	1,556.3	911.9
Profit for the year attributable to equity holders of the Corporation	2,822.6	2,852.0	2,420.4	1,366.6	682.0
Taxation	30.2	33.4	71.0	67.6	89.7
Dividends	1,114.1	1,097.0	1,290.0	1,316.7	1,296.8
Earnings per share (sen) ***	75.9	76.7	65.1	35.9	17.7
Return on assets (%)	12.8	12.3	10.7	6.2	3.4
Return on shareholders' equity (%)	15.5	15.3	13.1	6.6	2.9
Profit before taxation as % of revenue	27.0	26.2	20.1	9.9	6.6
Profit for the year attributable to equity holders of the Corporation as % of revenue	26.3	25.5	18.7	8.7	5.0
Paid-up capital	3,719.8	3,719.8	3,719.8	3,719.8	4,463.8
Shareholders' equity	18,156.2	18,639.2	18,411.1	20,732.1	23,662.0
Total assets	27,623.1	27,954.8	29,010.0	36,662.5	41,060.2
Total liabilities	9,182.2	9,074.2	10,324.8	15,590.3	17,024.0
Total borrowings	6,607.7	6,804.4	7,528.1	11,852.0	12,771.7
Capital expenditure	3,326.6	4,399.0	3,647.3	4,010.8	4,695.5
Net tangible assets per share (sen)	460.2	479.6	476.4	539.0	516.9
Gross Debt/equity ratio	0.36	0.37	0.41	0.57	0.54
Interest cover ratio	13.6	13.4	12.8	9.1	7.1

* *The 2008 audited summary data has been restated to reflect the adoption of FRS 139, change in accounting policy and prior year adjustments*

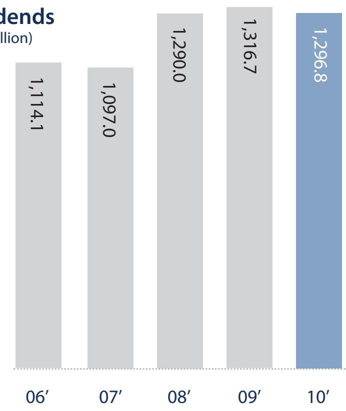
** *The 2009 audited summary data has been restated to reflect the change in accounting policy and prior year adjustments*

*** *The 2010 EPS has been calculated using the weighted average number of ordinary shares in issue during the financial year*
The 2009 EPS has been restated to take into account the effect of the issuance of Rights Shares during the year

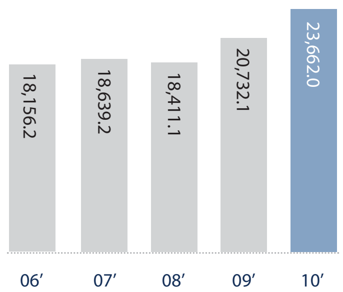
Revenue
(RM Million)



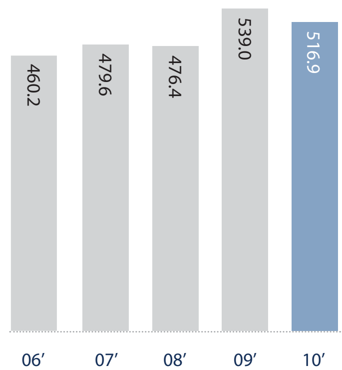
Dividends
(RM Million)



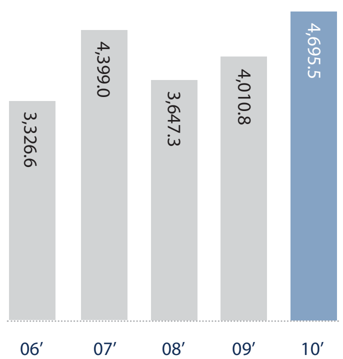
Shareholders' Equity
(RM Million)



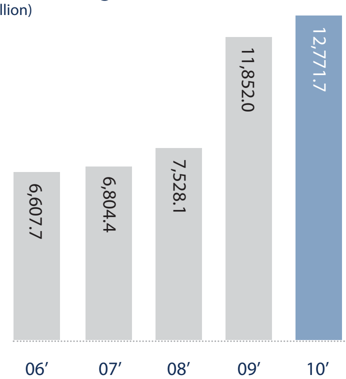
Net Tangible Assets Per Share
(sen)



Capital Expenditure
(RM Million)



Total Borrowings
(RM Million)



Our Vision, Mission and Shared Values

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**
  Loyalty 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 the third largest shipping conglomerate 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 and construction works.

MISC has grown from being purely a shipping line in 1968 to become a fully integrated maritime, offshore floating solutions, heavy engineering and logistics services provider. 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 forging partnerships in technological advancement to offer LNG technology solutions and services for new offshore applications.

Through its wholly-owned subsidiary AET, MISC is a leading global tanker operator that is proud to count the world's major oil companies amongst its customers. In the crude oil sector, the company is one of the largest owner-operators of Aframax tankers in the world and the premier lightering operator in the US Gulf. Meanwhile, its goal to fully service its customers' global oil transportation requirements means that it also has a growing presence in the clean products market.

MISC also delivers freighting solutions for Vegoil and Chemical products to various corners of the globe, leveraging on its extensive experience in bulk trading. 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 include 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 projects in Tanjung Langsat and Tanjung Bin, Johor, Malaysia.

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.

Through MISC Integrated Logistics Sdn Bhd (MILS), MISC offers total logistics services which include Freight Management, Transportation and Warehousing services. MILS' specialised Project Logistics and Supply Chain Management unit serves the upstream and downstream logistics requirements of the global energy industry. In addition, MILS Logistics Hub in Free Commercial Zone Pulau Indah is a trans-shipment centre for Fast Moving Consumer Goods, leveraging on its Halal certification status and close proximity to Port Klang. Apart from Port Klang, MILS has offices in KLIA Sepang, Tebrau, Prai, Kuantan, Kerteh, Kota Kinabalu, Labuan and Bintulu. Internationally, MILS has its presence in Singapore, Dubai, Khartoum, Kiyanly and Rotterdam.

MISC is also a growing player in the offshore industry, offering floating facility solutions mainly FPSOs/FSOs with our ability to add value combined with world-class technology and know-how. We deliver safe, predictable project execution excellence throughout the asset life cycle and build strong relationship with customers and partners. This synergistic combination is creating productive partnerships in the Southeast Asia region as well as international waters where MISC's presence is seen operating at the highest standards, delivering exceptional results.

MISC's engineering arm, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE)'s performance is driven by three core businesses: engineering and construction, marine repair and marine conversion. It has grown to become an integrated engineering, procurement and construction contractor for high tonnage offshore oil and gas structures. MMHE is capable of undertaking repair services on a complete range of vessels such as LNG carriers, VLCCs as well as various kinds of floaters and a one-stop centre for FPSOs and FSOs conversion.

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 2010

* excluding dormant companies

LNG

- **PETRONAS Tankers Sdn Bhd** — **100%**
  (Investment Holding and Provision of Management Services)
  - 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%**
- **PFLNG Solutions Limited** *(Development of an integrated LNG liquefaction storage and offloading solution)* — **30%**
- **MISC PNG Shipping Limited** *(Investment Holding)* — **100%**
  - Western Pacific Shipping Limited *(Providing shipping solutions to meet LNG project requirements and also supports other general shipping requirements of Papua New Guinea)* — 60%

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) Private Limited *(Ship Management and Manning Activities)* — 100%
        - 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 Azerbaijan Limited *(Chartering 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%
    - AET Tanker India Private Limited *(Shipowning)* — 100%
- **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 *(Provision of Multi User Petrochemical Terminal Facilities)* — 36%
- **MTTI Sdn Bhd** *(formerly known as Magna Conglomerate Sdn Bhd) (Investment Holding)* — **100%**

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 *(Operating and Maintaining 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 *(Operation and Maintenance of FPSO)* — 49%
- **MISC Floating Production System (Gumusut) Limited** *(Asset Ownership)* — **100%**
- **MISC Offshore Floating Terminals (L) Limited** *(Offshore Floating Terminals Ownership)* — **100%**
- **Malaysia Offshore Mobile Production (Labuan) Ltd** *(Mobile Offshore Production Unit Owner)* — **80%**
- **Malaysia Vietnam Offshore Terminal (L) Limited** *(FSO Owner)* — **51%**
- **Malaysia Deepwater Floating Terminal (Kikeh) Limited** *(FPSO Owner)* — **51%**
- **Malaysia Deepwater Production Contractors Sdn Bhd** *(Operating and Maintaining FPSO Terminal)* — **51%**
- **FPSO Ventures Sdn Bhd** *(Operating and Maintaining FPSO Terminals)* — **51%**
  - Offshore Marine Ventures Sdn Bhd *(Provision of Integrated Service Solutions of Support Vessels)* — 26%
- **Vietnam Offshore Floating Terminal (Ruby) Ltd** *(FPSO Owner)* — **40%**

Marine & Heavy Engineering

Malaysia Marine and Heavy Engineering Holdings Berhad — **100%**
(formerly known as MSE Holdings Berhad)
(Investment Holding)

- Malaysia Marine and Heavy Engineering Sdn Bhd — 100%
  (Marine Repair, Marine Conversion and Engineering and Construction)
  - MSE Corporation Sdn Bhd — 100%
    (In Liquidation)
  - Techno Indah Sdn Bhd — 100%
    (Sludge Disposal Management)
  - MMHE-SHI LNG Sdn Bhd — 70%
    (LNG Vessel Repair Works)
  - MMHE-ATB Sdn Bhd — 40%
    (Manufacturing Works of Pressure Vessels and Tube Heat Exchanges)
  - MMHE-TPGM Sdn Bhd — 60%
    (Provision of Engineering, Procurement, Construction, Installation and Commissioning)

Liner & Integrated Logistics

MISC Integrated Logistics Sdn Bhd — **100%**
(Integrated Logistics Services)

- MILS – Seafrigo Sdn Bhd — 60%
  (Owner of a Cold Storage Logistics Hub)
- MILS – Seafrigo Cold Chain Logistics Sdn Bhd — 60%
  (Cold Chain Management and Operation)
- MILS – SterilGamma Sdn Bhd — 60%
  (Sterilisation and Fumigation Facilities)
- BLG MILS Logistics Sdn Bhd — 60%
  (Automotive Solutions and Related Integrated Logistics Services)
- Transware Distribution Services Pte Ltd *(Warehousing)* — 50%
- Keer –MISC Logistics Co Ltd — 50%
  (Transportation)
- Rais – Mils Logistics FZCO — 50%
  (Integrated Logistics Services)

MISC Agencies Sdn Bhd — **100%**
(Shipping Agent and Warehousing)

- MISC Agencies (Australia) Pty Ltd *(Shipping Agent)* — 100%
- MISC Agencies (U.K.) Ltd — 100%
  (Shipping Agent)
- MISC Agencies (Japan) Ltd — 100%
  (Port and General Agent)
- MISC Agencies (Netherlands) B.V. — 100%
  (Shipping Agent)
  - Misan Logistics B.V. — 100%
    (Haulage Brokerage, Liner Merchant and Carrier Haulage)
- MISC Agencies (Singapore) Private Limited *(Shipping Agent)* — 100%
  - Leo Launches Private Limited — 51%
    (Launch Operator)
- MISC Agencies (New Zealand) Limited *(Shipping Agent)* — 100%
- MISC Agencies (Sarawak) Sdn Bhd — 65%
  (Shipping Agent)
- MISC Agencies (Thailand) Co Ltd — 49%
  (Shipping Agent)
- MISC Agencies Lanka (Private) Limited *(Shipping Agent)* — 40%
- MISC Agencies India Private Limited *(Shipping Agent)* — 60%
- MISC Shipping Services (U.A.E) L.L.C *(Shipping Agent)* — 49%

PTP-MISC Terminal Sdn Bhd — **30%**
(Berthlease Arrangements / Transhipment Port)

Maritime Education

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

Others

MISC Capital (L) Ltd — **100%**
(Special Purpose Vehicle for Financing Arrangement)

MISC International (L) Limited — **100%**
(Investment Holding)

- SL-MISC International Line Co Ltd — 49%
  (Shipowning)
- Asia Tank Terminals Limited — 50%
  (Investment Holding)
  - ATT Tanjung Bin Sdn Bhd — 50%
    (Constructing, Commissioning and Operating an Oil Terminal)

MISC Enterprises Holdings Sdn Bhd — **100%**
(In Liquidation)

- Trans-ware Logistics (Pvt) Ltd — 25%
  (Inland Container Depot)

Business Overview & Fleet Strength

as at 31 March 2010

Liquefied Natural Gas (LNG) Business

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	**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 FYE2009/2010

- Breakthrough achievement in Asia Pacific market
  - o Secured strategic alliance with PETROMIN for LNG shipping requirements in Papua New Guinea.
- Forging advancement in LNG Technological solutions.
- Approval in Principle (AIP) received from American Bureau of Shipping (ABS) for MISC FSRU solution.
- Commencement of our first Dual Fuel Diesel Electric (DFDE) engine LNG carriers for the Yemen LNG Project: Seri Balhaf and Seri Balqis.

Petroleum Business

Class	No. of Vessels
VLCC	11
Aframax	29
Panamax	1
*Product	3
LR2	1
Total Owned	45
Total In-chartered	25
TOTAL	**70**

* includes Bunga Siantan

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, suezmax and product tanker markets.

Facts

- A modern, young fleet of vessels ranging in capacity from 5,800 to 308,000 dwt.
- 17 newbuildings scheduled to join the fleet within the next two years, comprising 12 aframax tankers (five under a joint venture with Restis); two in-chartered medium range 2 (MR2) tankers; and three product tankers.
- Market leader in ship-to-ship transfers in the US Gulf.

Major Developments in FYE2009/2010

- Product tanker Eagle Meerut is registered in India, making AET the first major foreign shipping company to be given permission by the Indian Government to operate a ship flying the Indian flag.
- AET took delivery of the Eagle Kuching and Eagle Kuantan, the first and second of eight new aframax vessels from Japan’s Tsuneishi shipyard, and the 156,658 dwt Blue, a chartered-in vessel that officially marks AET’s entry into the suezmax market.
- 34 vessels from the AET global fleet received the Jones F Devlin Award in recognition accident-free operations.
- AET successfully completed the sale of product tankers Bunga Kasai, Pernas Rantau and Bunga Kerayong.
- AET celebrated 100% renewal rate of its lightering contracts in the US Gulf.

Chemical Business

Class	No. of Vessels
B Class	1
A Class	4
Melati Class	7
Total Owned	12
Total In-chartered	10
TOTAL	22

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 FYE2009/2010

- Continued extensive fleet expansion programme with the deliveries of IMO type 2 vessels, mainly double-hulled with a variety of stainless steel and coated tanks capabilities.
  - Four out of six A Class of 38,000 dwt (Bunga Alamanda, Bunga Akasia, Bunga Allium and Bunga Alpinia) and
  - One out of four B Class of 45,000 dwt (Bunga Bakawali)
  - The balance of 7 vessels will be delivered between 2010 and 2012.
- As part of the phasing out of the single hull vessels, MISC completed the sale of its Anggerik Class vessels consisting of four 29,900 dwt chemical tankers and the 15,999 dwt Bunga Semarak chemical tanker. It's sister, Bunga Siantan was also sold in May 2010.
- Continued robust expansion into Europe, USA, South America, the Middle East, South East Asia and the Far East.

Maritime Education

Core Capabilities

ALAM is the nerve centre and premier training institution for an exciting and explorative maritime career. For over 30 years, ALAM has trained thousands of Malaysians, through a structured 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 educational approach with a challenging college environment, our system unites classroom instruction, practical training and professional development skills.

Major Developments in FYE2009/2010

- Enrolment of 326 cadets for the diploma programmes which consist of 30% international cadets.
- Produced 423 Diploma in Nautical Studies and Diploma in Marine Engineering professional graduates including first batch of female cadets.
- Appointed as SIGTTO committee member in the development of Competency Standards for Steam Engineers onboard LNG Tankers.
- Installation of DNV Navigator & Superman software for use in Shiphandling simulator and web-based Superintendent Manual for Superintendent's training by Det Norske Veritas.
- Installation of VeriSTAR Chemical Software by Bureau Veritas for use in ALAM's LICOS for the cargo planning module for chemical tankers.
- First Malaysian institution to become Marine Partners with Institute of Marine Engineers, Science and Technology (IMarEST).
- Jointly developing the world's first e-learning programme for chemical tankers with the American Bureau of Shipping.
- Signed MOU with Shanghai Maritime University, China and Mokpo National Maritime University, South Korea.
- Signed MOU with Wavelink Maritime International, Singapore on Strategic Partnership in Maritime Education and Training.

Resources at ALAM

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

Offshore Business

Class	No. of Facility
Floating Production Storage and Offloading (FPSO)	5 *
Floating Storage and Offloading (FSO)	5 **
Mobile Offshore Production Unit (MOPU)	1 ***
Total Owned	**11**

* Includes four jointly owned FPSOs
** Includes one jointly owned FSO
*** Jointly owned MOPU

Core Capabilities

MISC is a growing player in the offshore industry, offering floating facility solutions mainly FPSOs/FSOs with our ability to add value combined with world-class technology and know-how, to deliver safe, predictable project execution excellence throughout the asset life cycle and to build strong relationship with customers and partners. This synergistic combination is creating productive partnerships in the Southeast Asia region as well as international waters where MISC's presence is seen operating at the highest standards, delivering exceptional results.

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 FYE2009/2010

- Recorded FSO Orkid's maiden revenue (jointly owned between MISC and PTSC).
- Successful delivery of FPSO Espirito Santo to BC-10 field, offshore Brazil (jointly owned between SBM and MISC).
- Sail away of FPSO Ruby II to Ruby Field (Block 01 & 02), offshore Vietnam (jointly owned between PTSC and MISC).
- Sail away of MOPU SATU to Block SK305, offshore Sarawak (jointly owned between MISC and GPS).
- Floating facility units that are currently under construction:
  - o MOPU DUA (jointly owned between MISC and GPS).
  - o Gumusut-Kakap Semi-FPS.

Marine & Heavy Engineering Business

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 totaling 321,400 sq. m.
Skid Track & Bulkhead	Up to 40,000 T
Workshops	30 nos of production workshops covering 86,800 sq. m. (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 land berth)
Quay	7 Quays
LNG Tanker Repair Facility:	
• Global Test Control Room (GTCR)	3 units
• Cryogenic Workshop	1 (528 sq. m.)
• Invar Welding Training Centre	1 (95 sq. m.)

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 1.8 km seafront.
- Operates fabrication yard in Kiyanly, Turkmenistan with an area of 157,000 sq. m.
- Order book as at 31 March 2010 – RM7.2 billion.

Continued

Major Developments in FYE2009/2010

- Completed and delivered the eight-legged B11K-A substructure in April 2009 and the B11K-A topsides in August 2009 to Sarawak Shell Berhad (SSB).
- Successfully repaired a total of 68 vessels.
- Successful conversion of MISC's Bunga Mas Lima to an Auxiliary Vessel for the Royal Malaysian Navy (RMN).
- Completed work for Cutting and Assembly (C & A) workshop and West Finger Pier (WFP) for yard development program.
- Contractually delivered fourth self erecting drilling tender barge to Seadrill Asia Limited, which was officially named Seadrill T12.
- Conducted specialised capability and people development programme namely:
  - o Project Management Development Programme
  - o Welding Engineers Development Programme to develop welding engineers certified with the Institute of Welding, France
  - o Invar Plating & Welding Programme which led to certification by Gaztransport & Technigaz, France
  - o Acoustic Emission Test for LNG repair activities – certification by ANSI/ASNT
  - o Professional Certificate in Offshore Structure Level 1 by SPACE-UTM
  - o Welders Training under MOU with Jabatan Tenaga Manusia and PETRONAS
- Recorded 35.67 million man-hours worked with Lost Time Injury Frequency (LTIF) and Total Recordable Injury Frequency (TRIF) of 0.20 and 0.45 respectively, well below the target of 0.30 and 0.80 for FY 2009/2010.

Liner

Class	No. of Vessels
Above 5000 TEUs	2
3000 – 5000 TEU's	3
1000 – 3000 TEU's	8
Below 1000 TEU's	5*
Total Owned	18*
Total In-chartered	15
TOTAL	33

* excluding Bunga Mas 5

Core Capabilities

MISC is one of the leading carriers in the Liner intra-Asia trade with more than 40 years of proven experience, specialising in the transportation of Halal produce and products and reefer business. Our liner network of services is highly complex, fully integrated and complements our backbone Halal services covering Asia and Oceania regions. To gain competitive advantage, we have strategically expanded our market coverage through innovative products, strengthening market position in key strategic areas and to achieve effective customer relationship.

Facts

- Innovator of Halal Supply Chain Solutions through the Halal Express Services (HE1 and HE2).
- Extensive agency network in the Asia and Oceania region.

Major Developments in FYE2009/2010

- Refocus of Liner business within the Asia and Oceania trades and becoming Asia's preferred Carrier, specialising in the transportation of Halal produce and products and Reefer cargo business.
- Enhanced its Halal Express service in April 2009 and launched Halal Express Service 2 in September 2009. In January 2010, MISC introduced their new Malaysia East Asia Service (MES) to complement the current service portfolio of its Halal Express services. In March 2010, MISC introduced two other services namely East India Service (EIS) and Siam-Singapore Service (SSS).
- Established a Regional Office in Dubai to oversee the Middle-East and India Sub-Continent.
- Established JV with our long time agents Al-Hilal Shipping and Crescent Shipping in UAE and India respectively.

Integrated Logistics

Assets	No.
Prime movers	151 units
Road tankers	16 units
NGV tankers	35 units
Total Storage Facility	**662,717 sq. ft.**

Core Capabilities

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

Facts

- MILS has invested in a 39-acre world-class logistics facility in Pulau Indah, Selangor that delivers a comprehensive range of logistics solutions outside the port boundary for Free Commercial Zone, equipped with a state-of-the-art dry and cold storage facility. The hub aims to facilitate the global supply chain through regional consolidation and distribution concept. MILS Logistics Hub (MLH) was awarded the first Halal Logistics Facility in Malaysia in March 2009 by the Halal Development Corporation (HDC).

Major Developments in FYE2009/2010

- MILS successfully completed PNGV Phase 1 project whereby 35 NGV tankers were mobilised to serve Klang Valley.
- MILS completed more than 90% delivery of offshore line pipes, equipments and material for Magtymgully Collector Riser (MCR-A) and Onshore Gas Terminal (OGT) for Block 1 Gas Development Project in Kiyanly, Turkmenistan.
- MILS completed its freighting services of hot roll coil from Bremen to Kota Kinabalu and Kandala for SSGP project.
- MILS has successfully secured premier Halal food industry clients to utilise the Halal cold storage facility as well as forwarding and haulages services.
- MILS Dry Hub has attracted transshipment clients by fulfilling their business needs of consolidating and cross docking before exportation through containers via Port Klang.

Others

Other Class	No. of Vessels
LPG	3
Dry Bulk (Panamax)	1
Total Owned	4
Total In-chartered	1
TOTAL	**5**

Setting the stage

As a leading player in the field of LNG and Petroleum shipping, and with a growing presence in Chemical shipping, Offshore and Heavy Engineering solutions, the stage is set for MISC to become the partner of choice for the Energy industry.

Investor Relations Report

To realise MISC's commitment in adopting best practices in corporate governance, a dedicated Investor Relations ('IR') team was established in April 2005 with the responsibility of ensuring timely and effective dissemination of material information. An integral part of this commitment is the IR programme which is continually reviewed and enhanced to ensure stakeholders have an accurate and transparent representation of the Group's operations, financials and strategies.

Highlights of initiatives carried out under the IR programme during the financial year 2010 include:

- Timely and comprehensive disclosure of information on quarterly results, sale/purchase of assets, corporate developments and all material initiatives required under Bursa Malaysia's Listing Requirements

- Quarterly analyst briefings and conference calls were held and presentation materials were distributed via electronic mail, in conjunction with the release of quarterly financial results. Key management were present at the analyst briefings to provide a comprehensive review of MISC's financials, operations, industry outlook as well as strategies going forward

- The 40th Annual General Meeting in August 2009 and the subsequent Extraordinary General Meeting in January 2010 provided an avenue for retail shareholders to meet and be updated by their Board of Directors on the latest developments at MISC

- A feature presentation and update on MISC's Tank Terminal business was also included in the analyst briefing on mid-year results. Feature presentations on MISC's various businesses will be a key initiative under MISC's future IR programme to educate and update institutional investors

MISC's IR strategy will focus on **expanding its accessibility, transparency** and **achieving best of practices.**

- In addition to comprehensive annual reviews and regular conference calls on material announcements with the rating agencies, namely Moody's Investor's Services (Moody's), Standard & Poor's (S&P) and Malaysian Rating Corporation Bhd (MARC), a site visit to Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) was also made with Moody's to provide a better understanding of its business and operations

- Participation in both foreign and local investment conferences was stepped up in 2010 with MISC's participation at the Citi Investor Conference 2010 in Hong Kong and the joint Maybank – Nomura Invest Malaysia 2010 conference held domestically. One of the key initiatives of the 2010 IR programme is to increase participation at investor conferences in an effort to expand investor coverage

- The IR team conducted over 70 one-on-one meetings and conference calls with analysts, fund managers and shareholders during the financial year. Enquiries were also attended to on a timely and transparent manner.

Moving into the new financial year, MISC's IR strategy will focus on expanding its accessibility, transparency and achieving best of practices. To this end, increased utilization of electronic communication tools via the corporate website and conference calls will be implemented.

In addition to Annual Reports and regulated documents which are mailed to shareholders, bondholders and respective stakeholders; and the dissemination of corporate announcements released to Bursa Securities / media and press, comprehensive corporate information is accessible at www.misc.com.my

The Group's "Corporate Disclosure Policies and Procedures" identify the following Management Personnel responsible for IR activities:

President / Chief Executive Officer

Vice President, Corporate Planning and Development

Vice President, Finance

General Manager, Business Research & Investor Relations

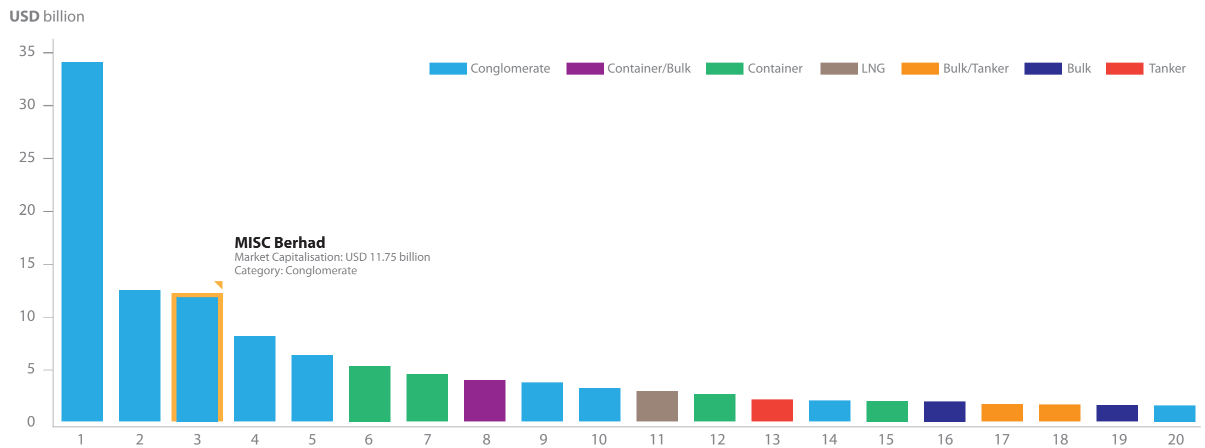
Stakeholders are also encouraged to move towards a more interactive relationship with all feedback and enquiries to be directed to: investor.relations@miscbhd.com

Market Capitalisation

No	Company	Listing	Market Capitalisation (USD billion)	Category
1	A P Moller – Maersk Group	Denmark	33.95	Conglomerate
2	China Cosco Holdings	China	12.44	Conglomerate
3	**MISC Berhad**	**Malaysia**	**11.75**	**Conglomerate**
4	Mitsui OSK Lines	Japan	8.08	Conglomerate
5	Nippon Yusen Kabushiki	Japan	6.27	Conglomerate
6	China Shipping Container Lines	China	5.26	Container
7	Orient Overseas International Group	Hong Kong	4.49	Container
8	Hyundai Merchant Marine Co.	Korea	3.90	Container/Bulk
9	Neptune Orient Lines	Singapore	3.67	Conglomerate
10	Kawasaki Kisen Kaisha	Japan	3.16	Conglomerate
11	Qatar Gas Transport Co. Nakilat	Qatar	2.86	LNG
12	Hanjin Shipping Co.	Korea	2.58	Container
13	China Merchant Energy Shipping Co.	China	2.05	Tanker
14	Teekay Corporation	USA	1.96	Conglomerate
15	Evergreen Marine Corporation	Taiwan	1.95	Container
16	STX Pan Ocean Co.	Korea	1.90	Bulk
17	U-Ming Marine Transport Corporation	Taiwan	1.64	Bulk/Tanker
18	D/S Norden	Denmark	1.60	Bulk/Tanker
19	Sinotrans Shipping	Hong Kong	1.54	Bulk
20	National Shipping Co. Saudi Arabia	Saudi Arabia	1.52	Conglomerate

Note: List excludes Cruise/Ferry companies eg. Carnival Corp. (USA), Royal Caribbean (USA)
Source: Bloomberg, 30 June 2010

** Shipping Companies by Market Capitalisation as at 30 June 2010*



Statistics on Shareholdings

as at 30 June 2010

Analysis Of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	268	4.68	6,029	0.00
100 – 1,000	1,083	18.93	676,358	0.02
1,001 – 10,000	2,940	51.37	11,514,844	0.25
10,001 – 100,000	1,052	18.38	32,844,184	0.74
100,001 to less than 5% of issued shares	377	6.59	911,652,070	20.42
5% and above of issued shares	3	0.05	3,507,099,618	78.57
Total	**5,723**	**100.00**	**4,463,793,103**	**100.00**

Directors' Shareholdings

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

Substantial Shareholders

	Name of Substantial Shareholders		No. of Share	%
1	PETROLIAM NASIONAL BERHAD – Cartaban Nominees (Tempatan) Sdn Bhd Petroliam Nasional Berhad (Strategic INV)	2,797,459,800	2,797,459,800	62.67
2	EMPLOYEES PROVIDENT FUND BOARD		490,840,978	11.00
	– Employees Provident Fund Board	433,882,378		
	– Employees Provident Fund Board Held through:	3,588,000		
	– Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board	11,883,880		
	– Alliancegroup Nominees (Tempatan) Sdn Bhd Alliance Investment Management Berhad for Employees Provident Fund Board	400,000		
	– Am Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (A/C1)	5,418,360		
	– DB (Malaysia) Nominee (Tempatan) Sendirian Berhad BNP Paribas Asset Management Malaysia Sdn Bhd for Employees Provident Fund Board	174,000		
	– HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia for Employees Provident Fund	18,145,580		
	– Mayban Nominees (Tempatan) Sdn Bhd HwangDBS Investment Management Bhd for Employees Provident Fund	2,067,840		
	– SBB Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	10,310,240		
	– Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Employees Provident Fund Board	1,480,000		
	– RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd for Employees Provident Fund Board	3,490,700		
3	SKIM AMANAH SAHAM BUMIPUTERA – AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	275,757,440	275,757,440	6.18

30 Largest Shareholders

	Name of Shareholders	No. of Share	%
1	CARTABAN NOMINEES (TEMPATAN) SDN BHD Petroliam Nasional Berhad (Strategic INV)	2,797,459,800	62.67
2	EMPLOYEES PROVIDENT FUND BOARD	433,882,378	9.72
3	AMANAHRAYA TRUSTEES BERHAD Skim Amanah Saham Bumiputera	275,757,440	6.18
4	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	93,838,250	2.10
5	STATE FINANCIAL SECRETARY SARAWAK	67,466,667	1.51
6	PERBADANAN PEMBANGUNAN PULAU PINANG	52,800,000	1.18
7	VALUECAP SDN BHD	52,168,380	1.17
8	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Wawasan 2020	49,395,740	1.11

	Name of Shareholders	No. of Share	%
9	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	49,008,060	1.10
10	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Malaysia	43,657,960	0.98
11	LEMBAGA TABUNG HAJI	23,906,040	0.54
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	22,428,200	0.50
13	CARTABAN NOMINEES (ASING) SDN BHD Exempt An for RBC Dexia Investor Services Trust (CLIENTS ACCOUNT)	22,047,799	0.49
14	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (FOREIGN)	21,073,212	0.47
15	KERAJAAN NEGERI PAHANG	20,596,320	0.46
16	HSBC NOMINEES (TEMPATAN) SDN BHD Nomura Asset Mgmt Malaysia for Employees Provident Fund	18,145,580	0.41
17	CARTABAN NOMINEES (ASING) SDN BHD Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	17,698,668	0.40
18	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Didik	14,156,640	0.32
19	HSBC NOMINEES (ASING) SDN BHD BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	13,914,990	0.31
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Exempt An for Prudential Fund Management Berhad	12,838,160	0.29
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM Asset Management Sdn Bhd for Employees Provident Fund	11,883,880	0.27
22	AMANAHRAYA TRUSTEES BERHAD AS 1Malaysia	11,522,020	0.26
23	SBB NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board	10,310,240	0.23
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Exempt An for American International Assurance Berhad	9,817,066	0.22
25	HSBC NOMINEES (ASING) SDN BHD Exempt An for JP Morgan Chase Bank, National Association (U.A.E.)	9,310,156	0.21
26	HSBC NOMINEES (ASING) SDN BHD Exempt An for JP Morgan Chase Bank, National Association (NORGES BK LEND)	9,160,000	0.21
27	CARTABAN NOMINEES (ASING) SDN BHD Government Of Singapore Investment Corporation Pte Ltd for Government Of Singapore (C)	7,533,320	0.17
28	AMANAHRAYA TRUSTEES BERHAD Public Islamic Dividend Fund	7,365,960	0.17
29	HSBC NOMINEES (ASING) SDN BHD Exempt An for JP Morgan Chase Bank, National Association (U.S.A.)	7,168,820	0.16
30	HSBC NOMINEES (ASING) SDN BHD Exempt An for The Bank Of New York Mellon (MELLON ACCT)	6,955,233	0.16
	Total	**4,193,266,979**	**93.97**

Share Performance

List of Announcements Submitted to Bursa Malaysia Up To 30 June 2010

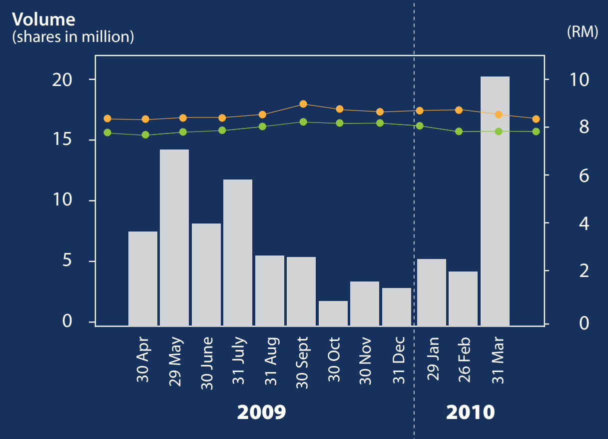
2010

25 June	Purchase of four (4) Suezmax crude oil tankers by AET Inc. Limited, a wholly-owned subsidiary of MISC Berhad ("MISC")
20 May	MISC sells single-hull chemical tanker
17 May	Proposed acquisition by MTTI Sdn Bhd, a wholly-owned subsidiary of MISC, of 50% of the issued share capital of VTTI B.V.
07 May	Changes of President/Chief Executive Officer of MISC
06 May	4th Quarterly Results for FYE2009/2010
16 April	Joint Venture between MISC and Petromin PNG Shipping Limited
08 April	Proposal to list Malaysia Marine and Heavy Engineering Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")
31 Mar	Announcement on the completion of the merger of local and foreign tranche shares
11 Mar	Joint Venture between MISC Agencies Sdn Bhd, a wholly-owned subsidiary of MISC, Crescent Shipping Agency (India) Limited and Sivaswamy Holdings Pvt. Ltd. to incorporate MISC Agencies India Private Limited, a limited liability company incorporated in India
01 Mar	MISC sells single-hull chemical tanker
24 Feb	Announcement on the completion of Rights Issue with the listing of and quotation for 743,965,517 Rights Shares on the Main Market of Bursa Securities with effect from 9 a.m., 24 February 2010. Consequently, MISC's paid up capital was raised to 4,463,793,104, which were comprised of 4,463,793,103 ordinary shares of RM1.00 each and one preference share of RM1.00 each
24 Feb	3rd Quarterly Results for FYE2009/2010
12 Feb	Change in Boardroom – Changes of Chairman of MISC
04 Feb	Joint Venture between MISC Agencies Sdn Bhd, a wholly-owned subsidiary of MISC, and Al-Hilal Shipping Agency L.L.C. to incorporate MISC Shipping Services L.L.C, a limited liability company incorporated in United Arab Emirates
12 Jan	Announcement of approval of all resolutions tabled at the Extraordinary General Meeting held on 12 January 2010 in relation to the Proposals (as defined below)

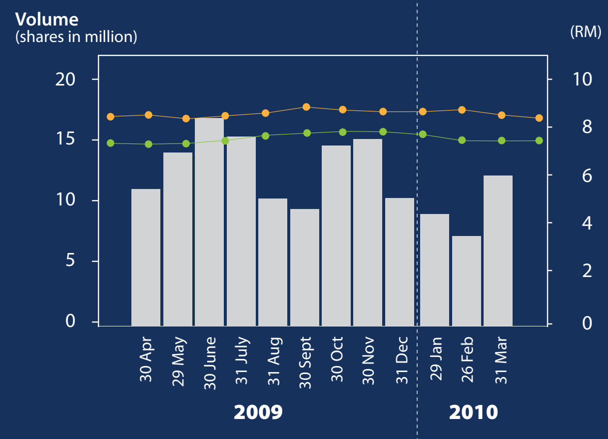
2009

17 Dec	Notice of Extraordinary Ordinary General ("EGM") for the shareholders' approval of the following: (i) Proposed Renounceable Rights Issue (ii) Proposed Merger of Local And Foreign Tranche Shares (iii) Proposed Increase in Authorised Share Capital (iv) Proposed Amendments to the Articles Of Association of MISC ("the Proposals")
17 Dec	Termination of Joint Venture Agreement dated 29 April 2008 between Pelabuhan Tanjung Pelepas Sdn Bhd and MISC
23 Nov	MISC had announced the following proposals: (i) a renounceable rights issue of 743,965,517 Rights Shares on the basis of one (1) Rights Share for every five (5) existing MISC Shares held by the shareholders of MISC on an entitlement date to be determined and announced, at an issue price of RM7.00 per Rights Share ("Proposed Renounceable Rights Issue"); (ii) an increase in authorised share capital of MISC from RM5,000,000,001 comprising 5,000,000,000 ordinary shares of RM1.00 each and one (1) preference share of RM1.00 each, to RM10,000,000,001 comprising 10,000,000,000 ordinary shares of RM1.00 each and one (1) preference share of RM1.00 each ("Proposed Increase In Authorised Share Capital"); (iii) the merger of MISC's local (3816) and foreign tranche (3816F) Shares quoted and listed on the Main Market of Bursa Securities ("Proposed Merger Of Local And Foreign Tranche Shares"); and (iv) the proposed amendments to the Articles to facilitate the Proposed Merger of Local and Foreign Tranche Shares ("Proposed Amendments To The Articles Of Association of MISC")
23 Nov	2nd Quarterly Results for FYE2009/2010
01 Sept	MISC sells four (4) single-hull chemical tankers
20 Aug	1st Quarterly Results for FYE2009/2010
19 Aug	Joint Venture between MISC, MISC International (L) Limited, VTTI Tanjung Bin S.A. and Vitol Tank Terminals International B.V.
27 July	Notice Of 40th Annual General Meeting
02 July	AET Petroleum Tanker (M) Sdn Bhd, a wholly-owned subsidiary of MISC, sells two product tankers

MISC Local Shares



MISC Foreign Shares



PX Volume PX High PX Low

Financial Calendar

Year	Financial Year Announcement of Results & Dividends	1 April 2009 – 31 March 2010		
2009	20-Aug-09 Q1 FYE2010 **Results** Announced	28-Aug-09 FYE2009 **Final Dividend** Paid	23-Nov-09 Q2 FYE2010 **Results** Announced FYE2010 **Interim Dividend** Announced	24-Dec-09 FYE2010 **Interim Dividend** Paid
2010	24-Feb-10 Q3 FYE2010 **Results** Announced	6-May-10 FYE2010 **Results** Announced FYE2010 **Final Dividend** Announced	19-Aug-10 **Annual General Meeting** Q1 FYE2011 **Results** To be announced	30-Aug-10 FYE2010 **Final Dividend** Payable

Corporate Information

As at 8 July 2010

BOARD OF DIRECTORS

Chairman, Non-Independent Non-Executive Director

Dato' Shamsul Azhar bin Abbas
(Appointed with effect from 10 February 2010)

Tan Sri Mohd Hassan bin Marican
(Resigned with effect from 10 February 2010)

Independent Non-Executive Directors

Harry K. Menon
Dato' Halipah binti Esa
Dato' Kalsom binti Abd. Rahman
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Datuk Latifah binti Datuk Abu Mansor
(Alternate Director to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah)

Non-Independent Non-Executive Directors

Ahmad Nizam bin Salleh
(Resigned with effect from 8 July 2010)
Amir Hamzah bin Azizan
Datuk Wan Zulkiflee bin Wan Ariffin
(Appointed with effect from 8 July 2010)

President / Chief Executive Officer and Non-Independent Executive Directors

Datuk Nasarudin bin Md Idris
(Appointed with effect from 15 June 2010)
Amir Hamzah bin Azizan
(Resigned with effect from 15 June 2010)

AUDIT COMMITTEE

Chairman

Harry K. Menon
(Re-designated with effect from 8 July 2010)

Members

Dato' Halipah binti Esa
(Re-designated with effect from 8 July 2010)
Dato' Kalsom binti Abd. Rahman
Amir Hamzah bin Azizan
(Newly appointed on 8 July 2010)

REMUNERATION COMMITTEE

Chairman

Dato' Halipah binti Esa

Members

Dato' Kalsom binti Abd. Rahman
Datuk Wan Zulkiflee bin Wan Ariffin

NOMINATION COMMITTEE

Chairman

Dato' Kalsom binti Abd. Rahman

Members

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Datuk Wan Zulkiflee bin Wan Ariffin

COMPANY SECRETARY

Fadzillah binti Kamaruddin
(LS 0008989)

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 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7841 8000
Fax: +603 7841 8008

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 Market of Bursa Malaysia Securities Berhad

Profiles of Directors
as at 30 June 2010

Dato' Shamsul Azhar bin Abbas
Chairman, Non-Independent Non-Executive Director

Dato' Shamsul Azhar bin Abbas, Malaysian, aged 58, was appointed as Chairman and Non-Independent Non-Executive Director of MISC Berhad on 10 February 2010.

