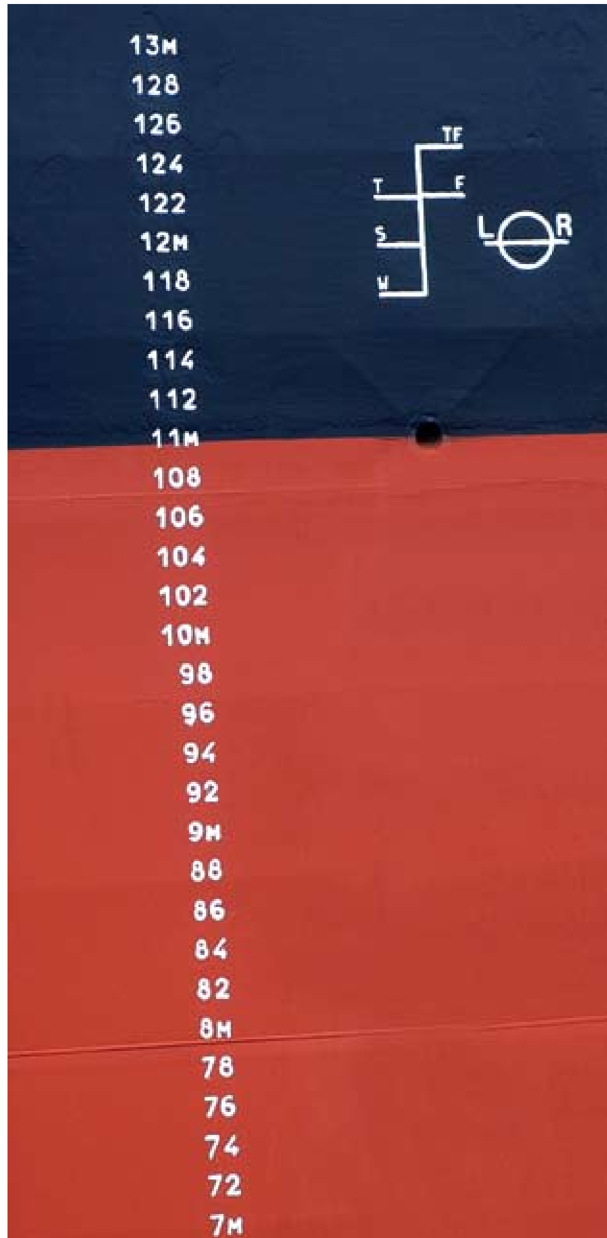

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MISC BERHAD • ANNUAL REPORT 2011

Weathering the Storm,
Rising Above the Challenges

ANNUAL REPORT 2011

MISC BERHAD

Weathering the Storm, Rising Above the Challenges

Weathering the storm is no longer an uncommon phrase for many organisations. For companies like MISC, anticipating the obstacles that may arise within our path will determine how successful we are in meeting them.

In our 43 years of operation, MISC has faced many challenges. These include the global financial crisis, softening of freight rates and others like the geopolitical struggles and natural disasters that shook the world's economy. In view of the challenging times ahead, MISC will remain steadfast in its plan for growth, disciplined in its portfolio management, and will continue to enhance its operational excellence to stay relevant in today's competitive and volatile business environment.

A quick review of our performance during the year...

Key Financial Highlights for FYE2011*

Revenue	:	**RM12.3 billion**
Profit Before Taxation	:	**RM2.2 billion**
Dividends	:	**Total dividend of 25 sen per share**
Total Assets	:	**RM38.3 billion**
Shareholders' Equity	:	**RM21.9 billion**

**FYE2011 – Financial Year Ending 31 March 2011*

Contents

Other Information

Forty-Second (42nd) Annual General Meeting

42nd

Annual General Meeting of MISC Berhad will be held at Conference Hall 1, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 22 September 2011 at 11.00 a.m.

Group Financial Review

Revenue

The Group's revenue is mainly derived from ship owning, ship operating, other related shipping services, owning and operating of offshore floating terminals, marine repair, marine conversion, engineering and construction activities. For the financial year ended (FYE) 31 March 2011, the Group's revenue of RM12,325.6 million, was 10.5% lower than the RM13,775.1 million recorded in FYE2010. The decrease in the Group's revenue is mainly attributed to lower revenue from the Liner and Heavy Engineering businesses.

Profit Before Taxation

For FYE2011, the Group recorded a profit before taxation of RM2,244.3 million, a 146.1% increase when compared to the RM911.9 million profit before taxation recorded in FYE2010. The higher profit before taxation arose mainly from the higher Group operating profit and gain on dilution of 33.5% interest in Malaysia Marine and Heavy Engineering Holdings Berhad (MHB), following its listing on the main market of Bursa Malaysia.

Earnings Per Share (Sen)

Profit attributable to the equity holders of the Corporation was RM1,870.8 million in FYE2011, an increase of RM1,188.8 million from RM682.0 million in FYE2010. This translates to an improved earnings per share of 41.9 sen in FYE2011 from 17.7 sen in FYE2010.

Dividends

The Board of Directors is recommending a final dividend of 10 sen per share or RM446.3 million, payable in October 2011, for FYE2011. The proposed final dividend is made after having considered the need to provide healthy dividend income to shareholders while ensuring that future funding requirements of the Group are adequately met to support the Group's growth objectives.

With an interim dividend of 15 sen per share or RM670.9 million paid on 23 December 2010, total dividend declared for FYE2011 of 25 sen per share or RM1,117.2 million, represents 59.7% dividend payout of the Group's net profit for FYE2011.

In comparison, the total dividend approved and paid for FYE2010 was 35 sen per share.

Total Assets

The total assets of the Group as at FYE2011 of RM38,317.5 million, was 6.7% or RM2,742.7 million lower than the RM41,060.2 million recorded as at FYE2010.

The reduction in the Group's total assets were primarily due to translation loss recognised mainly for ships and offshore floating assets of RM2,453.5 million, and impairment provision on ships, investments and loans of RM576.6 million. However, profit recorded during the year has helped to cushion the reduction in total assets noted above.

The major movements within the assets category were on ships and offshore floating assets, investment in jointly controlled entities, trade and other receivables and cash, deposits and bank balances.

Despite additional capital expenditure of RM4,566.1 million, there was a net decrease in ships, offshore floating assets, and other property, plant and equipment of RM1,449.4 million from RM28,267.9 million in FYE2010 to RM26,818.5 million in FYE2011 mainly due to translation losses, depreciation and ships disposal.

The Group's cash, deposits and bank balances dropped to RM3,352.7 million as at FYE2011 from RM7,849.1 million as at FYE2010, as cash was utilised for the investments in jointly controlled entities of RM2,669.0 million.

The Group's total receivables of RM2,902.5 million as at 31 March 2011, represents a 45.6% increase in total receivables from RM1,993.9 million as at 31 March 2010.

Total Liabilities

The Group saw RM1,773.5 million reduction in outstanding liabilities from RM17,024.0 million as at 31 March 2010 to RM15,250.6 million as at 31 March 2011. The reduction was mainly due to lower loans and borrowings balances combined with reduction in trade and other payables.

Loans and borrowings decreased by RM1,516.3 million from RM12,771.7 million as at 31 March 2010 to RM11,255.4 million resulting from RM568.8 million net repayment made during the year combined with translation gain of RM934.8 million.

Outstanding trade and other payables reduced from RM3,959.4 million as at 31 March 2010 to RM3,739.5 million in the current year primarily due to higher payments made during the year.

Shareholders' Equity

The lower shareholders' equity of RM21,912.0 million was contributed mainly from foreign currency translation loss of RM2,092.4 million and payment of dividends totaling RM1,543.2 million during the year compensated with profit attributable to the equity holders of the Corporation of RM1,870.8 million.

Net Debt/Equity Ratio

The Group's net debt equity ratio increased from 0.21 in FYE2010 to 0.36 in the current financial year. This was mainly due to lower cash, deposits and bank balances as compared to the previous balances.

the Group recorded profit before taxation of RM2,244.3 million, a 146.1% increase when compared to the RM911.9 million profit before taxation recorded in FYE2010.

Five-Year Group Financial Statistics

	31.3.2011 RM Million	* Restated 31.3.2010 RM Million	** Restated 31.3.2009 RM Million	*** Restated 31.3.2008 RM Million	31.3.2007 RM Million
Revenue	**12,325.6**	13,775.1	15,783.5	12,947.5	11,198.9
Profit before taxation	**2,244.3**	911.9	1,556.3	2,599.4	2,930.3
Profit before net gain/(loss) on disposal of ships, gain on dilution of interest in MHB and impairment provisions	**1,321.8**	982.7	1,556.3	2,418.9	2,493.7
Profit for the year attributable to equity holders of the Corporation	**1,870.8**	682.0	1,366.6	2,420.4	2,852.0
Dividends	**1,543.2**	1,296.8	1,316.7	1,290.0	1,097.0
Earnings per share (sen)****	**41.9**	17.7	35.9	65.1	76.7
Total assets	**38,317.5**	41,060.2	36,662.5	29,010.0	27,954.8
Total liabilities	**15,250.6**	17,024.0	15,590.3	10,324.8	9,074.2
Shareholders' equity	**21,912.0**	23,662.0	20,732.1	18,411.1	18,639.2
Total borrowings	**11,255.4**	12,771.7	11,852.0	7,528.1	6,804.4
Net tangible assets per share (sen)	**497.7**	516.9	539.0	476.4	479.6
Gross debt/equity ratio	**0.51**	0.54	0.57	0.41	0.37
Net debt/equity ratio	**0.36**	0.21	0.39	0.30	0.25
Interest cover ratio	**11.2**	7.1	9.1	12.8	13.4

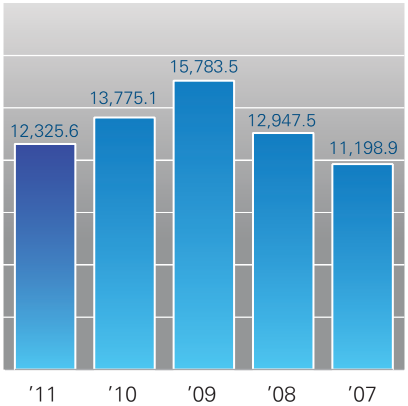
* The 2010 audited summary data reflects the adoption of FRS 117.

** The 2009 audited summary data reflects the change in accounting policy, prior year adjustments and adoption of FRS 117.

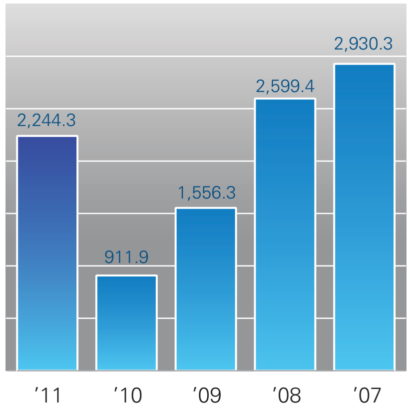
*** The 2008 audited summary data reflects the adoption of FRS 139, change in accounting policy and prior year adjustments.

**** 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.

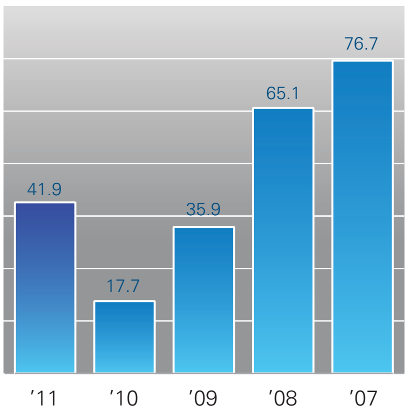
Revenue
(RM Million)



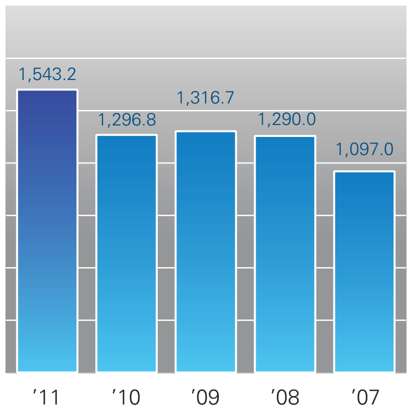
Profit Before Taxation
(RM Million)



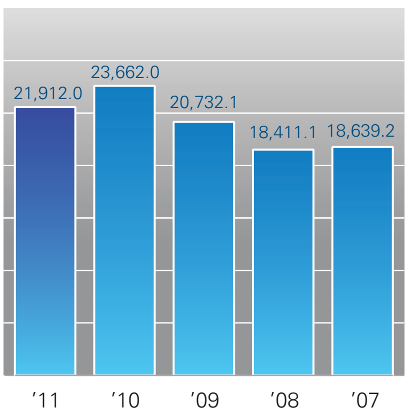
Earnings Per Share
(Sen)



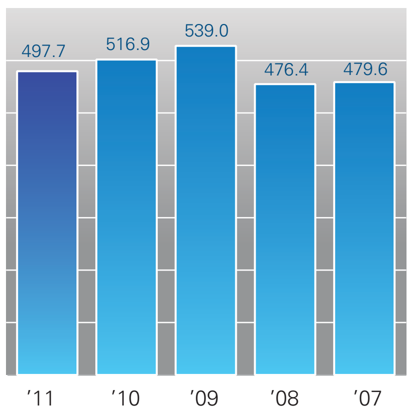
Dividends
(RM Million)



Shareholder's Equity
(RM Million)



Net Tangible Assets Per Share
(Sen)



Financial Calendar

Financial Year

1 April 2010 to 31 March 2011

Announcement of Results & Dividends

RESULTS

Announced
19/08/10

Announced
24/02/11

Announced
24/11/10

Announced
11/05/11

DIVIDENDS

Announced
24/11/10

Announced
11/05/11

Paid
23/12/10

Payable
20/10/11

ANNUAL GENERAL MEETING

22 September 2011

Corporate Information
as at 15 July 2011

Board of Directors

Chairman, Non-Independent Non-Executive Director

Datuk Manharlal Ratilal
(appointed with effect from 1 August 2011)

Dato' Shamsul Azhar bin Abbas
(resigned with effect from 1 August 2011)

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

Non-Independent Non-Executive Directors

Amir Hamzah bin Azizan

Datuk Wan Zulkiflee bin Wan Ariffin

President/Chief Executive Officer
Non-Independent Executive Director

Datuk Nasarudin bin Md Idris

Audit Committee

Chairman

Harry K. Menon

Members

Dato' Halipah binti Esa

Dato' Kalsom binti Abd. Rahman

Amir Hamzah bin Azizan

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 2264 0888
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 7849 0777
Fax: +603 7841 8151/
7841 8152

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

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 Berhad (MISC) is Malaysia's leading international maritime corporation and is currently one of the top five largest shipping conglomerates 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 tank terminals and offshore floating facilities as well as marine repair, marine conversion and engineering & construction works.

MISC has grown from being purely a shipping line in 1968 to become a fully integrated maritime, 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 170 owned and in-chartered vessels and a combined tonnage of approximately 15 million dwt, supported by capable sea-going professionals through its in-house maritime academy, Malaysian Maritime Academy Sdn. Bhd. (ALAM), MISC provides safe, reliable, efficient and competitive shipping services both locally and internationally.

As a world-renowned LNG owner operator with almost three decades of proven experience for safety, reliability and on-time deliveries, MISC provides a wide range of LNG Business Solutions and is a one-stop centre for LNG transportation with credible ship management, highly-trained seagoing professionals and a first class marine repair centre. MISC is also forging partnerships to create further technological advancements in LNG technology solutions and services for new offshore applications.

Through its petroleum arm – AET, MISC provides high-quality ocean transport solutions for the world's oil companies and traders. It operates a modern and professionally managed fleet of VLCCs, Aframaxes and product tankers from the strategic locations of London, Singapore, Houston and Gurgaon in India. It also has on order three Aframaxes and four VLCC newbuildings, as well as four Suezmax tankers, two DP shuttle tankers and one MR2 tanker. AET is the third largest owner-operator of Aframax tankers in the world and currently occupies the leading share of the US Gulf ship-to-ship transfer business through its comprehensive lightering operations. Employed on a mix of spot and period charters, AET's fleet is deployed around the world, providing comprehensive port-to-port services from West Africa and the Middle East to ports along the US Atlantic coast and the US Gulf, as well as from South America to ports in Asia and the Far East.

In the chemical shipping business, MISC delivers freighting solutions for vegetable oil and chemical products to various corners of the globe, leveraging on its extensive experience in liquid bulk trading. MISC is currently growing its fleet of chemical tankers to establish 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.

With over 40 years of experience in the container shipping business, MISC is currently one of the leading carriers in the Liner Intra-Asia trade. Being the first of its kind, the Halal Express Service (HES) offered by MISC provides the company the competitive edge by catering to the growing needs of the Halal Industry. Other services supporting its

Intra-Asia service include the Malaysia East Asia Service (MES), East India Service (EIS) and Siam Singapore Shuttle (SSS).

MISC also offers total logistics services which include freight management, transportation and warehousing services through its wholly owned subsidiary, MISC Integrated Logistics Sdn. Bhd. (MILS). MILS' specialised Project Logistics and Supply Chain Management unit serves the upstream and downstream logistics requirements of the global energy industry. In addition, MILS' Halal Certified Logistics Hub, which is strategically located in the Free Commercial Zone in Pulau Indah with close proximity to Port Klang, is a transshipment centre for Fast Moving Consumer Goods.

As part of MISC's strategy to expand its shipping business by providing customers with integrated supply value chain services, MISC has ventured into the global tank terminal business via the acquisition of a 50% interest in VTTI B.V. This joint venture with Vitol, one of the world's leading crude oil and product traders in the world, has effectively propelled MISC to become the sixth largest independent tank terminal operator globally with a total of 6.2 million cbm of tank storage capacity across 11 terminals in 10 countries. Besides this, MISC also own tank terminals with a total capacity of 476,000 cbm in Tanjung Langsat, Johor, Malaysia via a joint venture with Dialog and Trafigura.

MISC is also fast establishing its footprint in the offshore industry, offering floating solutions mainly FPSOs/FSOs. Over the span of seven years, MISC has proven its capability in delivering safe and well executed projects, through well-built relationships with customers and partners. These prolific partnerships enable MISC to further enhance its capabilities in Offshore Engineering and Asset Management. In the pursuit of positioning MISC as a preferred world class offshore floating solutions provider in the region, MISC has meticulously equipped and enhanced its business processes in accordance to international standards and best practices, and is certified ISO 9001:2008. This provides enhanced confidence and assurance to all existing and potential clients whilst ensuring that MISC will remain competitive in the offshore industry.

MISC's public listed engineering arm, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) supports the oil & gas industry through three core areas: engineering & construction, marine repair and marine conversion. With its engineering & construction business, MHB offers a full range of oil and gas construction and engineering services, from detailed engineering design, procurement to construction, installation, hook-up and commissioning of offshore drilling and production platforms. Through its marine repair business, MHB undertakes the repair & maintenance, refit & refurbishment of LNG carriers, Very Large Crude Carriers (VLCC) and other marine vessels and marine facilities. Its marine conversion business has allowed MHB to participate in the conversion of floating production storage and offloading facilities, refurbishments of rigs and construction of newbuilds.