Dato' Shamsul Azhar is the President and Chief Executive Officer of Petroliam Nasional Berhad ("PETRONAS") with effect from 10 February 2010. He joined PETRONAS in 1975 and has held various senior management positions including those of Senior General Manager, Corporate Planning and Development Division; Vice President, Petrochemicals Business; Vice President, Oil Business; Vice President, Exploration and Production Business; and Vice President, Logistics and Maritime Business. He was previously the President/Chief Executive Officer of MISC Berhad from 1 July 2004 until 31 December 2008.

He holds a degree in Political Science and Economics from Universiti Sains Malaysia, a Masters of Science (MSc.) degree in Energy Management from the University of Pennsylvania, United States of America and a Technical Diploma in Petroleum Economics from the Institut Francais du Petrole ("IFP"), France.

Dato' Shamsul Azhar is the Chairman of AET Tanker Holdings Sdn Bhd, a wholly-owned subsidiary of MISC Berhad, as well as of several key PETRONAS subsidiaries, including exploration and production arm PETRONAS Carigali Sdn Bhd, Malaysia LNG Sdn Bhd ("MLNG"), and South Africa-based energy company Engen Limited.

He attended two Board Meetings of the Company since his appointment as director during the financial year under review.

Amir Hamzah bin Azizan

President / Chief Executive Officer

Non-Independent Non-Executive Director

(Resigned as President / Chief Executive Officer with effect from 15 June 2010)

Amir Hamzah bin Azizan, Malaysian, aged 43, was appointed as Non-Independent Executive Director and President / Chief Executive Officer ("CEO") of MISC Berhad on 1 January 2009. On 15 June 2010, he resigned as President / CEO to join PETRONAS Dagangan Berhad as Managing Director / CEO and was re-designated as Non-Independent Non-Executive Director of MISC Berhad.

Amir Hamzah joined MISC in the year 2000 as the Group's General Manager, Corporate Planning Services. In 2004, he held the position of Regional Business Director (Europe, Americas, Africa and FSU) of MISC based in London, United Kingdom before he assumed the position of President/CEO of 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 as 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.

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

Up to 14 June 2010, Amir Hamzah was Chairman of the Boards of major subsidiaries of MISC Berhad, including Malaysia Marine and Heavy Engineering Holdings Berhad, Malaysia Marine and Heavy Engineering Sdn Bhd, MISC Integrated Logistics Sdn Bhd and Malaysian Maritime Academy Sdn Bhd, among others. Amir Hamzah was also Deputy Chairman of AET Tanker Holdings Sdn Bhd. He remains as a Director of Bintulu Port Holdings Berhad and NCB Holdings Berhad. Additionally, he is a Board Member of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd ("UK P&I Club"). He is also a council member of the American Bureau of Shipping and General Committee Member of Bureau Veritas.

He attended all eight Board Meetings held in the financial year under review.

Datuk Nasarudin bin Md Idris

President/Chief Executive Officer, Non-Independent Executive Director
(With effect from 15 June 2010)

Datuk Nasarudin bin Md Idris, Malaysian, aged 55, was appointed as President / Chief Executive Officer of MISC Berhad with effect from 15 June 2010. He was a Non-Independent Non-Executive Director of MISC Berhad since 11 October 2004 before his re-designation.

Datuk Nasarudin graduated from University of Malaya with a Bachelor of Arts (Honours) Degree, and holds a Masters Degree in Business Administration from Henley – The Management College (Brunel University), United Kingdom ("UK") and has completed the Stanford Executive Programme at Stanford University, United States of America.

Since joining Petroliam Nasional Berhad ("PETRONAS") in 1978, he has held various positions within PETRONAS Group including as Vice President, Corporate Planning and Development Division of PETRONAS; Group Chief Executive Officer, KLCC Holdings Berhad; Senior General Manager, Corporate Planning and Development Division; Executive Assistant to the President; General Manager, Retail Business of PETRONAS Dagangan Berhad; General Manager, Corporate Development; and General Manager, Group Strategic Planning.

Datuk Nasarudin is a Management Committee member of PETRONAS and a Director of KLCC Property Holdings Berhad.

He attended all eight Board Meetings of the Company held during the financial year under review.

Harry K. Menon
Independent Non-Executive Director

Harry K. Menon, Malaysian, aged 60, was appointed as Independent Non-Executive Director of MISC Berhad on 30 August 2001. He is also a member of MISC Board Audit Committee.

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 then joined Public Bank Berhad as General Manager and was subsequently promoted to Executive Vice President. After serving two public listed companies, he joined Putrajaya Holdings Sdn Bhd as Chief Operating Officer since 1997 until 2000.

Harry K. Menon is presently Chairman of Putrajaya Perdana Berhad and is a Non-Executive Director of Petroliam Nasional Berhad, SCICOM (MSC) Berhad and UBG Berhad.

He attended all eight Board Meetings of the Company held during the financial year under review.

Dato' Halipah binti Esa
Independent Non-Executive Director

Dato' Halipah binti Esa, Malaysian, aged 60, was appointed as Independent Non-Executive Director of MISC Berhad on 26 April 2004. She also sits as Chairman of MISC Board Audit Committee.

Dato' Halipah graduated with an Honours Degree majoring in Economics and was later conferred a Masters of Economics Degree from 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, KLCC Property Holdings Berhad, Northport (Malaysia) Bhd, Kontena Nasional Berhad, Putrajaya Holdings Berhad and PETRONAS Global Sukuk Ltd.

She attended seven out of eight Board Meetings of the Company held during the financial year under review.

Dato' Kalsom binti Abd. Rahman

Independent Non-Executive Director

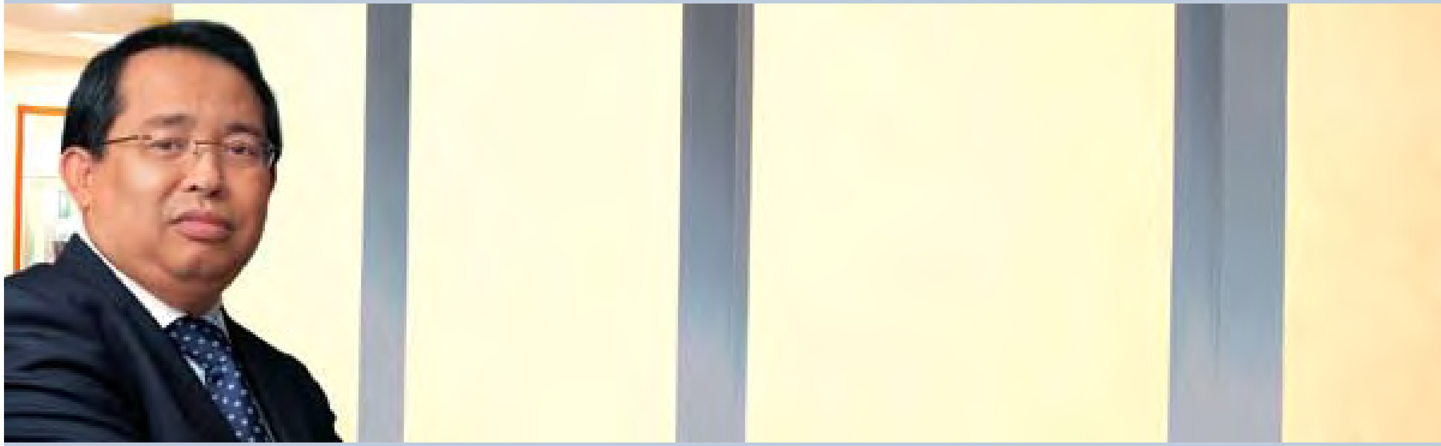
Dato' Kalsom binti Abd. Rahman, Malaysian, aged 62, was appointed as Independent Non-Executive Director of MISC Berhad on 27 October 2004. She is also a member of the MISC Board Audit Committee.

She holds a Bachelor of Economics (Honours) Degree from University of Malaya and Masters Degree in Business Administration (Finance) from University of Oregon, United States of America ("USA"). During her tenure in the public sector, she also attended management courses organized by Harvard Business School and Stanford University of 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 the following public limited companies, namely 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.

She attended all eight Board Meetings of the Company held during the financial year under review.



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

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah, Malaysian, aged 58, was appointed as Independent Non-Executive Director of MISC Berhad on 14 September 2006.

He holds a Bachelor of Economics (Honours) Degree in Applied Economics from University of Malaya and Master of Philosophy in Development Studies from Institute of Development Studies, University of Sussex, United Kingdom ("UK"). He obtained a Ph.D in Economics from 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, United States of America 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 MOF.

Tan Sri Dr. Wan Abdul Aziz sits on the Boards 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").

He attended five out of eight Board Meetings of the Company held during the financial year under review.

Ahmad Nizam bin Salleh
Non-Independent Non-Executive Director

Ahmad Nizam bin Salleh, Malaysian, aged 54, was appointed as Non-Independent Non-Executive Director of MISC Berhad on 9 January 2008.

Ahmad Nizam obtained his Bachelor of Business Administration Degree from Ohio University and attended the Advanced Management Program of Wharton School, University of Pennsylvania, United States of America. He joined Petroliam Nasional Berhad ("PETRONAS") in 1981 and has held various senior management positions including 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 Group of Companies. Effective 1 November 2007, he assumed the position of Vice President, Corporate Services, PETRONAS.

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

He attended seven out of eight Board Meetings held during the financial year under review.

On 8 July 2010, En. Ahmad Nizam bin Salleh had resigned as Non-Independent Non-Executive Director of MISC Berhad.

None of the Directors has:

- Family relationship with other directors and/or major shareholders of the Company.
- Conflict of interest with the Company.
- Conviction of offences within the past 10 years.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Management Committee

1. Amir Hamzah bin Azizan
2. Datuk Nasarudin bin Md Idris
3. Hor Weng Yew
4. Wan Yusoff bin Wan Hamat
5. Mohamed Khalzani bin Mohamed Saffian
6. Baharuddin bin Arbak
7. Azhar bin Noordin
8. Faizul bin Ismail
9. Nordin bin Mat Yusoff
10. Noraini binti Che Dan
11. Yee Yang Chien
12. Captain Rajalingam a/l Subramaniam
13. Iwan Azlan bin Mokhtar
14. Fadzillah binti Kamaruddin

Profiles of Management Committee

as at 30 June 2010

Amir Hamzah bin Azizan

President / Chief Executive Officer
(Resigned as President / Chief Executive Officer with effect from 15 June 2010)

Amir Hamzah bin Azizan, aged 43, was appointed President / Chief Executive Officer ("CEO") of MISC Berhad on 1 January 2009. On 15 June 2010, he resigned as President / CEO to join PETRONAS Dagangan Berhad as Managing Director / CEO and was re-designated as Non-Independent Non-Executive Director of MISC Berhad.

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, United States of America and the Corporate Finance Evening Programme at the London Business School, United Kingdom ("UK").

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.

Up to 14 June 2010, Amir Hamzah was Chairman of the Boards of major subsidiaries of MISC Berhad, among which include Malaysia Marine and Heavy Engineering Sdn Bhd, MISC Integrated Logistics Sdn Bhd and Malaysian Maritime Academy Sdn Bhd. Amir Hamzah was also Deputy Chairman, AET Tanker Holdings Sdn Bhd. He is a Director of Bintulu Port Holdings Berhad and NCB Holdings Berhad.

He is a Board Member of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd ("UK P&I Club"). He is also council member of the American Bureau of Shipping, and General Committee Member of Bureau Veritas.

Datuk Nasarudin bin Md Idris

President/Chief Executive Officer
(With effect from 15 June 2010)

Datuk Nasarudin bin Md Idris, Malaysian, aged 55, was appointed as President/ Chief Executive Officer of MISC Berhad with effect from 15 June 2010. He was a Non-Independent Non-Executive Director before his re-designation.

Datuk Nasarudin graduated from University of Malaya with a Bachelor of Arts (Honours) Degree, and holds a Masters Degree in Business Administration from Henley – The Management College (Brunel University), United Kingdom ("UK") and has completed the Stanford Executive Programme at Stanford University, United States of America.

Since joining Petroliam Nasional Berhad ("PETRONAS") in 1978, he has held various positions within PETRONAS Group including as Vice President, Corporate Planning & Development Division of PETRONAS; Group Chief Executive Officer, KLCC Holdings Berhad; Senior General Manager, Corporate Planning and Development Division; Executive Assistant to the President; General Manager, Retail Business of PETRONAS Dagangan Berhad; General Manager, Corporate Development; and General Manager, Group Strategic Planning.

Datuk Nasarudin is a Management Committee member of PETRONAS and a Director of KLCC Property Holdings Berhad.

Hor Weng Yew

President / Chief Executive Officer
AET Tanker Holdings Sdn Bhd

Hor Weng Yew, aged 43, was appointed as President / Chief Executive Officer, AET Tanker Holdings Sdn Bhd on 1 January 2009.

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

He began his career with Neptune Orient Lines Limited ("NOL") in 1989 and was involved in the commercial operations, commercial chartering strategy and business planning initiatives for NOL and 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

Wan Yusoff bin Wan Hamat, aged 56, is the Managing Director and Chief Executive Officer of Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE").

He holds an Honours Degree from University of Birmingham, United Kingdom in Engineering Production. He also sits on the Board of several subsidiaries and joint venture companies within MISC Group.

He started his career in 1977 as a project engineer in Petroliam Nasional Berhad ("PETRONAS"). During the span of 27 years that he had served PETRONAS, he held ascending leadership positions in various venture developments in petrochemical and refining businesses. He was the Managing Director and Chief Executive Officer of PETRONAS Penapisan (Terengganu) Sdn Bhd, appointed in 1999, before he was seconded to MMHE (then known as Malaysia Shipyard and Engineering Sdn Bhd) in 2004 as its Managing Director and Chief Executive Officer.

Mohamed Khalzani bin Mohamed Saffian

Vice President, Chemical Business

Mohamed Khalzani bin Mohamed Saffian, aged 44, was appointed as 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 Eastern Washington University, United States of America.

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 subsidiaries and several joint venture companies within MISC Group.

Baharuddin bin Arbak

Vice President, Liner Business

Baharuddin bin Arbak, aged 47, was appointed as Vice President, Liner Business on 1 August 2009 after serving the same division in the capacity of General Manager, Operations since 13 August 2007 and as Senior General Manager, Liner Business Unit since 1 February 2009.

He graduated from 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.

Azhar bin Noordin

Vice President, Offshore Business

Azhar bin Noordin, aged 55, was appointed as Vice President, Offshore Business on 1 February 2010.

He graduated with a Degree in Mechanical Engineering from Universiti Teknologi Mara.

Prior to joining MISC, he served the PETRONAS Group wherein he had held various positions as Senior General Manager, Group Health Safety & Environment PETRONAS; Senior General Manager, Development Division, Executive Assistant to PETRONAS President/ Chief Executive Officer, PETRONAS Carigali Sdn Bhd; Country Manager of Sudan and Egypt, PETRONAS; Project Engineer in Duyong Gas Project, Baram Delta Gas Gathering Project; Engineering Design Senior Manager, PETRONAS; Senior Manager, Joint Venture Department; Senior Manager JDA and as Senior Manager, Petroleum Management Unit.

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

Faizul bin Ismail

Senior General Manager, LNG Business

Faizul bin Ismail, aged 49, is the Senior General Manager of LNG Business, MISC Berhad effective 1 April 2010. He is a member of the MISC Management Committee.

He is a qualified Marine Engineer specialising in Steam Plant from South Tyne Side Marine College, United Kingdom in 1990 and Australian Maritime College, Lanceston Australia in 1987.

He joined MISC Berhad in 1980 until 1990 as an Engineer serving the MISC LNG Fleet. In the next following year, he joined PETRONAS as Marine Engineer Superintendent and was involved in the LNG shipbuilding project in France until 1994. He has held various positions in PETRONAS such as Safety Manager, Senior Superintendent and Operations relating to the LNG shipping industry; General Manager of PETRONAS Tankers; Chief Executive Officer of Malaysian International Trading Corporation (Japan) Sdn Bhd and PETRONAS Country Manager for Japan.

Faizul joined MISC Berhad in 2005 as General Manager of Technical Services Department of Fleet Management Services. In 2006, he held the position of General Manager of Commercial Operations LNG Business and in 2008, he was appointed as General Manager of Business Development LNG Business. He also sits as a Board member of several subsidiaries and joint venture companies within MISC Group.

Nordin bin Mat Yusoff

Vice President, Group Technical Services

Nordin bin Mat Yusoff, aged 51, was appointed as Vice President, Group Technical Services on 1 August 2008. Prior to holding the current position, he was Vice President, Fleet Management Services since 1 April 2005.

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

He joined Petroliam Nasional Berhad ("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 served Malaysia Marine and Heavy Engineering Sdn Bhd (then known as Malaysia Shipyard and 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 the Chairman of the Malaysian Shipowners' Association.

Noraini binti Che Dan

Vice President, Finance

Noraini binti Che Dan, aged 54, was appointed as Vice President, Finance on 1 April 2005.

She graduated from 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 42, was appointed as Vice President, Corporate Planning and Development on 1 April 2008.

He holds degrees in Financial Accounting / Management and Economics from 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 44, was appointed as 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 was recently appointed as Honorary Commander of the Royal Malaysian Navy in November 2009, in recognition of MISC's support to the Naval Reservist Program and his role as Patron of MISC's Naval Reservist.

Captain Rajalingam has been elected as an Intertanko Executive Committee member and The London P & I Club Director in 2010. He also sits as a Board member in several subsidiaries and joint venture companies within MISC Group.

Iwan Azlan bin Mokhtar
Vice President,
Human Resources Management

Iwan Azlan bin Mokhtar, aged 42, was appointed as Vice President, Human Resources Management on 1 April 2009. He holds a Degree in Law from 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 44, was appointed as Senior General Manager, Legal & Corporate Secretarial Affairs (“LCSA”) on 1 January 2008 and Company Secretary of MISC Berhad on 1 November 2007.

She obtained an LLB (Honours) Degree from University of Nottingham, United Kingdom and was further conferred 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 Petroliam Nasional Berhad (“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

The Board of Directors of MISC Berhad is pleased to present the Board Audit Committee Report for the financial year ended 31 March 2010.

COMPOSITION AND MEETINGS

The members of the Board Audit Committee ("the Committee") during the financial year comprised the following Independent Non-Executive Directors:

	Meetings Attended during the financial year
Dato' Halipah binti Esa (Chairman)	All 7 meetings held.
Harry K. Menon (Member)	All 7 meetings held.
Dato' Kalsom binti Abd. Rahman (Member)	All 7 meetings held.

On 8 July 2010, the composition of the Committee has been changed as follows:

- Harry K. Menon
  (Re-designated as Chairman)
- Dato' Halipah binti Esa
  (Re-designated as Member)
- Dato' Kalsom binti Abd. Rahman
  (Member)
- Amir Hamzah bin Azizan
  (Newly appointed on 8 July 2010)

During the financial year, seven (7) Board Audit Committee Meetings were held on 4 May 2009, 11 May 2009, 9 July 2009, 19 August 2009, 20 November 2009, 17 February 2010 and 24 February 2010.

Harry K. Menon is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales.

TERMS OF REFERENCE OF THE COMMITTEE

Composition

The Committee was established by the Board on 28 June 1993 to act as a committee for the Board of Directors.

The Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) members with the majority being Independent Directors.

At least one member of the Committee must be a member of the 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.

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 the members who shall be an Independent Non-Executive Director.

Attendance and Frequency of Meetings

Meetings shall be held not less than four (4) times a year. The quorum shall be two members. The external auditors may request a meeting if they consider it necessary.

Twice yearly, 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.

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 internal and 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;
    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.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL YEAR

A summary of the activities performed by the Committee during the financial year is set out below:

Risk Management

- Reviewed the progress of the risk management functions and its on-going activities for identifying, evaluating, monitoring and managing risks.
- Received and reviewed quarterly reports from Management on key strategic and operational risks to ensure these are being managed effectively which include five (5) focus risk areas namely Maritime, Country, Project, Finance and Credit.

Internal Audit

- Reviewed and approved Group Internal Audit ("GIA")'s long term audit plan, and Annual Audit Plan to ensure adequacy of resources, competencies and coverage on auditable entities per risk based assessment.
- Reviewed internal audit reports issued by GIA on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed inputs and management action plans provided by Management Audit Committee ("MAC") on audit reports deliberated.
- Reviewed the adequacy and effectiveness of agreed corrective actions taken by management on all significant and secondary issues raised.
- Reviewed the adequacy of resources and competencies of staff within GIA to execute the plan.
- Conducted half yearly and yearly review and assessment on the adequacy of performance of the Group Internal Audit Department.
- Prior to the Committee meeting, held private meetings and discussions with Head and senior staff of GIA on audit reports and any Internal Audit related matters.

Ship Management Audit ("SMA")

- Reviewed the SMA Quarterly and Annual audit reports on the condition and management of MISC Group's vessels (including FSO/FPSOs) relating to efficiency and effectiveness of the internal control systems implemented.

External Audit

- Reviewed and approved the external auditors terms of engagement, audit plan, nature and scope for the financial year.
- Reviewed the results and issues arising from their audit for the financial year and the resolution of issues highlighted in their report to the Committee and Management response.
- Reviewed the scope and engagement strategy of the external auditor and upon satisfactory assessment, recommended that the Board of Directors approve the fee payable to the external auditor in respect of the scope of work performed.
- Met with the Group External Auditor without the presence of management twice a year to ensure there were no restrictions on the scope of their audit and to discuss any matters that they may wish to present (specifically in May and November 2009).

Financial Results

- Reviewed the Quarterly and Annual financial statement of the Company and Group including announcements, and recommended them to the Board of Directors for their approval.

Annual Reporting

- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control and Board Audit Committee Report to the Board for approval.

INTERNAL AUDIT FUNCTION

In the discharge of its duties, the Committee is strongly supported by the 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 MAC for executive reviews.

Subsequently, the reports together with deliberations by MAC are tabled at the Committee Meetings for decisions.

At the Board of Director's meetings, the Chairman of the Committee highlights key audit issues and overall decisions and resolutions made during the Committee meeting to the Board Members.

During the financial year, the internal auditors had carried out audits according to the internal audit plan approved by the Committee.

Powering excellence

With a 40 year track record as one of the world's leading shipping organisations, we are committed to providing excellent customer service experience. We maintain a modern and diversified fleet of vessels and our growing operations are supported by a group of highly capable, well-trained and experienced group of professionals.

Chairman's Statement

For the year under review, prospects for the global shipping industry remained depressed as the fallout from the worst global recession in living memory continued to loom large. Shipping volumes collapsed as international trade recorded its sharpest contraction since the Second World War, as persistent debt overhang in major economies led to a sharp pullback in consumer spending and an equally severe contraction in industrial activity.

Industry margins remained suppressed as heavy newbuilding deliveries continued throughout the year, further exacerbating excess tonnage capacity. While lower crude oil prices brought with it some respite, increased security threats along key shipping routes added to operating costs.

Amid these trying circumstances, the Group's business model continued to deliver a commendable performance. Non-cyclical earnings from our LNG shipping, Offshore business and Heavy Engineering division provided a stable income base while the robustness of our shipping divisions allowed the Group to avoid the worst of the earnings deterioration experienced by the industry at large.

Financial Performance

For the financial year ended 31 March 2010, the MISC Group recorded a revenue of RM13.78 billion. Despite being 12.7% below last year's revenue of RM15.78 billion, this is a respectable achievement given the prevailing industry conditions. Net profit was 44.8% lower at RM822 million, depressed freight rates in the Petroleum, Chemical and Liner shipping businesses eroded the relatively more stable incomes of the Group's other business segments. Earnings per Share (EPS) for the year eased to 17.67 sen, against the 35.91 sen achieved in the previous year and reflects not only lower earnings but also an increase in the Group's capital base following the Rights Issue carried out during the year. With the RM5.21 billion cash raised from this exercise, the Net Tangible Assets attributable to equity holders of the Corporation strengthened to RM22.70 billion while the net gearing ratio dropped to a low of 0.21 times.

Dividend

For the final quarter of the year, the Board of Directors have recommended a final dividend of 20 sen per share, tax-exempt. Coupled with the 15 sen per share dividend paid in the first half of the financial year, this brings the total dividend for the financial year ended 31 March 2010 to 35 sen per share, tax exempt – comparable to those declared for the preceding three years. While this amounts to a payout ratio of 191%, it reflects the commitment of the Board of Directors to maintaining, in absolute terms, a stable dividend per share.

Corporate Developments

The bold step we took in initiating a 1 for 5 Rights Issue during the year reflects efforts to position the Group on a sounder financial footing to leverage on any acquisition opportunities of a strategic nature the crisis may continue to bring. While the proceeds generated will be utilised to fund our committed capital expenditure, our balance sheet is now stronger and this will enhance our capacity for fundraising in pursuing such acquisitions. During the year, we also completed the merger of the dual tranche of foreign and local MISC ordinary shares, which will facilitate transacting ordinary shares of MISC on Bursa Malaysia and improve trading liquidity.

Turning to the Group's operations for the year, we successfully commissioned our deepest-moored Floating Production Storage and Offloading facility (FPSO), the FPSO Espirito Santo, offshore Brazil. Two other Floating Production Systems (FPS) – namely, the FPSO Ruby II and MOPU SATU – were also towed to their respective offshore deployment sites in Vietnam and Sarawak, where they currently await First Oil.

Meanwhile, our newest LNG vessels Seri Balhaf and Seri Balqis joined a fleet of world class LNG vessels that will deliver cargoes for Yemen LNG.

revenue

RM 13.78 billion

During the year, the Group's Container Shipping division completed its exit from the Grand Alliance, enabling resources to be redeployed in favour of intra-Asian routes, where we were able to strengthen our market share to 4.6% despite adverse market conditions. Our strategies for AET Tanker Holdings Sdn Bhd (AET) (Petroleum Business) and the Chemical Business also continued to pay off, reflected in the improvements of their respective market shares. We also took delivery of five new vessels during the year as part of efforts to replace in-chartered vessels with newbuildings and remained vigilant in balancing our portfolio mix between term-spot exposures to ensure that we continue to generate optimal returns for the Group as freight rates recover.

On the technology front, construction of our first semi-submersible rig at our Pasir Gudang yard in Johor, for eventual deployment at the Gumusut Field in Sabah, moved into an advanced stage.

Our intention of listing Malaysia Marine and Heavy Engineering Holdings Berhad (MHB), the holding company of Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), on Bursa Malaysia will soon become a reality as preparations for its eventual listing, expected during the next financial year, progressed satisfactorily. Once listed, MHB will be able to raise funding independently and this will facilitate its tremendous growth potential more effectively. It is the Board's intention to allocate a portion of the Initial Public Offering (IPO) for MISC shareholders' subscription so as to enable our shareholders to continue benefiting from MHB future growth.

Outlook

The coming year will continue to be highly challenging for the global shipping industry. While the world economy appears to have turned the corner, the strength and durability of the recovery remains uncertain. In addition, while freight rates in all shipping segments are expected to rebound from last year's lows, the likelihood of further newbuilding deliveries, particularly in the tanker and container segments, will limit the extent of any recovery potential.

Weak asset prices are also likely to persist into the coming year and present good buying opportunities for the Group in line with efforts to expand our business. Shortly after the close of the financial year under review, we announced the acquisition of a 50% equity stake in VTTI B.V., thereby realising our ambitions to become a significant player in the global tank terminal business. Upon completion of the deal in the forthcoming year, the Group will be able to participate in the operations and management of a network of oil product storage terminals spanning 11 countries and this will furthermore allow us to service our clients better through having integrated logistics and storage operations. It will also enhance the quality of Group's earnings going forward through the stable 'annuity-based' income stream this business provides. We will also be vigilant for opportunities in the petroleum and chemical shipping business as fleet expansion is key for both AET and our Chemical shipping division to achieve greater economies of scale and better triangulation to match clients' needs.

Demand for FPS is also expected to recover with upstream oil and gas investment having regained momentum, in line with the rebound of both oil prices and demand. Previously deferred projects are now being revisited and new tenders are already being announced. In this respect, I am confident that our heavy engineering business is well-positioned to leverage on the opportunities brought about by this positive turn of affairs to fuel its business expansion further.

net profit
RM 822 million

Appreciation

I would like to take this opportunity to welcome Datuk Nasarudin Md Idris as our new President / CEO. With his vast knowledge and experience, I am confident he will continue to propel the organisation to new heights.

I would also like to place on record my sincere thanks to all employees of the MISC Group for their dedication and sacrifices. Indeed, your continued determination and perseverance was a key source of strength to MISC during these turbulent times. My special appreciation also goes to the Royal Malaysian Navy, who continues to keep our seafarers and vessels plying the Gulf of Aden, safe.

I would also like to express a profound appreciation to my fellow Board members for their wise counsel and contributions.

Finally, may I also accord a special "Thank You" to all our shareholders and other stakeholders for your continued support as well as the trust you have placed in us to forge for MISC Berhad, a brighter and even more prosperous future.

Dato' Shamsul Azhar Abbas
Chairman
28 May 2010

Statement on Corporate Governance

The Board of Directors of MISC Berhad (Board) is committed in ensuring the highest standard of corporate governance is applied throughout MISC Berhad Group (Group). The Board strives to ensure that the principles of Corporate Governance as laid down in the Malaysian Code of Corporate Governance (Code) are adhered to by the Group. The Board is pleased to disclose the Group's application of the principles as set out in 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 major human resource policies.

A. Composition of the Board

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 page 26 to 33 of this Annual Report.

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.

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.

The non-executive directors have the necessary 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 and other stakeholders.

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.

During the financial year ended 31 March 2010, eight (8) Board meetings were held. Details of the attendance are as follows:

	Board of Directors	Number of Meetings attended
1.	Tan Sri Mohd Hassan bin Marican (*resigned with effect from 10 February 2010*)	5 out of 6
2.	Dato' Shamsul Azhar bin Abbas (*appointed with effect from 10 February 2010*)	2 out of 2
3.	Harry K. Menon	8 out of 8
4.	Dato' Halipah binti Esa	7 out of 8
5.	Datuk Nasarudin bin Md Idris	8 out of 8
6.	Dato' Kalsom binti Abd. Rahman	8 out of 8
7.	Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	5 out of 8
8.	Ahmad Nizam bin Salleh	7 out of 8
9.	Amir Hamzah bin Azizan	8 out of 8
10.	Datuk Latifah binti Datuk Abu Mansor (*Alternate Director to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah*)	3 out of 8

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 full 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 Company's Articles of Association, at least one-third (1/3) of the Directors shall retire from office at least once in 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.

D. The Board Committees

The Board has formed the committees to ensure the Board's effectiveness and to efficiently discharge its duties and responsibilities. The committees operate under clearly defined terms of reference.

Board Audit Committee

The composition and the term of reference of the Board Audit Committee and summary of its activities are as set out in the Board Audit Committee Report on page 41 to page 44 of the Annual Report.

Nomination Committee

On 6 May 2010, the Board had approved the establishment of the Nomination Committee which is primarily responsible to propose, consider and recommend to the Board, candidates for directorships to be filled in the Board and Committees of the Board.

The Nomination Committee shall be appointed by the Board of Directors of MISC Berhad from amongst its members or such other persons as the Board thinks fit and shall comprise a Chairman and at least two other members. A majority of the members of the Nomination Committee shall be independent directors and shall all be composed of non-executive directors. The Chairman of the Nomination Committee must be an Independent Non-Executive Director. No alternate director of the Board of Directors is to be appointed as a member of the Nomination Committee.

The Nomination Committee's other duties and responsibilities are as follows:

- To make appropriate recommendations to the Board on matters of renewal or extension of directors' appointment and reappointment of retiring directors.
- To annually review the Board's required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.
- To implement a process for assessing the effectiveness of the Board as a whole, the Board Committees and also the contribution of each individual director to the effective decision making of the Board, through an evaluation process.

The members of the Nomination Committee are as follows:

- Dato' Kalsom binti Abd. Rahman (Chairman)
- Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah (Member)
- Datuk Wan Zulkiflee bin Wan Ariffin (Member)

Remuneration Committee

On 6 May 2010, the Board had approved the establishment of the Remuneration Committee which is primarily responsible to recommend to the Board the remuneration and compensation of the directors, President/CEO and the Management Committee members of the Company and the annual company bonus and merit bonus quantum for the Company and its Group of Companies.