Endowed with such a diverse operation and supported by a pool of dynamic and progressive professionals, MISC is well-positioned to move into greater waters of success.

Group Structure

as at 15 July 2011 *excluding dormant companies

LNG

MISC Tankers Sdn. Bhd. 100%
(Investment Holding and Provision of Management Services)

- Puteri Delima Sdn. Bhd. 100% *(Shipping)*
- Puteri Firus Sdn. Bhd. 100% *(Shipping)*
- Puteri Intan Sdn. Bhd. 100% *(Shipping)*
- Puteri Nilam Sdn. Bhd. 100% *(Shipping)*
- Puteri Zamrud Sdn. Bhd. 100% *(Shipping)*

Puteri Delima Satu (L) Pte. Ltd. 100%
(Shipping)

Puteri Firus Satu (L) Pte. Ltd. 100%
(Shipping)

Puteri Nilam Satu (L) Pte. Ltd. 100%
(Shipping)

Puteri Intan Satu (L) Pte. Ltd. 100%
(Shipping)

Puteri Mutiara Satu (L) Pte. Ltd. 100%
(Shipping)

Puteri Zamrud Satu (L) Pte. Ltd. 100%
(Shipping)

Asia LNG Transport Sdn. Bhd. 51%
(Shipowning and Ship Management)

Asia LNG Transport Dua Sdn. Bhd. 51%
(Shipowning and Ship Management)

Nikorma Transport Limited 30%
(LNG Transportation)

PFLNG Solutions Limited 30%
(Development of an integrated LNG liquefaction storage and offloading solution)

MISC PNG Shipping Limited 100%
(Investment Holding)

- Western Pacific Shipping Limited 60% *(Providing shipping solutions to meet LNG project requirements and also supports other general shipping requirements of Papua New Guinea)*

Gas Asia Terminal (L) Pte. Ltd. 100%
(Development and Ownership of LNG Floating Storage Units)

Petroleum

MISC Tanker Holdings Sdn. Bhd. 100%
(Investment Holding)

- MISC Tanker Holdings (Bermuda) Ltd. 100% *(Investment Holding)*
  - AET Tanker Holdings Sdn. Bhd. 100% *(Investment Holding)*
    - AET Petroleum Tanker (M) Sdn. Bhd. 100% *(Shipowning)*
      - AET Shuttle Tankers Sdn. Bhd. 100% *(Own, Manage and Operate Ships)*
      - AET MCV Delta Sdn. Bhd. 100% *(Investment Holding)*
        - AET MCV Alpha L.L.C 100% *(Shipowning)*
        - AET MCV Beta L.L.C 100% *(Shipowning)*
    - AET Shipmanagement (Malaysia) Sdn. Bhd. 100% *(Ship Management)*
      - AET Shipmanagement (India) Private Limited 100% *(Ship Management and Manning Activities)*
      - Eagle Star Crew Management Corporation 24% *(Recruitment and Provision of Manpower for Maritime Vessels)*
  - AET Shipmanagement (Singapore) Pte. Ltd. 100% *(Ship Management)*
    - AET Shipmanagement (USA) LLC 100% *(Ship Management)*
  - AET Tankers Pte. Ltd. 100% *(Commercial Operation and Chartering)*
  - AET UK Limited 100% *(Commercial Operation and Chartering)*
  - AET Holdings (L) Pte. Ltd. 100% *(Investment Holding)*
    - AET Inc Limited 100% *(Shipowning and Operations)*
      - AET Tankers (Suezmax) Pte. Ltd. 100% *(Own, Manage and Operate Ships)*
      - AET MCV Gamma L.L.C 100% *(Chartering and Operations)*
      - AET Agencies Inc 100% *(Property Owning)*
      - AET Offshore Services Inc 100% *(Lightering)*
      - AET Lightering Services LLC 100% *(Lightering)*
      - Paramount Tankers Corp 50% *(Shipowning)*
  - AET Tanker India Private Limited 100% *(Shipowning)*

Bunga Kasturi (L) Pte. Ltd. 100%
(Shipowning)

Chemical

Centralised Terminals Sdn. Bhd. 45%
(Own, Manage, Operate and Maintain Centralised Tankage Facility)

- Langsat Terminal (One) Sdn. Bhd. 36% *(Provision of Tank Terminal Activities)*
- Langsat Terminal (Two) Sdn. Bhd. 36% *(Provision of Multi User Petrochemical Terminal Facilities)*

MTTI Sdn. Bhd. 100%
(Investment Holding)

- VTTI B.V. 50% *(Owning, operating and managing a network of oil product storage terminals and refineries)*

Offshore

MISC Offshore Holdings (Brazil) Sdn. Bhd. 100%
(Investment Holding)

- SBM Systems Inc 49% *(FPSO Owner)*
- FPSO Brasil Venture S.A. 49% *(Investment and Offshore Activities)*
  - SBM Operacoes Ltda 49% *(Operating and Maintaining FPSO terminals)*
- Brazilian Deepwater Floating Terminals Limited 49% *(Construction of FPSO)*
- Brazilian Deepwater Production Limited 49% *(Chartering of FPSO)*
- Brazilian Deepwater Production Contractors Limited 49% *(Operation and Maintenance of FPSO)*
  - Operacoes Maritimas em Mar Profundo Brasileiro Ltda 49% *(Operation and Maintenance of FPSO)*

MISC Floating Production System (Gumusut) Limited 100%
(Asset Ownership)

MISC Offshore Floating Terminals (L) Limited 100%
(Offshore Floating Terminals Ownership)

Malaysia Offshore Mobile Production (Labuan) Ltd. 80%
(Mobile Offshore Production Unit Owner)

Malaysia Vietnam Offshore Terminal (L) Limited 51%
(FSO Owner)

Malaysia Deepwater Floating Terminal (Kikeh) Limited 51%
(FPSO Owner)

Malaysia Deepwater Production Contractors Sdn. Bhd. 51%
(Operating and Maintaining FPSO Terminal)

FPSO Ventures Sdn. Bhd. 51%
(Operating and Maintaining FPSO Terminals)

- Offshore Marine Ventures Sdn. Bhd. 26% *(Provision of Integrated Service Solutions of Support Vessels)*

Vietnam Offshore Floating Terminal (Ruby) Ltd. 40%
(FPSO Owner)

MISC BERHAD

Marine & Heavy Engineering

Malaysia Marine and Heavy Engineering Holdings Berhad — 66.5%
(Investment Holding)

- Malaysia Marine and Heavy Engineering Sdn. Bhd. — 66.5%
  (Engineering and Construction in oil and gas, Marine Conversion and Marine Repair)
  - MMHE-SHI LNG Sdn. Bhd. — 46.55%
    (Provision of repair services and dry docking of liquefied natural gas carriers)
  - MMHE-ATB Sdn. Bhd. — 26.6%
    (Manufacturing Works of Pressure Vessels and Tube Heat Exchanges)
  - MMHE-TPGM Sdn. Bhd. — 39.9%
    (Provision of Engineering, Procurement, Construction, Installation and Commissioning)
  - MSE Corporation Sdn. Bhd. — 66.5%
    (In Liquidation)
  - Techno Indah Sdn. Bhd. — 66.5%
    (Sludge Disposal Management)
- Armada Akses Sdn. Bhd. — 33.25%
  (to be renamed as Technip MHB Hull Engineering Sdn. Bhd.)
  (Build and develop hull engineering and engineering project management capacities)

Liner & Integrated Logistics

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

- MILS-Seafrigo Sdn. Bhd. — 66.7%
  (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)
- Misan Logistics B.V. — 100%
  (Haulage Brokerage, Liner Merchant and Carrier Haulage)
- Transware Distribution Services Pte. Ltd. — 50%
  (Warehousing)
- Keer-MISC Logistics Co. Ltd. — 50%
  (Transportation)
- Rais-Mils Logistics FZCO — 50%
  (In Liquidation)

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

- MISC Agencies (Australia) Pty. Ltd. *(Shipping Agent)* — 100%
- MISC Agencies (Japan) Ltd. — 100%
  (Port and General Agent)
- MISC Agencies (Singapore) Private Limited *(Shipping Agent)* — 100%
  - Leo Launches Private Limited — 51%
    (Launch Operator)
- MISC Agencies (New Zealand) Limited — 100%
  (Shipping Agent)
- MISC Agencies (Sarawak) Sdn. Bhd. *(Shipping Agent)* — 65%
- MISC Agencies (Thailand) Co. Ltd. — 100%
  (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%
(In Liquidation)

Maritime Education

Malaysian Maritime Academy Sdn. Bhd. — 100%
(Education and Training for Seamen 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. *(Shipowning)* — 49%

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 2011

Liquefied Natural Gas (LNG) Shipping

Class	*Number 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

MISC has almost 30 years of proven experience in LNG transportation and operations 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.

- Full in-house capabilities in ship-owning and ship management including maritime education and ship repair.
- Vessels' compatibility with most terminals worldwide.
- Periodic vessels' inspection, audit and vetting ensures highest safety standards.

Major Developments in FY2010/2011

- Increased third-party customer portfolio via securing medium term contracts with:
  - BG
  - International Gas Transportation Co. (IGTC)/North West Shelf (NWS) Venture, Australia
- World's renowned LNG owner-operator, safely delivering 10% of the global LNG trade.
- Progressing ahead towards commercialisation of FSRU/FSU and FLNG solutions.

Petroleum Shipping

Type	***Number of vessels***
VLCC	9
Aframax	37
CPP	4
Total Owned	50
Total In-Chartered	32
Total	82

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.

- A modern, young fleet of vessels ranging in capacity from 5,800 to 308,000 dwt.
- 14 newbuildings scheduled to join the fleet within the next two years, comprising three Aframax tankers; four Suezmax tankers, two DP shuttle tankers, four VLCC tankers and one MR2 tanker.
- Market leader in ship-to-ship transfers in the US Gulf.

Major Developments in FY2010/2011

- Awarded a 15-year dynamic positioning (DP) shuttle tanker contract from Petrobras in April 2010. The prospective tankers are expected to be employed in the pre-salt fields off the Brazilian Coast.
- Commissioned two new 105,000 dwt DP shuttle tankers and four new 158,500 dwt Suezmax tankers from Samsung Heavy Industries, Korea and four new 320,000 dwt VLCCs from Daewoo Shipbuilding & Marine Engineering Co. Ltd., Korea.
- Workboat building contract awarded to Leevac of Jennings, Louisiana in September 2010.
- Opening of new AET Offshore facility in Galveston, Texas, USA in February 2011.
- Concluded a sale-and-leaseback agreement for Aframax tankers Eagle Otome and Eagle Subaru, and VLCCs Eagle Virginia and Eagle Vermont in March 2011, whereby the ownership is transferred to wholly-owned subsidiary companies of ICON Capital Corp. Commercial and technical management remain unchanged.

Business Overview & Fleet Strength
as at 31 March 2011

Chemical Shipping

Class	*Number of vessels*
Melati Class	7
A Class	8
B Class	3
Total Owned	18
Total In-Chartered	10
Total	28

MISC's three decades of experience in the Chemical Shipping 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.

- 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 FY2010/2011

- Maintained business relationships with ExxonMobil, Petronas Baseoil Sdn. Bhd., INEOS and Wilmar despite the volatile operating environment.
- Received eight chemical tanker newbuildings consisting of four 38,000 dwt from STX Shipbuilding, two 45,000 dwt from SLS Shipbuilding and two 19,000 dwt bareboat charter-in vessels from Fukuoka. The balance of the newbuildings, four 19,000 dwt from Fukuoka and one 45,000 dwt from SLS Shipbuilding will be delivered between the years 2011 to 2012.

Tank Terminal Business

Assets	*Capacity (cbm)*
Langsat Terminal (One)	400,000
VTTI Worldwide Terminals	6,188,000
Total	**6,588,000**

MISC's foray into the tank terminal business is via our project in Tanjung Langsat, Johor, Malaysia. Langsat Terminal (One) with a total capacity of 476,000 cbm commenced its first phase in September 2009. In partnership with energy traders, Vitol Holding B.V., we have expanded our presence and logistics assets all around the world, through a joint venture subsidiary, VTTI B.V. (VTTI). VTTI terminals are fully equipped with Terminal Management System (TMS) which allows the terminals to operate automatically and improve the terminals' efficiency. Our worldwide presence in most continents and strong capabilities in the storage of energy, coupled with a pool of experienced personnel allow us to offer dynamic services to customers. We comply with all local legislations and are also committed to meet the highest international standards of our industry.

- Terminals strategically located at key hub and spoke locations, i.e. Amsterdam, Rotterdam, Antwerp (ARA), Florida and Johor, Southern Malaysia.
- As at end of 2010, the total capacity of our terminals are more than 6.5 million cbm. Estimate total capacity at approximately 8.6 million cbm by end 2012.

Major Developments in FY2010/2011

- Acquired 50% interest in VTTI, which propelled MISC as the sixth largest independent tank terminal operator globally.
- Langsat Terminal (One) Phase 2 development received its first oil in April 2010. Construction of the third phase is still ongoing and is expected to commence operations by end 2011 with an additional capacity of 76,000 cbm, bringing the total capacity of Langsat Terminal (One) to 476,000 cbm.

Business Overview & Fleet Strength
as at 31 March 2011

Offshore Business

Class	*Number of facility*
Floating Production Storage and Offloading (FPSO)	5*
Floating Storage and Offloading (FSO)	5**
Mobile Offshore Production Unit (MOPU)	2***
Total owned	**12**

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

MISC has delivered safe and well executed projects, through well-built relationships with customers and partners. These partnerships has enabled MISC to further enhance its capabilities in Offshore Engineering and Asset Management with business processes that is in accordance to international standards and best practices, and is certified ISO 9001:2008.

- Proven technology to provide the best solutions for our customers' offshore development needs.
- Solid foundation in the offshore industry to offer comprehensive solutions for deepwater and small field developments.
- Pursuing technical alliances and strategic partnerships to achieve supremacy in domestic market and competitiveness in selected international market especially in FPSO/FSO and other potential new businesses.

Major Developments in FY2010/2011

- Received maiden contribution from its fifth FPSO (FPSO Ruby II) on 9 June 2010 and its first MOPU (MOPU Satu) on 11 June 2010.
- Renewal extension of FSO Cendor contract until July 2013.
- Received contract award from Petrofac to supply a Floating Production, Storage and Offloading (FPSO) facility for Cendor Phase 2 Development Project, Block PM-304 in March 2011.
- Successfully obtained the recertification of ISO 9001:2008 on 9 March 2011.
- Activities mainly focused on the delivery of FPS Gumusut-Kakap and front end development in securing more projects in Asia Pacific.

Marine & Heavy Engineering Business

Facilities	***No. & Area***
Drydock	2 drydocks (Up to 450,000 dwt – 385 m x 80 m x 14 m & up to 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	35 production workshops covering 99,000 sq.m. (Including a fully equipped and covered cutting & assembly workshop, service workshops and production workshops).
Shiplift	1 shiplift (188.4 m x 33.8 m x 8 m draft with capacity of 50,000 dwt)
Landberth	2 landberths (each of 345 m length)
Quay	7 Quays
LNG Tanker Repair Facility:	
• Global Test Control Room (GTCR)	3 units
• Cryogenic Workshop	1 (557.8 sq.m.)
• Invar Welding Training Centre	1 (84.28 sq.m.)

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

- The Pasir Gudang yard is one of the largest marine heavy industry facilities in the region with an area of 150.6 hectares and 1.8 km seafront.
- Operates a fabrication yard in Kiyanly, Turkmenistan with an area of 43.6 hectares.
- Order book of RM3.1 billion as at 31 March 2011.

Major Developments in FY2010/2011

- Safely delivered the 2,585 MT BP Angola External Turret to Sofec Inc in November 2010.
- Safely delivered the Tangga Barat Topside to Petronas Carigali Sdn. Bhd. in October 2010.
- In April 2010, the Tangga Barat jacket left MMHE to the Tangga Barat Cluster gas fields.
- Successfully repaired a total of 93 vessels.
- Under the Yard development programme, MMHE completed the construction of 40,000 MT bulkhead and quay wall at the end March 2010 and two units of luffing cranes for West Finger Pier in January 2011.
- In March 2011, MHB's subsidiary, MMHE was awarded the prestigious Industry Excellence Award 2010 under the Export Excellence Award-Services category. The Industry Excellence Award was presented by the Ministry of International Trade & Industry (MITI).

Business Overview & Fleet Strength

as at 31 March 2011

Container Shipping

Type	*Number of vessels*
Above 5000 TEUs	2
3000 – 5000 TEUs	3
1000 – 3000 TEUs	8
Less than 1000 TEUs	5
Total Owned	18
Total In-Chartered	15
Total	33

MISC is one of the leading carriers in the Intra-Asia trade with more than 40 years of proven experience. During this period, MISC has strategically expanded its market coverage to gain more competitive advantage through innovative products and strengthened market position in key strategic areas. In 2009, MISC refocused its liner business into the Intra-Asia and Oceania markets, specialising in the transportation of Halal produce and products and reefer business. Following that, MISC enhanced its Halal Express Service 1 (HE1) with an extended rotation to China and Indonesia and subsequently launched the Malaysia East Asia Service (MES), which directly connects the Far East ports to Vietnam and the South East Asia Region. With the success of the first two, MISC also launched two more services in the same year, the East India Service (EIS) and Siam-Singapore Service (SSS).

- Innovator of Halal Supply Chain Solutions through the Halal Express Service.
- Extensive MISC Shipping Agency network in the Asia and Oceania region.
- Key player in domestic containerised shipping services.

Major Developments in FY2010/2011

- MISC Board approved the sale of 3 Bidara-class vessels in September 2010, to realign fleet compatibility in line with Liner's new business model.
- Signed a joint-venture (JV) agreement with Intergroup on 8 December 2010 to form a JV company that would facilitate the direct entry into China, a strategic market for Liner business.
- Launched the Gulf Feeder Service (GFS) in December 2010 to re-emphasise MISC's commitment in serving strategic markets in the Gulf/Persian Gulf region.
- Launched the revamped Perdana Domestic Service (PDS). In December 2010, the new service was reshaped into 2 strings (PS1 and PS2) with PS3 added in January 2011. The revised service pattern is a re-commitment to shippers by providing premier container shipping services in Sarawak, Sabah and Brunei.
- Launched revamped Philippines Feeder Service (PFS) on 9 February 2011 to cater to the increasing trade amongst South East Asian nations especially reefers from Davao.

Integrated Logistics Business

Assets	*No.*
Prime movers	148 units
Road tankers	16 units
NGV tankers	35 units
Total Storage Facility	662,717 sq.ft

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.

- 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 regional supply chain through consolidation and distribution concept and it is the pioneer Halal facility as certified by Halal Development Corporation (HDC) in March 2009.