The Remuneration Committee shall be appointed by the Board of Directors of MISC Berhad from amongst its members or such other persons as the Board thinks fit and shall comprise a Chairman and at least two other members. A majority of the members of the Remuneration Committee shall be independent directors and shall all be composed of non-executive directors. The Chairman of the Remuneration Committee must be an Independent Non-Executive Director. No alternate director of the Board of Directors is to be appointed as a member of the Remuneration Committee.

The members of the Remuneration Committee are as follows:

- Dato' Halipah binti Esa (Chairman)
- Dato' Kalsom binti Abd. Rahman (Member)
- Datuk Wan Zulkiflee bin Wan Ariffin (Member)

Since the Board of Directors comprises mainly of Non-Executive Directors, the full Board had, for the past years prior to the formation of the Nomination Committee and Remuneration Committee, assumed the function of the Nomination Committee and Remuneration Committee. Any Board member who has interest in any matter raised abstains himself from the deliberations and voting. The Directors do not participate in the deliberations and voting on decisions in respect of their own remuneration packages.

E. Directors Fees

With the exception of the President / CEO, all non-executive directors are paid directors fees which are subsequently approved by the shareholders at the Annual General Meeting. For the year of review, the breakdown of fees and attendance allowances received by each director is as follows:

Name of Directors	Annual Fees (RM)	Board Attendance Allowance (RM)	Board Audit Committee Attendance Allowance (RM)	Total (RM)
Tan Sri Mohd Hassan bin Marican (*resigned with effect from 10 February 2010*)	93,214.29	20,000.00	–	**113,214.29**
Dato' Shamsul Azhar bin Abbas (*appointed with effect from 10 February 2010*)	14,785.71	8,000.00	–	**22,785.71**
Harry K. Menon	72,000.00	24,000.00	14,000.00	**110,000.00**
Dato' Halipah binti Esa	72,000.00	21,000.00	21,000.00	**114,000.00**
Datuk Nasarudin bin Md Idris	72,000.00	24,000.00	–	**96,000.00**
Dato' Kalsom binti Abd Rahman	72,000.00	24,000.00	14,000.00	**110,000.00**
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	72,000.00	24,000.00	–	**96,000.00**
Ahmad Nizam bin Salleh	72,000.00	21,000.00	–	**93,000.00**
TOTAL	540,000.00	166,000.00	49,000.00	**755,000.00**

F. Directors' Training

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

The Directors are encouraged to attend continuous education programme, talks, seminars, workshops, conferences and other training programmes to enhance their skills and knowledge and to ensure the Directors keep 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:

- International Financial Crisis and Challenges Impinging Shari'ah Economics by Dr. Jamal Othman, Prof. of Economics, Deputy Director Institute of West Asian Studies (IKRAB) UKM
- Improving Board of Directors' Performance, Leadership and Governance
- Towards Enhancing Corporate Integrity: from roots to fruits
- Strengthening the Financing Reporting Chain in enhancing Corporate Governance
- KPMG Audit Committee Roundtable Discussion titled: Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil
- Briefing on implementation of FRS 139 and FRS – 7 financial instruments (organised for MISC Berhad)
- The new Main Market Listing Requirements effective 3 August 2009
- Corporate Directors Training Programme
- Asean Bond Markets Conference 2009
- MASB ED69 Financial Instruments & IASB ED/2009/12 Financial Instruments: Amortised Cost and Impairment
- Developing High Impact Boards – Corporate Governance, Investors Relation, Financial Communication and Issues, Management
- Developing High Impact Boards – Risks Management and Issues

The Company had organised an in-house seminar for Directors and senior management within MISC Group on 7 and 8 April 2010 on the following subjects:

i. Corporate Governance Development in Malaysia; and
ii. Towards Boardroom Excellence – Managing Related Party Transactions & Conflict of Interest

G. Shareholders and Investors

The Board values its dialogue with both institutional shareholders and private investors and recognises that timely and equal dissemination of relevant information be provided to them. The AGM is the principal forum of dialogue with the shareholders and also an avenue for the Chairman and Board members to respond personally to all queries and provide sufficient clarification on issues and concerns raised by the shareholders.

Other than the forum of the AGM, the other medium of communication between the Company and shareholders and/or investors are as follows:

- quarterly financial statements and annual reports;
- announcements on major developments to the Bursa Malaysia;
- the Company's general meetings;
- the Company's website at *www.misc.com.my*; and
- discussions between the Company's senior management with analysts/ investors throughout the year.

Further details on our investor relations activities are provided in pages 16 and 17 of the Annual Report.

H. Accountability and Audit

i. Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group's financial performance, position and prospects, primarily through the annual financial statements, quarterly and half yearly announcements of results to the shareholders as well as the Chairman's Statement and President/ CEO's Report on the business segment review in the Annual Report. The Board is assisted by the BAC to oversee the Group's financial reporting processes and the quality of its financial reporting.

ii. Internal Control

The Board acknowledges its overall responsibility for continuous maintainance of a sound system of internal control to safeguard shareholders' investment and the Group's assets. This principle is further elaborated under the Statement on Internal Control by the Directors in pages 55 to 58 of the Annual Report.

iii. Relationship with the 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. The BAC met with the external auditors twice during the year without the presence of the management to discuss any matters that they may wish to present.

This statement is made in accordance with the resolution of the Board of Directors dated 8 July 2010.

Statement on Internal Control

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.

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.

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.*

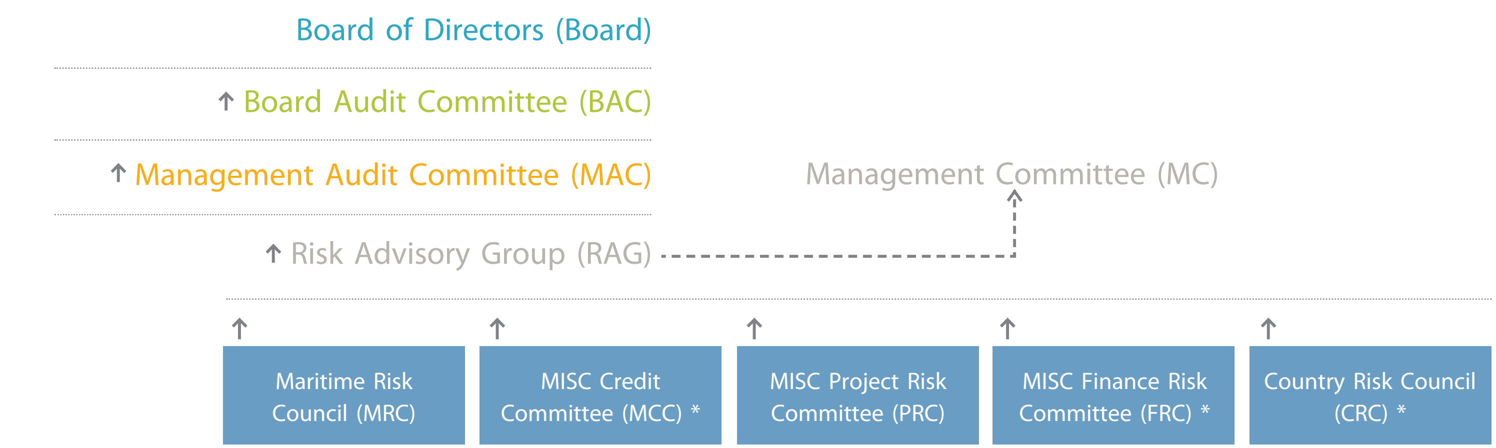
Risk Management Framework

The Board recognises the importance of risk management practices to good corporate governance and in its efforts to embed the process throughout the Group, the Board has entrusted the responsibility in managing risks to the **Risk Advisory Group ("RAG").**

The Group adopts the PETRONAS Enterprise Risk Management policy ("ERM") in identifying, assessing, reporting and monitoring the ever changing risks facing the Group and take specific measures to mitigate these risks. In managing the specific key risks, the Group focuses on 5 core risk areas mainly Finance, Credit, Project, Country and Maritime which are supported and governed by respective risk management frameworks and guidelines.

The implementation of risk management activities are undertaken at corporate and business units/subsidiaries level and risk reports are reviewed and monitored by risk committees/councils on regular intervals prior escalation to the RAG.

The risk management reporting structure is as depicted below:



*Note * : represented at PETRONAS' respective councils*

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

- policies, procedures and guidelines related to risk management
- 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 advice given to the President / CEO and the MC on the above matters are intended to align our practices with market changes.

The RAG is required to meet and on a regular basis update any risk management issues 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 exposures 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 risks based on the credit & trading operational guidelines 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 risks 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. The Country Risk Management Framework and Guidelines was developed in accordance to the key elements of the PETRONAS Risk Governance Framework which outlines the foundation upon which the practices for managing risks is built and are intended for the guidance of MISC Group. It also provides a framework for a systematic and consistent risk assessment process for countries where MISC has interest or operations.

The **MISC Finance Risk Committee ("MFRC")** provides guidance, direction and monitor compliance to the financial risk management framework and guidelines. The MFRC reviews the quarterly Finance Risk Management ("FRM") report to the RAG as well as deliberate and make recommendations on finance risk policies and strategies. Subsequent to the Board approval on the adoption of the PETRONAS Corporate Financial Policy ("CFP") on 11 May 2009, the President/CEO had on 1 April 2010 approved the CFP supporting guidelines on liquidity management, financing, banking, asset liability management and foreign exchange management. The establishment of the CFP supporting guidelines helps MISC to manage its finance risk exposures that includes counterparty risk, liquidity risk, foreign exchange risk, interest rate risk, bunker price risk, basis risk and operational control risk. The MFRC is represented in the **PETRONAS Finance Risk Council ("FRC")**, which proactively reviews and monitors finance risk exposures at PETRONAS Group level and makes appropriate recommendations to companies within the Group. MISC shall continue to enhance its risk policies and guidelines to further strengthen its finance risk management and practices.

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.

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 process. GIA also conducts additional assurance assignments upon request by the Management, MAC or BAC. The BAC reviews, deliberates and endorses the annual and long term audit plan and strategy including scope of work and resources. Results of the audit engagement are presented and deliberated during quarterly BAC meeting.

Prior to submission to the BAC, GIA submits the comprehensive audit reports including 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 ("ACAs") which are encompassed in the audit reports. GIA monitors the status of implementation of these ACAs 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 on half yearly basis.

In addition, BAC conducts half yearly and yearly review and assessment on the adequacy of GIA'S scope of work, functions and resources including its annual plan and strategy. 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 inspections on the MISC Group vessels and floating facilities. The 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 Exxon Mobil, 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 inspected 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, findings on each ship inspected 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 planning and budgeting exercise** which involves the development of business strategies for the next five years to achieve the Group's vision. The long term strategies are supported by initiatives to be accomplished in the upcoming years, and for effective implementation, the initiatives are tied to specific measurable indicators which will be evaluated against the relevant business/service units and subsidiaries' deliverables. The Group's strategic directions are then reviewed semi-annually taking into account current progress level and other indicators such as latest development in the industry, changes in market conditions and significant business risks. In addition to that, the Group's business plan is translated into budgetary numbers for the next five years, and financial performance and variance against budget is analysed and reported monthly and quarterly to the Group's Management Committee and Board.

4. There is a clear procedure for **investment appraisal** 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 presented to the MAC and BAC and agreed corrective actions are taken to address any non-compliance.

6. The professionalism and competency of staff are enhanced through structured development programs and potential entrants or candidates are subject to a stringent recruitment process. A **Performance Management System ("PMS")** is established with performance indicators to measure staff performance and performance reviews are conducted twice annually. Action plans to address staff developmental requirements are prepared and implemented timely. This is to ensure that staff are able to deliver the expected performances so that the Group can meet its plans and targets.

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 6 May 2010.

a. Status of Utilisation of Proceeds

As at 30 June 2010, the status of utilisation of proceeds received from the Rights Issue Exercise which was completed on 24 February 2010 is as follows:

Purpose	Proposed Utilisation RM Million	Actual Utilisation RM Million	Intended Timeframe for Utilisation	Deviation Amount RM Million	%
Capital Expenditure	5,187.3	2,167.0	Within thirty-six (36) months from completion of the Rights Issue Exercise	–	–
Estimated expenses in relation to the Rights Issue Exercise	20.5	20.5 *	Within three (3) months from completion of the Rights Issue Exercise	–	–
Total	5,207.8	2,187.5		–	–

* *The actual expenses incurred in relation to the Rights Issue exercise was RM4.3 million. As provided under section 5 of the Abridged Prospectus of the Rights Issue, any surplus or deficit to the estimated expenses are to be allocated to / funded from the Group's working capital. The amount allocated to the Group's working capital has been fully utilised as at 30 June 2010.*

b. Material Contracts

There was no material contract between the Company and its subsidiaries involving the Company's directors or substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

c. Sanctions

During the financial year, there were no sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory bodies.

d. Share Buybacks

The Company did not purchase any of its own shares during the financial year.

e. Option, Warrants or Convertible Securities

The Company did not offer any options or warrants during the financial year.

f. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company does not sponsor any ADR or GDR programme.

g. Profit Estimate, Forecast or Projection

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

h. Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

i. Contracts Relating to Loans

There was no contract relating to loans by the Company involving its Directors and major shareholders, other than as disclosed in the financial statements.

Redefining routes

As a global provider of logistics solutions to leading industries, MISC continues to venture into new areas of business to offer innovative solutions along the value chain, to meet and exceed customer expectations.

President / CEO's Report

As predicted, 2009 proved to be a watershed year in shipping. Collapsing freight rates from record peaks, high newbuilding orderbooks, unprecedented bunker cost escalation and the collapse in global trades resulted in the Perfect Storm that made up the shipping landscape of the last financial year.

In the face of these rising challenges, the shipping industry adjusted itself to meet the shift in market conditions, where excess tonnage arising from lower consumer demands in developing countries was slightly countered by the economic growth of emerging nations. In a move to reduce the supply/demand gap, the industry worked towards reducing the capacity in the market through lay-ups and scrapping activities. Rising fuel prices and overcapacity also spurred liners to operate more of their ships at extraordinarily slow speeds – a trend that is expected to continue as the market moves towards a recovery.

Having weathered what we believe to be the trough of the shipping cycle last year, 2010 is expected to be an exciting year for the industry as asset prices begin to look attractive and consolidations within the various shipping segments emerge. One of our central initiatives during the year was to build our balance sheet strength, to allow us to capitalise on new opportunities that may emerge from the storm. In February 2010, we successfully raised RM5.21 billion via a 1 for 5 Rights Issue to finance our committed capital expenditures for the next three years. Following that, we completed the merger of our foreign and local shares on Bursa Malaysia at the end of our financial year. With MISC's shares now trading as a single component, investors will be able to track MISC's shares with ease and clarity.

Our focus during the year was two pronged. Firstly, continuing the momentum in expanding our business portfolio in LNG shipping and Offshore business as well as enhancing our technological expertise and experience at the Heavy Engineering division. Secondly, on the shipping front, namely for Petroleum, Chemical and Container shipping, we continued building our base of term contracts and growing our market share whilst maintaining discipline on cost efficiency.

The LNG Business reached another milestone in the last financial year with the commencement of MISC's first long term third party LNG shipping contract where LNG carriers Seri Balhaf and Seri Balqis entered into service to deliver LNG for the Yemen LNG Project. The two vessels, chartered to service Yemen LNG for a period of 20 years, will see MISC's LNG Business continue to provide the company with stable income. At the same time, we are continuing to aggressively pursue new third party contracts and remain committed to our drive towards technological innovations in the areas of Floating Storage Regasification Unit (FSRU) and Floating LNG's (FLNGs).

Opportunities emerge during times of crisis and we will be able to benefit from the changing competitive landscape if we continue to adapt and transform ourselves.

AET continued to improve its service quality, renewing and expanding its fleet in order to maintain a modern and young fleet of vessels. In the year under review, AET sold three of its older vessels and took delivery of two new Aframax tankers. With a further 12 vessels under construction in Japan and South Korea, AET will continue to maintain its position as the third largest owner of Aframax fleet in the world.

The Chemical business faced a tough year as record high newbuilding deliveries coupled with the shrinking demand for chemical products and vegetable oils resulted in depressed freight rates. In the face of a challenging shipping environment, MISC enhanced the company's service offerings, expanding its growing tank terminal business with a joint venture agreement with Vitol that will see MISC ultimately owning 50% of an oil terminal with a base capacity of approximately 841,200 cubic meters at Tanjung Bin, Johor, Malaysia.

MISC continued to strengthen its market position in the Offshore industry with the delivery of its first Mobile Offshore Production Unit, MOPU SATU, which was successfully towed and installed at Block SK305, offshore Sarawak. On the international front, MISC's VLCC- sized FPSO, FPSO Espirito Santo achieved its first oil production in the BC-10 deepwater field, Campos Basin offshore Brazil. Through synergistic partnerships and aggressive business development, MISC has grown into the fourth largest owner-operator of Floating Production Systems (FPS) in the world, after only 6 years in the business.

Our Heavy Engineering arm, MMHE, strongly contributed to MISC's profits for the year under review, with the completion of three significant heavy engineering projects, among them the conversion of FPSO Ruby II, the largest FPSO to be converted by MMHE's Pasir Gudang yard to date. MMHE's Kiyanly Fabrication Yard in Turkmenistan is also showing positive growth, with its orderbook presently making up one third of MMHE's total orderbook.

MISC's move to restructure the portfolio of our Liner Business, to focus on the intra-Asia trade proved timely. We were able to capture a significant market share in the recovering intra-Asia trades through the deployment of several new and improved services, including the relaunch of the Halal Express 1 and the introduction of Halal Express 2. To further enhance our role as a leading transportation partner in the intra-Asia trade and to further enhance the service excellence of our niche Halal service, we also expanded our presence in the Middle East with the opening of a new Regional Office in Dubai, United Arab Emirates.

The performance of MISC's Integrated Logistics (MILS) business in the past year was underpinned by its strength and experience in Project Cargo and Supply Chain Logistics Solutions for the energy industry whilst its expansion in the warehousing business for the domestic consumer goods sector continued to gain momentum. Overall, the Integrated Logistics business turned in a commendable growth despite the generally weak economic conditions.

MISC's strategy of growing its annuity-based income in LNG shipping and the provision of offshore production and storage vessels, have proven prolific, providing the company with a stable earnings base that allowed us to come out ahead of our competitors in the shipping space. To build from this position of strength, we must remain nimble. Opportunities emerge during times of crisis and we will be able to benefit from the changing competitive landscape if we continue to adapt and transform ourselves.

Business Segment Review

Global Energy Business

LNG Business

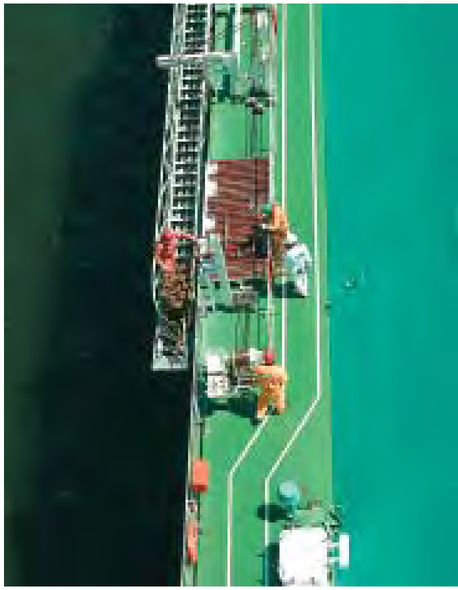
2009 saw the deferment of some large LNG projects as demand growth tapered off and tight funding conditions prevailed. By year end, liquefaction capacity rose by 7.8% mainly from maiden production by Qatar and Yemen. Globally, only two new major projects remain active, namely, Gorgon LNG in Australia and PNG LNG in Papua New Guinea. Delays in new LNG projects and continued deliveries of contracted newbuildings resulted in a widening of the supply-demand gap, putting further pressure on depressed freight rates.

MISC however, was protected by the volatility of spot rates thanks to a strong business model of pursuing long-term, fixed rate contracts and our foresight of only contracting newbuildings based on secured contracts. In the year under review, we also continued to pursue production-related contracts with national utilities/corporations. Key areas of focus remain Australia, China, Nigeria and Papua New Guinea. Towards this end, in September 2009, MISC signed a Heads of Agreement (HoA) with Petromin PNG Holdings Limited to provide shipping services for LNG Projects in Papua New Guinea.

With the narrowing of the supply-demand gap for LNG tonnage likely to be protracted, competition will remain intense. In order to leverage our competitiveness in the LNG shipping market, we will continue to diversify our portfolio beyond the PETRONAS Group and actively pursue third party customers. A key milestone in this regard was the entry of LNG carriers, Seri Balhaf and Seri Balqis into service to deliver LNG for our first long term third party LNG client, Yemen LNG in the second half of the financial year. With the commencement of the charterhire with Yemen LNG, we remain a strong player in the LNG transportation industry, with our fleet carrying 11.5% of the global LNG trade.

The way forward for our LNG business is to move into higher innovation, to elevate our technological competitive advantage. Towards this end, we have in April 2009, entered into a joint-venture agreement with PETRONAS International Corporation Limited and Mustang Engineering Limited on a 30:60:10 basis to develop and provide Floating LNG Solutions (FLNG). A portion of the proceeds from our recent Rights Issue completed in February 2010 has been allocated for the development and construction of the vessel targeted to be deployed by 2014.

Another technological development actively being pursued in the LNG transportation industry is the Floating Storage and Regasification Unit (FSRU). We are in active discussions with key LNG receiving ports to set up FSRUs offshore in countries like Malaysia, India, Indonesia and Pakistan. Our experience as the owner-operator of the world's largest LNG fleet will put us in good stead for the next stage of our growth trajectory in the LNG transportation business.



Petroleum Business

Last year was a volatile year for petroleum shipping. Freight rates were impacted by heavy newbuilding deliveries coupled with slow vessel scrapping activity. Deliveries rose to a record high of 43.8 million dwt, adding 10.7% to global tanker capacity whilst only 7.4 million dwt or 1.8% of global capacity was scrapped. Furthermore, reduced contango play and lower crude demand resulted in unusually high inventory levels, adding further pressure to the plunging rates. The first quarter of the last financial year saw freight rates for both VLCCs and Aframaxes tumbled more than 60% from their 2008 averages. However, rates gradually rebounded as the global economic recovery gained traction towards end of 2009.

AET's performance was somewhat shielded from the freight rate volatility due to our high ratio of term:spot contracts in the portfolio. In addition, freight rates in term contracts secured earlier were at a significant premium compared to falling spot rates. However, this trend is expected to reverse itself when the term contracts are due for renewal.

AET continues to revitalise its fleet to meet the growing global demands and to ensure that it consistently exceeds industry safety standards. Under this fleet renewal programme, AET is phasing out its few remaining older, single-hulled tankers and acquiring new, double-hulled tankers that will see the company continue to offer comprehensive, safe and reliable services to its customers. In the year under review, AET sold three of its older vessels, the single-hulled Bunga Kerayong, Bunga Kasai and Pernas Rantau and took delivery of two 107,481 dwt Aframax tankers, Eagle Kuching and Eagle Kuantan from Tsuneishi Shipyard.

On order are an additional six Aframaxes from Tsuneishi Shipyard with six more from Sungdong Shipyard for the 50:50 joint venture between AET and Golden Energy (part of the Restis Group). Three Clean Product Tankers from Okskaya Shipyard are due to be delivered within the next 6 months. More recently, and after the reporting period, AET has signed shipbuilding contracts for 4 Suezmax tankers for delivery in 2012. AET will continue to monitor closely for other opportunities to add vessels to its current fleet, as vessel prices become increasingly attractive.

Based on future geographical shifts in the demand and supply of crude oil, AET will increase its focus on the expansion of its fleet of VLCCs, Suezmaxes and Medium Range vessels for clean products. AET is already one of the largest owner-operators of Aframax tankers in the world and this fleet expansion strategy will ensure that AET operates in each of the key sectors of the petroleum tanker market, to match clients' triangulation needs.

With expectations of sub-3% growth in seaborne oil trade globally and an additional 30% new tonnage being added to the global fleet, the operating environment is expected to remain difficult. Freight rates are also expected to remain challenging in the near term, in line with the volatility in crude oil prices and the scrapping of single-hull vessels ahead of the December 2010 deadline.

AET will continue to build the platform for measured fleet growth and strategic geographical expansion. It will also continue to manage the term:spot contract portfolio, depending on the forward view on freight rates. The focus on operational improvements will continue, while maintaining an effective cost management programme and upholding the quality of service to customers. AET is well-positioned to benefit from market opportunities and to leverage on the rebound in the industry from an improving global economy.

AET has a strong balance sheet, financial flexibility and the plans in place to pursue its growth ambition to become the world's leading petroleum tanker operator. Asset prices will be closely monitored and AET will take advantage of the opportunities that arise to grow fleet capacity and extend its reach into new business areas in the year ahead. In the quarter after the reporting period, a new contract has been signed to extend AET's services in Latin America with new, high-technology, dynamic positioning vessels.

Chemical Business

The Chemical Shipping business bore the brunt of the economic downturn, being most aligned to global industrial activities. In 2009, demand for chemical products and vegetable oil shrunk amidst tight credit conditions and weak consumer demand. Freight rates were further depressed as record newbuilding deliveries saw the global chemical tanker fleet expand by 11.8% in the past year. MISC’s strategic venture into the tank terminal business is progressing well with Phase 1 of Langsat Terminal (One) Sdn Bhd receiving its first oil cargo in September 2009. Phase 2 is on schedule for completion by April 2010 and discussions on Phase 3 are presently on-going. With the completion of Phase 2, total storage capacity at Tanjong Langsat will reach 400,000 cubic meters.

During the year, MISC also entered into a 50:50 joint venture agreement with VTTI Tanjung Bin S.A., a subsidiary of Vitol Tank Terminals International B.V. (VTTI) which is a subsidiary of Vitol, to develop an oil terminal with a base capacity of approximately 841,200 cubic meters at Tanjung Bin, Johor, Malaysia. Vitol is a leading international energy trading group and is in a position to provide anchor demand for the built-up capacity. Prospects in the tank terminal business remain exciting in line with growing crude demand and trading activities. From a shipping perspective, operating tank terminals also provides added competitive advantage as it enables MISC to offer an integrated service to our chemical and energy shipping clients.

To better position our fleet to leverage on a recovery in the chemical shipping space and to manage operating cost, MISC’s chemical business continued to employ innovative fleet management strategies in the last financial year. One of the initiative was to enter into a pooling agreement with Navig8 for two vessels, namely the Navig8 Malou and Navig8 Faith, which improved time-charter returns and allowed MISC to leverage on Navig8’s expertise in the pooling business. Chemical Business is also currently practicing pooling arrangements with AET as part of this fleet management initiative and the partnership with Navig8 will allow MISC to further refine its pooling arrangements with AET.

Executing on a strategy initiated in 2007, Chemical Business started phasing out in-charters and replacing them with newbuildings. In all, five new vessels were received during the year:

- Four 38,000 dwt tankers, Bunga Alamanda, Bunga Akasia, Bunga Allium and Bunga Alpinia, from STX Shipbuilding
- One 45,000 dwt tanker, Bunga Bakawali, from SLS Shipbuilding

The remaining seven newbuildings are scheduled for delivery over the next 12 months. In addition, the sale of four of the 29,900 dwt Anggerik Class tankers and the 15,999 dwt single-hulled tanker, Bunga Semarak were completed. It's sister, Bunga Siantan was also sold in May 2010, and with that sale, the entire chemical tanker fleet is now double-hulled.

As piracy threats continue to prevail in the Gulf of Aden (GoA), crew, vessel and cargo safety remain our top priority and, through our partnership with the Royal Malaysian Navy, MISC continues to be the only shipping company to provide dedicated escort services for our vessels plying GoA.

With global economies stabilising, demand for chemical products and vegetable oil is likely to follow a similar trajectory. Freight rates may however, continue to be weighed down by heavy delivery of new tonnages in the forthcoming year. In the longer term, we believe that the chemical business will emerge from this crisis on a stronger footing, with a modern, younger and expanded fleet, supported by annuity income and competitive advantage from the tank terminal business.

Other Energy Businesses

Offshore Business

Marine & Heavy Engineering

Offshore Business

As crude oil prices spiralled downwards from its peak in 2009, investment plans for the exploration and production (E&P) of crude oil took a similar plunge. Coupled with the credit tightening across the globe, our floating production systems (FPS) business faced its most challenging year since its inception.

Despite the dull market, MISC's Offshore business registered another milestone with FPSO Espirito Santo receiving first oil in July 2009. Moored in approximately 1,800 meters of water depth, at the BC-10 field offshore Brazil, FPSO Espirito Santo is the deepest-moored FPSO for both joint-venture partners - Single Buoy Mooring Inc (SBM) and MISC. It is also the first turret moored FPSO in the world using steel catenary risers for fluid transfer.

Towards the end of the last financial year, two other FPS were towed to their respective fields and are awaiting first oil, namely the Mobile Offshore Production Unit (MOPU), MOPU SATU at Block SK305, offshore Sarawak and FPSO Ruby II at the Ruby Field, offshore Vietnam. Operationally, FSO Orkid recorded its maiden contribution in April 2009 whilst MOPU DUA is expected to be delivered in the second half of 2010.

Works are also currently in progress in the construction of a semi-submersible rig for the Gumusut-Kakap field, offshore Sabah. Upon commissioning, the Gumusut semi-submersible rig will be the largest floating production structure in Asia. Targeted to be delivered in Financial Year 2011/2012, the Gumusut semi-submersible rig represents the next level of technological growth for our offshore business.

With nine FPS currently in service, another two awaiting first oil and a MOPU and semi-submersible rig in the pipeline, we are currently the fourth largest owner-operator of FPS in the world. In line with MISC's belief in Growth Through Partnership, Offshore Business is confident that the three partnerships formed with SBM, Vietnam's Petroleum Technical Services Corp (PTSC) and Global Process System (GPS), operating in three major oil-producing waters in the world (Brazil, Vietnam, Malaysia) along with the continued strong support of our strategic shareholder, PETRONAS, will stand us in good stead to leverage on any turnaround in the industry.

The long-term fundamentals of world oil demand continues to support strong growth in future deepwater and marginal field activities which augurs well for the future of the FPS industry. With our strong balance sheet, MISC will be able to leverage on new opportunities arising in this capex intensive industry during these times where credit remains tight. At the same time, we will also continue to elevate our expertise in providing world-class, cost effective offshore solutions to support the development of domestic and regional fields. Finally, through strategic partnerships with international organisations, MISC will also focus our efforts towards developing new capabilities in Offshore Engineering to provide innovative solutions to international clients.

Marine & Heavy Engineering

Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) continued to grow amidst a period of unprecedented oil price volatility and tight credit conditions affecting global capex spending on exploration and production (E&P). Starting the March 2010 Financial Year with an orderbook of RM9.3 billion, MMHE recorded its highest ever profitability since its inception with a profit before taxation of RM377 million.

In achieving the record earnings, MMHE completed three key projects during the year, namely, the fabrication of Drilling Riser-A for Block 1 project in Turkmenistan, fabrication of K-A Topsides for the B11 field offshore Sarawak, and the conversion of FPSO Ruby II, its biggest floating solution completed at its Pasir Gudang yard to date. Other projects completed in the year include MOPU SATU, a Seadrill T12 Barge and a Jubilee Turret.

I am pleased to report that current yard utilisation at Pasir Gudang remains high with fabrication of the Gumusut-Kakap Semi-Submersible Floating Production System (Gumusut FPS) presently at an advanced stage. Designed to process 150,000 barrels of oil per day and to operate in water depths of up to 7,500 feet, the Gumusut FPS upon completion, will be Asia Pacific's first deepwater semi-submersible rig. This FPS will be operating at the Gumusut-Kakap oil fields, offshore Sabah, a Production Sharing Contract (PSC) between PETRONAS Carigali, Sabah Shell and ConocoPhillips. The technical experience gained from the Gumusut FPS project will elevate MMHE's expertise in the oil and gas fabrication value chain.

The Marine Repair business, however, saw a decline in performance in tandem with the general decline in shipping activities worldwide. Despite a 10% rise in number of vessels docking at the MMHE yard, average repair value per vessel halved. The Marine Conversion business also posted a dip as the conversions of FPSO Ruby II and FPSO Pyreness achieves completion.

Diversifying from merely servicing regional E&P activities, MMHE expanded into Kiyanly, Turkmenistan in December 2006 to support PETRONAS' E&P activities in the Caspian Sea. The diversification has proven to be highly successful with the Turkmenistan orderbook presently making up one third of MMHE's total orderbook. A proposal is now being made to the Turkmenistan government to expand the yard utilisation for projects beyond the initial Block 1 PSC.

Since 2007, MMHE's Pasir Gudang yard has been undergoing a Yard Optimisation programme in order to further improve operating efficiency by reorganising workflow and concurrently, expanding yard capacity. During the year under review, the Yard Optimisation programme saw the completion of the expansion of the Cutting and Assembly Workshop, Marine Conversion Workshop and West Finger Pier in 2009 and works are now ongoing to build a 40,000 mt Bulkhead and Quaywall as well as a Mechanical and Electrical Facility. Scheduled for completion in 2014, the Yard Optimisation programme will increase MMHE's Marine Repairs and Engineering & Construction capacity by 25% and 80% respectively.

Employee safety and sustainability also remain paramount objectives at MMHE. In the year under review, Total Recordable Case Frequency (TRCF) recorded was 17 cases against an increase of 15% in total manhours, whilst Lost Time Injury Frequency (LTIF) declined 11% from the prior year. To further improve the competency and capabilities of its people, MMHE continues to provide competency and leadership development training through selected courses and engage and retain capable talents.

In order to realise MMHE's tremendous growth potential, the proposed listing of Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) on Bursa Malaysia was announced recently. This will allow MHB to directly tap the capital markets to fund MMHE's expansion plans as global economies stabilises and E&P activities picks up. The additional funding will also allow MMHE to maintain its competitiveness in the industry, through the undertaking of high value engineering projects, including the fabrication of bigger and more technologically advanced structures like the FLNG and the Gumusut FPS, which requires significantly higher funding capacity.

As it moves forward into new areas of growth, MMHE is committed to its long term vision of becoming a leading world-class 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.

Integrated Liner Logistics

Liner Business

Integrated Logistics

Liner Business

The backdrop of container shipping remains gloomy as the global economic downturn continues to affect consumer demand and bunker price. The impact of the deregulation of European Liner Block Exemption in October 2008 continues to be felt as the industry adjusts to new dynamics of an open market pricing environment. The large number of ships currently laid up and the employment of slow steaming strategies are signs of an industry continuing to manage its excess tonnage in order to regain pricing power. A significantly large newbuilding orderbook also looms a dark cloud over any signs of demand pickup from a recovering global economy.

As indicated in the last financial year, we proceeded to execute a new business model in 2009 to strategically position the Liner business to better leverage on an economic recovery. A key initiative was the exit from the Grand Alliance consortium, namely servicing the Asia-Europe trade and refocusing our efforts on the intra-Asia trade lines. Notice was served and MISC officially exited the consortium on 1 January 2010. Though this move effectively marks MISC's exit from our inaugural business, which started since our inception 40 years ago, it is an example of the company's agility and willingness to embrace change, a necessary move in keeping MISC competitive in the new global economic landscape. With our new business focus, MISC is able to redirect its limited resources towards a more strategic market.

The strategy proved to be the right step forward as intra-Asia trade improved faster than other regions and volumes carried for our intra-Asia business surpassed past volumes carried for the now discontinued Asia-Europe business. Our 'capacity deployed' market share for intra-Asia trades improved from 2.3% (ranked 15th) to 4.6% (ranked 6th) in nine months and more importantly, volumes deployed improved to 66,323 TEUs from 28,386 TEUs during that period. Eight of our laid-up vessels were also brought back to provide feeder services to smaller ports in Indo-China, East Asia and the Bay of Bengal.

In the year under review, we also enhanced our services in the Middle East, an important market for our niche Halal franchise. We relaunched the Halal Express 1 in April 2009 and due to overwhelming demand, expanded it with the Halal Express 2 in September 2009. Our ships now provide direct connection between the key ports in Asia, namely Japan, China, India, United Arab Emirates (UAE) and Saudi Arabia.

Another key initiative in improving our customer service experience was the expansion of MISC Agencies Sdn Bhd's (MISA) role as the main agent for our Container business, replacing that of third party agencies. Towards this end, MISA has inked joint ventures in UAE and India, with regional offices being set up to service these key hubs. The opening of our new regional office in Dubai, UAE has expanded our presence in the Middle East, providing our customers with direct contact with MISC for all their shipping and logistics needs. In recognition of our innovative services and customer centric activities during the year, MISC was named as the Best Shipping Line Intra-Asia in 2009 by Cargonews Asia.

As the freight rates in Container shipping is expected to improve at a slow pace, it is crucial for the industry to maintain capacity discipline whilst global consumer demand recovers. To mitigate the effects of the slow recovering economy, we will continue to employ cost savings initiatives, which include slow steaming to reduce bunker cost, dynamic management of asset portfolio by phasing out expensive in-charters and redeployment of manpower.

Integrated Logistics

In the year under review, MISC Integrated Logistics Sdn Bhd (MILS) turned in a credible performance, growing its expertise in the provision of project cargo and logistics solutions both domestically and across the globe. MILS participated in some sizable upstream energy projects.

In synergy with PETRONAS, MILS provided logistics and management services including ocean freighting for the delivery of 16,000 metric tonnes of topside modules and Gravitational Base Structure (GBS) from Pasir Gudang, Malaysia to Kiyanly, Turkmenistan meant for the construction of an offshore platform at Block 1 Gas Development Project.

In addition, 10,540 metric tonnes of steel plates, beams and various equipment were delivered globally to Kiyanly for the construction of the Onshore Gas Terminal (OGT) with another 65,260 metric tonnes of coated offshore pipelines delivered for other projects in that region.

Our logistics service contract for Sabah Sarawak Gas Pipeline was successfully completed in February 2010 with MILS managing the ocean freighting, handling and transportation of 49,348 metric tonnes and 31,000 metric tonnes of hot roll coil from Bremen, Germany to Kota Kinabalu, Malaysia and Kandala, India, respectively during the year.

MILS expertise was also engaged by Sarawak Shell for the handling of their international freighting requirements on various major projects including Gumusut, B11, E11, Cili Padi and St Joseph Re-development (SJRD) in Sabah water.

Similarly, MILS was engaged by PETRONAS Carigali for their Tangga Barat and Kinabalu projects as well as their transportation requirements for line pipes, steel plates, beams and other equipment from Europe, United States of America and Asia into Malaysia for the construction of offshore platforms.

MILS warehousing services experienced a marked growth during the year. The utilisation of the Dry Hub in Port Klang has quadrupled during the last financial year following MILS' expansion into the consumer electrical products segment. The Cold Hub meanwhile registered its highest utilisation rate since its opening, achieving near full occupancy. This was attributed to the fact that it is the only certified Halal cold hub with world class facilities in the country. However, utilisation of our RAIS-MILS warehousing facility in Dubai remains low due to the challenging economic conditions in the region.

The growth opportunities in the energy business segment remains exciting and MILS is set to continue to enhance its service quality, with the ultimate aim of being the "Preferred Partner in Project Cargo Logistics Solutions" to the players in the Energy sector. Following the success in Turkmenistan, MILS will also continue to enhance its capabilities and offer innovative logistics solutions to support PETRONAS' local and international development, especially in regards to their new ventures in Iraq and the Caspian region.

Fleet Management

To sustain our competitive advantage in the current challenging environment, MISC continued to apply a focused Fleet Management strategy in order to attract and retain talented sea-going professionals, improve Health, Safety, Security and Environment (HSSE) management and reduce operating cost through the implementation of cost savings initiatives, in particular, in the area of fuel efficiency.

In the year under review, MISC continued to strongly drive the Behavioural Safety Programme, to inculcate positive safety behaviour amongst our sea-going professionals. As a result, our fleet saw a reduction of Lost Incident Time Frequency (LITF) by 20% whilst our Total Reportable Case Frequency (TRCF) was also lowered by 18%. We remain committed to our ultimate goal of achieving Zero Incident Zero Accident (ZIZA). On the newbuildings side, MISC continued to place high emphasis on bringing in high quality vessels into our fleet. Through partnerships with world-class shipyards, we design vessels that are safe and operationally efficient and with due consideration to its environmental impact. MISC continues to place its highly skilled and dedicated site team in yards where our vessels are constructed, to work hand-in-hand with the yard to ensure the quality delivery of our vessels.

Despite undergoing a period of high newbuilding deliveries which resulted in a global shortage of experienced seafarers, I'm proud to report that our retention rate of sea staff has improved to 95% during the financial year. MISC continues to retain its highly trained sea-going professionals through a combination of strong employer branding in the industry, a visibly strong commitment towards HSSE by the management and the genuine concern of the welfare and safety of our crew, including our resolved commitment in regards to protecting them from the threats of piracy.

In regards to this, MISC, in collaboration with the Royal Malaysian Navy (RMN) and the National Security Council (NSC), has successfully modified our containership Bunga Mas Lima into a RMN Auxiliary Vessel, for the purpose of escorting and protecting our ships, and ultimately our crew, sailing through the Gulf of Aden. The vessel is manned by armed commandos of the RMN, along with Navy Reservist made up of volunteer MISC seastaff. As of now, MISC remains the only shipping company to employ this strategy, a testimony to our long-term commitment to the safety of our employees, vessel and cargo.

On the cost management front, trial runs on the utilisation of better hull coating technology; implementation of more timely polishing of propeller to rid off marine growth; adoption of weather routing programme to guide ships in avoiding unfavourable weather/sea conditions; and closer monitoring of voyage performance, have resulted in significant fuel savings and by implication, 7% reduction in our pollution emission. These initiatives culminated in our Fleet Management Unit being accorded the Merit Award in Environment 2009 by PETRONAS Group HSE. Wider implementation of these initiatives together with other innovative measures will be adopted in the coming year to derive further cost efficiency in an operating environment that is expected to remain difficult due to the large supply-demand gap.

Maritime Education

Akademi Laut Malaysia (ALAM), our in-house maritime education and training institution, achieved another milestone in its 34-year history with the graduation of its first batch of 13 female cadets in October 2009. In total, 423 cadets graduated with Diplomas whilst 326 new cadets enrolled for the academic year. In line with ALAM's aspirations of becoming the preferred maritime academy of choice in the region, international cadets from 16 countries including India, Philippines, China, Yemen and Indonesia comprise 30% of the total enrolment.

As part of its efforts to increase e-learning experience in its curriculum, ALAM has procured the VeriSTAR Chemicals software from Bureau Veritas for the cargo planning module for chemical tankers. In addition, the DNV Navigator software and web-based Superintendent Manual by Det Norske Veritas was also installed to enhance its ship operational safety and efficiency module. Presently, ALAM, in conjunction with American Bureau of Shipping is working on the development of the world's first e-learning module for chemical tankers.

Strategic alliances and staff exchange with reputable institutions worldwide is key for ALAM to keep abreast with latest development and technological enhancements in the industry. ALAM is now a member of the working committee in the development of the Society of International Gas Tanker and Terminal Operators (SIGTTO) Competency Standards for Steam Engineers onboard LNG Tankers.

We are also actively involved in the review of IMO Standard of Training, Certification and Watchkeeping (STCW) Code and Convention since 2007 as representative of the Malaysian government. ALAM has since collaborated with the USA, Netherlands and Denmark in jointly submitting proposals for the revision of STCW Codes and Conventions.

As global tonnage continues to grow and operating standards become increasingly stringent due to safety and environmental considerations, we are confident of ALAM's growth potential, not only in providing MISC's next generation of seafarers but as a leading maritime educator for the region.

Human Resource Management

During the year under review, MISC Human Resource strategy placed specific emphasis on areas of attracting and developing the right talents as well as retaining competent employees through several initiatives and programs.

One of the initiatives is the Employment Value Proposition (EVP) project aimed at attracting the best talent and harnessing employees' emotional commitment towards the organisation. We believe a strong employment brand will increase productivity, reduce attrition and create a sense of pride. Phase 1, the Situational Analysis, involving data gathering through online Organisational Culture Survey, Focus Groups and Interviews with the Senior Management to identify engagement drivers has been completed, while the design and implementation phases will be conducted in 2010.

Succession planning is another focus area for management. Towards this end, management has identified internal potential leaders to fill critical positions which requires strategic and operational decision making. MISC recognises the need for succession planning to adapt to a fast-changing external environment.

To cultivate a performance-driven culture, MISC revised its Performance Management System (PMS). A 5-point performance rating scale system was introduced and the promotion eligibility criteria were revised to incentivise performers whilst Consequence Management (CM) was reinforced to manage under-performers. In addition, the entry level remuneration was revised to ensure that MISC remains competitive in attracting and retaining talents.

Being in a service based industry, our people are our main assets. Therefore, we will continue to focus in building our employment brand and improving our recruiting initiatives to attract talent. We will also continue to enhance functional and leadership competencies and develop clearer career progression to retain key talents.

Future Outlook

"MISC's growth going forward will be leveraged on its financial, technical and people strength."

Our successful Rights Issue exercise and the proposed listing of Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) will strengthen our balance sheet and give us the leverage we need to capitalise on any new growth opportunities that may emerge amidst the challenging environment. In this respect, MISC has recently entered into a Sale and Purchase Agreement to acquire 50% of the shares in VTTI B.V. (VTTI), currently a wholly-owned subsidiary of Vitol. VTTI owns and operates a network of petroleum products terminals with a gross combined capacity of nearly 6 million cubic metres, which is set to expand to nearly 7 million cubic metres by 2013. The acquisition of interest in VTTI is a key element in developing MISC's global tank terminal business, in line with our strategy to expand our service offerings across the value chain. Asset acquisition opportunities are also coming into view as petroleum and chemical vessels prices have dropped to attractive levels for us to consider replacing some of our in chartered vessels. Finally, as with our acquisition of VTTI, the management team will also be monitoring their respective industries closely for any potential opportunistic asset purchases that fit well with our business strategies and aspirations.

MISC will also continue to pursue high-value projects to further build our technical capabilities. On the LNG front, we are committed towards our vision of becoming a leading solutions provider for Floating LNG (FLNG) and Floating Storage and Regasification Unit (FSRU) facilities. In Offshore, the ongoing construction of a semi-submersible rig for PETRONAS' Gumusut-Kakap field at the MMHE Pasir Gudang yard continues to promote the expertise of our people in high-value offshore engineering.

We have also renewed our focus on talent management and succession planning as one of the key building blocks to adapt to a fast-changing external landscape. Whilst it is important to focus on operational challenges, it is equally critical to build a strong leadership pool for business continuity and growth. Our people remain our biggest asset going into a new global economic paradigm.

In our pursuit of new opportunities for growth, MISC will continue to harness group-wide synergy, particularly through our position within the PETRONAS Group of Companies to sharpen our competitive edge and deliver greater value to all our stakeholders. Enhancing and energising our businesses through strategic partnerships will also be an important component of MISC's future. As we move towards new waters of success, MISC remains committed and dedicated to achieving its vision to be the preferred provider of world class maritime transportation & logistics services.

As of 15 June 2010, I will be ending my tenure as the President/CEO of MISC, to move to another position within the PETRONAS Group and the position of President/CEO of MISC Berhad will be assumed by YBhg. Datuk Nasarudin bin Md Idris, Vice President of Corporate Planning and Development of PETRONAS. Datuk Nasarudin has been with the MISC Group since 2004, as a member of the Board of Directors and has been part of the governing structure that supports the vision of MISC. His vast experience and expertise will continue to spur MISC forward towards success. Please join me in welcoming Datuk Nasarudin to MISC.

In addition, on behalf of the Management of MISC, I would also like to take the opportunity in this report to acknowledge and thank our former Chairman, YBhg. Tan Sri Mohd Hassan bin Marican, for his invaluable guidance and counsel throughout his 12 years of service to MISC. The Management would also like to welcome back Dato' Shamsul Azhar bin Abbas, into the MISC family, as the new Chairman of the Group. Finally, on behalf of the Management, I would like to thank all our staff for their dedication and commitment towards realising our vision, our valued and supportive clients and partners; the Government and its Agencies; and last but not least, our stakeholders and shareholders for their trust and support.

My gratitude also goes out to the Board of Directors and Board Audit Committee for their guidance and assistance throughout the year.

Amir Hamzah bin Azizan

President/Chief Executive Officer
28 May 2010

Business Highlights

1 April 2009 – 31 March 2010

20 April 2009

22 April 2009

• **9 April 2009**
MISC ships maiden cargo for Petronas Base Oil (M) Sdn Bhd

MISC successfully delivered its first cargo for Petronas Base Oil (M) Sdn Bhd (PBOM) with the first shipment of base oil to Europe, marking another milestone in MISC's growth plan for Chemical business and affirmed its commitment in working together with parent company, PETRONAS.

• **20 April 2009**
MISC signs Time Charter Agreement with MITCO Labuan

MISC further strengthened its business synergy with PETRONAS with the signing of a Time Charter Agreement for a 25,301 cbm LPG carrier, Bunga Kemboja between MISC and MITCO Labuan Company Limited (MLCL). Through the agreement, MLCL will charter MISC's LPG carrier, Bunga Kemboja, for a period of nine years and additional 4 months at Charterer's options.

• **22 April 2009**
MISC wins best shipping line for Intra-Asia trade at the 2009 Asian Freight and Supply Chain Awards (AFSCA)

MISC was recognised as the Best Shipping Line Intra-Asia at the ceremony. The annual awards ceremony organised by market leading transport and logistics newspaper Cargonews Asia saw readers of the publication voting for the best service providers in the transport and logistics sector who demonstrated consistency in service, continuous innovation and customer relationship management.

• **30 April 2009**
MISC teams up with PETRONAS and Mustang Engineering

In a move to further diversify its LNG business, MISC entered into a Shareholders' Agreement with PETRONAS International Corporation Limited and Mustang Engineering Limited to establish a joint venture company for the purpose of providing Floating LNG solutions and services worldwide.

• **27 May 2009**
AET sells Pernas Rantau and Bunga Kasai

AET completed the sale of two 15-year old 6,000 dwt single-hull product tankers, Bunga Kasai and Pernas Rantau. The vessels were sold to Nigerian-based, Crown Lines Limited for a total sale price of USD5.3 million.

1 June 2009

13 July 2009

• **1 June 2009**
Bunga Mas Lima modified into a Navy Auxiliary Vessel

MISC, in collaboration with the Royal Malaysian Navy (RMN) and the National Security Council (NSC), successfully modified its container ship Bunga Mas Lima into a RMN Auxiliary Vessel for the purpose of escorting and protecting MISC's ships sailing through the Gulf of Aden. The Bunga Mas Lima, a 699 TEU containership, is the first Malaysian merchant ship to be modified as an Auxiliary Vessel for RMN. The modification work was carried out by Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), at MMHE's yard in Pasir Gudang, Johor.

• **12 July 2009**
"I Save Fuel" program awarded by PETRONAS Group HSE

MISC's Fuel Efficiency Initiatives achieved another milestone when the "I Save Fuel" program, driven by Fleet Management Services (FMS) was awarded the PETRONAS Group HSE (GHSE) & Sustainable Development Awards 2008/2009 under the category of Natural Resources Use which applauds the efforts shown by Operating Units / vendors in making available oil and gas products at reasonable market prices, promoting efficient use of these natural resources (energy & water) and supporting the use of renewable energy.

• **13 July 2009**
FPSO Espirito Santo receives first oil

MISC's VLCC- sized FPSO, FPSO Espirito Santo achieved its first oil production in the BC-10 deepwater field, Campos Basin offshore Brazil. The converted FPSO, jointly owned by MISC and Single Buoy Mooring Inc (SBM), is chartered by the BC-10 Joint Venture for a fifteen year lease and operation contract. The BC-10 field is operated by Shell Brazil with ONGC Campos Ltda. and Petróleo Brasilieiro S.A.(Petrobras) as co-venturers.

• **23 July 2009**
MILS is Domestic Logistics Provider of the Year

MISC Integrated Logistics Sdn Bhd (MILS) was recognised by Frost & Sullivan as the Domestic Logistics Service Provider (LSP) of the Year (Malaysia) at the 2009 Frost & Sullivan Asia Pacific Transportation & Logistics Awards. The award annually recognises outstanding performance by companies in the transportation & logistics industry in the Asia Pacific region.

14 August 2009

19 August 2009

20 August 2009

• 14 August 2009

Naming of FPSO Ruby II

MISC, along with joint venture partner, Petroleum Technical Services Corporation (PTSC), Vietnam officially named its fifth Floating, Production Storage and Offloading facility, FPSO Ruby II at Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE)'s Yard in Pasir Gudang, Johor. FPSO Ruby II is designed with an external turret and has a storage capacity of 600,000 bbls.

• 19 August 2009

MISC enters into a a partnership with Vitol

MISC, through subsidiary, MISC International (L) Limited (MISC SPV), entered into a joint venture with VTTI Tanjung Bin S.A. (VTTI SPV), a subsidiary of Vitol Tank Terminals International B.V. (VTTI), part of the leading international energy trading group, Vitol. The purpose of the joint venture is to incorporate a Joint Venture (JV) Company, Asia Tank Terminal Limited (ATTL) with the main purpose of constructing, commissioning and operating an oil terminal with a base capacity of approximately 841,200 cubic meters at Tanjung Bin, Johor, Malaysia. The oil terminal is anticipated to commence operations in 2012.

• 20 August 2009

MISC's 40th Annual General Meeting (AGM)

MISC held its 40th AGM at the Nikko Hotel in Kuala Lumpur. A crowd of almost 250 shareholders attended this year to vote and approve on the resolutions tabled. The AGM was presided by MISC Chairman, YBhg. Tan Sri Mohd Hassan Marican.

• 1 September 2009

MISC sells Anggerik Class vessels

MISC completed the sale of four 29,900 dwt single-hull chemical tankers, MT Karven, MT Varden, MT Skarven and MT Stolzen. The sale is in line with MISC's asset management strategy to phase out single hulled vessels and maintain a modern fleet of chemical tankers.

6 October 2009

21 October 2009

• 16 September 2009
Tanjung Langsat Terminal commences operations

Langsat Terminal (One) Sdn Bhd, the joint venture tank terminal project between MISC Berhad, Dialog Group Berhad and PUMA, part of the Trafigura group, successfully completed Phase 1 of its development and commenced operations with a tank capacity of 130,000 cbm for storage of Naptha/Middle Distillates. The terminal received its first shipment of gas oil from its customer, Trafigura Pte Ltd. The terminal planned to be completed in two phases will have a total capacity of 400,000 cbm.

• 6 October 2009
MISC commences long-term charterparty with Yemen LNG

MISC's Seri Balqis and Seri Balhaf officially joined the fleet of other world class LNG vessels that are delivering LNG for the Yemen LNG Project, following the signing of the Protocol of Delivery & Acceptance of the two vessels by MISC Berhad and Yemen LNG Co. Ltd. The signing of the Protocol of Delivery and Acceptance marked the commencement of the long term charterparty between MISC and Yemen LNG, MISC's first long term third party LNG shipping contract. The two vessels now deliver LNG to TOTAL Gas & Power Ltd, from Yemen to USA, Mexico and major LNG terminals worldwide.

• 19 October 2009
MISC obtains Approval In Principal (AiP) from ABS on FLNG Solution

American Bureau of Shipping (ABS) granted an Approval in Principle (AiP) to MISC Berhad for the FLNG Conversion Concept, marking another successful milestone in the development of the Floating Liquefied Natural Gas Project. MISC worked closely with MODEC Inc. of Japan, an Engineering Consultant for the Engineering Study of all FLNG components.

• 21 October 2009
AET receives it's 50th Aframax tanker , Eagle Kuching

AET welcomed a new Aframax Eagle Kuching at Tsuneishi's Tadotsu Shipyard, Japan. The vessel was named by Lady Sponsor Madam Donna Mawer, wife of Mr. Steve Mawer, President of Koch Supply & Trading. Eagle Kuching is the first of eight Aframax tankers to be constructed by Tsuneishi for AET.

24 October 2009

7 December 2009

• 24 October 2009
ALAM produces its first batch of female graduates

Akademi Laut Malaysia (ALAM) held its 102nd Convocation Ceremony, celebrating the graduation of 302 of its cadets in Diploma in Nautical Studies and Diploma in Marine Engineering. The convocation ceremony marked another important milestone in the history of the training academy, with the graduation of its first batch of 13 female cadets.

• 30 October 2009
Bunga Akasia joins MISC Chemical fleet

Bunga Akasia became a part of MISC's fleet of chemical tankers with its official delivery by STX Offshore & Shipbuilding Co. Ltd. (STX) of South Korea. The 38,000 dwt tanker is the first in a series of eight new MISC IMO type 2 chemical tankers currently under construction at the STX shipyard in South Korea.

• 6 November 2009
MISC celebrates 41st anniversary

MISC celebrated 41 years as Malaysia's leading international shipping line. Since its inception in 1968, MISC has grown into one of the world's leading global energy transportation and logistics provider.

• 23 November 2009
MISC Berhad announces the issuance of 743,965,517 million rights shares to raise RM5.21 billion

MISC Berhad through RHB Investment Bank Berhad announced the issuance of 743,965,517 million rights new shares on the basis of 1 rights share for every 5 existing new ordinary shares.

• 7 December 2009
MISC receives Bunga Laurel for long-term charter

MISC welcomed new chemical tanker, Bunga Laurel at the Fukuoka Shipbuilding Co. Ltd. shipyard in Nagasaki. The vessel was named by Lady Sponsor, YBhg. Puan Sri Noraini Mohd Yusoff, wife of MISC Chairman, YBhg. Tan Sri Mohd Hassan Marican. The vessel owned by M. Costus S.A., is the first in a series of six chemical tankers constructed by Nagasaki shipyard, for long term charter to MISC.

18 December 2009

15 January 2010

• 18 December 2009
Bunga Alamanda successfully delivered

MISC continues to grow and develop its Chemical business through the aggressive expansion of its fleet, with the delivery of the new 38,000 dwt tanker Bunga Alamanda. The vessel was named on 30 October 2009 at the STX Shipyard by Puan Aidah Abu, wife of MISC President/CEO, En. Amir Hamzah Azizan.

• 12 January 2010
MISC holds Extraordinary General Meeting (EGM)

Shareholders of MISC Berhad approved the resolutions tabled at an EGM in relation to (i) the proposed Renounceable Rights Issue of 743,965,517 new ordinary Shares of RM1.00 each in MISC; (ii) the proposed merger of MISC's Local and Foreign Tranche Shares quoted and listed on the Main Market of Bursa Malaysia Securities Berhad; (iii) the proposed increase in the authorised share capital of MISC from RM5,000,000,001 to RM10,000,000,001; and (iv) the proposed amendments to the Articles of Association of MISC to facilitate the proposed merger of MISC's Local and Foreign Tranche Shares.

• 15 January 2010
Bunga Allium joins MISC's Chemical fleet

MISC held the naming ceremony of its 10th chemical tanker, Bunga Allium. The vessel was delivered on 5 January 2010 and sailed on her first voyage from South Korea to Pasir Gudang, for her naming and first loading. The naming ceremony was officiated by Ms. Ngau Sue Ching, daughter of Mr. Ngau Boon Keat, Chairman of Dialog Group.

• 26 January 2010
MISC expands intra-Asia Service

MISC officially launched The Malaysia East Asia Service – (MES) to complement its current Halal Express Service (HE1 and HE2). MES will directly connect the Far East ports to Ho Chi Minh and the South East Asia region. The service, commenced with an inaugural voyage starting from Yokohama and will meet the growing demand for the carriage of cargoes within the intra-Asia region.

8 February 2010

22 February 2010

• 8 February 2010

MISC opens regional office in the Middle East

MISC expanded its presence in the Middle East with the opening of a new Regional Office in Dubai, United Arab Emirates. The MISC Regional Office Middle East (ROM) is set to strengthen MISC's commitment to customers in the Middle East and further enhance MISC's role as a leading transportation partner in the region.

• 10 February 2010

Dato' Shamsul Azhar bin Abbas appointed as new Chairman of MISC

YBhg. Dato' Shamsul Azhar Abbas assumed the position of Chairman of MISC Berhad taking over the baton from YBhg. Tan Sri Mohd Hassan Marican.

• 22 February 2010

Langsat Terminal (One) officially opens

YAB Dato' Haji Abdul Ghani Bin Othman, the Johor Menteri Besar, officially opened the Langsat Terminal (One), a tank terminal operated by the joint venture between Dialog Group Bhd, MISC Bhd and Puma Energy Asia Pacific BV, whose holding company is Trafigura Beheer BV. The tank farm is well equipped with facilities for marine loading, unloading, pumping, piping transfer of cargo from jetty to tanks, inter-tank transfer, blending, heating and product circulations.

• 24 February 2010

Completion of MISC's Rights Issue

MISC announced the completion of the Rights Issue with the listing of and quotation for 743,965,517 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

• 25 February 2010

MMHE delivers drilling tender barge T12

Malaysia Marine & Heavy Engineering (MMHE) successfully completed a new self erecting drilling tender barge. Owned by Seadrill, the newly completed drilling tender barge was officially named "Seadrill T12" by Mrs. Anchulee Gunavibool, wife of His Excellency Mr. Nopadol Gunavibool, Ambassador of Royal Thai Embassy in

10 March 2010

10 March 2010

Singapore on 25 February 2010 at MMHE's yard, Pasir Gudang, Johor. It will be the second Seadrill drilling rig currently working in the Gulf of Thailand for PTT Exploration and Production Public Co Ltd (PTTEP).

• 8 March 2010
MISC launches a dedicated liner feeder service to/from Thailand

Recognising the growing need for feeder transport services in Thailand and the region, MISC introduced a direct weekly liner shipping service between the Port of Bangkok and Singapore. The Siam Singapore Shuttle Service (SSS) is a direct container service that will provide a significant boost for importers and exporters in the way of faster transit, better connectivity, space availability and service commitment to meet the growing demand for carriage of cargoes within intra-Asia region especially cargo to / from Thailand.

• 10 March 2010
MISC sells Bunga Semarak

MISC completed the sale of chemical tanker, MT Bunga Semarak. Built in 1990, the 15,999 dwt single-hull chemical tanker was sold at a sale price of US$2.5 million to PT Waruna Nusa Sentana. The sale is in line with MISC's asset management strategy to phase out single hulled vessels and maintain a modern fleet of chemical tankers.

• 10 March 2010
Bunga Alpinia joins MISC's Chemical fleet

The new 38,000 dwt chemical tanker Bunga Alpinia, constructed at the STX shipyard in Pusan, South Korea was successfully delivered to MISC after its official Naming Ceremony on 9 March 2010. The vessel was named along with sister vessels, Bunga Angelica and Bunga Angsana. The joint naming ceremony was officiated by YBhg. Puan Sri Hayati Omar, wife of YBhg. Tan Sri Dr. Wan Abdul Aziz Wan Abdullah, MISC Board Member, YBhg. Dato' Kalsom Abd Rahman, MISC Board Member and Puan Aidah Abu, wife of En. Amir Hamzah Azizan, MISC's President/CEO respectively.

15 March 2010

25 March 2010

• 15 March 2010

MISC signs COA with PETRONAS Base Oil

MISC continued to strengthen its business synergy with PETRONAS with the signing of a Contract of Affreightment between MISC and PETRONAS Base Oil (M) Sdn. Bhd. (PBOM). The signing will see MISC's Melati Class vessels continue to ship base oil from PBOM's refinery in Sungai Udang, Melaka to Europe.

• 25 March 2010

Bunga Bakawali celebrates Maiden Voyage at Bintulu Port

MISC continued to grow its Chemical transportation business as the 45,000 dwt Bunga Bakawali, its largest chemical tanker to date, joined its fleet. To celebrate the coming into service of this vessel, a small maiden voyage ceremony was held onboard the vessel at Bintulu Port. Bunga Bakawali is the first in a series of four chemical tankers built for MISC by SLS Shipyard, South Korea. Delivered on 16 March 2010, the vessel sailed down to Bintulu from Tong Yeong, South Korea to load her first shipment of Palm Oil.

• 25 March 2010

AET takes delivery of new aframax – Eagle Kuantan

AET welcomed new aframax Eagle Kuantan at Tsuneishi's Tadotsu Shipyard, Japan. This new 107, 000 dwt tanker is the second of eight aframax tankers to be built by the Tsuneishi Shipbuilding Company for AET. Eagle Kuantan was named by Puan Nazrin Aneeza Nazaruddin, wife of En. Mohd. Arif Mahmood, Vice President of Oil Business, PETRONAS.

• 31 March 2010

MISC's Local and Foreign Tranche Shares quoted and listed on the Main Market of Bursa Malaysia Securities Berhad merged

MISC's Foreign Tranche Shares were merged with the Local Tranche Shares. The Foreign Tranche Shares counter under "MISC-O1" ceased to be quoted on the Main Board of Bursa Malaysia Securities Berhad.

Streamlining synergies

MISC provides total integrated solutions to our partners in the Energy industry, from design, construction and operations of specialised floating solutions to the global land and sea logistics of high-value energy cargoes.

Corporate Responsibility Reporting

At MISC, Corporate Responsibility (CR) goes beyond philanthropy and public relations. It is infused into our business practices and we are committed to carry out our business in a responsible and holistic manner. We create long-term stakeholder value by embracing opportunities for economic, environmental and social developments, pursuing long-term organisational growth for our present society and a sustainable future for generations to come.

Our CR commitment covers three key aspects across the social, economic and environmental dimensions of our operations:

Health, Safety and Environment

Development of Human Capital

Corporate Social Responsibility

Health, Safety and Environment

The focus of Health, Safety and Environment (HSE) in MISC during the storm of the economic downturn was to concentrate on strengthening and fine-tuning our HSE commitment and implementation groupwide, which entailed among others Management walkabouts and compliance to regulatory and standards requirement as well as the Fuel Efficiency program in line with MISC's efforts towards environmental conservation. This is to ensure that HSE risks are maintained at the 'as low as reasonably practicable' (ALARP) level even in difficult times.

Health

The management of MISC strongly believes that for MISC to truly position itself as a global leader, it is important for the people to have the right environment and thus, at MISC, we propagate the importance of a reasonable work-life balance through the adoption of a healthier lifestyle. As part of our efforts to create the right environment for our staff, work has commenced to build a Sports and Recreational Centre (or more commonly referred to as the Gym), that shall act as an in-house sports and recreational hub for the employees of the MISC Group and PETRONAS entities. Located at Level 26 of Menara Dayabumi, the Gym, which is scheduled for opening on 2 April 2010, is a collaborative effort between Legal and Corporate Secretarial Affairs, through the Property Unit, Human Resource Management, Group Corporate Affairs, Corporate Security, Corporate HSE and the MISC Sports Club.

To continue promoting a healthy lifestyle amongst MISC staff, several health talks were organised during the financial year. Among the health talks conducted were Ramadhan Talk (for proper diet), Health & Fitness Talk and the Influenza A (H1N1) Awareness Tea-talk.

In collaboration with Ministry of Health (MOH), MISC successfully conducted a customised Quit Smoking campaign on 13 April 2009. Apart from giving awareness talks on the hazards of smoking, provisions were made by MOH representatives for volunteer participants to undergo group counselling on a weekly basis at the nearest treatment clinic. The participants in the counselling sessions will also undergo a special treatment to quit smoking based on each individual's medical and health history.


9MGF7
NO 1


NO 2
FIRE HOSE BOX

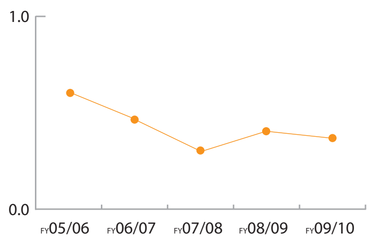
The follow-up program will run continuously until the person quits smoking or wish to quit from the programme.

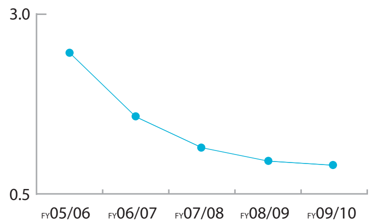
CHSE also successfully conducted MISC's bi-annual blood donation drive (BDD) on 20 July 2009 (Q2) and 13 January 2010 (Q4) respectively, for staff as well as the public. The number of participants for BDD increased tremendously by 92% in Q4 compared to Q2, a clear sign of the increased awareness among MISC staff on the advantages of donating blood.

In addition, MISC's Offshore Business Unit carried out a departmental health programme, "Walk in the Park" at Lake Gardens on 7 May 2009 with the objective of building awareness on work-life-balance amongst its staff.

Safety

The Financial Year End (FYE) 2009/2010 recorded an improvement in MISC's Lost Time Injury Frequency (LTIF) surpassing last financial year's achievement by 10% with a total of 76.8 million manhours recorded. Meanwhile, the Total Recordable Case Frequency





(TRCF) improved by 6% against that achieved in FYE2008/2009.

Heads of relevant departments and subsidiaries within the Group, which make up the seven MISC HSE entities, sign off a HSE Letter of Assurance (LOFA) with the President/CEO on an annual basis to further affirm their commitment towards achieving specific HSE performance indicators including leading and lagging indicators. In retrospect, the Group's HSE performance over the last five years translates the resilience and continuous efforts of all quarters to improve safety in the workplace and at site.

Management by Walking About (MBWA) programme

Implemented in April 2009, MBWA serves as a platform for the Senior Management team to demonstrate leadership, commitment and visibility in a proactive way to gain insights into the company at the employee level. Through a systematic tour of the workplace, MBWA enables Senior Management to demonstrate their commitment to safety, sense the safety climate of the workplace, recognise and encourage safe behavior as well as help in the identification and correction of unsafe work practices and procedures. The programme also helps to address HSE-related issues and encourages employees to perform work in a safe manner besides fostering constructive relationship between management and employees. Although only in its first year, the programme received an encouraging response from the Senior Management as demonstrated by their level of commitment whereby the completion rate was 135% against the targeted KPIs.

MISC Group HSE Legal Register

In the year under review, MISC CHSE initiated the development of the HSE legal register for each non-marine business entity. The register consolidates HSE related requirements stipulated by the law and authorisation certificates (e.g. licenses, approvals, written permission, etc.) and serves as a tool to keep track of conformance related to HSE. HSE Managers were invited to cooperate in the development of the register in collaboration with CHSE. Furthermore, this exercise was crucial in identifying gaps in terms of compliance with legal requirements and provided assurance that the MISC Group operates in a manner that meets all relevant statutory and obligatory requirements as stipulated by the law.

MISC Group Crisis Management Plan

In order to ensure an effective response to a crisis, MISC developed a comprehensive crisis management framework in the last financial year. The Interim Guidelines on the MISC Crisis Management Plan was successfully rolled out in February 2010 to specify the roles and responsibilities of the Group Crisis Management Team (GCMT) in the event of a crisis.

In addition, MISC's Offshore Business Unit conducted a Crisis Management Emergency Response Training (CMERT) Level 3 exercise called "Helang '09" on 19 – 20 January 2010 involving FPSO Bunga Kertas, in collaboration with PETRONAS Carigali Sdn Bhd (PCSB) and FPSO Ventures Sdn Bhd (FVSB). The main objective of the programme was to gauge MISC's preparedness and effectiveness in responding towards catastrophic emergencies as well as to verify the communication and information flow between PCSB, Peninsular Malaysia Operations (PMO), Development Division (DD) and MISC.

Additionally, MISC further strengthened its HSE synergy with PETRONAS Carigali-PMO through the signing of a "Bridging Document on Emergency Response for FSO Puteri Dulang".

Emergency Drills

In the year under review, MISC carried out four minor quarterly drills and one Major Emergency Evacuation Drill for Menara Dayabumi. The major drill was held in collaboration with KLCC Urusharta Sdn Bhd (KLCCUH), Jabatan Bomba dan Penyelamat Malaysia, Polis Di Raja Malaysia (PDRM), Jabatan Pertahanan Awam Malaysia (JPAM) and Persatuan Bulan Sabit Merah (PBSM). The emergency exercise also involved other tenants of Menara Dayabumi. The main objective of the exercise was to test the readiness of the MISC Emergency Response Team and the interfacing response between MISC, KLCCUH and other external agencies. The drill also provided opportunities for the MISC's Emergency Response Preparedness (ERP) team to look into areas that required improvement as well as adjustments in certain aspects of its emergency preparedness.

Oil Spill Response Training

Recognising that one of the major incidents in the shipping industry is the occurrence of oil spills, CHSE carried out an IMO Level 2 Oil Spill Response Training on 19-22 October 2009 involving 24 participants from various departments and subsidiaries within the Group, as well as representatives from Malaysian Marine Department and Department of Environment. With the theme "Preparedness – The Key to an Effective & Efficient Response", the four-day training saw participants deliberate on oil spill management issues, introduce various oil spill response strategies and identify as well as understand critical roles of Incident Management Team and Incident Commanders.

Environment

The shipping industry is accountable for 2.7% of the total pollutants released into the atmosphere. Though the number is small, the size and global nature of the shipping industry makes it important for the industry to continuously work to reduce its environmental impact. As a leading shipping organisation, MISC takes this seriously and our approach to environmental conservation is guided by our **Health, Safety and Environment Policy.**

Implementing Waste Management Programme – Spent Copper Slag at MMHE

One of the key environmental initiatives for the year was to manage the disposal of spent copper slag generated from smelting process. A collaborative study was conducted on the Disposal Arrangement of Spent Copper Slag at Malaysia Marine and Engineering starting from 2006-2009. Spent copper slag is viable to be used by the cement industries as sand replacement in concrete. With approval from Department of Environment, MMHE signed an agreement with local cement companies, to move out the spent copper slag to be recycled by the cement company. This resulted in a savings of approximately RM2.7 million in transportation cost besides creating a value for the waste.

Environmental Awareness Campaigns

MISC's environmental conservation focuses on reducing the environmental impact of our business activities, through environmental awareness campaigns and programmes related to energy efficiency initiatives and waste management. In the year under review, MISC conducted various campaigns to promote environmental awareness among staff, including:

- 3R Program – Promoted recycling of paper and used mobile phones through the provision of collection points in each department for paper, collection bins for used mobile phone at Menara Dayabumi lifts lobbies, at Level 17 and at Level B1 of Citypoint.
- Electricity Conservation campaigns – Various promotional materials were distributed to staff on electricity conservation on a regular basis. MISC also implemented a "lights off" policy in Menara Dayabumi to conserve electricity during selected hours.
- Earth Hour Celebration – Raised awareness on energy conservation in conjunction with Earth Hour.

Implementing energy efficiency initiatives in shore and sea operations

MISC takes environmental conservation very seriously especially when it relates to reducing fuel carbon emission. Moving forward towards "Energy Efficient Ships", MISC has taken proactive measures by implementing a major sustainable environmental initiative through the introduction of best practices for Fuel Efficiency. Through the implementation of the campaign, in the last financial year, MISC achieved a 17.94% savings on Fuel Consumption. This programme was recognised and presented with a"MERIT AWARD" at the PETRONAS Group HSE Forum 2008.