Major Developments in FY2010/2011

- Secured three international freight forwarding services contracts with Sabah Shell Petroleum Co. Ltd., Sarawak Shell Bhd. and with Lundin Malaysia B.V.
- Awarded a contract by Samsung Engineering Co. Ltd., Korea to arrange tax exemption, custom clearance, inland, ocean and air transportation for offshore and onshore general cargo for Sabah Oil & Gas Terminal (SOGT) project. First shipment targeted in June 2011.
- Awarded logistics contract by Hyundai Engineering (Petronas' EPCC Contractor) for Plant Rejuvenation and Revamp 2 (PRR2) project. First shipment is expected to kick off in August 2011.
- Secured the Lekas (P2) Project Logistics Contracts for LNG regassification facilities, island berth and subsea pipeline from EPCIC Alliance of Petronas Gas Berhad (PGB) and Perunding Ranhill-Worley Muhibbah Consortium.
- Secured a 7 years logistics contract for PNGV2 from Petronas Dagangan Berhad (PDB), covering the distribution of NGV into Tronoh, Sungai Petani and Kerteh and their surrounding areas.

Business Overview & Fleet Strength
as at 31 March 2011

Others

Other Class	*Number of vessels*
LPG	3
Dry Bulk (Panamax)	1
Total owned	4
Total In-Chartered	1
Total	**5**

Maritime Education & Training (MET)

Resources

- State-of-the-art Simulation Centre
- M.T. Pernas Propane Training Ship
- Resource Centre with Internet facilities (wi-fi)
- In-campus accommodation which includes villas for senior officers
- Well equipped workshops and laboratories

ALAM is the premier training centre for the development of seafaring professionals. For over 30 years, ALAM has trained more than 10,000 Malaysians, through a structured training and education system unique to the Academy. Working in collaboration with companies and institutions in the maritime industry locally and regionally, ALAM prepares students to face the demanding career challenges of the maritime profession.

- A balance of professional regimentation with a challenging college environment, our system is a structured blend of classroom instruction, practical training and professional development skills.
- The choice Maritime Education and Training (MET) institution in this region with student diversity which includes foreign students from the Philippines, India, China, Yemen, Bangladesh, Iran and Ukraine. Foreign students make up about 30% of the total student strength at ALAM.

Major Developments in FY2010/2011

- ALAM's 103rd Convocation ceremony produced a record of 385 professional graduates comprising 183 graduates of Diploma in Nautical Studies and 202 graduates of Diploma in Marine Engineering.
- Became the first private institution of higher learning in Malaysia to have its own Royal Malaysian Navy Reservist Unit and its CEO conferred as Honorary Commander of the Naval Reservist Unit.
- To cater for the ever growing demands locally in the shipping fraternity, collaborated with MARA and FELDA to train Malaysians whilst engaging in R&D Work (Simulation Studies) for various new ports and ship operating areas and Traffic Risk Assessment study. This has resulted in increased sponsorships from local agencies.
- Two of ALAM cadets were accepted into the United States Merchant Marine Academy (USMMA) for their Bachelor Degree programme including Ms. Llewellyn Anne Culas, the first female officer cadet from ALAM and from Malaysia to be accepted into this prestigious Academy. To date, seven Officer Cadets from ALAM has been accepted into USMMA of whom two received the Gold Star Award for Best in Academic 2010.
- During the year, ALAM achieved various international recognition, namely the `Maritime Trainer of the Year (2010)' Award by Sailor Today, Lloyd's List Asia Award 2010 for Best in Training and Crewing and was a finalist for the Seatrade Asia Award 2010 for Education and Training.

Resolute In Our Drive **Forward**

We remain resolute in the face of changing market conditions. And we will continue to develop our competitive advantage, to achieve our goal of being the preferred global energy transport and logistics service provider.

Profiles of Directors
as at 15 July 2011

Dato' Shamsul Azhar bin Abbas
Chairman, Non-Independent Non-Executive Director
(Resigned with effect from 1 August 2011)

Dato' Shamsul Azhar bin Abbas, Malaysian, aged 59, 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). He joined PETRONAS in 1975 and had 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 several key PETRONAS subsidiaries, including exploration and production arm PETRONAS Carigali Sdn. Bhd. and PETRONAS International Corporation Ltd.

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

Datuk Manharlal Ratilal

Chairman, Non-Independent
Non-Executive Director
(Appointed with effect from 1 August 2011)

Datuk Manharlal Ratilal, Malaysian, aged 51, was appointed as Chairman and Non-Independent Non-Executive Director of MISC Berhad on 1 August 2011.

He holds a Bachelor of Arts (Honours) degree in Accountancy from the City of Birmingham Polytechnic, United Kingdom and Masters in Business Administration from the University of Aston in Birmingham, United Kingdom.

Prior to joining PETRONAS in 2003, he was attached with a local investment bank for 18 years, concentrating on corporate finance where he was involved in advisory work in mergers and acquisitions, equity and debt capital markets. From 1997 to 2002, he served as the Managing Director of the investment bank.

Datuk Manharlal is the Executive Vice President, Finance of PETRONAS and a member of Board of Directors of PETRONAS, its Executive Committee and Management Committee.

He also sits on the Board of KLCC Property Holdings Berhad, PETRONAS Dagangan Berhad, PETRONAS Chemicals Group Berhad, Cagamas Holdings Berhad, Cagamas Berhad and Danajamin Nasional Berhad.

Profiles of Directors
as at 15 July 2011

Datuk Nasarudin Md Idris
President/Chief Executive Officer, Non-Independent Executive Director

Datuk Nasarudin Md Idris, Malaysian, aged 56, 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 from 11 October 2004 before his re-designation.

Datuk Nasarudin graduated from the 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. He has also attended the Stanford Executive Programme at Stanford University, United States of America.

Datuk Nasarudin joined Petroliam Nasional Berhad (PETRONAS) in 1978 and had held various positions within PETRONAS Group including as Vice President, Corporate Planning and Development, 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 the Chairman of several major subsidiaries within MISC Group including Malaysia Marine and Heavy Engineering Holdings Berhad, AET Tanker Holdings Sdn. Bhd., Malaysian Maritime Academy Sdn. Bhd., MISC Integrated Logistics Sdn. Bhd., VTTI B.V. and Centralised Terminal Sdn. Bhd. He is also a Management Committee Member of PETRONAS and a Director of Bintulu Port Holdings Berhad and NCB Holdings Berhad.

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

Harry K. Menon

Independent Non-Executive Director

Harry K. Menon, Malaysian, aged 61, was appointed as Independent Non-Executive Director of MISC Berhad on 30 August 2001. He is also the Chairman 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 the Chairman of Putrajaya Perdana Berhad, SCICOM (MSC) Berhad, KLCC Property Holdings Berhad and KLCC Holdings Sdn. Bhd. He is also a Non-Executive Director of Petroliam Nasional Berhad.

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

Profiles of Directors
as at 15 July 2011

Dato' Halipah binti Esa
Independent Non-Executive Director

Dato' Halipah binti Esa, Malaysian, aged 61, was appointed as Independent Non-Executive Director of MISC Berhad on 26 April 2004. She is also a member of the MISC Board Audit Committee.

Dato' Halipah received her Bachelor of Arts (Honours) degree in Economics and a Master of Economics from the University of Malaya. She also holds Certificates in Economic Management from the IMF Institute, Washington and the Kiel Institute for World Economics, Germany as well as a Certificate in Advanced Management Programme from Adam Smith Institute, London.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department. During her tenure in EPU, she served in various capacities in the areas of infrastructure, water supply, energy, health, housing, telecommunications, urban services, human resource development, macro economy, international economy, environment, regional development and distribution. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

She is currently the Chairman of Cagamas SME Bhd. and serves on the Boards of Malaysia Marine and Heavy Engineering Holdings Berhad, KLCC Property Holdings Berhad, Northport (Malaysia) Bhd., Malaysia Deposit Insurance Corporation and the Securities Industry Dispute Resolution Centre.

She was previously Chairman of Pengurusan Aset Air Berhad and had also served on the Boards of Petroliam Nasional Berhad (PETRONAS), Employees Provident Fund (EPF), Inland Revenue Board (IRB), Bank Pertanian, Federal Land Development Authority (FELDA) and UDA Holdings Berhad. She was a consultant to the World Bank and United Nations Development Programme (UNDP) in advising the Royal Kingdom of Saudi Arabia on economic planning, and had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

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

Dato' Kalsom binti Abd. Rahman

Independent Non-Executive Director

Dato' Kalsom binti Abd. Rahman, Malaysian, aged 63, 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, Remuneration Committee and the Chairman of the Nomination 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 organised 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, and Lion Forest Industries Berhad.

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

Profiles of Directors

as at 15 July 2011

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah

Independent Non-Executive Director

Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah, Malaysian, aged 59, 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 a Masters 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 Programme 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, Federal Land Development Authority, Kumpulan Wang Persaraan (Diperbadankan), 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.

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

Amir Hamzah bin Azizan

Non-Independent Non-Executive Director

Amir Hamzah bin Azizan, Malaysian, aged 44, is a Non-Independent Non-Executive Director of MISC Berhad. He is also a member of the MISC Board Audit Committee.

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

Amir Hamzah is currently the Vice President, Downstream Marketing of PETRONAS and Managing Director/Chief Executive Officer (CEO) of PETRONAS Dagangan Berhad. He had served the Shell Group of Companies for 10 years in various capacities including as the Head of Financial Services and Manager, Planning & Support at Sarawak Shell Berhad, Marketing Credit Accountant at Shell Singapore Ptd. Ltd., Internal Auditor at Shell Eastern Petroleum Pte. Ltd. and Senior Treasury Advisor at Shell International Ltd. London.

He joined MISC in 2000 and was the Group's General Manager of Corporate Planning Services.
In 2004, he was the Regional Business Director (Europe, America, Africa and FSU) of MISC based in London, United Kingdom before being appointed as the President/CEO of AET Tanker Holdings Sdn. Bhd., a wholly owned subsidiary of MISC Berhad on 1 April 2005. He was the President/CEO of MISC Berhad from 1 January 2009 until 15 June 2010, when he resigned to join PETRONAS Dagangan Berhad as the Managing Director/CEO.

Amir Hamzah bin Azizan is a board member of PETRONAS Dagangan Berhad, Engen Ltd., PETRONAS Lubricants International, UK P&I Club and a member of the American Bureau of Shipping.

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

Profiles of Directors
as at 15 July 2011

Datuk Wan Zulkiflee bin Wan Ariffin
Non-Independent Non-Executive Director

Datuk Wan Zulkiflee bin Wan Ariffin, Malaysian, aged 50, was appointed as Non-Independent Non-Executive Director of MISC Berhad on 8 July 2010.

Datuk Wan Zulkiflee holds a Bachelor of Engineering Degree from the University of Adelaide, South Australia. In 2000, he attended the INSEAD Senior Management Development Programme and in 2004 he attended the Advanced Management Programme at Harvard Business School, Harvard University. He was conferred the Honorary Fellowship by the Institution of Chemical Engineers, United Kingdom in November 2005.

Since joining Petroliam Nasional Berhad (PETRONAS) in 1983, Datuk Wan Zulkiflee has held various positions within the PETRONAS Group including serving in the Office of the President as Executive Assistant to the President, General Manager, International Projects Management Division of OGP Technical Services and General Manager for the Strategy and Business Development Unit. He was the Managing Director/Chief Executive Officer of a public listed subsidiary, PETRONAS Gas Berhad from 2003 to 2007 and Vice President of Gas Business from April 2006 till April 2010.

Datuk Wan Zulkiflee bin Wan Ariffin is currently the Executive Vice President, Downstream Business of PETRONAS and is a member of PETRONAS Board of Directors, the PETRONAS Executive Committee and Management Committee and serves on various boards of several Joint Ventures and Subsidiary Companies in the PETRONAS Group. He is currently the Chairman of the two public listed subsidiaries, namely PETRONAS Chemicals Group Berhad and PETRONAS Dagangan Berhad. He is also the Industry Advisor to the Engineering Faculty, University Putra Malaysia.

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

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.

Management Committee

Top

Datuk Nasarudin Md Idris
President/Chief Executive Officer

Center

Mohamed Khalzani bin Mohamed Saffian
Vice President, Chemical Business

Baharuddin bin Arbak
Vice President, Liner Business

Bottom

Faizul bin Ismail
Vice President, LNG Business

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

Management Committee

Top

Noraini binti Che Dan
Vice President, Finance

Nordin bin Mat Yusoff
Vice President, Group Technical Services

Center

Mohamed Sabri bin Mohamed Zain
Vice President, Offshore Business

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

Bottom

Fadzillah binti Kamaruddin
Vice President,
Legal & Corporate Secretarial Affairs

Yee Yang Chien
Vice President,
Corporate Planning and Development

Iwan Azlan bin Mokhtar
Vice President,
Human Resource Management

Profiles of Management Committee

as at 15 July 2011

Datuk Nasarudin Md Idris

President/Chief Executive Officer

Datuk Nasarudin Md Idris, aged 56, 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 from 11 October 2004 before his re-designation.

Datuk Nasarudin graduated from the 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. He has also attended the Stanford Executive Programme at Stanford University, United States of America.

Datuk Nasarudin joined Petroliam Nasional Berhad (PETRONAS) in 1978 and had held various positions within PETRONAS Group including as Vice President, Corporate Planning and Development; 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 the Chairman of several major subsidiaries within MISC Group including Malaysia Marine and Heavy Engineering Holdings Berhad, AET Tanker Holdings Sdn. Bhd., Malaysian Maritime Academy Sdn. Bhd., MISC Integrated Logistics Sdn. Bhd., VTTI B.V. and Centralised Terminal Sdn. Bhd. He is also a Management Committee Member of PETRONAS and a director of Bintulu Port Holdings Berhad and NCB Holdings Berhad.

Hor Weng Yew

President/Chief Executive Officer
AET Tanker Holdings Sdn. Bhd.

Hor Weng Yew, aged 44, 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 and chartering, project management, 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 the 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.

Profiles of Management Committee
as at 15 July 2011

Mohamed Khalzani bin Mohamed Saffian
Vice President, Chemical Business

Mohamed Khalzani bin Mohamed Saffian, aged 45, 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 48, 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 since 1 February 2009.

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

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

Mohamed Sabri bin Mohamed Zain
Vice President, Offshore Business

Mohamed Sabri bin Mohamed Zain, aged 54, was appointed as Vice President, Offshore Business on 16 November 2010.

Mohamed Sabri graduated with a Bachelor of Science Degree in Petroleum Engineering from University of Wyoming, United States of America in 1978.

Prior to joining MISC, he was the President of White Nile Petroleum Operating Company Ltd. (WNPOC), a joint-venture operating company between Petroliam Nasional Berhad (PETRONAS) and Sudapet of Sudan (responsible for exploration, development and production of 3 blocks in Sudan from 2008 to 2010).

Since joining PETRONAS in 1978, he held various positions within PETRONAS including General Manager positions for PETRONAS Carigali Sdn. Bhd. for Vietnam Operations, Development Division, Middle East and Asia (covering Middle East and Central Asia) and International Operations.

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

Faizul bin Ismail
Vice President, LNG Business

Faizul bin Ismail, aged 50, is the Vice President of LNG Business, effective 1 August 2011, after heading the same division as Senior General Manager, LNG Business since 1 April 2010.

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 and until 1990 served as an Engineer serving the MISC LNG Fleet. In the following year, he joined Petroliam Nasional Berhad (PETRONAS) as a Marine Engineer Superintendent and was involved in the LNG shipbuilding project in France until 1994. He has held various positions in PETRONAS including 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 52, 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 the Board of Engineers, Malaysia.

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

Prior to joining PETRONAS, he served Malaysia Marine and Heavy Engineering Sdn. Bhd. 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 a Director of various subsidiaries and joint venture companies within MISC Group. He is also the Chairman of the Malaysian Shipowners' Association.

Profiles of Management Committee
as at 15 July 2011

Noraini binti Che Dan
Vice President, Finance

Noraini binti Che Dan, aged 55, was appointed as Vice President, Finance on 1 April 2005.

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

Prior to joining Pernas International Holdings Berhad (Pernas), she was an Audit Senior of Public Accounting Firm, Hanafiah Raslan & Mohamad. She 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 43, 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 with emphasis on strategic planning, mergers and acquisitions and risk management. He had also served MISC Berhad for two years since 2003 where he was involved in the acquisition of MISC's subsidiary, AET Group (AET).

He had also served as Group Vice President of Corporate Planning, AET from June 2005 prior to re-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 45, 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 appointed as Honorary Commander of the Royal Malaysian Navy in November 2009, in recognition of MISC's support to the Naval Reservist Programme 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 Board member in several subsidiaries and joint venture companies within MISC Group.

Iwan Azlan bin Mokhtar
Vice President, Human Resource Management

Iwan Azlan bin Mokhtar, aged 43, was appointed as Vice President, Human Resource 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 as 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 a subsidiary within MISC Group.

Fadzillah binti Kamaruddin
Vice President, Legal & Corporate Secretarial Affairs

Fadzillah binti Kamaruddin, aged 45, was appointed as Vice President, Legal & Corporate Secretarial Affairs (LCSA) on 1 August 2010 and Company Secretary of MISC Berhad on 1 November 2007. Prior to her current position, she was the Senior General Manager, LCSA, since 1 January 2008.

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.

Chairman's Statement

Against the backdrop of a challenging operating environment characterised by uneven demand recovery and renewed upward pressure on industry costs, the MISC Group, for the financial year ended 31 March 2011, delivered another round of resilient performance – vindicating our long-held strategy as well as efforts to ensure an optimal balance between cyclical and annuity-type businesses in delivering superior long-term value for our shareholders.

Net profit for the year was a stronger RM1.87 billion and enabled the Group to post substantially higher Earnings Per Share (EPS) of 41.9 sen against last year's 17.7 sen.

The year under review had in fact begun on an optimistic note. Global industrial production that had already rebounded sharply some months earlier on the back of an upturn in the global inventory cycle, continued to advance further, fuelling an equally vigorous expansion in international trade; a parallel, more modest recovery in consumer demand also providing additional support. With shipping demand on the increase, freight rates climbed further from their multi-year lows and vessels were reactivated into service. However, as the year progressed, momentum in the economic recovery began to slow and demand for shipping softened. Excess tonnage accumulated once again, placing freight rates under renewed downward pressure. Fuel costs meanwhile increased as a result of higher crude oil prices and mounting inflationary pressures squeezed industry operating margins further, compounding the industry's challenges.

Higher crude oil prices nevertheless provided a silver lining for our offshore business division and heavy engineering business – both gaining from a strong recovery in upstream oil and gas capital outlays. Demand for LNG vessels also received an unexpected fillip in the wake of the Great Eastern Japan earthquake as higher volumes of natural gas were sought for power generation to compensate for the loss of nuclear generation capacities – this, indirectly helping to reduce the extent of oversupply.

Financial Performance

The Group's profit before taxation for the year of RM2.24 billion, which was achieved on the back of RM12.33 billion in revenue, represents a significant 146.1 percent increase from a year ago. This was primarily due to the improved performance of our container shipping business, which, although still having incurred a loss for the year, achieved a substantially lower shortfall. Maiden contributions from the tank terminal business as well as gains from the listing of our heavy engineering business also contributed to this improved profit performance. While the Group's balance sheet was impacted by impairment charges on some of our assets, mainly our chemical tanker fleet, these represent transitory adjustments and had arisen as a result of prevailing market conditions. Meanwhile, our cash balances stood at a healthy RM3.35 billion and net gearing ratio, at 0.36 times.

Dividend

For the final quarter of the year, the Board of Directors is recommending a final dividend of 10 sen per share, tax-exempt. Taken together with the 15 sen tax-exempt dividend declared in the first half of the financial year, this brings the total dividend for the financial year ended 31 March 2011 to 25 sen per share, tax-exempt. The Board is of the view that this payout achieves the optimum balance between maintaining a reasonable dividend against ensuring the retention of sufficient internal funds to capture attractively valued business opportunities that could emerge amidst weaker market conditions.

Chairman's Statement

Corporate Developments

During the year, MISC listed its heavy engineering business, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) on the Main Board of Bursa Malaysia, which raised RM2.03 billion for the MISC Group. The listing has not only provided opportunities for our shareholders, as well as the investing public at large, to participate directly in this exciting business, but will also, by providing MHB direct access to capital markets with which to meet its capital expenditure needs, help accelerate its capacity expansion plans.

We also completed, during the year, our acquisition of a 50 percent stake in VTTI B.V., the tank terminal arm of leading crude oil and product trading company Vitol Holding B.V. – a move that has placed MISC as the world's sixth largest independent tank terminal operator. The venture provides us with a global tank terminal footprint of 11 locations in 10 countries and is another example of efforts to grow our annuity-generating portfolio. The acquisition will also provide synergistic opportunities for our petroleum and chemical shipping businesses.

In LNG shipping, we made inroads into new markets, securing our first term contract in Australia – namely, with the North West Shelf Project operated by Woodside Energy. Similarly, AET secured a 15-year award for two shuttle tankers with Petrobras, commencing in 2013. Both these ventures once again reflect our strategic intent of expanding annuity-generating businesses.

In our other business segments, the offshore solutions division delivered three new Floating Production Facilities – the *FPSO Ruby II*, which was deployed offshore Vietnam; as well as *MOPU Satu* and *MOPU Dua*, deployed offshore Sarawak. We took delivery of nine Aframaxes, three clean product tankers and six chemical tankers and in addition, placed orders for four new Suezmaxes, four new VLCCs and two new Dynamic-Positioning (DP) shuttle tankers, all of which are scheduled for delivery over the 2012-2013 period. The two DP shuttle tankers will serve AET's contract with Petrobras, while the Suezmaxes are intended as replacements for in-chartered vessels of that class currently operating as part of our fleet.

On the technology front, the ongoing construction of our first semi-submersible rig – for the Gumusut-Kakap Field and is scheduled to be delivered in 2012 – continued to provide us with avenues to enhance and build our internal capabilities as well as expertise. Also in the pipeline are the development and construction of a Floating LNG vessel (FLNG), in collaboration with PETRONAS and various parties, as well as the development of Floating Storage and Re-gasification Units (FSRU) via bids in various countries in the region. On this note, I am pleased to report that MISC will be participating in Malaysia's first re-gasification terminal project, scheduled to be commissioned in July 2012, with the supply of two Floating Storage Units (FSUs).

Outlook

Prospects for the shipping industry in the coming year continue to remain uncertain. While forward-looking indicators point to a moderate reacceleration in global economic activity following the recent lull, the accompanying downside risks have also broadened and intensified. Persistently high crude oil prices will continue to weigh down on operating margins, while freight rates could face further downward pressure in the event that demand growth proves insufficiently robust to absorb the anticipated entry of newbuildings.

Against this backdrop, we expect the year ahead to be one of mixed fortunes. We are confident that the outlook for our LNG shipping and tank storage will remain favourable as the demand drivers for these market segments are set to strengthen, remaining relatively insulated from the broader developments within the industry. Similarly, demand for offshore solutions and heavy engineering services are expected to remain robust given the strong interest in oil and gas exploration and production within the region. The outlook for our container shipping, chemical tanker and petroleum tanker divisions is, by contrast, expected to remain challenging.

Chairman's Statement

We also expect the supply of manpower to tighten as growth in the oil and gas and heavy engineering industries create stiffer competition for the same talent pool. Globally, a growing merchant fleet is expected to create further challenges for MISC in terms of attracting and retaining experienced crew to support the growth of its operations.

Notwithstanding these challenges, I am optimistic that MISC possesses both the resilience and agility to continue enhancing and adding value to its business, building upon its competitive advantages to sustain the company's growth and return greater value to its shareholders.

Appreciation

I would like to take this opportunity to express my deepest gratitude to all members of the MISC Board, whose collective wisdom and wise counsel have helped steer the company successfully through the turbulent waters of recent years. I would like to thank all our employees – both in Malaysia and around the globe – for their determination, perseverance and sacrifices in having made possible this year's resilient performance.

A special appreciation also goes to the Royal Malaysian Navy, whose continued support allowed us to ply our trade safely from the threats of piracy and we look forward to closer working ties and co-operation during the coming year.

Lastly, I would like to sincerely thank all our shareholders, business partners, clients and customers, as well as our numerous other stakeholders for their continued loyalty and confidence in us as we strive to steer MISC Berhad to greater heights.

Dato' Shamsul Azhar Abbas
Chairman

28 May 2011

President/CEO's Report

2010 has been a challenging year for the global shipping industry. The year started on a promising note with freight rates enjoying a rebound in the first half of the year, as the world began to recover from the financial crisis which rocked economies around the world in 2008 and 2009. Unfortunately, this was short-lived as economic growth eases towards the later part of the year and record deliveries of new vessels put paid to hopes for a sustained upturn in freight rates.

The past one year has been volatile, with a myriad of unexpected events disrupting economic activities worldwide. While western economies continued their battle to restore growth and financial order in their fiscal domains, a series of natural disasters hit the eastern hemisphere. We witnessed severe flooding in the North East Coast of Australia, earthquakes that hit New Zealand and the devastating earthquakes and tsunamis in Japan, all of which brought about great economic disruptions. The world also bore witness to geopolitical unrests that erupted in the Middle East and North Africa.

Indeed, 2010 has been a roller coaster year that has challenged and tested our business strategies and plans, forcing us to continuously re-examine our strategic imperatives to ensure the relevancy of our actions in view of the fast changing and unpredictable environment.

Despite the highly volatile business environment, we achieved two significant milestones in MISC's business growth – the acquisition of a stake in a global tank terminal business, VTTI B.V. (VTTI), and the listing of our wholly owned heavy engineering business, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) on Bursa Malaysia.

President/CEO's Report

Completed in September 2010, our acquisition of a 50% stake in VTTI effectively grants us immediate access to 11 locations in 10 countries, propelling MISC into the global tank terminal business arena. Together with Vitol Holdings BV, one of the world's leading energy traders who owns the other 50% stake in VTTI, we are confident that this partnership will be able to provide VTTI with the right level of support and leverage to bring the business to greater heights. Our expansion into the tank terminal space is also consistent with our corporate goal to become a world class transportation and logistics service provider, and the tank terminal business will further broaden the suite of services presently being offered by MISC while providing synergistic opportunities to our current shipping activities.

Meanwhile, in October 2010, our heavy engineering and fabrication business, MHB, was officially listed on Bursa Malaysia. I am happy to report that minority shareholders of MISC were directly rewarded through a special allocation of shares in the initial public offering.

The listing of MHB is also part of our growth strategy to allow MHB to directly tap the capital markets to fund its expansion plans without having to rely upon MISC while allowing the public to directly participate in its future growth. On 20 June 2011, MHB was officially admitted into FTSE Bursa Malaysia list of component stocks for the composite index, further solidifying the company as a valuable investment proxy to the oil and gas sector.

The tank terminal business will further broaden the suite of services presently being offered by MISC while providing synergistic opportunities to our current shipping activities.

Shipping is inherently a highly cyclical industry. The sluggish freight rates that we see today, contrasts sharply with the lofty levels that we enjoyed in the three to four years preceding the outbreak of the financial crisis. To be sustainable in the business, we must build the resilience in our business portfolio. This has been a key guiding principle all these years and it has been the central pillar of our strategies and initiatives. In these trying times, we believe resilience and robustness will enable us to weather the storm and emerge stronger and better poised for further growth.

President/CEO's Report

Our petroleum, chemical, liner (container shipping) and logistics businesses are highly cyclical and we are exposed to the vagaries of the market. But we are also fortunate to have within our portfolio, businesses which are fairly stable that provide an almost annuity-like income that help us absorb the vagaries of the spot markets. The past year has indeed put our portfolio strategy to the test and I am pleased to state that we have withstood the scrutiny.

MISC has three business segments which anchor our annual income stream, namely our LNG shipping business, our offshore business and the marine and heavy engineering business. Although our marine and heavy engineering business, through MHB, may not be as secured as the other two, the visibility of its order book over the next two to three years does provide some additional comfort to our income stream.

Cumulatively, these businesses have generated an income stream that helped cushion the negative impact of our more volatile earnings from the various shipping businesses. Last year, our LNG business enjoyed a full 12-month contribution from its two LNG vessels chartered to Yemen LNG for a 20 year period, while the offshore business reflected additional contributions from new projects commissioned, namely the FPSO Ruby II and MOPU Satu.

Although we had exited the Asia-Europe trade and refocused our efforts on being an Intra-Asia operator in the past year, the liner trade continued to face severe competition. Sluggish performances in the major East-West trade services resulted in many operators following our path by switching to the Intra-Asia market. Operationally, we continued with our efforts on cost and yield management while embarking on further

business rationalisation especially on our marketing and agency network to give us greater reach and direct access to our customers.

Our petroleum tanker business under wholly owned subsidiary, AET, faced one of its more difficult operating environment in recent times as the segment saw the delivery of many new vessels, further exacerbating the problem of oversupply. Nevertheless, AET's mix of spot contracts as well as time charters and contracts with secured freight rates have helped to absorb the financial blow faced by most owners and operators in the industry. Operational excellence in the technical management of the fleet remained highly important as customers continued to favour outstanding quality operators.

The chemical tanker division focused on commissioning its new vessel deliveries during the year as it sought to replace previously in-chartered vessels with MISC's own long term tonnage. With greater commercial and technical management control over our own fleet, we are now in a better position to programme our fleet deployment, allowing us to optimise utilisation of the vessels while moving vessels to higher paying routes across the various identified chemical and vegetable oil trades.

While much effort has been made in the operational aspects of the business during the year, we had also paid equal attention to selected growth initiatives that will allow us to further add to our portfolio of secured businesses. During the year, AET secured 15-year contracts for two Dynamic Positioning (DP) Aframax size shuttle tankers to be chartered to Petrobras in Brazil, marking its first major breakthrough in South America. The Offshore division secured a new FPSO contract with Petrofac for the conversion of the FPSO Cendor for deployment in 2013.

Throughout the turmoil of 2010, we have remained judicious in our capital spending, focusing primarily on investments that will reward us with long-term, recurring income streams. During this difficult time it is also prudent for us to conserve sufficient resources to enable us to exploit any opportunities that may arise for acquisition of assets or businesses at competitive prices that will position the Group for the next upturn of the shipping market.

President/CEO's Report

Business Segment Review

LNG Shipping

In the immediate term, the global gas supply-demand dynamics is poised for a structural shift. Whilst a strong pipeline of supply is expected from Australia by 2012, demand is also increasing rapidly from Japan following the recent 'black swan' events of earthquakes and the consequent tsunamis that had brought much destruction and chaos to the Japanese economy.

In the medium term, growth in gas demand will be led by China and India, and other emerging economies in light of doubts raised on the safety of nuclear power generation. Commercialisation of large shale gas reserves in the US will possibly transform the US into a net gas exporter. Increasingly, the world is seeking safer and cleaner energy sources in response to the issues of greenhouse gases and climate change, and gas provides a viable alternative.

Given these conditions, supplies are expected to tighten by 2012-2014. On the demand side, the global economic recovery and one of the coldest winter seasons on record saw demand for LNG rise by 22% in 2010 to 224 million metric tonnes compared to 183 million metric tonnes in 2009.

Japan, already the biggest importer of LNG globally is expected to import an additional 9 million metric tonnes this year or 12 additional LNG cargoes monthly as alternative fuel source for power generation. The past year also saw LNG freight rates rebounding from its trough as idle vessels dropped to 15 units, and only 26 vessels are on order for delivery over the next three years. These conditions point toward a sustainable longer term rebound in freight rates, positively impacting term contracts that are presently being tendered.

In the past financial year, MISC safely delivered 22.34 million tonnes of LNG cargo, consisting 10% of global demand. Cumulatively, since our maiden voyage in 1983, our LNG vessels have made 6,234 voyages carrying 311.76 million tonnes of LNG for an expanding portfolio of clients.

Since its establishment, MISC's LNG shipping operation has remained stable and shielded from the spot rate volatility due to its committed long-term contracts. We have remained steadfast in our approach by contracting newbuildings only when they are backed by secured charter contracts. As the pace of development of new LNG projects gathers momentum, opportunities for securing term contracts have emerged and MISC is actively bidding for new contracts in Australia, Papua New Guinea and Nigeria. Australia, in particular will be an important market for MISC with its strong pipeline of projects and proximity to MISC's key clients in North Asia. Recently we secured medium term contracts with British Gas to serve their worldwide LNG supply portfolio and International Gas Transportation Co for the North West Shelf project in Australia.

Another growth area in which we had laid the ground work is in the development of offshore floating solutions. Demand for floating storage and regasification units (FSRUs) and floating storage units (FSUs) have surged with the revival of the global economy, especially in emerging markets. Malaysia has also announced plans for the operation of its first LNG regasification terminal in Malacca by 2012, of which we will be participating through the supply of two converted FSUs. For the longer term, MISC is also collaborating with PETRONAS to pioneer the commercialisation of the world's first floating LNG (FLNG) vessel. Whilst this project remains at its early stage, the continuous pursuance of technological advancement is an important element to MISC's future growth strategy.

President/CEO's Report

Business Segment Review

Petroleum Shipping

The last financial year saw unprecedented volatility in tanker freight rates, especially in the VLCC segment, as demand from contango plays dropped and crude inventory levels in developed countries remained unexpectedly high. It is estimated that some 35 VLCCs came back into the market having being used as storage facilities. Record deliveries of new builds and slower vessel scrapping activities further exacerbated the supply overhang. Delivery of new vessels reached 34.2 million dwt in 2010, adding 9% to global tanker capacity whilst only 12.3 million dwt or 3.3% of global capacity was scrapped. The escalation of geopolitical tension in the Middle East and North African regions in early 2011 also did not help matters, as the flow of petroleum trade was disrupted creating unnecessary uncertainty in tonne-mile demand.

Our wholly owned subsidiary, AET, with its long standing lightering business as a core part of its operating portfolio, was not spared from these adverse market conditions. Nevertheless, AET was able to balance its portfolio between the term and spot contracts, thereby mitigating the extreme effects of freight volatility.

Despite the tough operating conditions, we are pleased to report that AET scored some significant achievements last year. A first for AET is in the area of Dynamic Positioning (DP) Aframax shuttle tankers, in which it secured a 15 year time charter of two Aframax vessels with Petrobras commencing 2012. These tankers are destined for employment at the pre-salt fields offshore Brazil. AET was also able to renew a number of contracts for longer tenures, ensuring longer term earnings stability. Strategically, AET remains focused in growing its portfolio of term contracts whilst maintaining its leading position in the lightering business.

Under its ongoing fleet rejuvenation and expansion programme, AET recently took delivery of Aframax tanker Eagle Kinabalu in January 2011. Eagle Kinabalu is the fifth in a series of 8 vessels ordered from Tsuneishi Shipbuilding Co. Ltd. Paramount Halifax and Paramount Hydra, the final 2 Aframax tankers of a series of 6 vessels from Sungdong Shipbuilding and Marine Engineering Co. Ltd, were also successfully delivered in November 2010 and January 2011 respectively. These 6 vessels were ordered under a joint venture with Golden Energy Tanker Holdings in 2006. On order are an additional 14 vessels, namely, 3 Aframaxes, 4 VLCCs, 4 Suezmaxes, 1 MR2 and 2 DP Shuttle Tankers, due for delivery between 2011 and 2013.

During the financial year under review, AET also concluded a sale-and-leaseback agreement for two of its older Aframax tankers, the Eagle Otome and Eagle Subaru;

and two VLCCs, the Eagle Virginia and Eagle Vermont. With this sale, the average age of AET's owned fleet has been lowered to 6.7 years. AET presently operates 10.2 million dwt of tanker capacity and is the third largest fleet owner and operator of Aframax tankers in the world.

With a large order book of new deliveries scheduled over the next two years, the slowing pace of vessel demolition, and uncertainty in global economic growth, the medium term operating environment for AET is expected to remain challenging. Nevertheless, we believe that with its solid portfolio of term contracts and strong long term relationships with key customers built over the years, AET is well positioned to weather the trying times and is poised to exploit any growth opportunities that may arise.

President/CEO's Report

Business Segment Review

Chemical Shipping

In tandem with the recovery in global trade, demand for shipping of chemicals and vegetable oils improved in 2010 after a dismal 2009. The worldwide chemical industry rebounded last year following two difficult years. Global chemical (excluding pharmaceuticals) production grew by 9.3%, reaching pre-crisis levels on the back of inventory restocking and broader demand growth. Buoyed by rising feedstock prices such as naphtha and natural gas, trading activities also grew. Concurrently, oils and fats imports surged with growing affluence in emerging economies especially, India and China.

The recovery in freight rates for chemical shipping, unfortunately, was plagued by the large influx of newbuilding tonnage during the year. Despite an estimated overcapacity of 135% in the prior year, the global chemical tanker fleet grew by another 5.5% in 2010 whilst demand growth was estimated at only 8.8% for the period. However, on a brighter note, the chemical fleet order book has hardly seen any large scale replenishment in the past year and this provides confidence that freight rates have bottomed with potential upside in the medium term as excess supply is absorbed by annual demand growth.

Chemical Shipping is widely acknowledged as one of the more challenging segments within the shipping industry with a high sensitivity to changes in bunker cost and great dependency on efficiency of trades and fleet utilisation. A versatile and flexible fleet suited for the trade routes identified is therefore, critical.

We are now moving into the second phase of our bridging tonnage strategy as we take delivery of our newbuildings. In the past year, we took delivery of ten new vessels of between 19,000 to 45,000 dwt and returned 4 in-chartered vessels. The last five newbuildings (4 x 19,000 dwt from Fukuoka Shipbuilding Co. Ltd. and 1 x 45,000 dwt from SLS Shipbuilding Co. Ltd.) from our fleet rationalisation programme that was launched in 2007, are scheduled for delivery within the next 12 months. By then, our chemical tanker fleet will comprise 29 vessels, totalling 898,000 dwt, of which 19 vessels are owned. With the benefit of a stable and modern fleet, we will be able to better establish our presence in our chosen trades to service our target customers.