The activities and initiatives conducted under Fuel Efficiency include:

i. Fuel Consumption Monitoring and Awareness

- Monitoring and trending voyage performance of fleet vessels against baseline figures and advising fleet operations on fuel savings/ consumptions to improve vessels' performance.
- Awareness initiatives to instill a sense of responsibility amongst MISC's seafarers on the importance of environmental conservation through reducing vessels' fuel consumptions such as:
  - Reaching out to the seafarers through regular newsletters and forums on environmental conservation.
  - Monthly report presentations to the senior management team to discuss on measures to improvise the current practice, achievements and improvements.

ii. Maintenance of the vessels

- Vessels' performance conditions are monitored to ensure timely and proactive maintenance, to avoid technical issues that can result in higher fuel consumption.
- Promoting the usage of low sulfur fuels to operation units to reduce sulfur emissions.
- Better hull coating technology in place on trial ships has achieved an average of between 2~8% of fuel savings depending on the type of paint technology used and class of ships.
- Timely polishing of propeller to get rid of marine growth/fouling has resulted in a reduction of approximately 3% of unnecessary fuel burnt at the main engines to overcome resistance due to fouling.

iii. Voyage Management

- MISC deployed a 'Voyage Management' system that helps ships choose the best, safest and most economical route to their respective destinations.
- Weather Routing Program on trial ships has guided ships through safer, shorter and economical speed routes avoiding unfavourable weather/sea conditions, thereby resulting in lesser fuel burnt and fuel savings.

iv. On-going Study/Analysis

- MISC conducts an in-house ongoing study and analysis on measures to reduce any actions that can harm the environment.
- MISC strongly support the practices of 3R (Reduce, Reuse, and Recycle). Currently MISC is in the midst of analysing and testing new technology to recover waste fuel by treating and recycling waste fuels on vessels.

All of these measures result in fuel savings that in return reduce pollution loadings to the environment. Although the shipping industry is relatively a cleaner, greener industry in comparison with other modes of transport in the world trade, MISC acknowledges that the environmental issues are crucial and is thus committed to environmental initiatives to manage environmental impact effectively.

Development of Human Capital

Unrelenting in the commitment to build a more resilient and high performing human capital amidst the demanding economic environment, MISC continued to enhance its efforts in areas of **Leadership and Capabilities Development** and **Mindset and Behavioural Change Improvement**. These Triple Plus initiatives remained as the foundation to develop a sustainable internal talent pool for the future success of the organisation.

Leadership Development

In ensuring that the organisation has a growing pool of capable leaders, MISC has implemented a structured succession planning process, placing identified talents in Critical Positions. Through the Management Development Committee (MDC) deliberations, Corporate Top Talents of MISC were identified based on their performance, ability and engagement with the organisation.

To enrich their leadership skills, an **Individual Development Plan** was produced for each identified Corporate Top Talent. The progress of the development plans is consistently monitored and reviewed by the MDC to ensure alignment between the talent's aspiration, the organisation's growth and their own personal development. The development plans are based on a learning approach that focused on Classroom Learning, Coaching and Mentoring; and On-Job-Training through Business Task Forces, Job Mobility within Subsidiary Companies and International Assignments.

Through structured Individual Development Plans, Corporate Top Talents are groomed to be future leaders, taking over roles in Critical Positions to ensure business sustainability and help steer the organisation forward.

For the year under review, MISC's Mentoring program was further enhanced with the introduction of 24 new mentors comprising of staff in Senior Manager level and above and 32 mentees from Managers level. Through Mentoring, mentees were exposed to effective management and leadership best practices through knowledge sharing. This approach enabled mentees to apply the experience and insights shared by their mentors in executing their work and perform their responsibilities more effectively, ultimately contributing to their overall development on a personal as well as professional level.

Capability Development

The shortage of technical talents has increased the competition for employees in the talent market. To address this issue, MISC focused on attracting and more importantly retaining its technical talents, through the development of a Dual Career Path Framework which incorporates both

the Managerial and Technical Career Path. The Technical Career Path Framework is intended to recognise the premium technical knowledge and expertise of the Technical Personnel and to provide them with a differentiated progression path, development tools and a competitive rewards mechanism, suited to their needs.

In the pursuit to enhance employees' functional capabilities, MISC continued on in this financial year with the Skill Group (SKG) programs and personalised functional programs for respective Business and Service units. Other exclusive functional capability building programmes were also in progress at various units across the MISC Group. The Capability Building Initiative Program at Offshore Business Unit, Fleet Management Services and MMHE further supports the institutionalisation of the identified capabilities thus strengthening MISC's effectiveness and competitiveness globally.

Mindset and Behaviour Change

Mindset and behaviour change of employees is a key element in driving the organisation's aspiration to become a Global Champion. As a follow through to the MISC Employee Tracking Mindset Survey (METS) conducted previously, various intervention plans were carried out at Business and Service units level to help accelerate employees mindset and behaviour change.

Moving forward, MISC will continue to focus on the growth of quality human capital. Recognising that employees are key in the success of the organization, MISC will focus on intensifying its Leadership and Capabilities Development, improving mindset level and sustaining change momentum, and also promoting better levels of engagement with the aim of achieving operational excellence and enhancing its global competitiveness.

Corporate Social Responsibility

As an international corporate citizen, MISC understands that it has the responsibility and opportunity to help make the world a better place. Through social engagement and development programmes, we strive to have a positive impact in the lives of the community in which we operate and engage them towards a better future. At the centre of our CSR framework is the educational and social development of the younger generation, whom we recognize as the future leaders of the world.

Our approach to CSR is divided into three key aspects:

Educational Outreach

Educational Support

Community Outreach

Educational Outreach

At MISC, we believe in the importance of soft skills and encourage its development in students to complement their academic pursuits. Our goal is to promote the growth of well rounded and dynamic individuals, a generation of new leaders who can creatively contribute to our nation's future. Towards this aim, MISC conducts an educational outreach programme – *Navigate Your Career* – to expose university undergraduates and high school students to the importance of soft skills. The NYC Programme is divided into three facets:

Educate

Engage

Expose

Educate:

Partnering with leading motivational and corporate training consultants, MISC developed a unique soft skill roadshow, featuring soft skills and career development workshops for university undergraduates and high school students.

For the year under review, MISC brought the NYC roadshow to two universities in Malaysia, namely Universiti Teknologi Malaysia (UTM), Skudai, Johor and Universiti Teknologi Mara (UiTM), Shah Alam. This year, the road show featured a two-day workshop on "Power Presentation" and "Decision Making" as well as a Career Development Forum, where MISC's HR representatives shared insights on the job market and talent search process. The NYC University Roadshows reached out to more than 10,000 university undergraduates through the workshops and infotainment booths.

MISC also held NYC roadshows in four high schools this year at Royal Military College, Kuala Lumpur, Sekolah Menengah Sains Selangor, Sekolah Menengah Sains Kuala Selangor and Sekolah Menengah Teknik Gombak. This year, NYC in School focused on form five students. The programme included a one day motivational workshop, where students are engaged in games and activities to expose them to basic soft skills. Special activities were also crafted to help students understand the importance of crafting the right career path early on. A total of 1000 students participated in the NYC in School programme.

Engage:

The NYC portal continued to be a channel for students to improve their soft skills. The portal continues to feature useful tips and information on career development and is accessible to anyone via ***http://navigate.com.my***

Expose:

In December 2009, 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 "Staff Office Buddies", students underwent an intensive 5-week programme at MISC's main headquarters in Dayabumi, Kuala Lumpur. The programme focused on:

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

Educational Support

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

Through ALAM, MISC is committed to support the continuous growth of a pool of capable sea-going professionals to meet the needs of the global maritime industry. In the year under review, the MISC Group recruited a total of 200 cadets under the Cadet Sponsorship Programme in ALAM. 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 at sea. This year, the MISC Group also saw the graduation of its first batch of 13 female cadets from ALAM.

Community Outreach

For FYE2009/2010, MISC continued into the third year of the Mini CSR Project, engaging with the community around us through various community welfare activities. A total of 14 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.

Employee Volunteerism

Volunteering is an important way for MISC employees to build ties with the communities in which they work and at MISC, promoting employee volunteerism is a central component of our CSR efforts. We encourage employees to contribute their time and expertise to community and charitable projects, through the Mini CSR Project and NYC. In FYE2009/2010, more than 1000 MISC employees participated in various CSR programmes within the Group.

For FYE2009/2010, various departments in MISC conducted the following programmes:

- "See Green, See Life" environmental programme for orphans
- "HRM Goes Back to School" on-going motivational and education programme targeting students from rural areas
- "Program Kecemerlangan Pendidikan & Kerjaya Dalam Bidang Maritim" with students from SMK Gedangsa
- Motivational talks and activities for Form 5 students in Hulu Selangor vicinity
- Motivational and Inspiring Session for Form 2 students from SMK Sijangkang Jaya, Banting
- "Charity Begins at Home" charity programme with the less fortunate from Bandar Sultan Suleiman
- "The Miracle of Science" for orphans at Rumah Anak Yatim An-Najjah, Kuala Lumpur
- "Spreading Our Love" motivational activities and contributions to "Rumah Amal Kasih Bestari"

Several other programmes are also in the pipeline for the financial year, including:

- "Enhancing by Education" programme which targets form 2 schools at rural areas
- Motivational programme for students from Sekolah Tunas Bakti
- Engaging with Kiwanis Down Syndrome Children, Kelana Jaya

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 2010.

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 37 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	822,218	263,331
Attributable to:		
Equity holders of the Corporation	682,046	263,331
Minority interests	140,172	–
	822,218	263,331

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

In the opinion of the directors, the results of the operations of the Group and the Corporation during the financial year were not substantially affected by any item, transaction or event of an unusual nature, other than the effects arising from the:

i. change of the estimated useful life of ships as described in Note 2.5 which has resulted in lower depreciation charge for the financial year of RM465,787,000 and RM155,181,000 for the Group and the Corporation respectively;

ii. withdrawal from the Grand Alliance (an integrated consortium in container line shipping) effective 1 January 2010, leading to higher cost of sales by RM103,066,000 and RM86,958,000 for the Group and the Corporation respectively; and

iii. change in accounting policy as described in Note 2.6 which has resulted in a higher cost of sales for the Group amounting to RM6,389,000 and lower cost of sales for the Corporation amounting to RM3,977,000.

DIVIDENDS

The amount of dividends paid by the Corporation since 31 March 2009 were as follows:

	RM'000
In respect of the financial year ended 31 March 2009 as reported in the directors' report of that year:	
Final tax exempt dividend of 20 sen per share, paid on 28 August 2009	725,264

	RM'000
In respect of the financial year ended 31 March 2010:	
Interim tax exempt dividend of 15 sen per share, paid on 24 December 2009	571,584

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 2010:

	RM'000
Final tax exempt dividend of 20 sen per share	892,759

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 2011.

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:

Dato' Shamsul Azhar bin Abbas	(appointed on 10 February 2010)
Tan Sri Mohd Hassan bin Marican	(resigned on 10 February 2010)
Amir Hamzah bin Azizan	
Datuk Nasarudin bin Md Idris	
Harry K. Menon	
Dato' Halipah binti Esa	
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)

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 as disclosed in Note 7 to the financial statements) 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' 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 2009	**Bought**	**Sold**	**31 March 2010**
Fellow subsidiary – PETRONAS Gas Berhad				
Direct				
Datuk Nasarudin bin Md Idris	3,000	–	–	3,000
Ahmad Nizam bin Salleh	2,000	–	–	2,000
Fellow subsidiary – KLCC Property Holdings Berhad				
Direct				
Amir Hamzah bin Azizan	52,000	–	–	52,000
Datuk Nasarudin bin Md Idris	5,000	–	–	5,000

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 impairment 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.

OTHER STATUTORY INFORMATION (CONT'D.)

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

   i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the 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.

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 substantially affect the results of the operations of the Group or of the Corporation for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Corporation has:

a. increased its authorised share capital from RM5,000,000,001 comprising 5,000,000,000 ordinary shares of RM1.00 each and 1 preference share of RM1.00 each, to RM10,000,000,001 comprising 10,000,000,000 ordinary shares of RM1.00 each and 1 preference share of RM1.00 each by the creation of an additional 5,000,000,000 ordinary shares of RM1.00 each; and

b. increased its issued and paid-up capital from RM3,719,827,587 to RM4,463,793,104 by way of issuance of 743,965,517 ordinary shares of RM1.00 each ("Rights Shares") on the basis of one (1) rights share for every five (5) existing ordinary shares of RM1.00 held at an issue price of RM7.00 per share for a total cash consideration of RM5,207,759,000 for capital expenditure purpose.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 42 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 6 May 2010.

Dato' Shamsul Azhar bin Abbas **Amir Hamzah bin Azizan**

Statement by Directors

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

We, Dato' Shamsul Azhar bin Abbas 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 121 to 246 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 2010 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 6 May 2010.

Dato' Shamsul Azhar bin Abbas

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 121 to 246 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 6 May 2010

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 2010 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 121 to 246.

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 controls 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 controls. 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 2010 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 37 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
6 May 2010

Income Statements

for the Year Ended 31 March 2010

		Group		Corporation	
	Note	**2010 RM'000**	2009 RM'000 (Restated)	**2010 RM'000**	2009 RM'000 (Restated)
Revenue	3	**13,775,074**	15,783,466	**4,159,477**	6,093,712
Cost of sales		**(11,654,972)**	(13,024,832)	**(4,896,132)**	(6,666,940)
Gross profit/(loss)		**2,120,102**	2,758,634	**(736,655)**	(573,228)
Other operating income	4	**199,220**	323,516	**1,440,174**	1,580,437
Net loss on disposal of ships		**(21,207)**	–	**(33,158)**	–
General and administrative expenses		**(1,103,443)**	(1,206,316)	**(330,139)**	(433,224)
Operating profit	5	**1,194,672**	1,875,834	**340,222**	573,985
Finance costs	8(a)	**(366,882)**	(402,887)	**(209,869)**	(209,821)
Finance income	8(b)	**50,744**	46,597	**132,978**	87,981
Share of profit of associates		**30**	342	**–**	–
Share of profit of jointly controlled entities		**33,350**	36,370	**–**	–
Profit before taxation		**911,914**	1,556,256	**263,331**	452,145
Taxation	9	**(89,696)**	(67,566)	**–**	–
Profit for the year		**822,218**	1,488,690	**263,331**	452,145
Attributable to:					
Equity holders of the Corporation		**682,046**	1,366,592	**263,331**	452,145
Minority interests		**140,172**	122,098	**–**	–
		822,218	1,488,690	**263,331**	452,145
Earnings per share attributable to equity holders of the Corporation (sen)					
Basic	10	**17.7**	35.9		
Diluted	10	**17.7**	35.9		

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

Balance Sheets
as at 31 March 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 (Restated)	Corporation 2010 RM'000	Corporation 2009 RM'000 (Restated)
Non-current assets					
Ships	12	**20,056,849**	21,377,027	**9,901,700**	10,596,420
Offshore floating assets	12	**6,911,217**	4,806,598	**3,895,612**	2,175,179
Other property, plant and equipment	12	**1,260,933**	1,089,582	**20,726**	46,146
Prepaid lease payments on land and buildings	13	**125,989**	111,640	**6,487**	7,306
Intangible assets	14	**963,298**	1,023,532	**–**	–
Investments in subsidiaries	15	**–**	–	**5,657,996**	6,072,625
Investments in associates	16	**2,715**	3,320	**237**	260
Investments in jointly controlled entities	17	**551,911**	311,754	**144,868**	2,474
Other non-current financial assets	18(a)	**956,229**	645,684	**2,600,824**	1,971,083
Deferred tax assets	27	**4,803**	4,133	**–**	–
		30,833,944	29,373,270	**22,228,450**	20,871,493
Current assets					
Inventories	19	**344,560**	347,024	**106,528**	129,100
Trade and other receivables	20	**1,993,889**	3,216,581	**1,478,043**	1,604,935
Cash, deposits and bank balances	22	**7,849,080**	3,725,436	**5,944,973**	2,455,122
		10,187,529	7,289,041	**7,529,544**	4,189,157
Non-current assets classified as held for sale	23	**38,715**	153	**10,423**	–
		10,226,244	7,289,194	**7,539,967**	4,189,157
Current liabilities					
Trade and other payables	24	**3,959,362**	3,429,070	**1,668,728**	1,592,395
Interest-bearing loans and borrowings	18(c)	**3,577,411**	3,104,324	**3,848,980**	1,000,000
Provision for taxation		**77,539**	52,621	**–**	192
		7,614,312	6,586,015	**5,517,708**	2,592,587
Net current assets		**2,611,932**	703,179	**2,022,259**	1,596,570
		33,445,876	30,076,449	**24,250,709**	22,468,063

	Note	Group 2010 RM'000	Group 2009 RM'000 (Restated)	Corporation 2010 RM'000	Corporation 2009 RM'000 (Restated)
Equity					
Equity attributable to equity holders of the Corporation					
Share capital	25(a)	**4,463,794**	3,719,828	**4,463,794**	3,719,828
Share premium	25(b)	**4,459,468**	–	**4,459,468**	–
Other reserves	26	**422,959**	2,081,692	**(304,870)**	979,545
Retained profits		**14,315,751**	14,930,553	**9,199,015**	10,232,532
		23,661,972	20,732,073	**17,817,407**	14,931,905
Minority interests		**374,237**	340,096	**–**	–
		24,036,209	21,072,169	**17,817,407**	14,931,905
Non-current liabilities					
Interest-bearing loans and borrowings	18(c)	**9,194,263**	8,747,646	**6,433,302**	7,536,158
Deferred tax liabilities	27	**30,149**	22,903	**–**	–
Other non-current financial liabilities	18(b)	**185,255**	233,731	**–**	–
		9,409,667	9,004,280	**6,433,302**	7,536,158
		33,445,876	30,076,449	**24,250,709**	22,468,063

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

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2010

	Note	← Attributable to equity holders of the Corporation →				Minority interests	Total equity
			Non–distributable	Distributable			
		Share capital	Other reserves	Retained profits	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2008		3,719,828	(76,612)	14,936,290	18,579,506	274,061	18,853,567
Change in accounting policy	2.6	–	–	(55,670)	(55,670)	(399)	(56,069)
At 1 April 2008 (restated)		**3,719,828**	**(76,612)**	**14,880,620**	**18,523,836**	**273,662**	**18,797,498**
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)
Prior year adjustment for fair value loss on cash flow hedge	40	–	(127,469)	–	(127,469)	–	(127,469)
		–	2,158,304	–	2,158,304	(7,262)	2,151,042
Net income/(expense) recognised directly in equity		–	2,158,304	–	2,158,304	(7,262)	2,151,042
Profit for the year		–	–	1,366,592	1,366,592	122,098	1,488,690
Total recognised income for the year		–	2,158,304	1,366,592	3,524,896	114,836	3,639,732
Dividends	11	–	–	(1,316,659)	(1,316,659)	(50,111)	(1,366,770)
Acquisition of subsidiaries		–	–	–	–	1,709	1,709
At 31 March 2009 (restated)		**3,719,828**	**2,081,692**	**14,930,553**	**20,732,073**	**340,096**	**21,072,169**

		← Attributable to equity holders of the Corporation →					Minority interests	Total equity
	Note	Share capital RM'000	Share premium RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total RM'000	RM'000	RM'000
At 1 April 2009		**3,719,828**	**–**	**2,209,161**	**15,024,173**	**20,953,162**	**341,079**	**21,294,241**
Change in accounting policy	2.6	–	–	–	(93,620)	(93,620)	(983)	(94,603)
Prior year adjustment	40	–	–	(127,469)	–	(127,469)	–	(127,469)
At 31 March 2009 (restated)		**3,719,828**	**–**	**2,081,692**	**14,930,553**	**20,732,073**	**340,096**	**21,072,169**
Currency translation differences:								
Group	26	–	–	(1,735,378)	–	(1,735,378)	(36,127)	(1,771,505)
Associates	26	–	–	(303)	–	(303)	–	(303)
Jointly controlled entities	26	–	–	(9,350)	–	(9,350)	–	(9,350)
Non-current investments	26	–	–	(11,637)	–	(11,637)	–	(11,637)
Fair value gain on non-current investments	26	–	–	66,514	–	66,514	–	66,514
Fair value gain on cash flow hedges	26	–	–	31,421	–	31,421	17,055	48,476
		–	–	(1,658,733)	–	(1,658,733)	(19,072)	(1,677,805)
Net expense recognised directly in equity		–	–	(1,658,733)	–	(1,658,733)	(19,072)	(1,677,805)
Profit for the year		–	–	–	682,046	682,046	140,172	822,218
Total recognised expense and income for the year		–	–	(1,658,733)	682,046	(976,687)	121,100	(855,587)
Rights Issue:								
Share capital	25(a)	743,966	–	–	–	743,966	–	743,966
Share premium	25(b)	–	4,463,793	–	–	4,463,793	–	4,463,793
Less: Transaction costs		–	(4,325)	–	–	(4,325)	–	(4,325)
Dividends	11	–	–	–	(1,296,848)	(1,296,848)	(110,834)	(1,407,682)
Disposal of shares of a subsidiary		–	–	–	–	–	(33)	(33)
Issuance of new shares of a subsidiary		–	–	–	–	–	23,908	23,908
At 31 March 2010		**4,463,794**	**4,459,468**	**422,959**	**14,315,751**	**23,661,972**	**374,237**	**24,036,209**

Statement of Changes in Equity

for the Year Ended 31 March 2010

	Note	Share capital RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 April 2008		3,719,828	(856,522)	11,133,735	13,997,041
Change in accounting policy	2.6	–	–	(36,689)	(36,689)
At 1 April 2008 (restated)		**3,719,828**	**(856,522)**	**11,097,046**	**13,960,352**
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		–	–	452,145	452,145
Total recognised income for the year		–	1,836,067	452,145	2,288,212
Dividends	11	–	–	(1,316,659)	(1,316,659)
At 31 March 2009 (restated)		**3,719,828**	**979,545**	**10,232,532**	**14,931,905**

	Note	Share capital RM'000	Share premium RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 April 2009		3,719,828	–	979,545	10,282,067	14,981,440
Change in accounting policy	2.6	–	–	–	(49,535)	(49,535)
At 1 April 2009 (restated)		**3,719,828**	**–**	**979,545**	**10,232,532**	**14,931,905**
Currency translation differences	26	–	–	(1,339,292)	–	(1,339,292)
Currency translation differences on non-current investments	26	–	–	(11,637)	–	(11,637)
Fair value gain on non-current investments	26	–	–	66,514	–	66,514
Net expense recognised directly in equity		–	–	(1,284,415)	–	(1,284,415)
Profit for the year		–	–	–	263,331	263,331
Total recognised expense and income for the year		–	–	(1,284,415)	263,331	(1,021,084)
Rights Issue:						
Share capital	25(a)	743,966	–	–	–	743,966
Share premium	25(b)	–	4,463,793	–	–	4,463,793
Less: Transaction costs		–	(4,325)	–	–	(4,325)
Dividends	11	–	–	–	(1,296,848)	(1,296,848)
At 31 March 2010		**4,463,794**	**4,459,468**	**(304,870)**	**9,199,015**	**17,817,407**

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

Cash Flow Statements

for the Year Ended 31 March 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Corporation 2010 RM'000	Corporation 2009 RM'000
Cash receipts from customers		**14,050,713**	15,299,834	**4,588,181**	6,027,878
Cash paid to suppliers and employees		**(10,179,472)**	(11,790,681)	**(4,462,783)**	(5,268,898)
Cash from operations		**3,871,241**	3,509,153	**125,398**	758,980
Taxation paid		**(70,654)**	(100,022)	**–**	–
Net cash generated from operating activities		**3,800,587**	3,409,131	**125,398**	758,980
Net cash used in investing activities	28	**(4,721,931)**	(4,320,369)	**(2,403,261)**	(1,859,825)
Net cash generated from financing activities	29	**5,327,303**	2,467,421	**5,984,500**	2,448,601
Net increase in cash and cash equivalents		**4,405,959**	1,556,183	**3,706,637**	1,347,756
Cash and cash equivalents at beginning of financial year		**3,725,436**	1,964,361	**2,455,122**	976,155
Currency translation differences		**(282,315)**	204,892	**(216,786)**	131,211
Cash and cash equivalents at end of financial year		**7,849,080**	3,725,436	**5,944,973**	2,455,122
Cash and cash equivalents comprise:					
Cash, deposits and bank balances	22	**7,849,080**	3,725,436	**5,944,973**	2,455,122

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

1. CORPORATE INFORMATION

The Corporation is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 37.

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 6 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. In the previous financial year, the Group and the Corporation had early adopted FRS 139: Financial Instruments: Recognition and Measurement ("FRS 139"), IC Interpretation 9: Reassessment of Embedded Derivatives and IC Interpretation 10: Interim Financial Reporting and Impairment.

The Group and the Corporation had, during the current financial year, early adopted FRS 7: Financial Instruments: Disclosures, FRS 123: Borrowings Costs and Amendments to FRS 123: Borrowing Costs as described in Note 2.3(a). As a result of the early adoption of FRS 7: Financial Instruments: Disclosure, the amendments below were also early adopted:

(i) Consequential Amendments to FRS 1: First Time Adoption of Financial Reporting Standards
(ii) Consequential Amendments to FRS 101: Presentation of Financial Statements
(iii) Consequential Amendments to FRS 114 $_{2004}$: Segment Reporting
(iv) Consequential Amendments to FRS 132: Financial Instruments: Presentation
(v) Consequential Amendments to FRS 139: Financial Instruments: Recognition and Measurement

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of Preparation (cont'd.)

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.

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 Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

b. Associates (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

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 the 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, is instead 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

d. Intangible Assets (cont'd.)

ii. Other Intangible Assets (cont'd.)

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.

e. Ships, Offshore Floating Assets, Other Property, Plant and Equipment, and Depreciation

All ships, offshore floating assets, 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, offshore floating assets and other property, plant and equipment except for freehold land, ships and offshore floating assets 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 and offshore floating assets under construction, systems work in progress and constructions in progress are also not depreciated as these assets are not available for use.

Depreciation of ships and offshore floating assets commences from the date of delivery of both assets. Depreciation of ships and offshore floating assets in operation and 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	2.5% – 4.0%
Ships purchased	remaining useful life up to 2.5%
Offshore floating assets	5.0% – 20.0%
Buildings	2.0% – 7.0%
Drydocks and waste plant	2.0% – 10.0%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

e. Ships, Offshore Floating Assets, Other Property, Plant and Equipment, and Depreciation (cont'd.)

Containers	8.0% – 15.0%
Motor vehicles	10.0% – 33.3%
Furniture, fittings and equipment	10.0% – 33.3%
Computer software and hardware	15.0% – 33.3%
Plant and machinery	10.0% – 20.0%
Tugboats, engines and pushers	6.7% – 20.0%

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, offshore floating assets and other property, plant and equipment.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

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 the income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

g. Impairment of Non-financial Assets (cont'd.)

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 the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

i. Financial Assets (cont'd.)

Initial Recognition (cont'd.):

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 include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling 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 years ended 31 March 2010 and 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 methods. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

i. Financial Assets (cont'd.)

Subsequent Measurement (cont'd.):

(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.

The Group does not have any held-to-maturity investments as at 31 March 2010 and 31 March 2009.

(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 have designated their 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

j. Financial Liabilities (cont'd.)

Initial Recognition (cont'd.):

The Group's financial liabilities include trade and other payables, 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 include financial liabilities held for trading and financial liabilities 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 or 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 financial liabilities are derecognised as well as through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

j. Financial Liabilities (cont'd.)

Subsequent Measurement (cont'd.):

(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.

k. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is 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 are 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

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 indicates 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) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

For trade and other receivables and other financial assets 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 an 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

n. Impairment of Financial Assets (cont'd.)

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost (cont'd.)

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.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

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 derecognised 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

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);

- 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:

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

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 finance income or finance 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.

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 2009, entered into interest rate swap ("IRS") arrangements to hedge its loans. These arrangements were assessed as highly effective and consequently unrealised gains/(losses) amounting to RM48,476,000 (2009: loss of RM223,731,000) have been recognised in current year's equity. Under these arrangements, the Group pays fixed interest rate of 2.48% to 5.09% (2009: 2.48% to 5.09%) per annum and receives floating rates cash flow.

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

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.)

– 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

q. Leases (cont'd.)

(iii) Operating Leases – 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

s. Income Tax (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement 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 income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

v. Foreign Currencies (cont'd.)

(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 currency 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 the 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 the 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 the income statement of 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 the 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

w. Revenue Recognition (cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (cont'd.)

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: Non-Current Assets Held for Sale and Discounted Operations that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

y. Repairs and Maintenance

Repairs and maintenance costs are recognised in the income statement in the period 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 of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

a. FRSs Early Adopted by the Group and the Corporation

(i) FRS 7: Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed, in accordance with the requirements of FRS 132: Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Corporation have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Corporation's financial statements for the financial year ended 31 March 2010.

As a result of the early adoption of FRS 7, the following amendments were also applied in the current financial year:

(i) Consequential Amendments to FRS 1: First Time Adoption of Financial Reporting Standards
(ii) Consequential Amendments to FRS 101: Presentation of Financial Statements
(iii) Consequential Amendments to FRS 114 $_{2004}$: Segment Reporting
(iv) Consequential Amendments to FRS 132: Financial Instruments: Presentation
(v) Consequential Amendments to FRS 139: Financial Instruments: Recognition and Measurement

The early adoption of the abovementioned amendments has no significant impact to the Group and the Corporation other than the Amendments to FRS 101: Presentation of Financial Statements as described in Note 2.3(a)(ii).

(ii) Consequential Amendments to FRS 101: Presentation of Financial Statements

The amendment requires the entity to disclose information that enables users of its financial statements to evaluate the entity's objective, policies and process for managing capital.

The Group and the Corporation has made the capital management disclosure in accordance to the Consequential Amendments to FRS 101 as described in Note 36.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

a. FRSs Early Adopted by the Group and the Corporation (cont'd.)

(iii) Amendments to FRS 132: Financial Instruments: Presentation

The amendment requires that rights issues, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights issues, options or warrants pro rata to all its existing owners of the same class of its own non-derivatives equity instruments. The offer of rights by the Corporation to its shareholders was accounted for as an equity instrument, as required by the amendment.

During the current financial year, the Corporation issued RM743,965,517 new shares on the basis of one (1) new share for every five (5) existing shares held at an issue price of RM7.00 per rights share. This would have resulted to a recognition of fair value adjustments to the income statements had the Amendments to FRS 132 not been effected. However, by early adoption of this amendments, the fair value adjustments are no longer required and it has been accounted for as equity instruments.

(iv) FRS 123: Borrowing Costs and Amendments to FRS 123: Borrowing Costs

This standard supersedes FRS 123_{2004}: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense.

The Group's and the Corporation's current accounting policy is consistent with the requirements of FRS 123. Therefore, the early adoption of the standard does not have any implication to the Group and the Corporation.

b. Standards and Interpretations Issued But Not Yet Effective

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

Effective for financial periods beginning on or after 1 July 2009

- FRS 8: Operating Segments

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

b. Standards and Interpretations Issued But Not Yet Effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 101: Presentation of Financial Statements (revised)
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 139: Financial Instruments: Recognition and Measurements, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 11: FRS 2: Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

b. Standards and Interpretations Issued But Not Yet Effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

The new and revised FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Corporation upon initial application except for the following:

FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line labelled as total comprehensive income. In addition, the revised standard introduces the statement of comprehensive income that presents all items of income and expense recognised in income statement, together with all other items of recognised income and expense, that is recognised directly in equity, either in one single statement, or in two linked statements.

The Group is currently evaluating the presentation to adopt the statement of comprehensive income. A statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Group and the Corporation.

FRS 117: Leases

FRS 117: Leases clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating leases or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

b. Standards and Interpretations Issued But Not Yet Effective (cont'd.)

The following are the potential effects to the balance sheets as at 31 March 2010 in the event that FRS 117: Leases is adopted:

	Group RM'000	Corporation RM'000
Increase/(decrease) in:		
Other property, plant and equipment	125,989	6,487
Prepaid lease payments on land and buildings	(125,989)	(6,487)

FRS 3: Business Combinations (revised) ("FRS 3 (Revised)") and FRS 127: Consolidated and Separate Financial Statements (amended) ("FRS 127 (Amended)")

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

FRS 8: Operating Segments

b. Standards and Interpretations Issued But Not Yet Effective (cont'd.)

FRS 8 replaces FRS 114_{2004}: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

This is a disclosure standard with no impact on the financial position or financial performance of the Group and the Corporation.

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 and offshore floating assets. Where, the Group has determined that it retains all the significant risks and rewards of ownership of these ships and offshore floating assets. The ships and offshore floating assets 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.

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 2010 was RM746,650,000 (2009: RM811,553,000).

(ii) Provisions

Provisions are recognised in accordance with accounting policy in Note 2.2 (t). To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the Group takes into consideration factors such as existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

(iii) Impairment of Ships, Offshore Floating Assets and Other Property, Plant and Equipment

During the financial year, the Group and the Corporation have recognised impairment loss of RM45,074,000 (2009: RM3,403,000) and RM33,918,000 (2009: RMNil) respectively in respect of its ships and 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, offshore floating assets, 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 used to calculate the present value of those cash flows. The carrying amount of ships, offshore floating assets and other property, plant and equipment of the Group as at 31 March 2010 were RM20,056,849,000 (2009: RM21,377,027,000), RM6,911,217,000 (2009: RM4,806,598,000) and RM1,260,933,000 (2009: RM1,089,582,000) respectively. Further details of the impairment loss recognised are disclosed in Note 12(c).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

b. Key Sources of Estimation Uncertainty (cont'd.)

(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 upon 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 RM464,000 (2009: RM8,000) and the unrecognised tax losses and capital allowances of the Group was RM2,717,594,000 (2009: RM1,472,376,000).

(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 having considered a host of factors 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 changed the useful life of ships from 20 to 25 years for non Liquefied Natural Gas ("LNG") ships, and from 20 to the higher of 30 years or firm contract period of maximum life of 40 years for LNG refurbished ships with effect from 1 April 2009. The effects of the revision are 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 decreased by RM465,787,000 and RM155,181,000 respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Change in Accounting Policy

Effective 1 April 2009, the Group adopted the policy to expense major spares costing less than USD3,000 (equivalent to RM10,380). Previously, all spares purchased were inventorised and expensed to the respective income statements upon usage.

The effect of the revision are accounted for retrospectively as a change in accounting policy. As a result of adopting this change in accounting policy, additional charges have been made to the opening retained profits of the Group and the Corporation totalling RM93,620,000 and RM49,535,000 respectively.

The following comparative amounts have been restated arising from the effects of change in accounting policy:

Effects on statement of changes in equity as at 1 April 2008:

	Previously stated RM'000	Decrease RM'000	Restated RM'000
Group			
Retained profits	14,936,290	(55,670)	14,880,620
Minority interests	274,061	(399)	273,662
Corporation			
Retained profits	11,133,735	(36,689)	11,097,046

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Change in Accounting Policy (cont'd.)

Effects on balance sheets as at 31 March 2009:

	Previously stated RM'000	Decrease RM'000	Restated RM'000
Group			
Retained profits	15,024,173	(93,620)	14,930,553
Inventories	441,627	(94,603)	347,024
Minority interests	341,079	(983)	340,096
Corporation			
Retained profits	10,282,067	(49,535)	10,232,532
Inventories	178,635	(49,535)	129,100

Effects on the income statements for the financial year ended 31 March 2009:

	Previously stated RM'000	Increase / (Decrease) RM'000	Restated RM'000
Group			
Cost of sales	12,986,298	38,534	13,024,832
Minority interests	122,682	(584)	122,098
Corporation			
Cost of sales	6,654,094	12,846	6,666,940

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Change in Accounting Policy (cont'd.)

The following are effects arising from the change in accounting policy for the current financial year:

Effects on balance sheets as at 31 March 2010:

	(Decrease)/ Increase RM'000
Group	
Inventories	(6,389)
Minority interests	(137)
Corporation	
Inventories	3,977

Effects on the income statements for the financial year ended 31 March 2010:

	Increase / (Decrease) RM'000
Group	
Cost of sales	6,389
Minority interests	(137)
Corporation	
Cost of sales	(3,977)

3. REVENUE

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Charter and lightering income	**6,508,418**	7,747,281	**1,098,312**	1,185,726
Freight income	**2,844,356**	4,628,939	**2,844,356**	4,667,710
Construction contracts	**3,517,137**	2,518,071	**–**	–
Other shipping related income	**636,188**	730,132	**216,809**	240,276
Non-shipping income	**268,975**	159,043	**–**	–
	13,775,074	15,783,466	**4,159,477**	6,093,712

Non-shipping income mainly represents revenue generated from operation and maintenance of offshore floating assets.