Our fleet presently plies key routes in the Middle East, Far East and Europe. The increasing threats of piracy in the Gulf of Aden and its adjacent regions remain a key challenge for the chemical shipping industry as chemical vessels with their low freeboard are particularly vulnerable. In a recent incident in January 2011, the Royal Malaysian Navy onboard our Auxiliary Naval vessel, Bunga Mas Lima, was able to foil an attempted hijack of our chemical tanker, Bunga Laurel. The commitment and support from the Royal Malaysian Navy is invaluable to us in enabling us to conduct our chemical trade freely in the affected regions while keeping our crew safe.

President/CEO's Report

Business Segment Review

Offshore Business

In our review a year ago, our floating production systems (FPS) business was expected to face a difficult year with crude oil prices trending downwards and credit tightening across the globe. On the contrary, crude oil prices had firmed up and the world is flushed with liquidity from accommodative monetary policies. With crude oil demand growing in tandem with a recovering global economy, demand for FPS has rebounded strongly with 13 FPS awards within the past 8 months. In addition, increasing development of marginal and deepwater fields further boosted demand for FPS.

The past financial year saw maiden contributions from 2 new assets, namely, FPSO Ruby II and MOPU Satu. FPSO Ruby II, operating at Block 01 and 02 of the Ruby Field, offshore Vietnam officially received first oil on 9 June 2010. This FPSO which is the second asset deployed in the waters off Vietnam is owned and operated by Vietnam Offshore Floating Terminals Ruby Ltd., a joint venture company between MISC, which has a 40% equity stake and our partner PetroVietnam Technical Services Corporation (PTSC).

Construction of our inaugural Mobile Offshore Production Units (MOPU), specifically for the commercialisation of marginal fields, finally came to fruition with MOPU Satu receiving first oil on 11 June 2010. MOPU Satu, with a production capacity of 20,000 barrels of crude oil per day, is moored in water depths of 46 metres offshore Sarawak, Malaysia. This asset is jointly owned by MISC and

Global Process System Inc. (GPS) on a 90:10 equity basis. Our second Mobile Offshore Production Unit, MOPU Dua has also been delivered to the same client, PCPP Operating Company Sdn. Bhd. in July 2010. Designed for operation at Block SK305 of the Dana field, offshore Sarawak, Malaysia, MOPU Dua is scheduled to receive first oil in June 2011. With the successful delivery of these three new assets in the last financial year, MISC's portfolio of FPS have grown to 12, servicing oil fields offshore Malaysia, Vietnam and Brazil.

Our offshore business will register another milestone upon the delivery of the Gumusut-Kakap semi-submersible FPS (Gumusut) in 2012. Upon commissioning, Gumusut will be the first deepwater semi-submersible FPS in Asian waters, providing further diversity to MISC's portfolio of FPS assets. A new addition to our pipeline is the FPSO Cendor, currently under conversion. Targeted for delivery in mid 2013, FPSO Cendor is slated to operate at Block PM304 Cendor field, offshore Terengganu, Malaysia and will be our second FPS delivered to Petrofac Limited.

With the International Maritime Association expecting annual global FPS orders to increase sharply to an estimated 30 FPS over the next five years, demand for construction facilities and expertise is expected to become more competitive. Besides the three existing partnerships with Single Buoy Mooring Inc (SBM), PTSC and GPS, our recent partnership with Technip S.A. via our 66.5% listed subsidiary, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB), is expected to enhance our technological capabilities as we strive to compete in this increasingly competitive market. Together with our partners, synergistic advantage can be derived from our cumulative experiences and presence in the key demand regions of Brazil and Southeast Asia as well as the presence of our own conversion facilities at MHB. Our strong balance sheet will also allow us to compete more effectively in this capital intensive industry.

President/CEO's Report

Business Segment Review

Marine & Heavy Engineering Business

Marking another milestone in MISC's 40-year history, our subsidiary, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) was successfully listed in Bursa Malaysia in October 2010, raising a total of RM2.03 billion. Minority shareholders of MISC were directly rewarded through a special allocation of initial public offering (IPO) shares at the price of RM3.61.

In conjunction with the IPO, Technip S.A. (Technip), a renowned project management, engineering and construction service provider in the oil and gas industry, was invited to participate as an 8% strategic shareholder in MHB. This further strengthened both parties' previous collaboration in Turkmenistan and will allow MHB to leverage on Technip's depth of technical capabilities and expertise.

Both parties are expected to jointly develop areas of technical collaboration in the coming years which will push MHB up the capability ladder as it competes with the world's best.

Buoyed by elevated crude oil prices, global oil and gas exploration and production (E&P) activities have gained momentum in the past year. E&P spending around the world is expected to increase by 11% to USD490 billion in 2011. More specifically to MHB, global demand for Floating Production System (FPS) is experiencing a corresponding revival. As demand for marine repair (MR) remains weak due to the generally weak shipping conditions, the bulk of MHB's orderbook comprises engineering and construction (E&C) work for E&P activities.

Block 1 Phase 1 Gas Development Project and the BP Angola External Turret System. Construction of the 38,000 metric tonne Gumusut-Kakap semi-submersible FPS (Gumusut) will be MHB's biggest project on site this year. Designed to process 150,000 bbl per day from 19 subsea wells and operating in up to 1,200 metres water depth, Gumusut will be Asia's first deepwater semi-submersible FPS. Presently, MHB's orderbook stands at RM3.1 billion.

In terms of expansion, the on-going RM2 billion Yard Optimisation Programme at Pasir Gudang, is proceeding as planned. Upon its completion in 2014, MHB's E&C and MR capacities will be increased, enabling MHB to undertake more complex and bigger offshore structures. The programme also encompasses the rationalisation of workflow to enhance efficiency and shorten project turnaround time. To date, MHB's capacity for MR and conversion works has doubled with the completion of the West Finger Pier.

In the past financial year, MHB successfully completed three major projects, namely, the 14,500 metric tonne Tangga Barat Central Platform for a cluster of gas fields offshore Terengganu, Malaysia; the Magtymguly Collector Riser Platform for Turkmenistan

President/CEO's Report

Business Segment Review

Container Shipping

In its first full year as an Intra-Asia container line, our container shipping business improved from the lows of the previous year as container freight rates recovered on the back of a strong volume rebound in early 2010, driven by expansionary monetary conditions worldwide and inventory restocking activities. On hindsight, our strategy to switch focus to Intra-Asia was justified as Intra-Asia trade volume rebounded at a much stronger pace of 16% versus 14.5% globally. Besides the sharp rebound from the 8.9% volume contraction in 2009, capacity discipline and slow steaming provided further support to container rates. Another unexpected boost was the container surcharges imposed due to a sudden, acute shortage of containers which is gradually normalising.

Despite this, there remains much to be done to improve the financial position of our container shipping business. In addition to improving efficiency and further cost reduction, we have embarked on an agency rationalisation exercise whereby third party agencies are being reviewed and consolidated. In place of third party agencies, wholly-owned agencies or joint ventures were set up in Dubai (U.A.E.), India, Australia and Thailand. Preliminary results from this rationalisation exercise have been promising and we will continue to identify and establish our presence at key hubs in the coming year.

Another ongoing initiative is the trade lane repositioning post our exit from the Grand Alliance. Despite switching focus to Intra-Asia and Oceania, our operated capacity increased 4% from a year ago. Our domestic Perdana Service has been revised to three new routes whilst the Asia-South Africa service was discontinued. We have also introduced new feeder services in the Philippines and Indochina. Our focus on the Middle East was stepped up with the relaunch of our 'Halal Lanes' with new weekly direct service to Jebel Ali, Shuwaikh, Dammam and Bahrain. However, some of our key lanes were affected by the unexpected natural disasters in Australia, New Zealand and Japan as well as the port congestion in Mumbai, India.

At the end of 2010, we took delivery of an additional 2,000 reefer boxes as part of our plan to develop a niche in specialised cargo. With the supply-demand dynamics in a constant flux in the past year, having our own standard container and reefer boxes and vessels provides further stabilisation in system cost besides yielding better premiums. In all, the initiatives executed resulted in an increase of 23.7% in revenue per twenty foot equivalent unit (TEU) in the last financial year.

Despite the rapid reactivation of idle vessels resulting in idle capacity reducing from 1.51 million TEUs at the beginning of 2010 to 185,000 TEUs or 1.3% of the global fleet by March 2011, excess tonnage continues to plague the industry and a recent rise in large tonnage newbuilding orders will only serve to exacerbate this demand-supply inequilibrium as they get delivered. With demand expectations remaining tepid, higher bunker costs and the entry of more tonnage into the Intra-Asia region, the container shipping business will remain highly challenging in the year ahead.

President/CEO's Report

Business Segment Review

Integrated Logistics Business

In the past year, a rationalisation exercise was initiated at our integrated logistics arm, MISC Integrated Logistic Sdn. Bhd. (MILS) to assess the strategic fit of the various businesses in its portfolio and to consolidate MILS' business focus. As part of this ongoing rationalisation exercise, assets at various joint ventures have been revalued and impaired. In addition, the Kerteh-Kuantan Railway System ceased operations in December 2010 and clients were diverted to our conventional haulage service. MILS also refocused on its strength in project logistics management as one of its key businesses going forward.

With the spending in oil and gas exploration and production (E&P) gaining momentum due to elevated crude oil prices, MILS achieved significant successes in securing project logistics contracts, both locally and abroad. Notably, in Turkmenistan, MILS was appointed as one of the logistics providers for a large engineering and construction contract. In Iraq, MILS successfully delivered two shipments totalling 5,800 tonnes of Oil Country Tubular Goods (OCTG) pipes to the Gharraf oil field for Petronas Carigali Iraq B.V.

Locally, MILS was awarded a term contract for international freight forwarding service by Sabah Shell Petroleum Co. Ltd and Sarawak Shell Bhd. In addition, MILS was also appointed to arrange land, sea and air transportation for general cargo destined for the Sabah Oil and Gas Terminal project, scheduled for completion in 2013.

At our supply chain management segment, MILS continued to expand its coverage area in the provision of land transportation for Petronas Dagangan Berhad and secured an integrated bulk container filling contract with Optimal Chemicals (Malaysia) Sdn Bhd. Meanwhile, both our Cold Hub (MILS Seafrigo) and Dry Hub, saw improved utilisation levels amidst persistently weak rates. MILS is currently pursuing ISO 2200 (Food Safety Management System) and MS 2400 (Halalan Toyyiban) certifications to position MILS Seafrigo as a premier Halal supply chain service provider. In recognition of its service excellence, MILS received the 2010 Best Domestic Logistics Services Provider Award by Frost & Sullivan.

For the year ahead, further consolidation and efficiencies within MILS is expected as the rationalisation exercise is implemented. On the growth front, we are particularly excited with opportunities in the project logistics management segment. MILS, with its strong track record and expertise in servicing the oil and gas industry's logistics requirements, is competitively positioned to participate in the Malaysian government's oil and gas Economic Transformation Programme as well as the growing E&P spending globally.

President/CEO's Report
Business Segment Review

Tank Terminal Business

2010 marks the year that MISC ventured into the global tank terminal business via its acquisition of a 50% interest in VTTI B.V. (VTTI). This joint venture with Vitol, one of the leading crude oil and product traders in the world, effectively propelled MISC to become the sixth largest independent tank terminal operator globally. Completed in September 2010, this acquisition further reinforces management's commitment to grow MISC's stable income stream.

With the increasing volatility in crude oil prices due to geopolitical unrest, supply-demand imbalances and increased paper trading activities in the past few years, demand for physical storage of bulk liquid products grew as manufacturers and traders sought to time their purchases, and in the case of traders, the subsequent sale. Corresponding price volatility of these bulk liquid products further drove trading activities and thus, physical storage needs. Widening geographical reach between production facilities and consumption markets of these bulk liquid products also boosted demand for physical storage at key shipping hubs.

VTTI presently owns and operates 6.2 million cubic metres (cbm) of tank storage capacity across 11 terminals in 10 countries. Its terminals are strategically located at the crossroads of major product trading hubs and shipping lanes, including Amsterdam, Fujairah, Antwerp and Florida. With the commissioning of the Seaport Canaveral terminal in Florida and expansion of the Fujairah terminal, VTTI's group storage capacity expanded by more than half a million cbm over the last financial year. Moving forward, besides the 841,000 cbm at Tanjung Bin, Malaysia which was integrated into VTTI post acquisition, plans are in place for an additional 1.4 million cbm capacity growth in Cyprus, Kenya and Rotterdam by 2013.

Besides VTTI, MISC also owns tank terminals from an earlier venture in Tanjung Langsat, Johor, Malaysia with Dialog and Trafigura. Langsat Terminal (One) has been operating with a total capacity of 400,000 cbm since April 2010 with an additional 76,000 cbm scheduled to be added by end 2011. Development of a 171,000 cbm facility at the adjacent Langsat Terminal (Two) is also currently underway, scheduled for completion by end 2011. The Tanjung Langsat terminal hub is strategically positioned to leverage on the Malaysian government's Economic Transformation Programme to develop the south eastern tip of Johor into an integrated oil and gas hub by 2017.

By end 2012, total cumulative capacity for both VTTI and Tanjung Langsat is expected to reach 8.6 million cbm based on current development plans. At VTTI, continuous effort is also made in identifying greenfield opportunities at geographical locations. With the demand for crude and other bulk liquid products expected to continue its upward trend, we are optimistic on the growth prospects for the global tank terminal business in the coming years.

President/CEO's Report

Business Segment Review

Fleet Management

The recent economic downturn has significantly increased the competitiveness in the industry. With excess capacity exerting downward pressure on freight rates and with the corresponding moderate rebound in demand, fleet management has become an increasingly important determinant in a company's profitability, from the cost management perspective as well as vessel reliability and talent management.

Started in 2009, the various initiatives of low friction coating on vessel hulls, propeller polishing, voyage planning and weather routing have resulted in further fuel savings of 4.9% in the past year, which is a reduction of 92,200 mt CO_2 emission equivalent. In addition to the direct impact on our profitability, especially during this high bunker price environment, these initiatives also reduced our carbon footprint, as well as nitrogen oxide and sulphur emissions. Our fleet rejuvenation plan of replacing some of our older vessels with new vessels is expected to yield further fuel savings with their more efficient engines and hull designs.

Our vessels are fully compliant with IMO's regulation for sulphur emissions in ports or Emission Control Area (ECA) of 1% sulphur content effective July 2010 and we are targeting to reduce this to 0.1% by 2015, in keeping with ECA requirements. A ballast water management plan has also been put in place for the entire fleet to meet the imminent MARPOL requirements on ballast water management, which is currently under proposal.

Whilst we lay emphasis on these 'green' technology adaptation and cost savings initiatives, we have paid equal attention to maintaining industry best practises in vessel reliability and crew safety. Last year, we launched the "Big Wave" programme to inculcate higher standards of onboard safety culture and operational excellence. This has shown positive results with our Lost Time Incident Frequency (LTIF) and Total Reported Case Frequency (TRCF) declining by 32% and 11% respectively during the year and the fleet achieving 'zero detention'. In addition we have also initiated 'near miss reporting' to help early detection and mitigate future incidences.

We also recognise that competent shipboard management is essential towards achieving operational excellence and service reliability. Towards this end, an updated 'Competency Scheme' was also launched early this year to attract and motivate our seafarers. Whilst MISC prides itself as an equal opportunity employer, emphasis will continue to be placed on delivering the best of breed service to our clients.

The increasing piracy threat especially in the Gulf of Aden, Arabian Sea and Indian Ocean is a growing concern for the maritime community. To ensure the safety of our seafarers and security of our vessels, MISC collaborated with the Malaysian Government and Malaysia Armed Forces as well as the Royal Malaysian Navy to provide escort onboard our converted navy auxiliary vessel, Bunga Mas Lima. This unique collaboration has proven to be effective when a recent pirate attack on Bunga Laurel was foiled. While the cost of security has indeed increased, we will not compromise on the safety of our crew and the cargo that we carry.

President/CEO's Report

Business Segment Review

Maritime Education and Training (MET)

The recent Akademi Laut Malaysia's (ALAM) 103rd Convocation held in December 2010 witnessed the graduation of its biggest number of cadets ever in a single convocation with 385 cadets graduating in two courses offered, namely Diploma in Nautical Studies and Diploma in Marine Engineering. Since its incorporation in 1977, ALAM has trained over 10,000 seafarers with some presently holding senior positions at MISC.

Further reinforcing ALAM's position as one of the leading maritime education and training facilities in the region, foreign student enrolment makes up 30% of its present student population. ALAM has been attracting students from as far as Yemen, Iran and Bangladesh. Student diversity also saw ALAM having its first female Best Overall Cadet at the 103rd convocation.

As part of ALAM's continuous efforts to expand the learning experience and its range of courses offered, ALAM partnered Cryostar SAS to offer one of the best LNG training in shipboard machinery and equipment. Through this partnership, the latest Dual Fuel Diesel Engine (DFDE) gas compressor was recently installed at ALAM to facilitate hands-on training. Last year we also installed the Framo Cargo Pumping System for training of our seafarers for Chemical Tanker Operation.

In September 2010, the Nautical Institute (United Kingdom) qualified ALAM to conduct advanced 'Dynamic Positioning' (DP) courses. This augurs well for the business as we would need more seafarers trained in this area as we increasingly compete for jobs using DP vessels.

To expand its reach and depth, ALAM forged further alliances in the maritime academic fraternity, namely with the Maritime Academy of Asia and the Pacific (Philippines) and Korea Maritime University. Locally, collaborations were forged with MARA and FELDA to sponsor local students. Following the recent success of our Navy Auxiliary Vessel in foiling a pirate attack on one of our chemical tankers, ALAM established a Royal Malaysian Navy Reservist Unit, the first private institution of higher learning in Malaysia to do so.

The highest recognition an institution can attain is the accolades gained by its graduates. ALAM's efforts in elevating its standards were further established when two of its cadets were accepted into the Bachelor Degree programme at the prestigious United States Merchant Marine Academy at Kingspoint in 2010. Two earlier cadets attending the same degree course received the Gold Star Award for "Best in Academic 2010". ALAM also won the "Maritime Trainer of the Year (2010) Award" from Sailor Today and the "Best in Training and Crewing Award" at the Lloyd's List Asia Awards 2010. At Det Norske Veritas' annual 2010 benchmarking exercise, ALAM was placed amongst the world's top 10% in maritime education and training.

With the ever growing global fleet, trained and qualified seafarers remain in high demand. At ALAM, our aim is to educate not only the next generation of seafarers but also to train future leaders of the global maritime industry. To achieve this, relentless pursuit of excellence and a continuous drive for innovation will be the core of ALAM's culture.

President/CEO's Report

Business Segment Review

Human Resource Management

With the rebound in the shipping industry from its trough in 2008/09 and the sustained high crude oil prices driving the resurgence in oil field development, talent attraction and retention has become increasingly competitive. Demand for skilled and experienced talents presently outstrip the limited talent pool available, a result of the past cut back in hiring and prudent training and development by the industry.

During the past year, the Employment Value Proposition project aimed at attracting the best talent and harnessing employees' emotional commitment towards the organisation moved into Phase 2 involving the review of existing people policies and implementing processes to address recognition and reward, talent development and people engagement. A 'Differentiated Remuneration' approach has also been developed to enable us to compete more effectively for specialised skills and experience.

Competency Profiling for both functional and leadership skills are being developed to identify and close competency gaps. For technical talents, a structured Technical Career Progression plan is also being developed to address areas of progression, development and reward. Rollout of this plan is targeted for the next financial year. An extension of this is the identification and development of a pool of top talents within our structured succession planning process that is ready to helm critical positions when the need arises.

As with most businesses today, having a resilient and adaptable workforce is becoming increasingly the most critical factor for the success of the business. The need for a larger and more diverse talent pool is pressing, especially for a service-based company like MISC. Thus, we remain committed to human resource development as one of our key focus areas in deriving competitive advantage.

President/CEO's Report
Future Outlook

Despite the tough operating conditions, we believe it is during adversity that opportunities will arise.

As global economic indicators remained mixed with no clear trends or direction in sight, we believe the new financial year will be another nondescript year for the global shipping industry. Unless there are clear evidence of strength and sustainability underpinning global economic growth, we believe the shipping industry will face another year of generally languishing freight rates as heavy vessel deliveries across most segments will again far outpace demand. Indeed, for the industry to surprise on the upside, demand drivers will have to carry significantly greater strength than what can be envisaged based on present economic circumstances. Given the experience of a volatile 2010, we believe the industry will have to be prepared for increased volatility caused by the unpredictability in weather patterns and intensifying geopolitical tensions across various regions. This may imply potential upward pressure on oil price and therefore, escalation in bunker cost. Increasing piracy threats will also remain an issue as the shipping industry grapples with the pirates' increased sophistication and widening geographical reach.

For MISC, we are preparing for the year ahead, which we believe will likely mirror our experiences of the past year. We expect continued weakness and volatility in earnings from our more cyclical businesses, cushioned by the security of annuity earnings from our oil and gas related businesses including LNG shipping. As we moved into the new financial year, crude oil tanker spot rates have since fallen to post crisis lows with demand deteriorating on the back of elevated crude oil prices. At the same time, global container trade continued to suffer from imbalances in economic strength in different geographical zones, which have impacted worldwide trade flows. On a positive note, we perceive extended strength in LNG freight rates and robust demand for offshore solutions, heavy engineering and tank terminal businesses. In addition, we anticipate the chemical shipping to gradually strengthen as new deliveries begin to taper off in the absence of fresh new orderbook, thereby diminishing downward pressure on freight rates.

Amidst the expectation of another challenging year, we strongly believe that it is important for us to continue positioning MISC for the next phase of growth when the industry enjoys its next cyclical upturn. Strategically, we will remain steadfast and disciplined in our portfolio management. In the absence of clear signs of an economic and industry turnaround, we remain astute and selective in our growth strategies, deploying our financial resources in the immediate term towards investments and projects that will continue to fortify businesses that generate annuity-based income.

We will also place more emphasis on capital management. Despite the tough operating conditions, we believe it is during adversity that opportunities will arise. History has shown us that it is during prolonged downcycles in the shipping industry that the strong and the capable will exploit opportunities to acquire assets or businesses at competitive prices and position them for the subsequent upcycles. Thus, we believe we will need to conserve and build our financial resources in order to place MISC in that unique position to be able to exploit the circumstances.

In a business with excess supply such as shipping, services get commoditised rapidly. Hence, we will also focus our attention on innovation and differentiation in our services to remain relevant. Customer relations management will also be given added emphasis during the year.

Development of technological capabilities will be high on our growth agenda, and the necessary talent will be sourced and nurtured to assist in this transformation. With the large E&P investments expected in the oil and gas sector as well as the spate of newbuilding deliveries in the pipeline, we acknowledge that the competition for talents will intensify and we will need to rise to the challenge. To address this, we have realigned our human resource policies and we will continue to push the boundaries of our practices in order to attract and retain such talents.

Operational excellence will remain at the top of our agenda for the year as we strive for flawless execution in our fleet management activities as well as in the operation and maintenance of our assets in the offshore, heavy engineering and tank terminal businesses, whilst keeping a strict eye on cost management. We will relentlessly push for efficiency and effectiveness in our fleet deployment and utilisation that will help us to maximise our yields. We will also continue to seek and implement more fuel saving technologies and practices as high bunker prices increasingly becomes a norm and ports accelerate their drive for 'greener' emissions. As with the past year, we will continue to replace older vessels and maintain the fleet to derive higher fuel efficiencies.

On behalf of the Management, I would like to take this opportunity to thank the Board of Directors and Board Audit Committee for their wise counsel and guidance. I would also like to place on record my special appreciation and gratitude to the Malaysian Government and its agencies, in particular the Royal Malaysian Navy for their support and assistance the past year and we look forward to your continued support in the coming year. To our shareholders, partners and clients, I would like to thank you for your invaluable trust and support, especially during this challenging period. Lastly, my sincere and personal gratitude also goes to all our staff for their commitment and contributions to the Group during the year. I look forward to your continued diligence and commitment as we brave the challenging year ahead together and build for the future.

Datuk Nasarudin Md Idris
President/Chief Executive Officer

28 May 2011

Building Growth **Through Partnerships**

Building strong partnerships is key to our business. Support from our partners has enabled us to rise above the challenges of the industry.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Business Highlights
1 April 2010 – 31 March 2011

09 April 2010

MISC Secured Charter-party Contract with Marubeni Corporation
MISC's chemical business continued to strengthen its foothold in Asia, with the signing of a Contract of Affreightment (COA) with Japan's Marubeni Corporation. The charter-party contract sees MISC carrying approximately 18,500 MT of Mono Ethylene Glycol (MEG) for Marubeni from Petro Rabigh, a petrochemical company based in Saudi Arabia. MISC will load MEG from Jeddah for discharge in Nava Sheva, India.

15 April 2010

LNG Business Made Headway into Papua New Guinea
MISC's LNG Business entered into a joint venture agreement with Petromin PNG Shipping Limited, a wholly-owned subsidiary of Petromin PNG Holdings Limited (PETROMIN), Papua New Guinea's National Oil, Gas and Minerals Company, to provide LNG transportation solutions for LNG projects in Papua New Guinea and to secure shipping contracts to support other general shipping requirements in the country.

04 May 2010

MISC Held Liner Forum
With the theme 'A New Beginning', the four day forum was aimed at sharing Liner's new business model in the Intra Asia/Oceania region with MISC's worldwide agents and other members of the liner fraternity. The theme was chosen as a reflection of Liner's new business aspiration to be Asia's preferred carrier and it was also the first Liner gathering since Liner's restructuring in May 2009.

10 May 2010

Naming Ceremony of Bunga Aster and Bunga Azalea
Bunga Aster and Bunga Azalea, MISC's 38,000 dwt chemical tankers, were named in a small naming ceremony held at the STX Shipyard in Pusan, South Korea. Bunga Aster was named by Lady Sponsor, YBhg. Datin Sharifah Salwa Syed Kamaruddin, wife of Guest of Honour, YBhg. Dato' Shamsul Azhar bin Abbas, President/CEO of PETRONAS. Bunga Azalea was named by Lady Sponsor YBhg. Dato' Halipah bt. Esa, member of the MISC Board of Directors. Bunga Aster and Bunga Azalea are the last two tankers in a series of eight IMO II chemical tankers ordered from the STX Offshore & Shipbuilding Co. Ltd. in South Korea by MISC.

13 May 2010

MISC Took Over Management of Bunga Kantan Dua
MISC's Fleet Management Services officially took over the management of MT Bunga Kantan Dua from MSI Ship Management. Bunga Kantan Dua is one of the three Kantan Class vessels on bare-boat charter from its owner, Throni Pte. Ltd. The vessels were delivered from Fukuoka Shipbuilding in 2005. With this change of management, the 19,000 dwt stainless steel tank vessel will continue to complement and further enhance MISC's Chemical Business trade in the chemical market.

17 May 2010

MISC Acquired 50% of VTTI B.V.

MISC signed a Sale and Purchase Agreement via subsidiary MTTI Sdn. Bhd. (MTTI), to acquire 50% of the shares in VTTI B.V. (VTTI), a wholly-owned subsidiary of Vitol. VTTI owns and operates a network of petroleum products terminals with a gross combined capacity of approximately 6.2 million cubic metres. The signing sees MISC and Vitol build on their partnership in the tank terminal industry, a partnership that started in 2009 when MISC and its wholly owned subsidiary, MISC International (L) Limited entered into a Joint Venture Agreement with VTTI Tanjung Bin S.A., a subsidiary of VTTI for the development of an oil terminal in Tanjung Bin, Johor.

09 June 2010

FPSO Ruby II Received First Oil

MISC's FPSO Ruby II commenced production of crude oil after its successful installation and hook-up at Ruby Field, 160 km offshore Vung Tau in Vietnam. FPSO Ruby II is on a time charter contract with a firm period of 8 + 2 years via the joint venture company Vietnam Offshore Floating Terminals (VOFT). VOFT consist of partners – PTSC of Vietnam and MISC in a 60%/40% ownership arrangement.

11 June 2010

MOPU Satu Achieved First Oil

MOPU Satu, owned by Malaysia Offshore Mobile Production Limited (MOMPL), a collaboration between MISC and Global Process System (GPS), has officially received first oil. The facility is installed at D30 field, Block SK305, offshore Sarawak for PCPP Operating Company Sdn. Bhd. (PCPP).

15 June 2010

MISC Welcomed New President/CEO

MISC welcomed YBhg. Datuk Nasarudin Md Idris as the new President/CEO of the Group. YBhg. Datuk Nasarudin replaces En. Amir Hamzah bin Azizan, who takes up a new position within the PETRONAS Group, as MD/CEO of Petronas Dagangan Berhad.

22 June 2010

Eagle Kangar Joined AET's Aframax Fleet

AET took delivery of Aframax tanker Eagle Kangar. The 107,000 dwt tanker safely departed Tsuneishi Shipyard on her maiden voyage to Taiwan after a small naming ceremony at the yard. The vessel was officially named by Mdm. Samantha Hew, wife of the President and CEO of AET, Mr. Hor Weng Yew. The addition of this latest vessel further boosts AET's growing fleet of modern tonnage, affording the company more flexibility to better serve its global customers with safe and reliable transportation of their cargoes.

Business Highlights

1 April 2010 – 31 March 2011

25 June 2010

AET Ordered Four Suezmax Crude Oil Tankers and Two Dynamic Positioning (DP) Tankers

AET signed a contract with Samsung Heavy Industries Co. Ltd. of Korea for the purchase of four new 158,500 dwt Suezmax tankers and two new 105,000 dwt dynamic positioning (DP) shuttle tankers. The tankers, which will be constructed at Samsung's Geoje Shipyard, will be delivered between April and October 2012. The Suezmax tankers will become AET's first owned Suezmax class vessels. This will enable AET, the petroleum tanker arm of MISC Berhad, to deliver a more comprehensive global oil transportation services to its customers in the petroleum shipping industry. The DP tankers will be deployed under a major new 15-year contract for shuttle tanker operations off the coast of Brazil.

07 July 2010

MISC Purchased New Reefer Containers

MISC purchased of 2,000 x 40'HR (Hi-cube Reefer Equipment) to strengthen and accelerate Liner's mission to be a strong provider of reefer and specialised cargo services. The reefer containers were delivered in December 2010.

20 July 2010

AET Ordered New VLCC's from Daewoo

AET signed a contract with Daewoo Shipbuilding & Marine Engineering Co. Ltd. (DSME) of Korea for the purchase of four new 320,000 dwt VLCCs, all of which are scheduled for delivery between December 2012 and October 2013.

27 July 2010

Naming Ceremony of Bunga Lavender

Bunga Lavender, the second in a series of six stainless steel 19,900 dwt chemical tankers chartered by MISC from M. Costus S.A., was named at the Fukuoka Shipyard in Japan. The coming into service of this high quality vessel is in line with the modernisation programme of MISC's Chemical fleet and will support the intra-regional movement of our services, consistent with our strategy to strengthen our participation in the regional chemical tanker business. The vessel was named by Mr. Takeshi Yagi of Marubeni Corporation.

29 July 2010

Paramount Helsinki Joined AET's Aframax Fleet
MISC's subsidiary AET received its latest Aframax tanker, Paramount Helsinki, from the Sungdong Shipyard in South Korea. Paramount Helsinki is the third Aframax to be realised as a result of the Paramount partnership between AET and Golden Energy, following her sisterships, Paramount Hanover and Paramount Hamilton, delivered earlier this year. The vessel was named by Madam Jean Card, wife of Vice Admiral Jim Card, Board Member of AET.

06 August 2010

MISC Took Over Operations of MT Bunga Kantan Tiga and Satu
MISC officially took over the management of MT Bunga Kantan Tiga and MT Bunga Kantan Satu, from MSI Ship Management. Kantan Class are vessels on bare-boat charter from its owner, Throni Pte. Ltd. which were delivered from Fukuoka Shipbuilding in 2005. MSI Ship Management has been managing the Kantan Class since their delivery. The Kantan Class vessels have a total of 20 fully stainless steel cargo tanks. They are flexible and suitable for loading various kinds of chemicals especially the specialty grades, including various kinds of acids due to their size and coating conditions.

01 September 2010

MISC Received Extension of FSO Cendor Contract
MISC successfully secured a contract addendum from Petrofac to extend the contract period for the provision to supply a Floating, Storage and Offloading (FSO) facility for PM-304 Cendor Development Project up to 12 July 2013.

02 September 2010

MISC Agencies Thailand Became a Subsidiary of MISC Agencies
In a move to consolidate the operations of MISC worldwide, MISC Agencies Thailand became a wholly-owned subsidiary of MISC Agencies Sdn. Bhd. This vital move is part of the strategy to support MISC services in the country and to enable MISC to have full control of its operation management.

27 September 2010

MISC Signed Agreement with Lloyd's Register
MISC signed an Agreement with Lloyd's Register of Shipping for the provision of services leading to the certification of all MISC vessels being in compliance with the Maritime Labour Convention (MLC) 2006. Signing on behalf of MISC was Capt. Rajalingam, Vice President Fleet Management Services, while Mr. John Curley, Global Accounts Manager of Lloyd's Register signed on behalf of Lloyd's. The MLC, when implemented in 2012, requires that every commercial vessel of 500 grt and more, trading internationally, must comply with the provisions of the MLC, carry a copy of the MLC on board and be issued with a MLC Certificate and a complementary Declaration of Maritime Labour Compliance by the flag state. Lloyd's will perform the survey of MISC vessels upon implementation of the MLC.

Business Highlights

1 April 2010 – 31 March 2011

30 September 2010

Bunga Balsam Joined MISC's Chemical Fleet

MISC officially received its latest chemical tanker, MT Bunga Balsam, from SLS Shipbuilding Co. Ltd., Korea. This new 45,000 dwt IMO II tanker is the second of four Bunga 'B' class chemical tankers constructed by SLS Shipbuilding Co., Ltd. for MISC. The delivery protocol document were signed by En. Izhar Harun, Group Technical Services General Manager (Newbuilding), on behalf of MISC and Mr. Young Bong Kim, Shipsales Division Managing Director on behalf of SLS.

06 October 2010

MHB Launched IPO Prospectus

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) launched its Prospectus for its initial public offering pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad. The launching was held at the Kuala Lumpur Convention Centre and was officiated by PETRONAS President & CEO, YBhg. Dato' Shamsul Azhar bin Abbas. MHB is expected to be listed by end October 2010.

07 October 2010

ALAM Named Best in Training & Crewing at The Lloyd's List Asia Awards 2010

Akademi Laut Malaysia (ALAM) was awarded the coveted Training and Crewing Award, at the 2010 Lloyd's List Asia Awards, underscoring the academy's commitment and dedication to education excellence. The Training and Crewing Award honours the training institution and/or crew manager that has made the greatest contribution in ensuring that seafarers are trained to the highest standards and meet the demands of today's technologically advanced vessels, and endeavours to provide quality officers and ratings for the future.

14 October 2010

MISC Entered into Share Purchase Agreement (SPA) and Shareholders' Agreement (SA) with Technip and MHB

MISC Berhad entered into a Share Purchase Agreement and Shareholders' Agreement with Technip. The share purchase agreement with Technip is in relation to the sale of 128,000,000 MHB Shares by MISC to Technip, at the purchase consideration of RM3.876 per MHB Share, amounting to RM496.128 million, representing 8.0% of the enlarged issued and paid-up share capital of MHB at the time of Listing. The purchase consideration represents a 2.0% premium over the Institutional Price of RM3.80 per MHB Share. MISC also entered into a Collaboration Agreement with Technip and MHB which sets the strategic areas of collaboration among the parties for purposes of capability-building and technology development.

22 October 2010

Seri Bakti Charter Extended

MISC continued to earn the trust of one of its long standing LNG shipping customer as BG Group (BG) extended the charter for vessel Seri Bakti. At the signing ceremony in BG's London office, MISC was represented by En. Faizul bin Ismail, Senior General Manager, LNG Business, while BG was represented by Mr. Amrit Bhat, Director Methane Services Limited (UK). With the signing, BG has extended Seri Bakti's charter for another 3 years, commencing 1 October 2010, with further option for a period of 3 years plus 3 years.

29 October 2010

MHB Officially Listed in Bursa Malaysia

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) was officially listed on the Main Board of Bursa Malaysia. The share surged on its Kuala Lumpur trading debut, jumping 11% from its IPO price of RM3.80 to RM4.20. The MHB IPO received overwhelming support from the investment community and successfully raised RM2.03 billion. The institutional offering portion of the IPO received demand for 27.7 times the total number of shares available, with strong demand from high quality domestic and foreign institutional investors.

27 October 2010

Eagle Klang Joined AET's Aframax Fleet

AET named its newest edition to the 'K' class vessels, Eagle Klang, the fourth of eight vessels built for AET at Tsuneishi's Tadotsu shipyard in Japan. It joins the AET Aframax fleet as its 56th tanker, further strengthening AET's position as one of the world's longest owner-operator of Aframax tankers. Attending the naming ceremony as Guest of Honour and Lady Sponsor respectively, were Mr. Ken Applegate, Vice President, Transportation Services, Valero Marketing & Supply Company, and his wife, Mdm. Jean Applegate.

11 November 2010

AET Received Paramount Halifax

MISC's petroleum tanker arm, AET, received its fifth tanker in a series of six tankers built by Sungdong Shipbuilding & Marine Engineering Co. Ltd. of Korea, for its joint venture company Paramount Tankers. The naming ceremony was held at Sungdong's shipyard and the ship was gracefully named by Mdm. Kathy Klausner, wife of Guest of Honour and AET Director, Mr. Robert Klausner.

Business Highlights
1 April 2010 – 31 March 2011

18 November 2010

MISC Sealed a Slot Swap Agreement with TS Lines
MISC sealed a slot swap agreement with Hong Kong's TS Lines for North China and South Korea sectors to support its Malaysia East Asia (MES) service.