4. OTHER OPERATING INCOME

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Rental income:				
Subsidiaries	**–**	–	**–**	246
Others	**2,127**	2,578	**272**	7
Exchange gain:				
Realised	**32,509**	44,954	**18,538**	15,370
Unrealised	**54,770**	198,236	**48,854**	161,772
Management services:				
Subsidiaries	**–**	–	**30,787**	29,827
Jointly controlled entity	**27,399**	–	**27,399**	–
Others	**3,136**	20,864	**183**	6,521
Gain on disposal of:				
Other property, plant and equipment	**1,940**	8,431	**–**	75,738
Dividend income on equity investments:				
Subsidiaries	**–**	–	**1,273,469**	1,248,762
Quoted in Malaysia	**22,174**	21,448	**22,174**	21,448
Unquoted in Malaysia	**1,558**	1,288	**1,558**	1,288
Gain on liquidation of a subsidiary	**–**	–	**–**	18,201
Write back of impairment loss on trade receivables:				
Associates	**87**	–	**–**	–
Fellow subsidiary	**272**	–	**–**	–
Others	**21,473**	1,563	**9,685**	–
Miscellaneous:				
Subsidiaries	**–**	–	**4,711**	1,091
Others	**31,775**	24,154	**2,544**	166
	199,220	323,516	**1,440,174**	1,580,437

5. OPERATING PROFIT

The following amounts have been included in arriving at operating profit:

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Amortisation of intangible assets (Note 14)	**28,168**	28,168	**–**	–
Amortisation of prepaid lease payments on land and buildings (Note 13)	**2,292**	2,665	**174**	–
Auditors' remuneration:				
Auditors of the Corporation:				
Statutory audits	**2,302**	2,174	**600**	600
Other services	**313**	1,087	**256**	87
Other auditors:				
Statutory audits	**403**	395	**–**	–
Other services	**219**	566	**210**	383
Slot and charter hire expenses	**2,042,859**	2,806,471	**1,417,029**	1,910,202
Inventories used	**3,705,902**	4,236,287	**981,375**	1,519,914
Exchange loss:				
Realised	**55,866**	89,084	**16,532**	76,836
Unrealised	**117,599**	63,338	**18,197**	53,346
Operating lease rental	**4,036**	2,846	**–**	–
Impairment loss on receivables:				
Subsidiaries	**–**	–	**–**	7,740
Jointly controlled entity	**6,724**	–	**–**	–
Fellow subsidiaries	**70**	–	**–**	–
Others	**30,808**	54,011	**23,053**	8,366
Impairment loss on loans to:				
Subsidiary	**–**	–	**4,508**	14,195
Jointly controlled entity	**4,508**	14,195	**–**	–
Loss on disposal of a jointly controlled entity	**–**	13,835	**–**	13,805
Bad debts written off	**7,847**	1,530	**–**	–
Rental of equipment	**387,429**	375,358	**292,377**	311,309
Rental of land and buildings	**31,162**	30,568	**13,845**	15,508

5. OPERATING PROFIT (CONT'D.)

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Impairment loss on investment in:				
Jointly controlled entity	**–**	3,932	**–**	–
Unquoted equity securities	**–**	3,022	**–**	3,022
Ships, offshore floating assets and other property, plant and equipment:				
Depreciation (Note 12)	**1,288,299**	1,676,424	**490,093**	637,634
Written off	**462**	5	**78**	-
Impairment loss on: (Note 12(c))				
Ships in operation	**40,339**	-	**33,918**	-
Other property, plant and equipment	**4,735**	3,403	**-**	-
Staff costs (Note 6)	**1,287,546**	1,321,929	**418,977**	475,269
Non-executive directors' remuneration (Note 7)	**2,337**	1,530	**758**	371

6. STAFF COSTS

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Wages, salaries and bonuses	**904,920**	975,166	**338,081**	384,236
Contributions to defined contribution plans	**55,834**	52,468	**11,820**	13,317
Termination benefits	**10,791**	–	**–**	–
Social security costs	**3,255**	3,391	**646**	822
Other staff related expenses	**312,746**	290,904	**68,430**	76,894
	1,287,546	1,321,929	**418,977**	475,269

Included in staff costs of the Group and of the Corporation are executive directors' remuneration amounting to RM7,600,000 (2009: RM6,700,000) and RM1,566,000 (2009: RM1,670,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Executive directors' remuneration:				
Fees	**625**	588	**–**	–
Other emoluments	**6,975**	6,112	**1,566**	1,670
	7,600	6,700	**1,566**	1,670
Non-executive directors' remuneration:				
Fees	**2,337**	1,530	**758**	371
Total directors' remuneration	**9,937**	8,230	**2,324**	2,041
Estimated money value of benefits-in-kind	**249**	1,212	**75**	56
Total directors' remuneration including benefits-in-kind (Note 30 (d))	**10,186**	9,442	**2,399**	2,097

The details of remuneration receivable by directors of the Corporation during the financial year are as follows:

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Executive:				
Salaries and other emoluments	**1,107**	1,599	**1,107**	1,082
Bonus	**95**	360	**95**	214
Fees	**345**	394	**–**	–
Defined contribution plans	**364**	526	**364**	374
Estimated money value of benefits-in-kind	**75**	703	**75**	56
	1,986	3,582	**1,641**	1,726
Non-executive:				
Fees	**782**	389	**758**	371
	2,768	3,971	**2,399**	2,097

7. DIRECTORS' REMUNERATION (CONT'D.)

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	
	2010	2009
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**	–
	1	* 2
Non-executive directors:		
RM1 – RM50,000	**1**	# 6
RM50,001 – RM100,000	**4**	2
RM100,001 – RM150,000	**3**	–
	8	8

* Arising from Dato' Shamsul Azhar bin Abbas's retirement on 31 December 2008, 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.

Dato' Shamsul Azhar bin Abbas has been appointed as the Corporation's Chairman effective 10 February 2010 following the resignation of Tan Sri Mohd Hassan bin Marican on the same date.

\# Includes two directors who had resigned during the previous financial year.

8. (a) Finance costs

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Interest expense:				
Subsidiaries	**–**	–	**268,006**	251,834
Third parties	**428,777**	448,092	**–**	–
Islamic Private Debt Securities	**77,812**	47,533	**77,812**	47,533
Total interest expense	**506,589**	495,625	**345,818**	299,367
Less: Interest expense capitalised in qualifying assets:				
Ships and offshore floating assets under construction (Note 12 (b))	**(135,949)**	(89,546)	**(135,949)**	(89,546)
Constructions in progress (Note 12 (b))	**(3,758)**	(3,192)	**–**	–
Total finance costs	**366,882**	402,887	**209,869**	209,821

(b) Finance income

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Interest income:				
Subsidiaries	**–**	–	**87,134**	75,482
Jointly controlled entities	**19,990**	11,455	**27,372**	4,191
Deposits	**34,003**	50,705	**21,721**	23,871
Total interest income	**53,993**	62,160	**136,227**	103,544
Less: Interest income capitalised in qualifying assets:				
Ships and offshore floating assets under construction	**(3,249)**	(15,563)	**(3,249)**	(15,563)
Total finance income	**50,744**	46,597	**132,978**	87,981

9. TAXATION

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Current income tax:				
Malaysian income tax	**80,081**	82,763	**–**	–
Foreign tax	**7,053**	12,653	**–**	–
(Over)/under provision in prior years:				
Malaysian income tax	**(3,794)**	(6,929)	**–**	–
Foreign tax	**(76)**	3,334	**–**	–
	83,264	91,821	**–**	–
Deferred tax (Note 27)				
Relating to origination and reversal of temporary differences	**3,302**	(10,871)	**–**	–
Relating to changes in tax rates	**–**	(1,543)	**–**	–
Under/(over) provision in prior years	**3,130**	(11,841)	**–**	–
	6,432	(24,255)	**–**	–
	89,696	67,566	**–**	–

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 25%) 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	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Profit before taxation	**911,914**	1,556,256	**263,331**	452,145
Taxation at Malaysian statutory tax rate of 25%	**227,979**	389,064	**65,833**	116,248
Effect of changes in tax rates on opening balance of deferred tax	**–**	(1,543)	**–**	–
Effect of different tax rates in other countries/jurisdictions	**(4,775)**	(21,339)	**–**	–
Income not subject to tax:				
Tax exempt shipping income	**(609,383)**	(824,843)	**(210,222)**	(206,337)
Other tax exempt income	**(65,146)**	(39,282)	**(329,904)**	(373,984)
Expenses not deductible for tax purposes	**261,345**	331,453	**167,740**	209,009
Effect of share of results of associates and jointly controlled entities	**(8,345)**	(9,180)	**–**	–
Utilisation of previously unrecognised tax losses, capital allowances and reinvestment allowances	**(11,779)**	–	**(5,780)**	–
Utilisation of reinvestment allowances during the year	**(14,491)**	–	**–**	–
Deferred tax assets not recognised during the year	**315,031**	258,672	**312,333**	255,064
Deferred tax under/(over) provided in prior years	**3,130**	(11,841)	**–**	–
Income tax over provided in prior years	**(3,870)**	(3,595)	**–**	–
Taxation for the year	**89,696**	67,566	**–**	–

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 2010.

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	
	2010	2009 Restated
Profit attributable to equity holders of the Corporation (RM'000)	**682,046**	1,366,592
Number of ordinary shares in issue ('000)	**4,463,794**	3,719,828
Weighted average number of ordinary shares in issue ('000)	**3,860,789**	3,805,971
Basic earnings per share (sen)	**17.7**	35.9
Diluted earnings per share (sen)	**17.7**	35.9

The comparative basic earnings per share has been restated to take into account the effect of the issuance of Rights Shares on a weighted average number of ordinary shares in issue in accordance with FRS 133: Earnings Per Share.

Diluted earnings per share is equivalent to basic earnings per share as there were no potential dilutive ordinary shares outstanding as at 31 March 2010.

11. DIVIDENDS

	Dividends recognised in year	
	2010 RM'000	2009 RM'000
In respect of financial year:		
31 March 2008:		
Final tax exempt dividend of 20 sen per share	–	788,333
31 March 2009:		
Interim tax exempt dividend of 15 sen per share	–	528,326
Final tax exempt dividend of 20 sen per share	**725,264**	–
	725,264	528,326
31 March 2010:		
Interim tax exempt dividend of 15 sen per share	**571,584**	–
	1,296,848	1,316,659

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 2010:

	RM'000
Final tax exempt dividend of 20 sen per share	892,759

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 2011.

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Cost							
	At 1.4.2009 RM'000	Additions RM'000	Disposals and write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Reclassified as prepaid land lease payment RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000
Group – 31 March 2010								
Ships and offshore floating assets								
Ships in operation	35,260,523	578,728	(598,943)	1,265,045	(104,402)	–	(3,145,878)	33,255,073
Ships under construction	1,558,348	1,309,791	–	(1,265,045)	–	–	(191,331)	1,411,763
Offshore floating assets in operation	2,833,404	39,637	(428,730)	366,268	–	–	(244,743)	2,565,836
Offshore floating assets under construction	2,352,921	3,165,423	–	(366,268)	–	–	(322,416)	4,829,660
	42,005,196	5,093,579	(1,027,673)	–	(104,402)	–	(3,904,368)	42,062,332
Other property, plant and equipment								
Freehold land	16,459	–	–	–	–	–	(272)	16,187
Freehold buildings	98,854	3,100	(9,182)	3,207	–	–	(1,055)	94,924
Leasehold buildings	139,871	10	–	(607)	–	–	–	139,274
Drydocks and waste plant	453,732	406	(535)	65,523	–	–	–	519,126
Containers	173,453	–	(2,651)	–	–	–	(15,355)	155,447
Motor vehicles	110,346	11,728	(7,372)	–	–	–	(765)	113,937
Furniture, fittings and equipment	114,385	1,641	(5,259)	(239)	–	–	(2,175)	108,353
Computer software and hardware	238,283	11,434	(17,874)	2,920	–	–	(17,920)	216,843
Constructions and projects in progress	350,019	237,930	(6,177)	(82,494)	–	(20,674)	(1,956)	476,648
Plant and machinery	314,706	35,023	(1,714)	11,690	–	–	(515)	359,190
Tugboats, engines and pushers	3,774	65	–	–	–	–	–	3,839
	2,013,882	301,337	(50,764)	–	–	(20,674)	(40,013)	2,203,768

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Accumulated depreciation / impairment							
	At 1.4.2009 RM'000	Depreciation charge for the year RM'000	Disposals, write offs and impairment losses RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000	Net book value at 31.3.2010 RM'000
Group – 31 March 2010								
Ships and offshore floating assets								
Ships in operation	15,441,844	1,053,801	(421,693)	–	(65,688)	(1,398,277)	14,609,987	18,645,086
Ships under construction	–	–	–	–	–	–	–	1,411,763
Offshore floating assets in operation	379,727	150,098	(3,015)	–	–	(42,531)	484,279	2,081,557
Offshore floating assets under construction	–	–	–	–	–	–	–	4,829,660
	15,821,571	1,203,899	(424,708)	–	(65,688)	(1,440,808)	15,094,266	26,968,066
Other property, plant and equipment								
Freehold land	–	–	–	–	–	–	–	16,187
Freehold buildings	18,525	4,695	(763)	476	–	(444)	22,489	72,435
Leasehold buildings	27,080	2,827	–	(455)	–	–	29,452	109,822
Drydocks and waste plant	165,194	10,993	(241)	–	–	–	175,946	343,180
Containers	173,453	–	(2,651)	–	–	(15,355)	155,447	–
Motor vehicles	81,991	9,144	(7,017)	–	–	(462)	83,656	30,281
Furniture, fittings and equipment	76,400	7,672	(6,390)	89	–	(1,354)	76,417	31,936
Computer software and hardware	175,834	31,532	(15,286)	(225)	–	(13,984)	177,871	38,972
Constructions and projects in progress	–	–	–	–	–	–	–	476,648
Plant and machinery	202,529	17,532	(1,989)	115	–	71	218,258	140,932
Tugboats, engines and pushers	3,294	5	–	–	–	–	3,299	540
	924,300	84,400	(34,337)	–	–	(31,528)	942,835	1,260,933

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	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 and offshore floating assets						
Ships in operation	28,197,450	474,726	–	2,615,707	3,972,640	35,260,523
Ships under construction	2,037,810	1,746,996	–	(2,615,707)	389,249	1,558,348
Offshore floating assets in operation	2,447,311	42,261	(10,949)	–	354,781	2,833,404
Offshore floating assets under construction	600,461	1,557,321	–	–	195,139	2,352,921
	33,283,032	3,821,304	(10,949)	–	4,911,809	42,005,196
Other property, plant and equipment						
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	108,619	(1,271)	(53,196)	1,581	350,019
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	189,501	(44,968)	–	56,606	2,013,882

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	← Accumulated depreciation / impairment →						
	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 and offshore floating assets							
Ships in operation	12,201,670	1,441,443	–	–	1,798,731	15,441,844	19,818,679
Ships under construction	–	–	–	–	–	–	1,558,348
Offshore floating assets in operation	187,604	154,259	–	–	37,864	379,727	2,453,677
Offshore floating assets under construction	–	–	–	–	–	–	2,352,921
	12,389,274	1,595,702	–	–	1,836,595	15,821,571	26,183,625
Other property, plant and equipment							
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	–	–	–	–	–	–	350,019
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	1,089,582

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Cost						
	At 1.4.2009 RM'000	Additions RM'000	Disposals RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000
Corporation – 31 March 2010							
Ships and offshore floating assets							
Ships in operation	17,343,684	255,550	(509,790)	577,193	(75,799)	(1,535,608)	16,055,230
Ships under construction	995,724	878,313	–	(849,481)	–	(124,603)	899,953
Offshore floating assets in operation	56,718	40,424	(421,076)	366,268	–	10,473	52,807
Offshore floating assets under construction	2,122,215	2,380,056	–	(366,268)	–	(286,298)	3,849,705
	20,518,341	3,554,343	(930,866)	(272,288)	(75,799)	(1,936,036)	20,857,695
Other property and equipment							
Containers	173,453	–	(2,651)	–	–	(15,355)	155,447
Motor vehicles	7,689	603	–	(336)	–	(710)	7,246
Furniture, fittings and equipment	12,984	226	–	–	–	(1,167)	12,043
Computer software and hardware	169,568	58	(14,228)	644	–	(14,539)	141,503
Projects in progress	8,356	284	–	(644)	–	(757)	7,239
	372,050	1,171	(16,879)	(336)	–	(32,528)	323,478

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Accumulated depreciation / impairment							
	At 1.4.2009 RM'000	Depreciation charge for the year RM'000	Disposals, write offs and impairment RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000	Net book value at 31.3.2010 RM'000
Corporation – 31 March 2010								
Ships and offshore floating assets								
Ships in operation	7,742,988	463,526	(391,475)	(13,075)	(65,376)	(683,105)	7,053,483	9,001,747
Ships under construction	–	–	–	–	–	–	–	899,953
Offshore floating assets in operation	3,754	3,430	–	–	–	(284)	6,900	45,907
Offshore floating assets under construction	–	–	–	–	–	–	–	3,849,705
	7,746,742	466,956	(391,475)	(13,075)	(65,376)	(683,389)	7,060,383	13,797,312
Other property and equipment								
Containers	173,453	–	(2,651)	–	–	(15,355)	155,447	–
Motor vehicles	4,042	1,279	–	(175)	–	(412)	4,734	2,512
Furniture, fittings and equipment	7,835	1,478	–	–	–	(759)	8,554	3,489
Computer software and hardware	140,574	20,380	(14,150)	–	–	(12,787)	134,017	7,486
Projects in progress	–	–	–	–	–	–	–	7,239
	325,904	23,137	(16,801)	(175)	–	(29,313)	302,752	20,726

12. SHIPS, OFFSHORE FLOATING ASSETS AND 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 and offshore floating assets						
Ships in operation	12,921,758	276,275	(274,809)	2,615,707	1,804,753	17,343,684
Ships under construction	1,632,839	1,648,980	–	(2,615,707)	329,612	995,724
Offshore floating assets in operation	603,933	55,220	–	(690,233)	87,798	56,718
Offshore floating assets under construction	711,541	1,327,784	–	(98,213)	181,103	2,122,215
	15,870,071	3,308,259	(274,809)	(788,446)	2,403,266	20,518,341
Other property and equipment						
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	–	7,872	–	–	484	8,356
	343,003	12,951	(30,745)	–	46,841	372,050

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	← Accumulated depreciation / impairment →						
	At 1.4.2008 RM'000	Depreciation charge for the year RM'000	Disposals, write offs and impairment 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 and offshore floating assets							
Ships in operation	6,294,937	548,114	(11,605)	–	911,542	7,742,988	9,600,696
Ships under construction	–	–	–	–	–	–	995,724
Offshore floating assets in operation	85,840	62,396	–	(160,316)	15,834	3,754	52,964
Offshore floating assets under construction	–	–	–	–	–	–	2,122,215
	6,380,777	610,510	(11,605)	(160,316)	927,376	7,746,742	12,771,599
Other property and equipment							
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
Projects in progress	–	–	–	–	–	–	8,356
	289,244	27,124	(30,745)	80	40,201	325,904	46,146

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) The net carrying amounts of ships, offshore floating assets and other property, plant and equipment pledged as securities for borrowings (Note 18(c)) are as follows:

	Group	
	2010 RM'000	2009 RM'000
Ships in operation	**2,140,006**	2,453,191
Offshore floating assets	**1,828,928**	1,608,894
Other property, plant and equipment	**44,798**	45,959
	4,013,732	4,108,044

(b) Finance costs capitalised during the financial year for ships and offshore floating assets under construction of the Group and of the Corporation were RM135,949,000 (2009: RM89,546,000) and RM135,949,000 (2009: RM89,546,000) respectively and for construction in progress of the Group were RM3,758,000 (2009: RM3,192,000), as disclosed in Note 8(a).

(c) The Group and the Corporation have carried out a review of the recoverable amount of its ships, offshore floating assets and other property, plant and equipment during the financial year. The review led to the recognition of an impairment loss of RM45,074,000 (2009: RM3,403,000) and RM33,918,000 (2009: RMNil) respectively as disclosed in Note 5. The recoverable amount was based on higher of market value or 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	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
At 1 April 2009/2008	**111,640**	111,568	**7,306**	–
Addition	**–**	581	**–**	–
Transfer from project in progress	**20,674**	–	**–**	–
Reclassified from non-current assets held for sale	**–**	–	**–**	7,306
Transfer*	**(3,389)**	–	**–**	–
Amortisation for the year (Note 5)	**(2,292)**	(2,665)	**(174)**	–
Currency translation differences	**(644)**	2,156	**(645)**	–
At 31 March	**125,989**	111,640	**6,487**	7,306
Analysed as:				
Long term leasehold land	**112,638**	97,350	**3,834**	4,322
Short term leasehold land	**6,827**	7,110	**–**	–
Leasehold buildings	**6,524**	7,180	**2,653**	2,984
	125,989	111,640	**6,487**	7,306

* The land has been transferred to a fellow subsidiary.

(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	
	2010 RM'000	2009 RM'000
Long term leasehold and foreshore land – 1988	**6,718**	6,970

(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 RM69,173,000 (2009: RM50,558,000) which cannot be disposed off, charged or subleased without the prior consent of the Johor State Government.

14. INTANGIBLE ASSETS

	Goodwill RM'000	Group 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
Additional investment in a subsidiary*	–	32,837	32,837
Currency translation differences	(64,903)	–	(64,903)
At 31 March 2010	748,975	537,300	1,286,275
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
Amortisation	–	28,168	28,168
At 31 March 2010	2,325	320,652	322,977
Net carrying amount			
At 31 March 2009	811,553	211,979	1,023,532
At 31 March 2010	746,650	216,648	963,298

14. INTANGIBLE ASSETS (CONT'D.)

* The Group had undertaken a purchase price allocation exercise pursuant to FRS 3: Business Combination that results in the preliminary identification and measurement of contract rights which is estimated to be RM32,837,000.

Other than the contractual rights arising from additional investment in a subsidiary, the 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 Investment 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 (2009: 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:

	2010 RM'000	2009 RM'000
At 31 March		
Energy related shipping	**663,110**	728,013
Other energy businesses	**82,820**	82,820
Non-shipping	**720**	720
	746,650	811,553

(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.

15. INVESTMENTS IN SUBSIDIARIES

	Corporation	
	2010	2009
	RM'000	RM'000
Unquoted shares in Malaysia, at cost		
At 1 April 2009/2008	**6,072,625**	5,276,203
Additional investment in subsidiaries	**133,970**	316,454
Fair value adjustment	**(1,825)**	20,564
Currency translation differences	**(546,774)**	459,404
A 31 March	**5,657,996**	6,072,625

Included in unquoted shares is preference shares of RM3,140,600,000 (2009: RM3,342,737,000) which bears interest ranging from 5.00% to 6.00% (2009: 5.00% to 6.00%) per annum.

a. On 14 January 2010, the Corporation increased its investment in Malaysia Offshore Mobile Production (Labuan) Ltd. ("MOMPL") through conversion of loan extended to MOMPL to preference shares amounting to RM87,237,000.

b. On 11 March 2010, the Corporation increased its equity interest in MOMPL from its existing 70% to 80% by acquiring additional 10% equity interest from its joint venture partner for a purchase consideration of USD13,500,000 or an equivalent of RM46,733,000.

c. During the financial year, AET Tanker India Private Limited and AET Azerbaijan Limited were incorporated as wholly-owned subsidiaries of the Group. The incorporation of these subsidiaries had no significant impact on the financial statements of the Group.

Details of the subsidiaries are disclosed in Note 37.

16. INVESTMENTS IN ASSOCIATES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Unquoted shares in Malaysia, at cost	**577**	591	**137**	151
Unquoted shares outside Malaysia, at cost	**4,755**	4,764	**100**	109
	5,332	5,355	**237**	260
Share of post-acquisition loss	**(1,318)**	(1,039)	**–**	–
Share of other post-acquisition reserves	**(85)**	218	**–**	–
	3,929	4,534	**237**	260
Less: Accumulated impairment losses	**(1,214)**	(1,214)	**–**	–
Share of net assets	**2,715**	3,320	**237**	260

The summarised financial information of the associates are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	**22,248**	19,711
Non-current assets	**12,024**	19,589
Total assets	**34,272**	39,300
Current liabilities	**17,197**	14,235
Non-current liabilities	**1,336**	11,347
Total liabilities	**18,533**	25,582
Results		
Revenue	**9,630**	17,861
Profit for the year	**329**	1,657

Details of the associates are disclosed in Note 38.

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Unquoted shares in Malaysia, at cost	**76,225**	6,265	**72,295**	2,455
Unquoted shares outside Malaysia, at cost	**378,405**	222,378	**72,573**	19
	454,630	228,643	**144,868**	2,474
Share of post-acquisition profits	**104,042**	80,895	**–**	–
Share of other post-acquisition reserves	**(2,960)**	6,390	**–**	–
	101,082	87,285	**–**	–
Less: Accumulated impairment loss	**(3,801)**	(4,174)	**–**	–
Share of net assets	**551,911**	311,754	**144,868**	2,474

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:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	**301,157**	1,042,703
Non-current assets	**1,924,877**	1,661,946
Total assets	**2,226,034**	2,704,649
Current liabilities	**547,580**	273,578
Non-current liabilities	**1,122,742**	2,115,143
Total liabilities	**1,670,322**	2,388,721
Results		
Revenue	**636,670**	276,286
Profit for the year	**33,350**	36,370

During the financial year, the Group has entered into joint venture agreements to form jointly owned entities called PFLNG Solutions Limited, Asia Tank Terminal Limited, ATT Tanjung Bin Sdn. Bhd., and MISC Shipping Services (UAE) LLC. The incorporation of these jointly controlled entities had no significant impact to the financial statements of the Group.

Details of the jointly controlled entities are disclosed in Note 39.

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Other Financial Assets

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Non-current unquoted equity shares	**42,458**	46,158	**37,555**	41,128
Less: Provision for diminution in value	**(3,026)**	(3,324)	**(2,922)**	(3,208)
	39,432	42,834	**34,633**	37,920
Non-current quoted equity shares	**336,969**	270,456	**336,969**	270,456
Loans and advances:				
Subsidiaries	**–**	–	**1,800,894**	1,536,750
Jointly controlled entities	**594,570**	343,278	**443,773**	138,840
Associates	**3,961**	3,311	**1,992**	1,312
	598,531	346,589	**2,246,659**	1,676,902
Less: Impairment of loan to:				
Subsidiary	**–**	–	**(17,437)**	(14,195)
Jointly controlled entity	**(18,703)**	(14,195)	**–**	–
	579,828	332,394	**2,229,222**	1,662,707
Total other non-current financial assets	**956,229**	645,684	**2,600,824**	1,971,083

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 and bear interest at rates ranging from 3.22% to 7.00% (2009: 3.22% 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% (2009: 3.22% to 7.00%) per annum and payable as per expected repayment term.

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(b) Other Financial Liabilities

	Group	
	2010 RM'000	2009 RM'000
Interest rate swaps ("IRS") – effective hedges representing total other financial liabilities		
– IRS 1 (i)	**69,023**	106,262
– IRS 2 (ii)	**2,434**	–
– IRS 3 (iii)	**113,798**	127,469
	185,255	233,731

(i) This represents an interest rate arrangement entered to partially hedge a loan obtained by a subsidiary. The notional amount of loan being hedged as at 31 March 2010 was RM887,921,000. The loan was drawndown in December 2006 and subject to floating interest rate. The Group had, in December 2006, entered into an interest rate swap agreement which entitled the Group to pay fixed interest rate of 5.09% until the maturity of the loan.

(ii) The Group had, on 14 July 2009 entered into an additional interest rate swap arrangement to hedge the remaining loan balance obtained by a subsidiary as disclosed in Note 18(b)(i) which entitled the Group to pay fixed interest rate of 3.45% until the maturity of the loan. The notional amount of loan being hedged as at the balance sheet date was RM99,947,000.

(iii) The Group had, in October 2008 and November 2008, drawndown USD1 billion and USD75 million transferrable term loans facility arranged by a few banks with a tenure of five years. The loans are subject to floating interest rates and to manage interest rate risk, the Group had on 4 March 2009, entered into interest rate swap arrangements which entitled the Group to pay fixed interest rates ranging from 2.48% to 2.81% (2009: 2.48% to 2.81%) per annum and receive floating interest rates for each repayment date until the maturity of the loans.

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-Bearing Loans and Borrowings

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Short term borrowings				
Secured:				
Term loans				
Fixed rate	**138,326**	65,152	**–**	–
Floating rate	**248,021**	330,882	**–**	–
	386,347	396,034	**–**	–
Unsecured:				
Term loans				
Fixed rate	**–**	250,500	**–**	–
Floating rate	**2,572**	–	**–**	–
Hire purchase	**60**	179	**–**	–
US Dollar Guaranteed Notes	**–**	1,457,611	**–**	–
Islamic Private Debt Securities Al Murabahah Medium Term Notes	**699,925**	1,000,000	**699,925**	1,000,000
Loans from subsidiaries	**–**	–	**660,548**	–
Loan from holding company	**2,488,507**	–	**2,488,507**	–
	3,191,064	2,708,290	**3,848,980**	1,000,000
	3,577,411	3,104,324	**3,848,980**	1,000,000
Long term borrowings				
Secured:				
Term loans				
Fixed rate	**948,155**	1,185,870	**–**	–
Floating rate	**1,084,921**	1,135,311	**–**	–
	2,033,076	2,321,181	**–**	–
Unsecured:				
Term loans				
Floating rate	**3,550,564**	3,892,189	**–**	–
Hire purchase	**–**	60	**–**	–
US Dollar Guaranteed Notes	**2,310,960**	2,534,216	**–**	–
Islamic Private Debt Securities Al Murabahah Medium Term Notes	**1,299,663**	–	**1,299,663**	–
Loans from subsidiaries	**–**	–	**5,133,639**	7,536,158
	7,161,187	6,426,465	**6,433,302**	7,536,158
	9,194,263	8,747,646	**6,433,302**	7,536,158

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-Bearing Loans and Borrowings (cont'd.)

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Total borrowings				
Term loans	**5,972,559**	6,859,904	**–**	–
Hire purchase	**60**	239	**–**	–
USD Guaranteed Notes	**2,310,960**	3,991,827	**–**	–
Islamic Private Debt Securities Al Murabahah Medium Term Notes	**1,999,588**	1,000,000	**1,999,588**	1,000,000
Loans from subsidiaries	**–**	–	**5,794,187**	7,536,158
Loan from holding company	**2,488,507**	–	**2,488,507**	–
	12,771,674	11,851,970	**10,282,282**	8,536,158

The secured term loans are secured by mortgages over certain ships, offshore floating assets and other property, plant and equipment together with charter agreements, insurance of the relevant assets. The carrying values of the ships, offshore floating assets and other property, plant and equipment pledged are stated in Note 12(a).

The range of interest rates as at the balance sheet date of the above interest-bearing loans and borrowings are as follows:

	Group		Corporation	
	2010 %	2009 %	**2010 %**	2009 %
Fixed rate				
Term loans	**3.48 – 7.00**	3.30 – 7.00	**–**	–
Hire purchase	**2.25 – 2.70**	2.25 – 2.70	**–**	–
US Dollar Guaranteed Notes	**6.13**	5.17 – 6.28	**–**	–
Islamic Private Debt Securities	**2.57 – 3.63**	3.80 – 4.05	**2.57 – 3.63**	3.80 – 4.05
Loans from subsidiaries	**–**	–	**2.60 – 6.13**	3.48 – 6.13
Floating rate				
Term loans *	**1.13 – 3.09**	2.36 – 5.12	**–**	–
Loan from holding company	**3.25 – 4.18**	–	**3.25 – 4.18**	–

* Certain term loans are hedged by way of interest rate swap arrangements.

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-Bearing Loans and Borrowings (cont'd.)

Maturity of loans and borrowings

The term loans of RM5,972,559,000 comprises of few loans drawndown by subsidiaries with various maturity periods. A total of RM2,421,995,000 loans are repayable on quarterly basis based on the agreed repayment schedules, whilst the remaining balance of RM3,550,564,000 are due as bullet repayment. The maturity of the loans ranging from year 2011 to 2017.

The Islamic Private Debt Secutities Al Murabahah Medium Term Notes and USD Guaranteed Notes totalling RM1,999,588,000 and RM2,310,960,000 respectively will be due in year 2011 to 2014 as bullet payments.

Loans from subsidiaries totalling RM5,133,639,000 will be due as bullet payments in year 2013 and 2014 whilst the remaining balance of RM660,548,000 will be matured within a year.

The loan from holding company is short term in nature and it is repayable within a year.

19. INVENTORIES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
At cost				
Bunkers, lubricants and consumable stores	**249,829**	220,534	**90,705**	102,894
Spares	**56,208**	79,641	**15,823**	26,206
Raw materials	**38,523**	46,849	**–**	–
	344,560	347,024	**106,528**	129,100

The cost of inventories recognised as cost of sales during the financial year of the Group and the Corporation were RM3,705,902,000 (2009: RM4,236,287,000) and RM981,375,000 (2009: RM1,519,914,000) respectively.

20. TRADE AND OTHER RECEIVABLES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Trade receivables				
Third parties	**822,596**	1,837,937	**204,108**	473,896
Subsidiaries	**–**	–	**175,688**	211,036
Holding company	**5,307**	1,391	**3,986**	211
Fellow subsidiaries	**196,896**	314,621	**6,490**	34,113
Associates	**9,021**	4,225	**9,020**	4,219
Jointly controlled entities	**19,359**	5,071	**20,403**	4,834
Due from customers on contracts (Note 21)	**374,855**	314,527	**–**	–
	1,428,034	2,477,772	**419,695**	728,309
Less: Impairment loss on trade receivables:				
Third parties	**(91,427)**	(81,710)	**(29,285)**	(13,721)
Jointly controlled entity	**(6,724)**	–	**–**	–
Subsidiaries	**–**	–	**(4,627)**	(7,203)
Fellow subsidiaries	**(2,609)**	(2,811)	**–**	–
Associates	**–**	(92)	**–**	(92)
	(100,760)	(84,613)	**(33,912)**	(21,016)
Trade receivables, net	**1,327,274**	2,393,159	**385,783**	707,293
Other receivables				
Amount due from related parties:				
Subsidiaries	**–**	–	**892,355**	583,992
Associates	**576**	505	**77**	85
Jointly controlled entities	**103,638**	50,257	**20,603**	1,096
	104,214	50,762	**913,035**	585,173
Deposits	**7,404**	129,220	**2,519**	128,197
Prepayments	**141,776**	201,800	**25,607**	74,490
Others	**421,122**	444,564	**151,099**	115,929
	674,516	826,346	**1,092,260**	903,789
Less: Impairment loss on other receivables:				
Subsidiaries	**–**	–	**–**	(4,010)
Jointly controlled entities	**(7,901)**	(787)	**–**	–
Others	**–**	(2,137)	**–**	(2,137)
	(7,901)	(2,924)	**–**	(6,147)
Other receivables, net	**666,615**	823,422	**1,092,260**	897,642
Total	**1,993,889**	3,216,581	**1,478,043**	1,604,935

20. TRADE AND OTHER RECEIVABLES (CONT'D.)

Included in other receivables is an amount of RMNil (2009: RM125.41 million or equivalent to USD34.40 million) placed under a United States Court depository account which is interest bearing, in connection to a litigation as disclosed in Note 32(b), which has been released during the year.

The ageing of third party net trade receivables as at the balance sheet date were:

	Group 2010 RM'000	Corporation 2010 RM'000
Neither past due nor impaired	**540,412**	134,975
Past due but not impaired		
0 – 30 days	**57,071**	3,455
31 – 60 days	**38,516**	7,422
61 – 90 days	**24,093**	8,125
more than 90 days	**71,077**	20,846
	731,169	174,823

The Group and the Corporation assessed the trade debtors on individual basis and do not have any collective assessment. At the balance sheet date, the Group and the Corporation have trade receivables amounting to RM190,757,000 and RM39,848,000 respectively, that are past due but not impaired due to their good payment records.

20. TRADE AND OTHER RECEIVABLES (CONT'D.)

Trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2010 RM'000	Corporation 2010 RM'000
At 1 April 2009	**84,613**	21,016
Impairment loss recognised:		
Jointly controlled entity	**6,724**	–
Fellow subsidiaries	**70**	–
Third parties	**30,808**	23,053
Impairment loss reversed:		
Associates	**(87)**	–
Fellow subsidiaries	**(272)**	–
Third parties	**(18,549)**	(9,685)
Currency translation differences	**(2,547)**	(472)
At 31 March 2010	**100,760**	33,912

(a) Trade Receivables

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 ranging from 7 to 90 days (2009: 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.

(b) Amount due from Group Companies

The amounts due from holding company, fellow subsidiaries and subsidiaries are unsecured and repayable on demand.

(c) Amount due from Associates

The amount due from associates is unsecured and has normal credit terms ranging from 15 to 30 days (2009: 15 to 30 days). The non-trade balances are repayable on demand. The balances as at balance sheet date are non-interest bearing.

20. TRADE AND OTHER RECEIVABLES (CONT'D.)

(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 (2009: 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	
	2010 RM'000	2009 RM'000
Construction contract costs incurred and recognised profits to date	**4,971,482**	3,738,257
Less: Progress billings	**(4,650,455)**	(3,526,043)
	321,027	212,214
Due from customers on contracts (Note 20)	**374,855**	314,527
Due to customers on contracts (Note 24)	**(53,828)**	(102,313)
	321,027	212,214
Advances received on contracts (Note 24)	**430,429**	14,977

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2010 RM'000	2009 RM'000
Depreciation of plant and equipment	**23,270**	20,598

22. CASH, DEPOSITS AND BANK BALANCES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Deposits with licensed banks	**7,400,539**	3,010,285	**5,926,496**	2,370,561
Cash and bank balances	**448,541**	715,151	**18,477**	84,561
	7,849,080	3,725,436	**5,944,973**	2,455,122

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods between 1 to 365 days depending on the immediate cash requirements of the Group and the Corporation and earn interest rates ranging from 0.01% to 6.00% (2009: 0.01% to 6.50%) and 0.01% to 2.50% (2009: 0.01% to 3.95%) respectively.

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.

23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Ships	**38,715**	–	**10,423**	–
Land and buildings	**–**	153	**–**	–
	38,715	153	**10,423**	–

The carrying amounts of these assets immediately before reclassification are not materially different from their fair values.

24. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Trade payables				
Third parties	**1,533,862**	1,921,083	**506,579**	916,917
Subsidiaries	**–**	–	**506,244**	58,707
Holding company	**17,367**	36,783	**–**	5,273
Fellow subsidiaries	**99,486**	5,776	**15,775**	570
Associates	**7,366**	4,821	**7,366**	4,821
Jointly controlled entities	**93,199**	1,210	**91,917**	–
Construction contracts:				
Due to customers (Note 21)	**53,828**	102,313	**–**	–
Advances received (Note 21)	**430,429**	14,977	**–**	–
	2,235,537	2,086,963	**1,127,881**	986,288
Other payables				
Amounts due to related parties:				
Subsidiaries	**–**	–	**408,997**	386,550
Holding company	**2,578**	439	**2,578**	–
Fellow subsidiaries	**9,967**	–	**–**	–
Associates	**14**	–	**–**	–
Jointly controlled entities	**35,799**	–	**45**	–
Amount due to joint venture partners	**49,192**	112,322	**–**	–
Accruals	**1,577,397**	1,125,509	**68,807**	131,977
Provisions	**5,575**	17,265	**–**	–
Deferred income	**38,983**	22,918	**–**	22,918
Others	**4,320**	63,654	**60,420**	64,662
	1,723,825	1,342,107	**540,847**	606,107
	3,959,362	3,429,070	**1,668,728**	1,592,395

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 (2009: 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 has normal credit terms ranging from 15 to 30 days (2009: 15 to 30 days). The balances as at the balance sheet date are non-interest bearing.