25 November 2010

Working Visit by Prime Minister of Malaysia Onboard MISC LNG Vessel, SS Puteri Nilam
MISC Berhad received the Prime Minister of Malaysia, Yang Amat Berhormat Dato' Sri Mohd Najib bin Tun Haji Abdul Razak onboard its LNG vessel, SS Puteri Nilam, during an official working visit at MMHE yard in Pasir Gudang, Johor. In the course of his visit, the Prime Minister was briefed on yard operation capabilities and later taken onboard LNG carrier, SS Puteri Nilam, which was being dry-docked at the yard, for a tour. The Prime Minister then commemorated his visit by signing a plaque on Puteri Nilam's bridge. A brief presentation on MISC's fleet of vessels, trading pattern, port of calls and GOA transit was also held for the Prime Minister.

30 November 2010

MILS Signed IBC Filling Facility Agreement with Optimal Chemicals (M) Sdn. Bhd.
MISC Integrated Logistics Sdn. Bhd. (MILS), signed a Service Agreement with Optimal Chemicals (M) Sdn. Bhd. (OPTIMAL) for the Intermediate Bulk Container (IBC) Filling, Handling and Storage Facility. Under the IBC Filling, Handling and Storage Facility Agreement, MILS is tasked with the IBC filling, handling and storage of OPTIMAL's products and will operate and manage the new facility for the next 3 years with an option for another 2 years. The agreement was signed at the newly constructed IBC Filling, Handling and Storage Facility in Kertih. OPTIMAL was represented by its CEO Mr. Herman Schrijver and MILS by its Managing Director/CEO, En. Abdul Aziz bin Miskon.

08 December 2010

MISC Signed Agreement with Intergroup
MISC signed a joint-venture (JV) agreement with Intergroup to form a JV company that would facilitate the direct entry into China, which is a strategic market for Liner.

18 December 2010

ALAM Celebrated 103rd Convocation
Malaysia Maritime Academy (ALAM) celebrated its 103rd Convocation Ceremony. This is the largest convocation since the Academy's inception in 1977, with a total of 385 cadets receiving their diplomas in this historic ceremony. The convocation was held at ALAM's Polaris Hall in Melaka and was officiated by YBhg. Datuk Nasarudin Md Idris, Chairman of ALAM. The 103rd convocation was made even more memorable as the Academy's coveted best overall cadet award was won by female cadet, Tan Ee Lyn, who graduated with a Diploma in Nautical Studies. Ms. Tan became the first female cadet to win this award since ALAM opened its doors to young women in 2006.

21 December 2010

Naming Ceremony of Bunga Lilac
MISC celebrated the naming of its in-chartered chemical tanker, Bunga Lilac, at the Fukuoka Shipbuilding Co. Ltd. shipyard in Nagasaki. Owned by M. Costus S.A., the vessel is the third in a series of six chemical tankers on construction at the Nagasaki shipyard, for long term charter to MISC. The naming ceremony was carried out by Mrs. Akiko Murata, wife of Mr. Ryuichi Murata, Guest of Honor, President & CEO, Mitsubishi UFJ Lease & Finance Co., Ltd.

26 December 2010

MISC Launched Revamped Perdana Domestic Service (PDS)
MISC's Liner business launched the revamped Perdana Domestic Service (PDS). The new service was reshaped into 2 strings, where PS1 was launched on 26 December 2010 and PS2 was launched on 29 December 2010. MISC also added PS3 on 24 January 2011. The revised service pattern is a re-commitment to shippers by providing premier container shipping services for the needs of Sarawak, Sabah and Brunei.

31 December 2010

MISC Launched Gulf Feeder Service
The Gulf Feeder Service (GFS) was launched to re-emphasise Liner's commitment in serving strategic markets in the Gulf/Persian Gulf region.

04 January 2011

MISC Continued Slot Purchase Agreement with TS Lines
Following the ending of the previous agreement with TS Lines for the North China and South Korea sectors, MISC and TS Lines underwent a slot purchase agreement to support the Japan – Osaka trade route under the Japan Strait Taiwan Service (JST).

09 February 2011

MISC Launched Philippines Feeder Service (PFS)
In line with the growing Intra-ASEAN container traffic, the revamped Philippines Feeder Service (PFS) was launched by MISC to cater to the increasing trade amongst South East Asian nations, especially reefers from Davao.

11 February 2011

ALAM Established Naval Reservist Programme
ALAM officially became the first private higher learning institution in Malaysia to train cadets to become Naval Reservists (PALAPES-Laut). The launch of the programme was officiated by a visit by the Chief of Navy, YBhg. Laksamana Tan Sri Abdul Aziz bin Hj Jaafar. The PALAPES-Laut programme is an initiative brought forward by the Royal Malaysian Navy (RMN), MISC Berhad and ALAM, as part of its strategic collaboration in developing voluntary naval reservists in support of the Integrated Defence concept (HANRUH), as specified in the National Defence Policy.

Business Highlights
1 April 2010 – 31 March 2011

07 March 2011

2011 Liner Forum
MISC held its Liner Forum for 2011 in Dubai, UAE. The forum, entitled *"The Journey Continues"*, was officiated by MISC's President/CEO, YBhg. Datuk Nasarudin Md Idris. The focus of the forum was to re-affirm key players within the group to steadfastly and boldly march forward and maintain focus and to strive for higher objectives in the Intra-Asia road-map, among others.

09 March 2011

MISC Offshore Business Successfully Obtained ISO 9001:2008 Recertification
MISC's Offshore business successfully obtained the recertification of ISO 9001:2008, which provides enhanced confidence and assurance to all existing and potential clients of the company's business process of delivering quality products in order to meet challenges ahead and stay competitive.

11 March 2011

MISC LNG Business Made Inroads into Australia
MISC secured a time charter contract for the provision of an LNG carrier to service the North West Shelf Ventures, Australia (NWS) LNG shipping requirements. NWS is one of Australia's largest resource development project and since 1989, NWS has contributed 7.4% of the world's total LNG production and has supplied more than 2,500 LNG cargoes internationally. The charter-party agreement between MISC and IGTC is for 4 years, commencing from mid May 2011, with the maiden loading at NWS Terminal in Withnell Bay. Through the contract, MISC's Seri Anggun will ply the Far-East market, mainly Japan, Korea and China.

16 March 2011

MISC Awarded FPSO Cendor Contract
MISC was awarded the contract for the provision of a Floating Production, Storage and Offloading (FPSO) facility for Cendor Phase 2 Development Project Block PM-304 by PETROFAC.

19 March 2011

MILS Awarded Petronas Dagangan Berhad (PDB) Award for HSEQ Excellence
MISC Integrated Logistics Sdn. Bhd. was awarded by PDB for its excellent HSEQ practice in the "Pencapaian Kemalangan Sifar Pengurus Pengangkutan 2010 (Semenanjung) – Produk NGV" category. The award was a testimony of MILS' continuous commitment to HSEQ practice.

24 March 2011

MMHE Received Industry Excellence Award 2010

Malaysia Marine and Heavy Engineering Sdn. Bhd. (MMHE) was awarded the prestigious Industry Excellence Award 2010 for the Export Excellence Award-Services category. The Industry Excellence Award was awarded by the Ministry of International Trade & Industry (MITI). The Industry Excellence Awards is a platform of knowledge sharing programme and some of the companies awarded are the leading companies of Malaysia. The Minister of International Trade and Industry Malaysia, Yang Berhormat Dato' Seri Mustapa Mohamed, presented the award. Receiving the award trophy on behalf of MMHE was Mr. Manoel Francisco Gomes, General Manager, Marketing & Sales.

25 March 2011

ALAM Signed MOA with CRYOSTAR SAS

Malaysian Maritime Academy (ALAM) signed a Memorandum of Agreement (MOA) with CRYOSTAR SAS of France to commemorate a strategic initiative that combines the strengths and experiences of both organisations in an effort to meet the foreseen market demands. This partnership will enhance the LNG training and other maritime programmes that are being offered by both ALAM and CRYOSTAR.

29 March 2011

AET in Sale and Leaseback Agreement of Four Tankers

AET concluded a sale-and-leaseback agreement for Aframax tankers, Eagle Otome and Eagle Subaru, and VLCCs Eagle Virginia and Eagle Vermont, whereby the ownership of these four vessels has been transferred from AET to wholly-owned subsidiary companies of ICON Capital Corp. Under the terms of the deal, the two Aframax tankers will be chartered back to AET for a period of three years, commencing 29 March 2011, while the VLCCs will be chartered back for ten years from the same date.

Investor Relations Report

The successful IPO of our subsidiary, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB), during the year has generated greater interest amongst the global investment community in MISC Berhad and its group of companies.

In response to this, an additional Investor Relations (IR) team was created at MHB level to complement the existing IR team, adding further dimensions to MISC's commitment in adopting best practices in corporate governance. The aim of both IR functions remain synchronised and ensures the timely and effective dissemination of material information to stakeholders.

Throughout the past financial year, MISC has continued its regular dialogue with the investing community in communicating its financial performance, outlook and strategies. Quarterly analyst briefings and conference calls were held while presentation materials were distributed via electronic mail, in conjunction with the release of quarterly financial results. Key management were also present at the analyst briefings to provide a comprehensive review of MISC's financials, operations, industry outlook as well as strategies going forward. In addition, the rating agencies, namely, Moody's Investor's Services (Moody's), Standard & Poor's (S&P) and Malaysian Rating Corporation Bhd. (MARC) were given comprehensive annual reviews and regular conference calls on material announcements on MISC.

For a period of four weeks prior to the quarterly results announcement, communication with the investing community is subject to restrictions and during this period, the IR team does not hold individual investor meetings.

Apart from the regular quarterly updates on the group's performance and results, MISC will continue to disclose material information on its sale/purchase of assets, corporate developments and all material initiatives above that are required under Bursa Malaysia's Listing Requirements.

Minority shareholders were also given the opportunity by the Board of Directors to interact and receive updates on the latest developments at MISC at the 41st Annual General Meeting in August 2010 and at the subsequent Extraordinary General Meeting in September 2010. Both events were well attended with a good representation from the shareholders.

The IR programme will continually be reviewed and enhanced to ensure a consistent, transparent and relevant flow of information. Moving into the new financial year, MISC's IR strategy will focus on expanding its accessibility, transparency and achieving best of practices. Increased utilisation of electronic communication tools via the corporate website and conference calls will be implemented. To create a more accessible and open dialogue with investors and analysts, the Management may shift towards a quarterly teleconference to present the results and address concerns from the investing community.

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
Head of Investors 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
as at 15 August 2011

Rank	Company	Listing	Market Capitalisation USD Million	Category
1	A.P. Moeller-Maersk A/S	Denmark	27,917.24	Conglomerate
2	China COSCO Holdings Company Limited	China	19,821.54	Conglomerate
3	**MISC Berhad**	**Malaysia**	**10,270.15**	**Conglomerate**
4	China Shipping Container Lines Co Ltd	China	9,804.45	Container
5	China Shipping Development Co., Ltd	China	6,413.82	Conglomerate
6	Mitsui O.S.K. Lines, Ltd.	Japan	5,113.38	Conglomerate
7	Nippon Yusen Kabushiki Kaisha	Japan	5,024.41	Conglomerate
8	Hyundai Merchant Marine Co., Ltd	Korea	3,333.17	Container/Bulk
9	Orient Overseas (International) Limited	Hong Kong	2,979.62	Container
10	Neptune Orient Lines Ltd.	Singapore	2,500.94	Conglomerate
11	Kawasaki Kisen Kaisha, Ltd.	Japan	2,056.46	Conglomerate
12	Evergreen Marine Corporation	Taiwan	1,902.36	Container
13	China Merchants Energy Shipping Co., Ltd	China	1,864.69	Tanker
14	COSCO Shipping Co., Ltd.	China	1,688.01	Conglomerate
15	Yang Ming Marine Transport Corp.	Taiwan	1,459.26	Container/Bulk
16	U-Ming Marine Transport Corp.	Taiwan	1,368.14	Bulk/Tanker
17	Stolt-Nielsen S.A.	Norway	1,335.42	Chemical
18	STX Pan Ocean Co., Ltd.	Korea	1,299.37	Bulk
19	Hanjin Shipping	Korea	1,280.24	Container
20	Wan Hai Lines Ltd.	Taiwan	1,186.71	Container

Note: *List excludes Cruise/Ferry companies eg. Carnival Corp. (USA), Royal Caribbean (USA)*
Source: *Reuters, 15 August 2011*

Statistics on Shareholdings
as at 15 July 2011

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	550	8.23	7,306	0.00
100 – 1,000	1,560	23.35	1,024,126	0.02
1,001 – 10,000	3,234	48.41	12,681,636	0.29
10,001 – 100,000	1,009	15.10	30,743,280	0.69
100,001 to less than 5% of issued shares	325	4.87	907,702,337	20.33
5% and above of issued shares	3	0.04	3,511,634,418	78.67
Total	**6,681**	**100.00**	**4,463,793,103**	**100.00**

Directors' Shareholdings

Name of Directors	No. of Shares	
	Direct Interest	%
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. Amir Hamzah bin Azizan	1,000	0.00
8. Datuk Wan Zulkiflee bin Wan Ariffin	–	–

Statistics on Shareholdings
as at 15 July 2011

Substantial Shareholders

No.	Name of Substantial Shareholders		No. of Shares	%
1	Petroliam Nasional Berhad		2,797,459,800	62.67
	– Cartaban Nominees (Tempatan) Sdn. Bhd. Petroliam Nasional Berhad (Strategic INV)	2,797,459,800		
2	Employees Provident Fund Board		482,691,438	10.81
	– Employees Provident Fund Board	3,588,000		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (HDBS)	2,067,840		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHB INV)	1,900,000		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	1,893,760		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (MAYBAN INV)	877,100		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (NOMURA)	18,145,580		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	11,883,880		
	– Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	442,335,278		
3	Skim Amanah Saham Bumiputera		271,839,340	6.09
	– AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	271,839,340		

30 Largest Shareholders

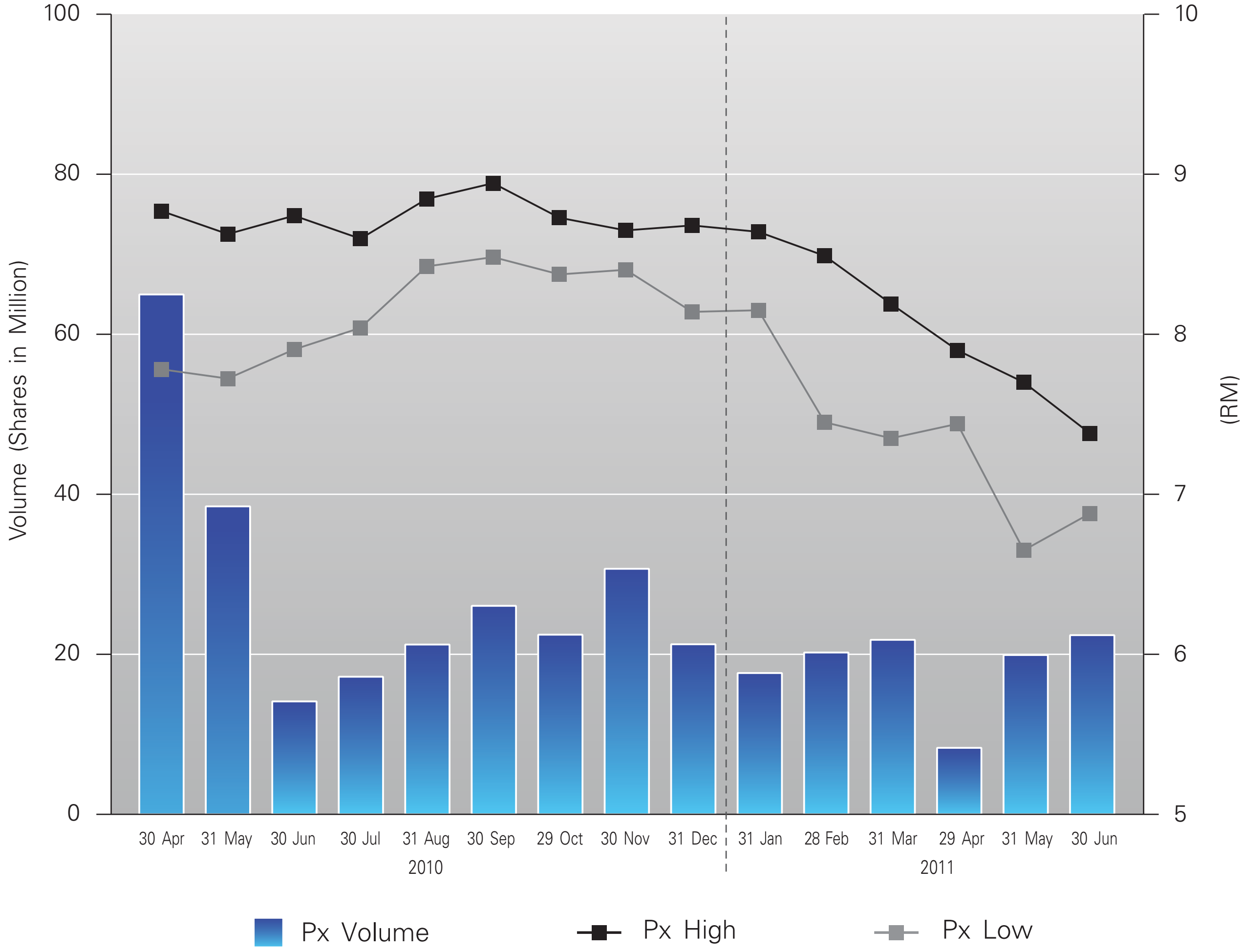
No.	Name of Shareholders	No. of Shares	%
1	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PETROLIAM NASIONAL BERHAD (STRATEGIC INV)	2,797,459,800	62.67
2	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	442,335,278	9.91
3	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	271,839,340	6.09
4	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	93,838,250	2.10
5	STATE FINANCIAL SECRETARY SARAWAK	67,466,667	1.51
6	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	58,021,240	1.30
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	52,695,660	1.18
8	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	52,499,660	1.18
9	PENANG DEVELOPMENT CORPORATION	50,800,000	1.14
10	VALUECAP SDN. BHD.	49,662,760	1.11
11	LEMBAGA TABUNG HAJI	31,008,440	0.69
12	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT)	25,176,168	0.56
13	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	22,418,200	0.50
14	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	22,129,620	0.50
15	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR RBC DEXIA INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	21,689,439	0.49
16	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR MERRILL LYNCH PIERCE FENNER & SMITH INCORPORATED (FOREIGN)	21,034,102	0.47
17	KERAJAAN NEGERI PAHANG	20,596,320	0.46
18	HSBC NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX	18,518,690	0.41
19	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	18,350,540	0.41
20	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	18,145,580	0.41

Statistics on Shareholdings
as at 15 July 2011

30 Largest Shareholders (Cont'd.)

No.	Name of Shareholders	No. of Shares	%
21	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	11,883,880	0.27
22	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.A.E)	9,262,356	0.21
23	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	8,920,620	0.20
24	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	8,468,560	0.19
25	CARTABAN NOMINEES (ASING) SDN. BHD. GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD FOR GOVERNMENT OF SINGAPORE C	7,981,020	0.18
26	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	7,236,666	0.16
27	HSBC NOMINEES (ASING) SDN. BHD. BNY BRUSSELS FOR WISDOMTREE EMERGING MARKETS EQUITY INCOME FUND	6,144,600	0.14
28	CITIGROUP NOMINEES (ASING) SDN. BHD. LEGAL & GENERAL ASSURANCE (PENSIONS MANAGEMENT) LIMITED (A/C 1125250001)	5,976,980	0.13
29	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	5,953,660	0.13
30	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	5,752,243	0.13
	Total	**4,233,266,339**	**94.84**

Share Performance
as at 15 July 2011



Charting The Path **Ahead**

Time-tested principles, excellent leadership and a skilful and loyal workforce give us the confidence of surmounting future challenges as we orchestrate our rise in this challenging and competitive business environment to create long term value to our stakeholders.


misc
SOUTH EAST
COLUMN

Corporate Responsibility Report

Loyalty, Integrity, Professionalism and Cohesiveness - these are the values that has long been a guiding principle on how we approach and run our business. As one of the world's largest maritime conglomerate, we understand that the decisions we undertake today shapes our world tomorrow and we place utmost importance on ensuring that we leave a world and a legacy that future generations will benefit from and be proud of.