(d) Amount due to Jointly Controlled Entities

The trade amounts due to jointly controlled entities are non-interest bearing and have normal credit terms ranging from 15 to 30 days (2009: 15 to 30 days).

25. SHARE CAPITAL AND SHARE PREMIUM

(a) Share Capital

	Number of shares of RM1 each		Amount	
	2010	2009	**2010 RM'000**	2009 RM'000
Authorised				
Ordinary shares ('000)				
At 1 April 2009/2008	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Created during the year	**5,000,000**	–	**5,000,000**	–
At 31 March	**10,000,000**	5,000,000	**10,000,000**	5,000,000
			RM	**RM**
Preference share	**1**	1	**1**	1
			RM'000	RM'000
Issued and fully paid				
Ordinary shares ('000)				
At 1 April 2009/2008	**3,719,828**	3,719,828	**3,719,828**	3,719,828
Issued during the year				
Rights Issue (Note i)	**743,966**	–	**743,966**	–
At 31 March	**4,463,794**	3,719,828	**4,463,794**	3,719,828
			RM	**RM**
Preference share (Note ii)	**1**	1	**1**	1

25. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

(a) Share Capital (cont'd.)

(i) Right Issue

The Corporation completed the Rights Issue of 743,965,517 new ordinary shares of RM1.00 each on the basis of every one (1) new rights share for every five (5) existing ordinary shares held of RM1.00 each, at an issue price of RM7.00 per rights share for a total cash consideration of RM5,207,759,000. These rights shares were listed on Main Market of Bursa Malaysia effective from 24 February 2010. The excess of rights proceed over par value of the shares of RM4,463,793,000 has been credited to the share premium acccount as disclosed in Note 25(b).

(ii) Preference Share

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.

(b) Share Premium

	Group and Corporation 2010 RM'000
At 1 April 2009	–
Arising from the issuance of rights shares	4,463,793
Less: Transaction costs	(4,325)
At 31 March 2010	4,459,468

26. OTHER RESERVES

	Note	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 2008		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
Non-current investments:									
Fair value gain		–	–	–	–	–	(25,174)	–	(25,174)
Currency translation difference		–	–	–	–	–	–	(20,663)	(20,663)
Fair value loss on cash flow hedge:									
Current year		–	–	–	–	–	(54,193)	–	(54,193)
Prior year adjustment	40	–	–	–	–	–	(127,469)	–	(127,469)
At 31 March 2009 (restated)		41,342	1,185	1,381	1,242	59,715	(59,057)	2,035,884	2,081,692

26. OTHER RESERVES (CONT'D.)

	Note	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 2009		41,342	1,185	1,381	1,242	59,715	68,412	2,035,884	2,209,161
Prior year adjustment	40	–	–	–	–	–	(127,469)	–	(127,469)
At 1 April 2009 (restated)		41,342	1,185	1,381	1,242	59,715	(59,057)	2,035,884	2,081,692
Currency translation differences:									
Group		–	–	–	–	–	–	(1,735,378)	(1,735,378)
Associates		–	–	–	–	–	–	(303)	(303)
Jointly controlled entities		–	–	–	–	–	–	(9,350)	(9,350)
Non-current investments:									
Fair value gain		–	–	–	–	–	66,514	–	66,514
Currency translation difference		–	–	–	–	–	–	(11,637)	(11,637)
Fair value loss on cash flow hedge		–	–	–	–	–	31,421	–	31,421
At 31 March 2010		41,342	1,185	1,381	1,242	59,715	38,878	279,216	422,959

26. OTHER RESERVES (CONT'D.)

	Net unrealised gains/(losses) reserve RM'000	Currency translation reserve RM'000	Total RM'000
Corporation			
At 1 April 2008	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
At 1 April 2009	122,605	856,940	979,545
Currency translation differences	–	(1,339,292)	(1,339,292)
Fair value gain on non-current investments	66,514	(11,637)	54,877
At 31 March 2010	189,119	(493,989)	(304,870)

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.

26. OTHER RESERVES (CONT'D.)

(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 the Group's cash flow hedge. The Group's gain on non-current investments recognised during the financial year in equity was RM66,514,000 (2009: loss of RM25,174,000). During the financial financial year, the Group recognised in its equity, a net gain of RM48,476,000 (2009: loss of RM223,731,000) for cash flow hedges.

(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.

27. DEFERRED TAX

	Group	
	2010 RM'000	2009 RM'000
At 1 April 2009/2008	**18,770**	43,030
Recognised in the income instatement (Note 9)		
In Malaysia	**9,915**	(23,902)
Outside Malaysia	**(3,483)**	(353)
Currency translation differences	**144**	(5)
At 31 March	**25,346**	18,770

27. DEFERRED TAX (CONT'D.)

	Group 2010 RM'000	Group 2009 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(4,803)**	(4,133)
Deferred tax liabilities	**30,149**	22,903
	25,346	18,770

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 the 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
At 1 April 2009	20,507	2,396	22,903
Recognised in the income statement:			
In Malaysia	11,174	(837)	10,337
Outside Malaysia	(3,187)	(70)	(3,257)
Currency translation differences	–	166	166
At 31 March 2010	28,494	1,655	30,149

27. DEFERRED TAX (CONT'D.)

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)

27. DEFERRED TAX (CONT'D.)

Deferred Tax Assets of the Group (cont'd.):

	Other payables RM'000	Tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 April 2009	(2,886)	(2)	(1,245)	(4,133)
Recognised in the income statement:				
In Malaysia	(3,951)	(92)	3,621	(422)
Outside Malaysia	(190)	–	(36)	(226)
Currency translation differences	–	(22)	–	(22)
At 31 March 2010	(7,027)	(116)	2,340	(4,803)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Unused tax losses	**2,663,528**	1,443,742	**2,661,451**	1,412,119
Unabsorbed capital allowances	**54,066**	28,634	**–**	–
Others	**48,795**	21,369	**–**	–
	2,766,389	1,493,745	**2,661,451**	1,412,119

The unused tax losses and unabsorbed capital allowances of the Group, amounting to RM2,663,528,000 (2009: RM1,443,742,000) and RM54,066,000 (2009: RM28,634,000) 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	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Purchase of ships, offshore floating assets and other property, plant and equipment	**(4,695,467)**	(4,010,805)	**(3,555,514)**	(3,321,210)
Addition of prepaid lease payments	**–**	(581)	**–**	–
Purchase of additional shares in a subsidiary	**(46,733)**	–	**(46,733)**	–
Acquisitions of associates and jointly controlled entities	**(42,606)**	(289)	**–**	–
Cash advances from a jointly controlled entity	**37,276**	–	**–**	–
Loans to associates and jointly controlled entities	**(91,075)**	(390,462)	**–**	(129,375)
Minority interest contribution for share capital of subsidiaries	**–**	1,709	**–**	–
Additional investment in jointly controlled entities	**(74,181)**	(21,620)	**(10,878)**	–
(Issuance)/Repayment of loans to subsidiaries, net of repayment	**–**	–	**(190,207)**	215,584
Dividend received from:				
Quoted investments	**22,174**	21,448	**22,174**	21,448
Unquoted investments	**1,558**	1,309	**1,558**	1,288
Subsidiaries	**–**	–	**1,265,833**	1,233,312
Associates and jointly controlled entities	**1,421**	2,889	**–**	–
Proceeds from disposal of ships and other property, plant and equipment	**114,953**	29,226	**51,894**	19,215
Proceeds from liquidation of a subsidiary	**–**	–	**–**	15,186
Interest received	**50,749**	46,807	**58,612**	84,727
Net cash used in investing activities	**(4,721,931)**	(4,320,369)	**(2,403,261)**	(1,859,825)

29. CASH FLOWS FROM FINANCING ACTIVITIES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Drawdown of term loans	**2,900,178**	4,333,855	**2,593,701**	–
Drawdown of Islamic Private Debt Securities	**2,000,000**	–	**2,000,000**	–
Drawdown of loans from subsidiaries	**–**	–	**834,094**	4,574,179
Repayment of term loans	**(631,060)**	(469,496)	**–**	–
Repayment of loans due from associates and jointly controlled entities	**166,666**	1,012,166	**–**	–
Repayment of loans due to subsidiaries	**–**	–	**(1,981,627)**	–
Repayment of Islamic Private Debt Securities	**(1,000,000)**	(600,000)	**(1,000,000)**	(600,000)
Repayment of 5–Year USD Guaranteed Note	**(1,384,692)**	–	**–**	–
Repayment of loan to a joint venture partner	**(9,669)**	–	**–**	–
Dividend paid to shareholders of Corporation	**(1,296,848)**	(1,316,659)	**(1,296,848)**	(1,316,659)
Dividend paid to minority shareholders of subsidiaries	**(110,834)**	(50,111)	**–**	–
Proceeds from rights issue at premium	**5,203,434**	–	**5,203,434**	–
Interest paid	**(509,872)**	(442,334)	**(368,254)**	(208,919)
Net cash generated from financing activities	**5,327,303**	2,467,421	**5,984,500**	2,448,601

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	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Related parties				
(a) Provision of shipping and shipping related services				
Charter hire revenue	**2,812,309**	2,675,513	**620,052**	652,111
Forwarding charges	**208,974**	160,112	**–**	–
Warehouse service	**20,558**	19,130	**–**	–
Haulage service	**77,880**	83,509	**–**	–
Fabrication contract service	**3,161,002**	1,639,591	**–**	–
Offshore and maintenance service	**37,280**	31,309	**–**	–
(b) Purchase of goods and services				
Purchase of bunkers, lubricants and spare parts	**2,125,642**	986,948	**394,243**	87,385
Purchase of service for repairs, conversion of ships and drydocking	**–**	–	**2,859,689**	1,051,508
Purchase of information technology services	**10,094**	9,612	**10,094**	9,612
Management fee	**298**	3,255	**298**	183
Manpower fee	**10,210**	1,261	**10,210**	1,261
(c) Net transfer of ships, offshore floating assets and other property, plant and equipment	**444,200**	–	**708,843**	874,909

30. RELATED PARTY DISCLOSURES (CONT'D.)

(d) 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	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Short-term employee benefits	**24,421**	28,248	**7,530**	8,301
Defined contribution plans	**3,410**	3,181	**1,800**	1,512
	27,831	31,429	**9,330**	9,813

Included in the total key management personnel are:

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Directors' remuneration (Note 7)	**10,186**	9,442	**2,399**	2,097

31. COMMITMENTS

(a) Capital Commitments

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Capital expenditure				
Approved and contracted for:				
Ships, offshore floating assets and other property plant and equipment	**3,197,516**	4,904,313	**1,738,318**	2,557,215
Information and communication technology	**40,546**	31,119	**28,612**	31,119
Investments	**2,201**	–	**498**	–
Share of capital commitments in jointly controlled entities	**354,174**	113,922	**305,424**	–
	3,594,437	5,049,354	**2,072,852**	2,588,334
Approved but not contracted for:				
Ships, offshore floating assets and other property, plant and equipment	**3,310,936**	6,312,214	**2,739,094**	6,046,814
Information and communication technology	**25,211**	16,023	**11,373**	16,023
Investments	**2,447,318**	6,750	**2,440,568**	–
Share of capital commitments in jointly controlled entities	**299,291**	–	**299,291**	–
	6,082,756	6,334,987	**5,490,326**	6,062,837

31. COMMITMENTS (CONT'D.)

(b) Non-Cancellable Operating Lease Commitments – Group as Lessee

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Future minimum rentals payable:				
Not later than 1 year	**840,595**	1,748,294	**278,974**	999,471
Later than 1 year and not later than 5 years	**2,018,713**	2,791,742	**498,260**	857,341
Later than 5 years	**2,302,022**	2,258,183	**507,672**	47,058
	5,161,330	6,798,219	**1,284,906**	1,903,870

(c) Non-Cancellable Operating Lease Commitments - Group as Lessor

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Future minimum rentals receivable:				
Not later than 1 year	**3,830,505**	6,551,623	**911,544**	1,205,516
Later than 1 year and not later than 5 years	**15,139,901**	19,265,286	**4,099,552**	4,764,814
Later than 5 years	**18,402,629**	23,002,797	**10,176,874**	12,081,756
	37,373,035	48,819,706	**15,187,970**	18,052,086

32. CONTINGENT LIABILITIES

	Group		Corporation	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Secured				
Bank guarantee extended to a third party	**53,400**	53,400	**–**	–
Unsecured				
Bank guarantees extended to third parties	**346,444**	215,134	**53,808**	47,791
Corporate guarantees given to banks for credit facilities granted to subsidiaries	**–**	–	**7,232,616**	9,528,016

Other than the above,

(a) 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 (2009: RM21.1 million) 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 (2009: RM46.7 million).

(b) There is a pending litigation claim made by a third party amounting to USD27.5 million (equivalent to RM100.3 million) (2009: USD27.5 million or equivalent to RM100.3 million) in respect of a breach of bunker fixed forward contract. The Corporation is currently contesting the claim.

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.

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 2010							
Revenue	6,717,182	7,021,311	3,008,525	38,135	16,785,153	(3,010,079)	13,775,074
Results							
Segment results	1,603,247	681,386	(1,142,524)	(152,246)	989,863	5,589	995,452
Other operating income	157,862	32,091	29,210	1,885,371	2,104,534	(1,854,570)	249,964
Operating profit *	1,761,109	713,477	(1,113,314)	1,733,125	3,094,397	(1,848,981)	1,245,416
Finance costs (unallocated)	–	–	–	–	–	–	(366,882)
Share of (loss)/profit of associates	–	(2)	84	(52)	30	–	30
Share of (loss)/profit of jointly controlled entities	(3,913)	55,711	(18,448)	–	33,350	–	33,350
Profit before taxation							911,914
Taxation							(89,696)
Profit for the year							822,218
ASSETS AND LIABILITIES							
Segment assets	22,559,254	11,782,728	2,414,432	27,538,210	64,294,623	(23,789,061)	40,505,562
Investments in equity method of associates	100	–	1,429	1,186	2,715	–	2,715
Investments in equity method of jointly controlled entities	183,831	347,373	20,260	447	551,911	–	551,911
							41,060,188
Segment liabilities	6,434,318	6,234,553	905,581	15,882,594	29,457,046	(12,433,067)	17,023,979
OTHER INFORMATION							
Capital expenditure	1,879,743	3,464,080	47,186	3,907	5,394,916	–	5,394,916
Depreciation	978,842	182,980	123,588	2,889	1,288,299	–	1,288,299
Impairment losses	36,606	280	8,189	–	45,075	–	45,075
Non-cash expenses other than depreciation and impairment loss	48,271	18,676	12,241	525	79,713	–	79,713

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	2,104,071	612,611	(905,132)	(253,128)	1,558,422	(6,104)	1,552,318
Other operating income	169,375	48,527	52,378	1,977,920	2,248,200	(1,878,087)	370,113
Operating profit *	2,273,446	661,138	(852,754)	1,724,792	3,806,622	(1,884,191)	1,922,431
Finance costs (unallocated)	–	–	–	–	–	–	(402,887)
Share of profit of associates	–	–	336	6	342	–	342
Share of profit/(loss) of jointly controlled entities	–	38,395	(2,025)	–	36,370	–	36,370
Profit before taxation							1,556,256
Taxation							(67,566)
Profit for the year							1,488,690
ASSETS AND LIABILITIES							
Segment assets	25,009,712	8,084,056	2,836,326	25,022,312	60,952,406	(24,605,016)	36,347,390
Investments in equity method of associates	109	–	1,726	1,485	3,320	–	3,320
Investments in equity method of jointly controlled entities	84,182	188,211	38,874	487	311,754	–	311,754
							36,662,464
Segment liabilities	5,606,896	4,575,962	1,248,526	17,516,184	28,947,568	(13,357,273)	15,590,295
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 RM50,744,000 (2009: RM46,597,000).

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 2010						
Revenue	7,755,452	1,053,993	1,111,984	699,456	3,154,189	13,775,074
Segment assets	32,895,811	201,348	908,241	352,299	6,702,489	41,060,188
Capital expenditure	4,685,848	18	31	310	708,709	5,394,916
31 March 2009						
Revenue	6,651,196	1,018,679	2,871,361	744,602	4,497,628	15,783,466
Segment assets	25,198,896	155,038	1,294,415	384,013	9,630,102	36,662,464
Capital expenditure	3,718,943	1,913	753	2,214	286,982	4,010,805

(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. FAIR VALUE OF FINANCIAL INSTRUMENTS

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:

		Group		Corporation	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 March 2010					
Non-current unquoted shares	18(a)	39,432	*	34,633	*
Fixed rate:					
Term loans	18(c)	(1,086,481)	(990,426)	–	–
Islamic Private Debt Securities	18(c)	(1,999,588)	(1,914,012)	(1,999,588)	(1,914,012)
US Dollar Guaranteed Notes	18(c)	(2,310,960)	(2,548,627)	–	–
Loans from subsidiaries	18(c)	–	–	(5,794,187)	(6,240,699)
At 31 March 2009					
Non-current unquoted shares	18(a)	42,834	*	37,920	*
Fixed rate:					
Term loans	18(c)	(1,501,522)	(1,541,390)	–	–
Islamic Private Debt Securities	18(c)	(1,000,000)	(988,977)	(1,000,000)	(988,977)
US Dollar Guaranteed Notes	18(c)	(3,991,827)	(4,055,889)	–	–
Loans from subsidiaries	18(c)	–	–	(7,536,158)	(6,709,844)

* The fair value of non-current unquoted shares cannot be reliably measured.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

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) 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.

(iii) US Dollar Guaranteed Notes

Fair value is determined by reference to stock exchange quoted market prices on the balance sheet date.

(iv) Interest Rate Swaps

The fair value of the interest rate swaps 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various risks that are related to its core business of ship owning, ship operating, other shipping related activities and services; owning and operating of offshore facilities; marine repair, marine conversion and engineering and construction works. These risks arise in the normal course of the Group's business.

The Group's Finance Risk Management Framework and Guidelines set the foundation for the establishment of effective risk management practices across the Group.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

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, equity price 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.

The following sections provide details regarding the Group's and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes in place to manage risks.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of 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 deposits and overnight placements. The Group's interest rate risk arises primarily from interest-bearing loans and borrowings.

Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group's interest rate risks arise from the volatility of the benchmark interest rates both in Ringgit Malaysia ("RM") and United State Dollar ("USD") (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 77.8% 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 RM4,556,246,000 (2009: RM5,091,989,000). The fixed interest rates relating to interest rate swaps at the balance sheet date range from 2.48% to 5.09% (2009: 2.48% to 5.09%) per annum.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Interest Rate Risk (cont'd.)

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 taxation and equity (through the impact on floating rate borrowings and interest rate swaps).

	Increase/ Decrease in LIBOR basis points	Effect on profit before taxation (Decrease)/ Increase RM'000	Effect on equity Increase/ (Decrease) RM'000
Group			
USD – 3 months LIBOR	+15	(268)	1,295
USD – 6 months LIBOR	+20	(2,475)	53,563
USD – 3 months LIBOR	–15	268	(1,295)
USD – 6 months LIBOR	–20	2,475	(53,563)
Corporation			
USD – 3 months LIBOR	+15	(740)	–
USD – 3 months LIBOR	–15	740	–

As at 31 March 2010, the Group and the Corporation's exposure to the risk of changes in market interest rate relates primarily to the Group's and the Corporation's placement of deposits with licensed banks, cash and bank balances, loans to subsidiaries, associates and joinly controlled entities, interest bearing loans and borrowings, loans from subsidiaries, associates and jointly controlled entities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Interest Rate Risk (cont'd.)

The interest rate profile of the Group's and the Corporation's interest-bearing financial instruments based on carrying amount as at balance sheet date was:

	Group RM'000	Corporation RM'000
Fixed rate instruments		
Financial assets		
Deposits with licensed banks	7,400,539	5,926,496
Loans to:		
Subsidiaries	–	1,800,895
Jointly controlled entities	91,429	–
Associates	3,961	1,992
Financial liabilities		
Loans and borrowings #	9,934,302	1,999,588
Loans from subsidiaries	–	5,794,187
Floating rate instruments		
Financial assets		
Cash and bank balances	448,541	18,477
Loans to:		
Jointly controlled entities	503,140	443,772
Financial liabilities		
Loans and borrowings	2,837,371	2,488,507

The Group had entered into IRS arrangements on certain loans and borrowings as disclosed in Note 18(b).

(b) 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 RM and USD. Approximately 23.42% (2009: 20.04%) of the Group's sales are denominated in currencies other than the Group's functional currency by the operating unit making the sale, whilst almost 88.39% (2009: 84.10%) of costs are denominated in the Group's functional currency.

The Group maintains a natural hedge, wherever possible, by borrowing in currencies that matches the future revenue stream to be generated from its investments.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign Currency Risk (cont'd.)

The following table demonstrates the sensitivity of the Group's and the Corporation's profit before taxation to a reasonably possible change in the USD and RM exchange rates against the respective functional currencies of the Group companies and the Corporation, with all other variables held constant.

	Change in currency rate %	Effect on profit before taxation Increase/(Decrease) RM'000
Group		
USD/RM	+5%	2,905
	–5%	(2,905)
RM/USD	+5%	(181,212)
	–5%	181,212
Corporation		
RM/USD	+5%	(180,831)
	–5%	180,831

The net unhedged financial receivables and payables of the Group companies and 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 2010							
Ringgit Malaysia	–	58,090	(324)	(894)	(24,311)	33,440	66,001
United States Dollar	(74,647)	–	4,740	10,683	20,603	3,759	(34,862)
	(74,647)	58,090	4,416	9,789	(3,708)	37,199	31,139
Functional currency of Corporation							
At 31 March 2010							
United States Dollar	(33,819)	–	7,576	22,504	77,885	(2,692)	71,454

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign Currency Risk (cont'd.)

The cash and bank balances of the Group companies and 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 2010							
Ringgit Malaysia	–	5,856	–	–	2,847	–	8,703
United States Dollar	5,631,170	–	173,198	961	457	5,717	5,811,503
	5,631,170	5,856	173,198	961	3,304	5,717	5,820,206
Functional currency of Corporation							
At 31 March 2010							
United States Dollar	5,606,646	–	22	961	5	528	5,608,162

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and hire purchase contracts.

As at 31 March 2010, the Group had at its disposal cash and short term deposits amounting to RM7,849,080,000 . As at 31 March 2010, the Corporation has unutilised Murabahah Commercial Paper/Medium Term Notes Programme amounting to RM1,500,000,000 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. The various options, among others include, bank borrowings, bonds issuance and structured financing.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity Risk (cont'd.)

The table below summarises the maturity profile of the Group's and the Corporation's financial liabilities as at the balance sheet date based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual cash flows RM'000	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
Interest-bearing loans and borrowings	12,771,674	14,199,683	3,987,555	1,408,984	1,486,025	4,257,964	2,782,872	276,283
Trade and other payables	3,959,362	3,959,362	3,959,362	–	–	–	–	–
	16,731,036	**18,159,045**	**7,946,917**	**1,408,984**	**1,486,025**	**4,257,964**	**2,782,872**	**276,283**

Corporation	Carrying amount RM'000	Contractual cash flows RM'000	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
Interest-bearing loans and borrowings	10,282,282	11,345,235	4,165,065	868,110	945,148	3,734,329	1,632,583
Trade and other payables	1,668,728	1,668,728	1,668,728	–	–	–	–
	11,951,010	**13,013,963**	**5,833,793**	**868,110**	**945,148**	**3,734,329**	**1,632,583**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity Risk (cont'd.)

Hedging Activities

The Group entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of the term loans of RM4,457,459,000. The interest rate swaps have the same nominal value of RM4,457,459,000 and are settled every half yearly and quarterly, consistent with the interest repayment schedule of the loans.

The following table indicates the periods in which the cash flows are expected to occur for cash flow hedges:

Group	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000
Net cash outflows	4,457,459	(997,333)	(303,250)	(283,056)	(272,845)	(138,182)

The Group's hedging activities on the interest rate swap are tested to be effective and during the year a net gain of RM48,476,000 was recognised in equity.

(d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from its operating activities (primarily for trade receivables) and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by Group Treasury in accordance with the Group's policy. The Group has a Group Treasury Investment Guideline that defines the parameters within which the investment activities shall operate to achieve the Group's investment objective of preserving capital and generating optimal returns. In accordance with the guideline, investments of surplus funds are made only with highly credit rated counterparties.

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets mentioned in Note 18(a), 20 and 22 recognised in the balance sheets.

The Group does not hold any collateral as security.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit Risk (cont'd.)

Trade Receivables

The Group determines concentrations of credit risk by monitoring the industry sector profile of its receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Corporation's trade receivables at the balance sheet date is as follows:

	Group RM'000	Corporation RM'000
Energy related shipping	265,801	45,254
Other energy businesses	584,592	8,701
Integrated liner logistics	252,705	120,868
Non shipping	2,926	–
	1,106,024	**174,823**

Other Financial Assets

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure represented by the carrying amount of these instruments.

In addition, a majority of the Group's deposits are placed with licensed banks with strong credit rating in Malaysia.

(e) Equity Price Risk

Equity price risk arises from the Group's investments in equity securities.

The Group has Investment Guidelines to protect its exposure on equity price risk. Permitted investment in terms of allowable financial instruments, minimum credit rating and markets are stipulated in the Investment Guidelines. The Group and the Corporation monitor the equity investments on a portfolio basis and a performance benchmark is established for each investment portfolio giving consideration to portfolio objectives and return expectation.

The Group holds equity investment, typically for strategic purposes, that are classified as non-current available-for-sale financial assets. Reports on the equity portfolio are submitted to the Group's and Corporation's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Equity Price Risk (cont'd.)

At the balance sheet date, the exposure to listed equity securities at fair value was RM336,969,000.

The following table demonstrates the indicative effects on the Group's and the Corporation's equity applying reasonably foreseeable market movements in the following index rates:

	Carrying value RM'000	Weighted average change in index rate b.p.s	Effect on equity Increase/ (Decrease) RM'000
Group and Corporation			
Local equities	336,969	+15	50,545
Local equities	336,969	–15	(50,545)

This analysis assumes all other variables remain constant.

(f) Bunker Price Risk

The Group is affected by the volatility of bunker prices. Its operating activities require the continuous supply of bunkers. Due to the significantly higher volatility of the price of the underlying, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and mitigation actions thereof. The Group has during the year embarked on some form of physical hedging to manage the bunker price risk exposure. This physical hedging involves fixed forward contracts for a specified period between 1 to 3 months. The notional amount of these forward bunker contracts as at 31 March 2010 is RM61,595,000.

36. CAPITAL MANAGEMENT

Capital management is defined as the process of managing the composition of the Group's debt and equity to ensure it maintains a strong credit rating and healthy capital ratios that support its businesses and maximise its shareholders value. The Group's approach in managing capital is set out in the Group Corporate Financial Policy.

The Group and the Corporation monitor and maintain a prudent level of total debt to total asset ratio to optimise shareholders value and to ensure compliance with covenants under debt agreements.

The debt to equity ratio of the Group and of the Corporation as at 31 March 2010 and 31 March 2009 are as follows:

		Group		Corporation	
	Note	**2010 RM'000**	2009 RM'000	**2010 RM'000**	2009 RM'000
Short term borrowings	18(c)	**3,577,411**	3,104,324	**3,848,980**	1,000,000
Long term borrowings	18(c)	**9,194,263**	8,747,646	**6,433,302**	7,536,158
Total debt		**12,771,674**	11,851,970	**10,282,282**	8,536,158
Total equity		**24,036,209**	21,072,169	**17,817,407**	14,931,905
Debt equity ratio		**0.53**	0.56	**0.58**	0.57

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Corporation is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million.

The Corporation has complied with this requirement.

37. SUBSIDIARIES AND ACTIVITIES

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	Effective interest (%) 2009
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
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	In-liquidation	**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

37. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	Effective interest (%) 2009
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
MISC Agencies India Private Limited	India	Shipping agent	**60**	–
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**	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.	Malaysia	Cold chain logistics operation	**60**	60
MILS – SterilGamma Sdn. Bhd.	Malaysia	Sterilisation and fumigation facilities	**60**	60
Asia LNG Transport Sdn. Bhd.	Malaysia	Shipowning and ship management	**51**	51
Asia LNG Transport Dua Sdn. Bhd.	Malaysia	Shipowning and ship management	**51**	51

37. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	2009
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**	100
AET Lightering Services LLC	The United States of America	Lightering	**100**	100
AET Tankers Pte. Ltd. #	Singapore	Commercial operation and chartering	**100**	100
AET UK Limited #	United Kingdom	Commercial operation and chartering	**100**	100

37. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	Effective interest (%) 2009
AET Offshore Services Inc.	The United States of America	Lightering	**100**	100
AET Agencies Inc.	The United States of America	Property owning	**100**	100
AET Tanker India Private Limited	India	Shipowning	**100**	–
AET Azerbaijan Limited	Azerbaijan	Chartering and operations	**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	**80**	70

* Audited by firms of auditors other than Ernst & Young
\# Audited by affiliates of Ernst & Young Malaysia

38. ASSOCIATES AND ACTIVITIES

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	Effective interest (%) 2009
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.	Malaysia	Under liquidation	**30**	30
Eagle Star Crew Management Corporation	Phillipines	Recruitment and provision of manpower for maritime vessels	**24**	–

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 2010 have been used.

** Although the Group holds 60% effective interest in BLG MILS Logistics Sdn. Bhd. ("BML"), BML is deemed to be an associate as the Group is unable to exercise control over the financial and operating policies of the economic activities of BML.

39. JOINTLY CONTROLLED ENTITIES AND ACTIVITIES

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	Effective interest (%) 2009
Malaysia Vietnam Offshore Terminal (L) Limited***	Malaysia	FSO owner	**51**	51
Vietnam Offshore Floating Terminal (Ruby) Limited ***	Malaysia	FPSO owner	**40**	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
Keer - MISC Logistics Co Ltd.	Sudan	Transportation	**50**	50
Paramount Tankers Corp.	Republic of the Marshall Island	Shipowning	**50**	50
MMHE-TPGM Sdn. Bhd.***	Malaysia	Provision of engineering, procurement, construction and commissioning	**60**	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**	49
Brazilian Deepwater Floating Terminals Limited ***	Bermuda	Construction of FPSO	**49**	49
Brazilian Deepwater Production Limited ***	Bermuda	Chartering of FPSO	**49**	49

39. JOINTLY CONTROLLED ENTITIES AND ACTIVITIES (CONT'D.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2010	2009
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. ***	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
Asia Tank Terminal Limited	Bermuda	Investment holdings	**50**	–
ATT Tanjung Bin Sdn. Bhd.	Malaysia	Constructing, commissioning and operating an oil terminal	**50**	–
MISC Shipping Services (UAE) LLC ***	United Arab Emirates	Shipping agent	**49**	–
PFLNG Solutions Limited***	Malaysia	To develop and package an integrated floating LNG liquefaction, storage and offloading solution	**30**	–

*** Eventhough the Group does not hold 50% share in these companies, the Group and the joint venture partners have equal voting rights, as all operational and financial matters require unanimous consent of the joint venture parties.

39. 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 year ends, as follows:

	Financial year end
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.	30 June

For the purpose of applying the equity method of accounting, the audited financial statements up to the financial year ended 30 June 2009 and 31 December 2009 have been used and management accounts up to 31 March 2010 have been used for transactions up to 31 March 2010.

40. PRIOR YEAR ADJUSTMENT

Prior year adjustment of RM127,469,000 is in respect of the recognition of fair value loss arising from a subsidiary's interest rate swap contract to hedge against USD1.075 billion (equivalent to RM3.570 billion) syndicated loan facility. The fair value of the contract was wrongly recognised in the previous financial year.

The following comparative amounts of the Group for the financial year ended 31 March 2009 have been restated to reflect the adjustment.

	Note	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Group				
Balance sheet				
Other non-current financial liabilities	18(b)	106,262	127,469	233,731
Other reserves	26	2,209,161	(127,469)	2,081,692

41. SIGNIFICANT EVENTS

a. An Extraordinary General Meeting ("EGM") was held on 12 January 2010 and during the EGM, the shareholders of the Corporation approved the following resolutions:

   – To increase the Corporation's authorised share capital from RM5,000,000,001 comprising 5,000,000,000 ordinary shares of RM1.00 each and 1 preference shares of RM1.00 each, to RM10,000,000,001 comprising 10,000,000,000 ordinary shares of RM1.00 each and 1 preference share of RM1.00 each;

   – Proposed rights issue exercise on the basis of one (1) rights share for every five (5) existing ordinary shares ("Rights Share") of RM1.00 each in the Corporation held by the shareholders of the Corporation, at an issue price of RM7.00 per Rights Share; and

   – Proposed merger of the Corporation's Local and Foreign Tranche Shares quoted and listed on the Main Market of Bursa Malaysia.

   The Rights Issue exercise was completed with the successful issuance of 743,965,517 new ordinary shares of the Corporation and listing of the said shares on Bursa Malaysia on 24 February 2010. The merger of the Corporation's Local and Foreign Tranche Shares was completed on 31 March 2010, and with the completion of this exercise, the Foreign Tranche Shares were merged with the Local Tranche Shares and ceased to be quoted on the Main Market of Bursa Malaysia.

41. SIGNIFICANT EVENTS (CONT'D.)

b. On 17 December 2009, the Corporation and Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") had mutually agreed to terminate a Joint Venture Agreement ("JVA") dated 29 April 2008, entered into between the Corporation and PTP. Both companies entered into the JVA to form a Jointly Controlled Entity ("JCE") to be known as PTP-MISC Terminal Sdn Bhd ("PTP-MISC") to serve the Corporation and the other members of the Grand Alliance, with a view to grow the Port of Tanjung Pelepas into a prominent transhipment hub in the region.

   Following the withdrawal by the Corporation from the Grand Alliance and the restructuring of its Liner business, PTP and MISC agreed to mutually terminate the JVA.

c. MISC Agencies Sdn. Bhd. ("MISA"), a wholly owned subsidiary of the Corporation, had on 15 December 2009, entered into a JVA with Cresent Shipping Agency (India) Limited and Sivaswamy Holdings Pvt. Ltd., to incorporate a JCE to be known as "MISC Agencies India Private Limited". The JCE is designated as the sole and exclusive shipping agent for the Corporation in India.

   The JCE shall have an authorised share capital of Rs.50,000,000 (equivalent to RM3,641,500) and an issued and paid up capital of Rs.40,000,000 (equivalent to RM2,913,200) divided into 4,000,000 ordinary shares of Rs.10.00 each.

   The Corporation holds 60% interest in the JCE, whilst Sivaswamy Holdings Pvt. Ltd. and Cresent Shipping Agency (India) Limited holds 25% and 15% interests respectively.

d. MISA, had on 15 October 2009, entered into a JVA with Al-Hilal Shipping Agency Limited Liability Company ("Al-Hilal"). The JVA is to incorporate a JCE in Dubai for the purpose of acting as the sole and exclusive shipping agent for the Corporation, to carry out the business of shipping agency and other allied shipping activities in the United Arab Emirates ("U.A.E.").

   The JCE has an authorised share capital of AED1,000,000 (equivalent to RM904,030) and with issued and paid up capital of AED1,000,000 (equivalent to RM904,030) divided into 1,000 ordinary shares of AED1,000 each.

   The JCE is called "MISC Shipping Services-U.A.E-Limited Liability Company". The Corporation holds 49% interest in the JCE, whilst Al-Hilal holds 51% interest in the Company.

e. MISC International (L) Limited ("MISC International") had, on 19 August 2009, entered into a JVA with Vitol Tank Terminals International B.V. ("VTTI") and VTTI Tanjung Bin S.A. The purpose of the JVA is to form a JCE which holds 100% shares of ATT Tanjung Bin Sdn Bhd ("ATB"). ATB is established with the main purpose of constructing, commissioning and operating an oil terminal with a base capacity of approximately 741,200 cubic meters at Tanjung Bin, Johor, Malaysia.

   MISC International and VTTI Tanjung Bin S.A. subscribed 50% each of the shares issued by the JCE. The authorised share capital of the JCE is USD100,000,000 (equivalent to RM332,050,000) with an issued and paid up share capital of USD11,000,000 (equivalent to RM36,525,500) at par value of USD1 per share.

41. SIGNIFICANT EVENTS (CONT'D.)

f. On 15 May 2009, the Corporation served a notice to its partners of the Grand Alliance, pursuant to the Memorandum of Understanding 2007 signed among the parties (the "MOU"), of its intention to withdraw from the Grand Alliance. The withdrawal would take effect from 1 January 2010 and would effectively withdraw the Corporation's participation from the European and Mediterranean trade lanes covered by the MOU and the Grand Alliance in general.

42. SUBSEQUENT EVENTS

a. The Corporation had, on 15 April 2010, entered into a JVA with Petromin PNG Shipping Limited ("PETROMIN"), a company incorporated in Papua New Guinea ("PNG") to set up a JCE to be incorporated in Bermuda Islands. PETROMIN is a wholly owned subsidiary of PNG Holdings Limited, a company incorporated in PNG.

   The purpose of the joint venture is to provide shipping solutions to meet liquefied natural gas projects requirements and also to support other general shipping requirements of PNG. The JCE, known as "Western Pacific Shipping Limited" will have an authorised share capital of USD10,000,000 (equivalent to RM33,205,000) comprised of 10,000,000 ordinary shares of USD1.00 each and paid up capital of USD250,000 (equivalent to RM830,125) comprising ordinary shares of USD1.00 each. The paid up capital of the JCE will be increased as and when required.

   Upon completion of the JVA, the Corporation will hold 60% interest in the JCE, whilst PETROMIN will own the remaining 40% interest.

b. On 8 April 2010, the Corporation announced the intention to list its subsidiary, Malaysia Marine & Heavy Engineering Sdn. Bhd. ("MMHE") on the Main Market of Bursa Malaysia and is currently taking steps to formulate the listing scheme. Further details on the Proposed Initial Public Offering will be made known upon finalisation of the scheme.

Properties Owned

by MISC Berhad and Its Subsidiaries as at 31 March 2010

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	19	92,592
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	3	127,283
3.	Plot 2 P.T. 2113 Air Keroh Industrial Estate, Melaka	Land & Container Yard	Leasehold / 2091	241,326	Office Building & Container Yard	18	3,531
4.	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	18	32,261
5.	PTD 97072 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	17	27,108
6.	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	15	1,921
7.	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	36	384,429

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 65615 Mukim Plentong, Johor Bahru	4 Storey Residential Flats	Leasehold / 2044	698,354	Staff Quarters	31	2,718
9.	PTD 65618 Mukim Plentong, Johor Bahru	4 Storey Residential Flats	Leasehold / 2044	588,050	Staff Quarters	31	–
10.	PTD 65619 Mukim Plentong, Johor Bahru	4 Storey Residential Flats	Leasehold / 2044	128,729	Staff Quarters	31	–
11.	PTD 65616 Mukim Plentong, Johor Bahru	Land	Leasehold / 2044	169,928	Vacant	26	–
12.	PTD 65617 Mukim Plentong, Johor Bahru	Land	Leasehold / 2044	374,093	Vacant	26	–
13.	Tingkat Bawah dan Tgkt 1, Wisma Takada Jalan Gaya, Lorong EWAN 88000 Kota Kinabalu	Office Premises	Leasehold / 2092	6,000	Office	16	1,138
14.	305, The Collonades Porchester Square Bayswater, London W2 6AS	Apartment	Leasehold / 2073	1,200	For Staff	18	2,623
15.	Town Quay Wharf Barking Essex London	Office Building	Leasehold / 2990	10,000	Office	16	3,834
16.	447, Kent Street Sydney, Australia	Land & Building (Including 2 basement car parks)	Freehold	3,767	Office	16	1,981
17.	Suite 40, Albert Square 37-39 Albert Road Melbourne 3004 Australia	Land & Building (Including 15 basement car parks)	Freehold	11,470	Office	31	2,590

No.	Location	Description	Tenure & Year Lease Expires	Area in sq ft	Existing Use	Age of Bldg / Land (years)	Approx Net Book Value (RM'000)
18.	Galveston, Texas, USA	Land & Office	Freehold	290,415	Workboats, Dockage & Lightering Support Operation	41	4,998
19.	Rivium 1e straat 42 2909 LE Capelle ann den IJssel, Netherland	Land & Office	Freehold	21,140	Office	12	9,278
20.	PTD 101363, Mukim Plentong, Johor Bahru	Land	Leasehold / 2039	2,567,862	Storage Area	1	20,204
21.	Lot 76, Mukim Kuala Sungei Baru, Alor Gajah, Melaka	Villas and Boathouse	Leasehold / 2016	463,641	Akademi Laut Malaysia, Melaka Campus	1	2,596

List of Vessels
as at 30 June 2010

LNG CARRIERS

	Total		Built	Yard	dwt
Aman Class	3	AMAN BINTULU	1993	NKK, Tsu, Japan	11,001
		AMAN SENDAI	1997	NKK, Tsu, Japan	10,957
		AMAN HAKATA	1998	NKK, Tsu, Japan	10,951
					32,909
Tenaga Class	5	TENAGA SATU	1982	Societe Metallurgique Et Navale Dunkerque, France	71,580
		TENAGA DUA	1981	Societe Metallurgique Et Navale Dunkerque, France	71,580
		TENAGA TIGA	1981	Societe Metallurgique Et Navale Dunkerque, France	72,083
		TENAGA EMPAT	1981	Chantiers De Nord Industrielle Marseile, France	72,083
		TENAGA LIMA	1981	Chantiers De Nord Industrielle Marseile, France	71,585
					358,911
Puteri Class	5	PUTERI INTAN	1994	Chantiers de l'Atlantique, France	73,519
		PUTERI DELIMA	1995	Chantiers de l'Atlantique, France	73,519
		PUTERI NILAM	1995	Chantiers de l'Atlantique, France	73,519
		PUTERI ZAMRUD	1996	Chantiers de l'Atlantique, France	73,519
		PUTERI FIRUS	1997	Chantiers de l'Atlantique, France	73,519
					367,595
Puteri Satu Class	6	PUTERI INTAN SATU	2002	Mitsubishi Heavy Industries, Japan	75,849
		PUTERI DELIMA SATU	2002	Mitsui Engineering & Shipbuilding Co., Japan	76,190
		PUTERI NILAM SATU	2003	Mitsubishi Heavy Industries, Japan	76,124
		PUTERI ZAMRUD SATU	2004	Mitsui Engineering & Shipbuilding Co., Japan	76,144
		PUTERI FIRUS SATU	2004	Mitsubishi Heavy Industries, Japan	76,197
		PUTERI MUTIARA SATU	2005	Mitsui Engineering & Shipbuilding Co., Japan	76,144
					456,648

LNG CARRIERS (CONT'D.)

	Total		Built	Yard	dwt
Seri A Class	5	SERI ALAM	2005	Samsung Heavy Industries Co. Ltd., Korea	83,824
		SERI AMANAH	2006	Samsung Heavy Industries Co. Ltd., Korea	83,400
		SERI ANGGUN	2006	Samsung Heavy Industries Co. Ltd., Korea	83,395
		SERI ANGKASA	2006	Samsung Heavy Industries Co. Ltd., Korea	83,403
		SERI AYU	2007	Samsung Heavy Industries Co. Ltd., Korea	83,366
					417,388
Seri B Class	5	SERI BAKTI	2007	Mitsubishi Heavy Industries, Japan	90,065
		SERI BEGAWAN	2007	Mitsubishi Heavy Industries, Japan	89,902
		SERI BIJAKSANA	2008	Mitsubishi Heavy Industries, Japan	89,953
		SERI BALHAF	2008	Mitsubishi Heavy Industries, Japan	91,201
		SERI BALQIS	2009	Mitsubishi Heavy Industries, Japan	91,198
					452,319
Total LNG Carrier	**29**				**2,085,770**

PETROLEUM TANKERS

	Total		Built	Yard	dwt
VLCC	11	BUNGA KASTURI	2003	Universal Shipbuilding Corporation, Japan	299,999
		BUNGA KASTURI DUA	2005	Universal Shipbuilding Corporation, Japan	300,542
		BUNGA KASTURI TIGA	2006	Universal Shipbuilding Corporation, Japan	300,398
		BUNGA KASTURI EMPAT	2007	Universal Shipbuilding Corporation, Japan	300,325
		BUNGA KASTURI LIMA	2007	Universal Shipbuilding Corporation, Japan	300,246
		BUNGA KASTURI ENAM	2008	Universal Shipbuilding Corporation, Japan	299,319
		EAGLE VIRGINIA	2002	Hyundai Heavy Industries Corp. Ltd., Korea	306,999
		EAGLE VERMONT	2002	Hyundai Heavy Industries Corp. Ltd., Korea	299,999
		EAGLE VIENNA	2004	Hyundai Heavy Industries Corp. Ltd., Korea	306,999
		EAGLE VENICE	2005	Samsung Heavy Industries Co. Ltd., Korea	299,984
		EAGLE VALENCIA	2005	Samsung Heavy Industries Co. Ltd., Korea	306,998
					3,321,808
Aframax	31	BUNGA KELANA SATU	1997	Hyundai Heavy Industries Corp. Ltd., Korea	105,884
		BUNGA KELANA DUA	1997	Hyundai Heavy Industries Corp. Ltd., Korea	105,976
		BUNGA KELANA 3	1998	Hyundai Heavy Industries Corp. Ltd., Korea	105,784
		BUNGA KELANA 4	1999	Hyundai Heavy Industries Corp. Ltd., Korea	105,815
		BUNGA KELANA 5	1999	Hyundai Heavy Industries Corp. Ltd., Korea	105,788
		BUNGA KELANA 6	1999	Hyundai Heavy Industries Corp. Ltd., Korea	105,815
		BUNGA KELANA 7	2004	Samsung Heavy Industries Co. Ltd., Korea	105,194
		BUNGA KELANA 8	2004	Samsung Heavy Industries Co. Ltd., Korea	105,174
		BUNGA KELANA 9	2004	Samsung Heavy Industries Co. Ltd., Korea	105,200
		BUNGA KELANA 10	2004	Samsung Heavy Industries Co. Ltd., Korea	105,274
		EAGLE SUBARU	1994	Koyo Dockyard Co. Ltd., Japan	95,675
		EAGLE OTOME	1994	Koyo Dockyard Co. Ltd., Japan	95,663
		EAGLE COLUMBUS	1997	Koyo Dockyard Co. Ltd., Japan	107,166
		EAGLE CHARLOTTE	1997	Koyo Dockyard Co. Ltd., Japan	107,169
		EAGLE PHOENIX	1998	Namura Shipbuilding Co. Ltd., Japan	106,127
		EAGLE AUSTIN	1998	Samsung Heavy Industries Co. Ltd., Korea	105,426
		EAGLE ALBANY	1998	Koyo Dockyard Co. Ltd., Japan	107,160
		EAGLE AUGUSTA	1999	Samsung Heavy Industries Co. Ltd., Korea	105,345

PETROLEUM TANKERS (CONT'D.)

	Total		Built	Yard	dwt
		EAGLE ANAHEIM	1999	Koyo Dockyard Co. Ltd., Japan	107,160
		EAGLE ATLANTA	1999	Koyo Dockyard Co. Ltd., Japan	107,160
		EAGLE TACOMA	2002	Imabari Shipbuilding Co. Ltd., Japan	107,123
		EAGLE TOLEDO	2003	Imabari Shipbuilding Co. Ltd., Japan	107,092
		EAGLE TRENTON	2003	Imabari Shipbuilding Co. Ltd., Japan	107,123
		EAGLE TUCSON	2003	Imabari Shipbuilding Co. Ltd., Japan	107,123
		EAGLE TAMPA	2003	Imabari Shipbuilding Co. Ltd., Japan	107,123
		EAGLE TORRANCE	2007	Imabari Shipbuilding Co. Ltd., Japan	107,123
		EAGLE TURIN	2008	Imabari Shipbuilding Co. Ltd., Japan	107,123
		EAGLE KUCHING	2009	Tsuneishi Holdings Corporation, Japan	107,481
		EAGLE KUANTAN	2010	Tsuneishi Holdings Corporation, Japan	107,481
		PARAMOUNT HANOVER	2010	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,014
		EAGLE KANGAR	2010	Tsuneishi Holdings Corporation, Japan	107,481
					3,286,242
Panamax	1	BUNGA KENANGA	2000	Samsung Heavy Industries Co. Ltd., Korea	**73,096**
LR2	1	EAGLE MILWAUKEE	1987	Hyundai Heavy Industries Corp. Ltd., Korea	**104,386**
CPP	4	EAGLE MEERUT	1995	Hyundai Heavy Industries Corp. Ltd., Korea	29,990
		BUNGA KEMIRI	1995	Sabah Shipyard Sdn. Bhd., Malaysia	9,932
		AET GALA	2010	Okskaya Sudoverf Joint Stock Company, Russia	6,650
		AET SANJAR	2010	Okskaya Sudoverf Joint Stock Company, Russia	6,650
					53,222
Total Owned	**48**				**6,838,754**
In-Chartered Aframax	20	EAGLE CARINA	1992	Imabari Shipbuilding Co. Ltd., Japan	95,639
		EAGLE CENTAURUS	1992	Imabari Shipbuilding Co. Ltd., Japan	95,644
		EAGLE CORONA	1993	Imabari Shipbuilding Co. Ltd., Japan	95,639
		GLENROSS	1993	Stocznia/Gdynia, Poland	90,679
		EAGLE AURIGA	1993	Shin Kurushima Dockyard Co. Ltd., Japan	102,352
		EAGLE BALTIMORE	1996	Samsung Heavy Industries Co. Ltd., Korea	99,406
		EAGLE BEAUMONT	1996	Samsung Heavy Industries Co. Ltd., Korea	99,449
		EAGLE BOSTON	1996	Samsung Heavy Industries Co. Ltd., Korea	99,328

PETROLEUM TANKERS (CONT'D.)

	Total		Built	Yard	dwt
		EAGLE BIRMINGHAM	1997	Samsung Heavy Industries Co. Ltd., Korea	99,343
		EAGLE SEVILLE	1999	Samsung Heavy Industries Co. Ltd., Korea	104,556
		EAGLE SIBU	1999	Samsung Heavy Industries Co. Ltd., Korea	105,364
		EAGLE STEALTH	2001	Sumitomo Heavy Industries, Japan	99,976
		SANKO BLOSSOM	2005	Sumitomo Heavy Industries, Japan	105,699
		CS STEALTH	2006	Shanghai Waigaoqiao Shipbuilding, China	104,592
		INTREPID RELIANCE	2006	Namura Shipbuilding, Japan	104,403
		EAGLE SAPPORO	2008	Mitsui Engineering & Shipbuilding Co., Japan	110,448
		EAGLE STAVANGER	2009	Sumitomo Heavy Industries, Japan	105,355
		EAGLE SYDNEY	2009	Sumitomo Heavy Industries, Japan	105,419
		KOA SPIRIT	1999	Samsung Heavy Industries Co. Ltd., Korea	113,333
		NASSAU SPIRIT	1998	Imabari Shipbuilding Co. Ltd., Japan	104,999
					2,041,623
Suezmax	1	BLUE	2010	Jiangsu Rongsheng Heavy Industries Group Co. Ltd., China	**156,658**
Shuttle	1	CASPIAN SPRINTER	1999	Nizhny Novgorog Shipyard	**7,970**
MR2	3	EAGLE MIRI	2008	STX Offshore & Shipbuilding Co. Ltd., Korea	46,195
		EAGLE MADRID	2008	STX Offshore & Shipbuilding Co. Ltd., Korea	46,197
		EAGLE MILAN	2010	Naikai Zosen, Japan	46,549
					138,941
Total Chartered	**25**				**2,345,192**
Total Petroleum Tankers	**73**				**9,183,946**

CONTAINERSHIPS

	Total		Built	Yard	dwt
Above 5000 TEUs	2	BUNGA SEROJA SATU	2006	Daewoo Heavy Industries, Ltd., Korea	103,717
		BUNGA SEROJA DUA	2006	Daewoo Heavy Industries, Ltd., Korea	103,773
					207,490
3000 – 5000 TEUs	3	BUNGA PELANGI DUA	1995	Hyundai Heavy Industries Corp. Ltd., Korea	65,318
		BUNGA RAYA SATU	1998	Hyundai Heavy Industries Corp. Ltd., Korea	48,304
		BUNGA RAYA DUA	1998	Hyundai Heavy Industries Corp. Ltd., Korea	48,244
					161,866
1000 – 3000 TEUs	8	BUNGA BIDARA	1990	China Shipbuilding Corporation, China	23,518
		BUNGA DELIMA	1990	China Shipbuilding Corporation, China	23,584
		BUNGA KENARI	1991	China Shipbuilding Corporation, China	23,576
		BUNGA TERASEK	1991	China Shipbuilding Corporation, China	24,073
		BUNGA TERATAI	1998	Daewoo Heavy Industries, Ltd., Korea	24,612
		BUNGA TERATAI DUA	1998	Daewoo Heavy Industries, Ltd., Korea	24,554
		BUNGA TERATAI 3	1998	Daewoo Heavy Industries, Ltd., Korea	24,554
		BUNGA TERATAI 4	1998	Daewoo Heavy Industries, Ltd., Korea	24,561
					193,032
Less than 1000 TEUs	5	BUNGA MAS ENAM	1997	Malaysia Shipyard & Engineering, Malaysia	8,668
		BUNGA MAS 9	1998	Kyokuyo Shipyard Corporation, Japan	12,250
		BUNGA MAS 10	1998	Kyokuyo Shipyard Corporation, Japan	12,288
		BUNGA MAS 11	1998	Hanjin Heavy Industries Corp. Ltd., Korea	10,326
		BUNGA MAS 12	1999	Hanjin Heavy Industries Corp. Ltd., Korea	10,313
					53,845
Total Owned	**18**				**616,233**

CONTAINERSHIPS (CONT'D.)

	Total		Built	Yard	dwt
In-Chartered	**13**	MAERSK DAMASCUS	2002	Samsung Heavy Industries Co. Ltd., Korea	31,500
		NORTHERN DIVINITY	1997	Hyundai Heavy Industries Corp. Ltd., Korea	44,700
		BUNGA RAYA TIGA	2004	Samsung Heavy Industries Co. Ltd., Korea	50,632
		BUNGA RAYA EMPAT	2009	Daewoo Heavy Industries, Ltd., Korea	54,384
		BUNGA RAYA LIMA	2009	Daewoo Heavy Industries, Ltd., Korea	54,405
		BUNGA RAYA ENAM	2008	Samsung Heavy Industries Co. Ltd., Korea	50,687
		BUNGA RAYA TUJUH	2004	Koje Shipyard, Korea	50,829
		BUNGA RAYA LAPAN	2008	Samsung Heavy Industries Co. Ltd., Korea	50,681
		BUNGA RAYA SEMBILAN	2009	Zhejiang Yangfan Ship Group Taiwan	50,420
		BUNGA RAYA SEPULUH	2008	Samsung Heavy Industries Co. Ltd., Korea	50,712
		BUNGA RAYA SEBELAS	2009	Daewoo Heavy Industries, Ltd., Korea	58,400
		SEROJA TIGA	2010	Mitsubishi Heavy Industries, Japan	86,000
		LARENTIA	2005	Blohm & Voss, Hamburg	37,900
Total In-Chartered	**13**				**671,250**
Total Containerships	**31**				**1,287,483**

CHEMICAL TANKERS

	Total		Built	Yard	dwt
Melati Class	7	BUNGA MELATI SATU	1997	Hyundai Heavy Industries Corp. Ltd., Korea	32,127
		BUNGA MELATI DUA	1997	Hyundai Heavy Industries Corp. Ltd., Korea	32,169
		BUNGA MELATI 3	1999	Hyundai Heavy Industries Corp. Ltd., Korea	31,983
		BUNGA MELATI 4	1999	Hyundai Heavy Industries Corp. Ltd., Korea	31,967
		BUNGA MELATI 5	1999	Hyundai Heavy Industries Corp. Ltd., Korea	31,975
		BUNGA MELATI 6	2000	Hyundai Heavy Industries Corp. Ltd., Korea	31,981
		BUNGA MELATI 7	2000	Hyundai Heavy Industries Corp. Ltd., Korea	31,972
A Class	6	BUNGA AKASIA	2009	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000
		BUNGA ALAMANDA	2009	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000
		BUNGA ALLIUM	2010	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000
		BUNGA ALPINIA	2010	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000
		BUNGA ANGSANA	2010	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000
		BUNGA ANGELICA	2010	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000
B Class	1	BUNGA BAKAWALI	2010	SLS Shipbuilding Co. Ltd., Korea	45,000
Total Owned	**14**				**497,174**

CHEMICAL TANKERS (CONT'D.)

	Total		Built	Yard	dwt
In-Chartered	12	BUNGA KANTAN SATU	2005	Fukuoka Shipyard, Japan	19,774
		BUNGA KANTAN DUA	2005	Fukuoka Shipyard, Japan	19,774
		BUNGA KANTAN TIGA	2005	Fukuoka Shipyard, Japan	19,774
		BUNGA LAUREL	2010	Fukuoka Shipyard, Japan	19,000
		NAVIG8 SUCCESS	2009	SPP Shipbuilding, Korea	19,110
		NAVIG8 FIDELITY	2008	STX Offshore & Shipbuilding Co. Ltd., Korea	46,754
		NAVIG8 FAITH	2008	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	46,754
		NAVIG8 MALOU	2009	SPP Shipbuilding, Korea	50,662
		PRISCO EKATERINA (Glenda)	2008	STX Offshore & Shipbuilding Co. Ltd., Korea	50,973
		ALPINE MAGNOLIA (Glenda)	2009	SPP Shipbuilding, Korea	47,128
		EVA SCHULTE	2010	Jiangzi Jiangzhou Unite Shipbuilding Co. Ltd., China	16,621
		EVERHARD SCHULTE	2010	Jiangzi Jiangzhou Unite Shipbuilding Co. Ltd., China	16,621
Total In-Chartered	**12**				**372,945**
Total Chemical Tankers	**26**				**870,119**

Note: Eagle Madrid and Eagle Miri is placed under Petroleum Tankers.

LPG

	Total		Built	Yard	dwt
	3	KONSEP MAJU	1995	Watanabe Shipyard, Japan	4,999
		PERNAS BUTANE	1992	Shin Kurushima Dockyard, Japan	2,213
		BUNGA KEKWA	1995	Fukuoka Shipbuilding, Japan	3,052
Total Owned	**3**				**10,264**
In-Chartered	1	BUNGA KEMBOJA	1998	Mitsubishi Heavy Industries, Japan	**20,613**
Total In-Chartered	**1**				
Total LPG	**4**				**30,877**

DRY BULK (PANAMAX)

	Total		Built	Yard	dwt
	1	BUNGA SAGA 9	1999	Hyundai Heavy Industries, Korea	73,127
Total Owned	**1**				
Total LPG	**1**				**73,127**

OFFSHORE FLOATING FACILITIES

	Total		Built	Yard	Design Production Capacity (bpd)	Storage Capacity (bbls)
Floating Production Storage and Offloading (FPSO)	5	FPSO Bunga Kertas	2004	Malaysia Marine and Heavy Engineering, Malaysia	30,000	619,000
		FPSO Brasil*	2002	Keppel Shipyard, Singapore	120,000	1,700,000
		FPSO Kikeh*	2007	Malaysia Marine and Heavy Engineering, Malaysia	150,000	2,020,00
		FPSO Espirito Santo*	2009	Keppel Shipyard, Singapore	100,000	2,000,000
		FPSO Ruby II**	2010	Malaysia Marine and Heavy Engineering, Malaysia	45,000	600,000
TOTAL					**445,000**	**6,939,000**
Floating Storage and Offloading (FSO)	5	FSO Puteri Dulang	1991	Mitsubishi Heavy Industries, Japan	–	873,847
		FSO Angsi	2005	Malaysia Marine and Heavy Engineering, Malaysia	–	472,631
		FSO Cendor	2006	Malaysia Marine and Heavy Engineering, Malaysia	–	590,000
		FSO Abu	2007	Malaysia Marine and Heavy Engineering, Malaysia	–	617,200
		FSO Orkid**	2009	Malaysia Marine and Heavy Engineering, Malaysia	–	777,504
TOTAL						**3,331,182**
Mobile Offshore Production Unit (MOPU)	1	MOPU SATU***	2010	Malaysia Marine and Heavy Engineering, Malaysia	20,000	–
Total Offshore Floating Facilities	**11**					

* Jointly owned with Single Buoy Mooring (SBM)
** Jointly owned with Petroleum Technical Services Corporation (PTSC)
*** Jointly owned with Global Process Systems (GPS)

OWNED NEWBUILDINGS

	Total
Aframax*	10
Product	1
Suezmax	4
Chemical	5
TOTAL	**20**

* Include five Aframax tankers jointly owned with Restis Group on a 50-50 basis.

IN-CHARTERED NEWBUILDINGS

	Total
Containerships	3
Chemical	5
Product	2
TOTAL	**10**

NEW CONVERSIONS

	Total
Mobile Offshore Production Unit (MOPU)	1
Semi Submersible Floating Production Unit (FPU)	1
TOTAL	**2**

MISC Offices Around the World

1. MISC Head Office
Level 25, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
or
PO Box 10371
50712 Kuala Lumpur, Malaysia
Tel +603 2273 8088
Fax +603 2273 6602
www.misc.com.my

2. AET Offshore Services Inc
1301 Pelican Island Block #2
Galveston, Texas 77554, USA
Tel +1 (409) 7404212
Fax +1 (409) 7401280

3. AET Shipmanagement (Malaysia) Sdn Bhd
Level 11, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2267 4800
Fax +603 2273 0608

4. AET Tankers Pte Ltd
1 HarbourFront Avenue #11-01
Keppel Bay Tower, Singapore 098632
Tel +65 6100 2288
Fax +65 6376 2791

5. 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 7987 7642

6. AET Shipmanagement (Singapore) Pte Ltd
1 HarbourFront Avenue #11-01
Keppel Bay Tower, Singapore 098632
Tel +65 6100 2288
Fax +65 6345 1133

7. Asia LNG Transport Sdn Bhd and Asia LNG Transport Dua Sdn Bhd
Level 28, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2275 2198
Fax +603 2275 3209

8. FPSO Ventures Sdn Bhd
Level 9, Menara Perak
No. 24, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel +603 2264 8000
Fax +603 2161 6199

9. Keer – MISC Logistics Co Ltd
No. 20, Street 17
Al Amarat Khartoum, Sudan
Tel +249 183 574 550/51
Fax +249 183 561 717

10. Malaysia Deepwater Floating Terminal (Kikeh) Limited
Level 28, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2275 2111
Fax +603 2275 2404

11. Malaysia Deepwater Production Contractors Sdn Bhd
Level 9, Menara Perak
No. 24, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel +603 2171 2371
Fax +603 2171 2458

12. Malaysia Marine and Heavy Engineering Sdn Bhd
PLO 3, Jalan Pekeliling
P.O. Box 77,
81700 Pasir Gudang
Johor, Malaysia
Tel +607 251 2111
Fax +607 251 3997

13. MMHE-SHI LNG Sdn Bhd
PLO 3, Jalan Pekeliling
P.O. Box 77
81700 Pasir Gudang
Johor, Malaysia
Tel +607 251 2111
Fax +607 276 9151

14. MMHE-ATB Sdn Bhd
PLO 3, Jalan Pekeliling
P.O. Box 77,
81700 Pasir Gudang
Johor, Malaysia
Tel +607 268 3111
Fax +607 252 5126

15. MMHE-TPGM Sdn Bhd
PLO 3, Jalan Pekeliling
P.O. Box 77,
81700 Pasir Gudang
Johor, Malaysia
Tel +607 251 2111
Fax +607 251 3997

16. MMHE-Turkmenistan (Ashgabat)
6th Floor, Garagum Bank Building
126 Turkmenbashy Shayoly, Ashgabat
744000 Turkmenistan
Tel +99312456374
Fax +99312456355

17. Malaysia Marine and Heavy Engineering Sdn Bhd (Singapore Branch)
2, Boon Leat Terrace
#05-03, Harbourside 2
Singapore 119844
Tel +65 6220 7944/5
Fax +65 6224 3967

18. Malaysian Maritime Academy Sdn Bhd
Window Delivery 2051
Masjid Tanah Post Office
78300 Masjid Tanah
Melaka, Malaysia
Tel +606 388 2200
Fax +606 387 6700

19. MISC Integrated Logistics Sdn Bhd
Lot 88077, Jalan Perigi Nenas 7 /1
Taman Perindustrian Pulau Indah
42907 Pelabuhan Klang
Selangor Darul Ehsan, Malaysia
Tel +603 3161 2400
Fax +603 3161 2500

20. MILS-Seafrigo Sdn Bhd
Lot 88077, Jalan Perigi Nenas 7 /1
Taman Perindustrian Pulau Indah
42907 Pelabuhan Klang
Selangor, Malaysia
Tel +603 3161 2400
Fax +603 3161 2500

21. MILS-SterilGamma Sdn Bhd
Lot 88077, Jalan Perigi Nenas 7 /1
Taman Perindustrian Pulau Indah
42907 Pelabuhan Klang,
Selangor, Malaysia
Tel +603 3161 2400
Fax +603 3161 2500

22. BLG MILS Logistics Sdn Bhd
Lot 23, Lebuh Sultan Mohamed 1
Kawasan Perusahaan PKNS Fasa II
Bandar Sultan Suleiman
42000 Pelabuhan Klang
Selangor, Malaysia
Tel +603 3169 6887
Fax +603 3176 1548

23. Rais-Mils Logistics FZCO
Plot No. W40B
Dubai Airport Free Zone DAFZA
P.O. Box 54387, Dubai, U.A.E.
Tel +9714 299 4476
Fax +9714 299 4432

24. MISC Agencies Sdn Bhd (Port Klang)
Lot 23, Leboh Sultan Mohamed 1
Kawasan Perusahaan PKNS Fasa 2
Bandar Sultan Suleiman Pelabuhan Utara
P.O. Box 146, 42009 Pelabuhan Klang
Selangor, Malaysia
Tel +603 3176 5753
Fax +603 3176 6289

25. 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

26. MISC Agencies Sdn Bhd (Penang)
Suite No 5, Level 14 NB Tower 2
5050 Jalan Bagan Luar
12000 Butterworth, Penang, Malaysia
Tel +604 3236 969
Fax +604 3329 608

27. MISC Agencies Sdn Bhd (Sabah)
Ground Floor, Wisma Takada,
Jalan Gaya, 88000 Kota Kinabalu
Sabah, Malaysia
Tel +088 212 070
Fax +088 234 445/269 880

28. MISC Agencies (Sarawak) Sdn Bhd
No. 1, 1st Floor, Bintulu Parkcity
Commercial Centre, Bintulu
97012 Sarawak, Malaysia
Tel +0686 318 311/312/313
Fax +0686 311 326

29. MISC Agencies (Singapore) Pte Ltd
2, Boon Leat Terrace #05-02 /04
Harbourside 2 Singapore 119844
Tel +65 6220 1522
Fax +65 6271 0817

30. MISC Agencies (Thailand) Co Ltd
Green Tower, 4th Floor
3656 / 9-10, Rama 4 Road Klong Toey
Bangkok 10110 Thailand
Tel +66 2367 3558/3581
Fax +66 2 367 3586/3587

31. MISC Agencies (Australia) Pty Ltd
Suite 40, Albert Square
37-39 Albert Road, Melbourne
Victoria 3004 Australia
Tel +61 3 9862 6000
Fax +61 3 9867 6167

32. MISC Agencies (Japan) Ltd
Koizumi Building 5th Floor
29-1 Nishigotanda 1-Chome
Shinigawa-ku
Tokyo 141-00 31, Japan
Tel +81 3 5496 2365
Fax +81 3 5496 2320

33. MISC Agencies Lanka (Private) Limited
Level 7, Valiant Towers
46 / 7, Nawam Mawatha
Colombo 2, Sri Lanka
Tel +94 11 4795200
Fax +94 11 2348948

34. MISC Agencies (Netherlands) B.V.
Rivium, 1st Straat 42
2909 Le Capelle aan den IJssel
The Netherlands
Tel +31 10 209 2210
Fax +31 10 209 2219

35. MISC Agencies (UK) Ltd
Quayside House
13 Town Quay Wharf
Abbey Road, Barking Essex
IG11 7 AT, United Kingdom
Tel +44 20 8591 3232
Fax +44 20 8507 1624

36. MISC Agencies (New Zealand) Limited
Level 1, 15b Leslie Hills Drive
Riccarton, Christchurch
New Zealand 8041
P.O. Box 1465 Christchurch 8140
Tel +64 39401700
Fax +64 39401701

37. MISC Shipping Services UAE (L.L.C)
Suite 301-302, Rais Hassan Saadi Building
Khaleed bin Al-Waleed Road
Bur Dubai, Dubai
United Arab Emirates
Tel +04 3936388
Fax +04 3936319

38. MISC Agencies India Private Limited (Head Office – Mumbai)
Himalayas, 2nd Floor, Geetmala Complex
Near Shah Industrial Estate
Govandi (East), Mumbai – 400 088
India
Tel +91 22 67985400
Fax +91 22 67985454

39. MISC Agencies India Private Limited (Branch – Chennai)
3rd Floor, Transworld House
No. 2, 9th Lane, Dr. Radhakrishnan Salai
Mylapore, Chennai – 600 004
Tamil Nadu, India
Tel +91 44 4200 9900
Fax +91 44 4200 9906

40. MISC Agencies India Private Limited (Branch – New Delhi)
905, Pragati's Devika Tower
6, Nehru Place
New Delhi – 110 019
India
Tel +91 11 4665 6300
Fax +91 11 2600 2129

41. Misan Logistics B.V.
Rivium, 1st Straat 42
2909 Le Capelle aan den IJssel
The Netherlands
Tel +31 10 4400900
Fax +31 10 4400919

42. MISC LNG Liason Office – Japan
Nisseki Yokohama Bldg, 17F
1-1-8 Sakuragi-cho, Naka-ku
Yokohama, 231-0062, Japan
Tel +81 45 680 2280
Fax +81 45 680 2284

43. PETRONAS Tankers Sdn Bhd
Level 28, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2275 2198
Fax +603 2275 3209

44. Transware Distribution Services Pte Ltd
9 Gul Circle
Singapore 629565
Tel +65 6861 2345
Fax +65 6897 7935

45. Centralised Terminals Sdn Bhd
109, Block G, Phileo Damansara 1
No. 9, Jalan 16 / 11
46350 Petaling Jaya
Selangor, Malaysia
Tel +603 7955 1199
Fax +603 7955 0395

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty First (41st) Annual General Meeting of MISC Berhad will be held at Nirwana Ballroom 1, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 19 August 2010 at 11.00 a.m. for the following purposes:

As Ordinary Business, to consider and if thought fit to pass the following resolutions:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited financial statements for the financial year ended 31 March 2010 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final dividend of 20 sen per share (tax exempt) in respect of the financial year ended 31 March 2010. **Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association and being eligible, offer themselves for re-election:
   i. Dato' Shamsul Azhar bin Abbas **Resolution 3**
   ii. Datuk Wan Zulkiflee bin Wan Ariffin **Resolution 4**

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. Harry K. Menon **Resolution 5**
   ii. Dato' Halipah binti Esa **Resolution 6**

5. To approve the payment of Directors' fees amounting to RM755,000.00 for the financial year ended 31 March 2010. **Resolution 7**

6. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

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 19 August 2010, a final dividend of 20 sen per share (tax exempt) in respect of the financial year ended 31 March 2010 will be paid on 30 August 2010 to Depositors whose names appear in the Record of Depositors on 10 August 2010.

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 10 August 2010 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
28 July 2010

Notes:
Proxy Form

1. A member of the Company (except if the member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991) shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two proxies the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy. 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 provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. The Form of Proxy must be signed by the appointer of the proxy, or its attorney duly authorised in writing. In the case of a corporation, the Form of Proxy shall be executed under its common seal, or signed by its attorney duly authorised in writing or by a duly authorised officer on behalf of the corporation.

3. The Form of Proxy must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.

Statement Accompanying Notice of Annual General Meeting

Made Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors retiring pursuant to Articles 95 and 97 of the Company's Articles of Association and seeking re-election are as follows:-

   i. Dato' Shamsul Azhar bin Abbas (retiring pursuant to Article 95)
   ii. Datuk Wan Zulkiflee bin Wan Ariffin (retiring pursuant to Article 95)
   iii. Harry K. Menon (retiring pursuant to Article 97)
   iv. Dato' Halipah binti Esa (retiring pursuant to Article 97)

2. The profiles of the above Directors who are standing for re-election are set out from page 26 to 33 of this Annual Report excluding the profile of Datuk Wan Zulkiflee bin Wan Ariffin which is available in the Attachment 1 of this Annual Report. The details of the Directors' shareholdings in the Company are set out in page 19 of this Annual Report. None of the Directors holds shareholding interest in the Company's subsidiaries.

Proxy Form

CDS Account No :	
No. of Shares Held:	

I/We .... [NRIC: ....]
(Full name in block letters)

of ....
(Address in full)

being a member of **MISC BERHAD** (Company No. 8178-H), do hereby appoint ....
.... [NRIC: ....]
(Full name in block letters)

of ....
(Address in full)

and/or failing him/her .... [NRIC: ....]
(Full name in block letters)

of ....
(Address in full)

and failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy/ies to attend and to vote for me/us on my/our behalf at the 41st Annual General Meeting of the Company to be held at Nirwana Ballroom 1, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 19 August 2010 at 11.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1.	To receive and adopt the audited financial statements for the financial year ended 31 March 2010 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 2010.		
3.	To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association and being eligible, offer themselves for re-election:- i) Dato' Shamsul Azhar bin Abbas ii) Datuk Wan Zulkiflee bin Wan Ariffin		
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) Harry K. Menon ii) Dato' Halipah binti Esa		
5.	To approve the payment of Directors' fees amounting to RM755,000.00 for the financial year ended 31 March 2010.		
6.	To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration.		

(Please indicate with an "X" in the space whether you wish your votes to be cast for or against the resolutions. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit).

Dated this ____________________ day of ____________________ 2010

____
Signature / Common Seal of appointer

Notes:

1. A member of the Company (except if the member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991) shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two proxies the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy. 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 provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The Form of Proxy must be signed by the appointer of the proxy, or its attorney duly authorised in writing. In the case of a corporation, the Form of Proxy shall be executed under its common seal, or signed by its attorney duly authorised in writing or by a duly authorised officer on behalf of the corporation.
3. The Form of Proxy must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, **not less than forty eight (48) hours** before the time appointed for the holding of the meeting or any adjournment thereof.

Annual General Meeting
MISC Berhad

Stamp

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House, Block D13,
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya, Selangor Darul Ehsan
Malaysia