The values we carry resonates through each person within our organisation, ensuring that we consistently act in a responsible manner in all aspects of our operations – be it through initiatives to improve our operations for the sustainability of both the environment and the industry, to enhancing our workplace for the betterment of our people, as well as getting ourselves more involved in the growth and development of the communities in which we operate.

At MISC, these initiatives fall under the Corporate Responsibility (CR) banner, divided into four major categories:

Workplace

Enhancing MISC's greatest asset – our people

Marketplace

Measures to constantly support and boost the marketplace

Environment

Awareness of climate change and measures undertaken to solve, reduce, reuse and recycle

Community

Respect, educate, teamwork – working together with the community in which we operate

Workplace

Our people are our greatest asset. We realise that there is a constant need to evolve the workplace, to make it a more viable, exciting and educational place of work. We believe that each individual play a role in our success. We also assess each individual by his or her aptitude, expertise and commitment to and on the job, regardless of their age, gender or nationality. As part of our commitment to our workforce, we encourage human capital development – educating and re-educating them on vital health, safety and environmental measures, and encourage strong communication between MISC and the staff, for greater overall understanding on the business and where we are headed.

MISC Group Staff Strength

Shore	4,719
Sea	6,107
Total	**10,826**

Data as at April 2011

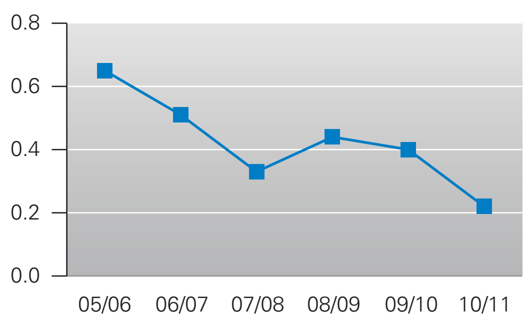
Corporate Responsibility Report

Safety at the Workplace

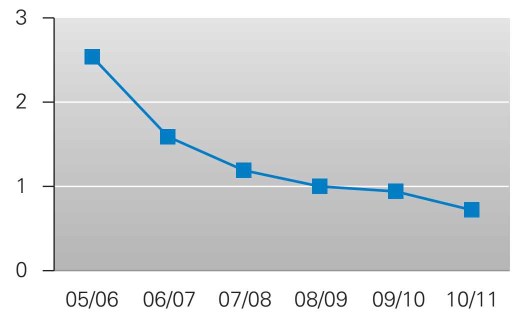
For the year under review, MISC continued to concentrate on strengthening and fine-tuning our HSE commitment and implementation group-wide. During the year, the departmental heads of seven departments signed off a HSE Letter of Assurance (LOFA) with the President/CEO to further affirm their commitment towards achieving specific HSE performance indicators, including active and lagging indicators (campaigns, HSE initiatives, etc.) within the financial year. The head of these departments also lead regular management walkabouts at their respective operational areas.

The Financial Year (FY) 2010/2011 recorded an improved Lost Time Injury Frequency (LTIF) surpassing last financial year's achievement by 45%. With a total of 82.2 million man-hours, the LTIF is a 0.18 positive variance from the Group's target for the year in review. Meanwhile, the Total Recordable Case Frequency (TRCF) improved by 23% against that achieved in FY2009/2010. The Group TRCF also showed significant progress where the TRCF is a 0.22 positive variance from the Group's target for FY2009/2010.

Lost Time Injury Frequency (LTIF)



Total Recordable Case Frequency (TRCF)



Basic Occupational First Aid & CPR Training For Floor Wardens

Conducted by the Corporate Health, Safety and Environment (CHSE) department, the Basic Occupational First Aid & CPR Course for Floor Wardens was held on 25-26 November 2010 which incorporated theoretical, practical and scenario-based learning (mock drill) sessions. The training on the fundamentals of first aid and CPR served as mandatory training for all newly appointed Floor Wardens as well as a refresher course for existing Floor Wardens. MISC Dayabumi secretaries were also included to create better awareness of emergency care.

Health & Safety Initiatives

Fight the Flu: MISC Influenza A (H1N1) Vaccination Programme

A vaccination awareness programme was conducted on 29 April 2010 to brief MISC staff on the Influenza A (H1N1) virus and preventive measures. Created especially for MISC staff and their family members, the programme was conducted in two phases: the first phase was held on 20-22 May 2010 and the second phase conducted on 1-15 June 2010. A total of 630 staff and their family members were successfully vaccinated.

Human Capital Development

MISC continued to invest in human capital building by providing developmental programmes for staff at various levels. These programmes were designed to enrich and empower staff with the necessary knowledge and skills to ensure their continued growth and positive career progression. A provision fund of approximately RM5 million had been allocated for FY2010/11 to support the development programmes. The programmes conducted throughout the year were as follows:

i. Leadership Development

The Leadership Development programme is designed for MISC staff at all levels to harness leadership skills and to promote MISC's shared values *(loyalty, integrity, professionalism and cohesiveness)*. Part of MISC's developmental programmes since 2006, include the Executive Development Programme (EDP), First Line Managers Programme (FLM), Managers Development Programme (MDP) and Senior Management Development Programme (INSEAD). These programmes are run alongside PETRONAS and are adapted to suit MISC's specific human capital development requirements.

Corporate Responsibility Report

We also conduct **Leadership Competency Profiling (LCP)** which will assist MISC in embedding the desired leadership competencies within our staff. Throughout the implementation, an employee's leadership competency gaps will be analysed through the **Leadership Competencies Assessment** and suitable intervention plans will be implemented to address the gaps.

ii. Functional Capability Building

MISC has also developed Functional Competency Profiling (FCP), an approach to identify and assess an employee's functional competency gaps and subsequently address the gaps by implementing relevant intervention plans. This approach will assist in increasing our employees' skill and knowledge.

For FY2010/2011, approximately 80% of our total manpower has attended at least one functional training programme, spending more than 20,000 hours in learning and development.

In addition to the Leadership and Functional development programmes, MISC also promotes lifelong learning to its staff via the Education Assistance Plan (EAP):

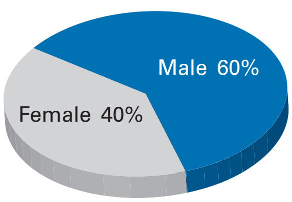
- We encourage our staff to continuously enhance their knowledge in their area of work and each year, MISC allocates a provision fund of approximately RM500,000 in support of staff pursuing post-graduate studies. Since the introduction of the EAP, 23 staff has benefited from the EAP.

MISC, through a Collaboration Agreement with UTM, has selected 16 employees from technical backgrounds to pursue their Masters in Engineering (Marine Technology) by Research Programme in order to develop internal Subject Matter Experts (SME) who support MISC's business growth. An allocation of about RM1.0 million has been budgeted for a period of 2.5 years. To date, 4 out of the 16 selected have graduated from this programme.

Diversity and Gender Equality in the Workplace

At MISC, we value our people for their skills and expertise, and do our best to provide equal opportunity for all, placing them at their best suited positions without artificial barriers or distinctions. Our 4,719 strong shore force are as diverse as they come, with nationalities such as Austrian, Bangladeshi, British, Danish, Indian, Indonesian and Japanese sharing the workplace with local Malaysians. We also believe in equal gender opportunities and continue to hire and base our promotion on capability and performance, without bias. For the year under review, MISC has taken in 123 new shore members into the MISC family.

Breakdown of MISC Shore Staff based on Gender



Employee Value Proposition

As part of our efforts to attract and retain talented staff who are motivated to contribute to the organisation's growth and future success, MISC has initiated the Employee Value Proposition (EVP) initiative, which aims to create value to our future target employees and create a working experience that is compelling, differentiated and authentic. We aim to consistently deliver our value proposition to employees, through all touch points.

As part of the initiative, a Culture Values Survey was held within MISC to determine if MISC is attaining a high performance culture. A total of 840 employees participated in the survey. Furthermore, a Focus Group made up of 38 participants representing three employee groups in MISC namely the Non Executives and Executive, the Managers and Senior Managers as well as General Managers and above was identified to offer their opinions and feedback on the initiative. Finally, to further drive the initiative home, members of MISC's Senior Management were also interviewed for their advice and opinions on the EVP.

From the initiatives taken, the following three key areas were identified for MISC's Employee Value Proposition:

Recognition for contribution made

- Rewards based on performance and meritocracy
- Recognition beyond pay

Transparency and trust

- Open and transparent communication with regards to performance conversations, performance management processes and promotion criteria
- Empower and support employees in decision making

Environment for career growth and personal development

- Ample development opportunities and mobility within a global organisation
- Challenging work tasks; working with the best in class
- Empowered to effect change and make a difference (both personal and organisational)

Corporate Responsibility Report

Marketplace

Doing business in a responsible, sustainable manner involves the act of being transparent, respectable and reputable in the marketplace. As a leading conglomerate in the shipping and maritime industry, MISC believes in the constant enhancement of our services whilst remaining competitive and market-savvy through measures that will benefit our customers, partners and stakeholders.

Remaining Competitive

The international shipping industry continues to remain highly competitive, especially in an environment characterised by high operating cost and low rates. Competitive advantage relies mostly on the organisation's ability to lower cost, establish good customer relationships and to a certain extent, a professional reputation built throughout the years. To meet the demands and exceed the expectations of our customers, we have undertaken several process improvements to achieve greater efficiency. We have also focused on cost optimisation, enhancing the MISC-supplier relationship via our Supplier Relationship Management to achieve greater cost reductions.

Cost Saving Initiatives

MISC's focus on its cost saving initiatives in the area of Procurement ensures that the company delivers greater value for every cent it spends. Our initiatives include:

- Price reduction from procurement of materials and services against market rates
- Conducting procurement activities in accordance with MISC's Procurement Manual & Procedures (MPM) and Standard Operating Procedures (SOPs)
- Compliance activities conducted on a periodical basis to ensure all procurement activities are in line with MPM and SOPs

MISC's Master Procurement Plan (MPP) emphasises on achieving cost savings through strategic sourcing activities via volume consolidation, riding-on contracts, securing more contracts and product specification improvements. We also carry out physical hedging on bunker to minimise exposure on bunker price volatility.

Supplier Relationship Management (SRM)

Building a reliable Supplier Relationship Management (SRM) programme involves the development of a comprehensive approach to managing MISC's interactions with the companies and enterprises that supply us their goods and services. SRM encompasses aspects that include business practices, communications, negotiations and methodologies that are used to help establish and maintain a strong relationship with our suppliers.

MISC's SRM initiatives include the following:

Supplier Engagement Programme (SEP)

Conducted on a quarterly basis, SEP provides opportunities to both current and new vendors to share information on the latest developments and new technological materials and services that could benefit the company. This programme also helps strengthen relationships with suppliers, creating positive, open and ethical relationships and allows for discussions on the dynamics and current issues of the marketplace.

Delivery Assessment Exercise (DAE)

To ensure suppliers' performances are assessed against the agreed specifications and scope of work as stipulated in the contract which include quality, cost, delivery, reliability and services. The DAE is performed at least twice per quarter.

Vendor Performance Assessment (VPA)

Carried out on an annual basis, the VPA allows MISC to monitor the performance of vendors and take necessary actions on non-performing vendors.

The benefits of having an effective SRM include lower costs, higher quality, better forecasting and a stronger overall client-supplier relationship.

Corporate Responsibility Report

Environment

The impact of man on the environment grows with each passing year, giving birth to current, critical concerns on how to minimise environmental depredation while sustaining growth and achieving development.

The shipping industry itself is accountable for 2.7% of atmospheric pollutants. Comparatively small, it is nevertheless vital that the industry plays its role in reducing its effects on the environment. As a renowned global leader in marine transportation and logistics services, we are serious about our environmental efforts which are guided by our Health, Safety and Environment Policy. We are hopeful that with our current environmental initiatives, we could further spur better conservation in the long-term.

Energy Efficiency

One of MISC's primary focus in environmental conservation is in reducing CO_2 emissions as a result of fuel combustion. At the international level, the International Maritime Organisation (IMO) is moving forward towards "Energy Efficient Ships" and MISC has taken several proactive measures to achieve marked savings on fuel consumption, which has a positive environmental impact on the planet, as well as a positive financial impact for the organisation.

Energy Efficiency Operational Indicator (EEOI)

During the year under review, MISC conducted a collaborative study with Universiti Teknologi Malaysia, to determine the Energy Efficiency Operational Indicator (EEOI) and Energy Efficiency Design Index

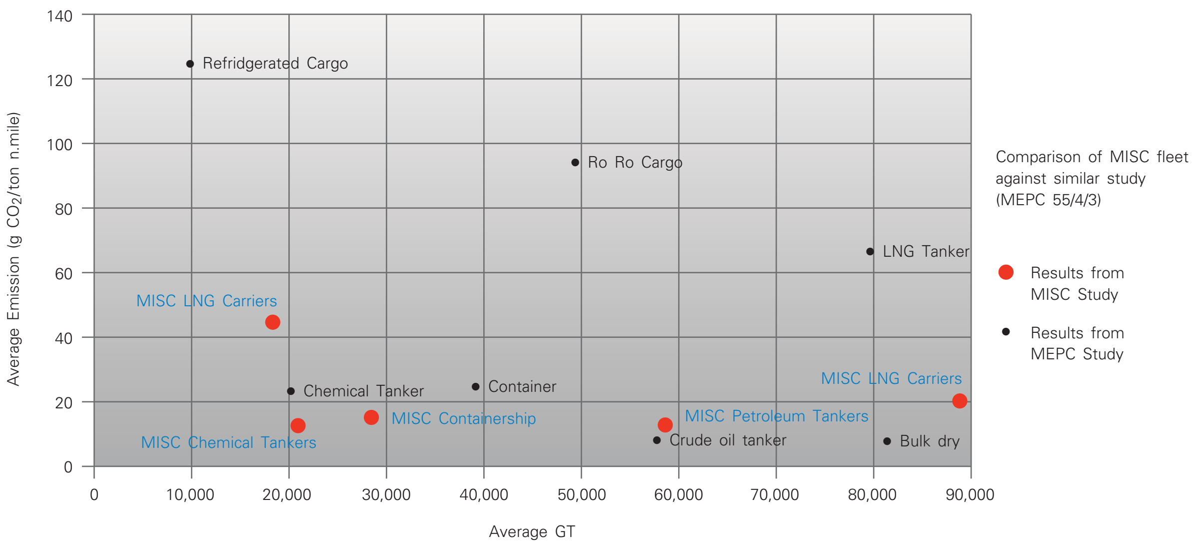
(EEDI) of selected MISC ships. The study is based on two interim guidelines to index CO_2 emission from ships, set by the Marine Environment Protection Committee (MEPC) which is part of IMO, in its efforts to identify and develop mechanisms to reduce greenhouse gas (GHG) emissions from international shipping.

The index provides ship owners and ship operators with a mechanism to evaluate the performance of their fleet with regard to CO_2 emissions, and enables the effects of emission reduction measures to be monitored. EEOI enables the ratio of mass CO_2 generated per unit of transport work to be determined and EEDI provides energy efficiency index for newly built ships.

The study on EEOI encompasses data analysis of 27 LNG carriers, 18 containerships, 9 chemical tankers and 17 petroleum tankers owned by MISC over a period of one year.

The outcome of this study showed that EEOI results of MISC ships are generally lower when compared against other fleets worldwide. The diagram below, illustrates MISC ship's EEOI results as compared against a similar study conducted by MEPC on 364 ships covering 8 categories of ship (Reference: MEPC 55/4/3 dated 7 July 2006). A lower EEOI value indicates a more efficient ship, where the average CO_2 emissions per ton of cargo carried per nautical mile is lower.

Average CO_2 Index and Average Gross Tonnage for Ship Groups



Note: The following assumptions were made when conducting this study to tackle insufficient data on cargo weight required to complete the study:

- EEOI calculation for containerships is based on homogeneous weight instead of actual cargo weight. The assumption is 1 TEU is equal to 12, 14 and 16 tonnes.
- Chemical tankers are assumed to be always fully loaded.

Corporate Responsibility Report

The team identified that the "I Save Fuel" programme, a programme used by MISC's Fleet Management Services (FMS) unit to monitor fuel consumption, be used as a platform to systematically capture and monitor EEOI of each ship. This move of integrating the calculation of EEOI results into the "I Save Fuel" programme will enable the Ship Master to monitor and keep track of the ship's EEOI as a tool to monitor the energy efficiency of a particular vessel.

"I Save Fuel" Programme

The "I Save Fuel' Programme was initiated as a method to monitor and curb excessive CO_2 emission. It is also a measure to decrease vessel fuel consumption, especially due to rising fuel prices, increased competition and lower charter rates. "I Save Fuel" programme is also an extension of the Energy Efficiency Pilot Campaign which was issued in July 2006 by MISC's FMS Operational Performance Improvement (OPI) team, in consultation with Det Norske Veritas (DNV).

The campaign addresses both emission reduction issues as well as fuel saving, looking at initiatives like the usage of Emission Reduction STI Scrubber Towers, Optimum Ship Routing (OSR), Trim Optimisation to help reduce emission as well as improvements to four aspects of shipping to improve fuel efficiency – voyage, propulsion, power and bunkering.

We are hopeful that energy efficiency efforts would help curtail emissions of GHG CO_2, NOx, SOx and particulate matter. Although modest in scale, we believe the effect of these efforts are far reaching and will assist MISC's quest for a more sustainable carbon footprint.

Value Creation of Spent Copper Slag

Malaysia Marine and Heavy Engineering Sdn. Bhd. (MMHE) introduced copper grit for abrasive blasting in 1979. Since then, copper grit has been used to remove paint, rust and marine deposits accumulated on ships through blasting. Spent copper slag (SCS) originates from copper grit that has been spent of its abrasive property after being used.

MMHE generates an average 24,000MT of SCS per year. Spent copper slag is viewed as scheduled waste under Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005. It is classified under scheduled waste category SW 104 which covers dust, slag, dross or ash containing copper. In June 2009, MMHE obtained permission from Department of Environment (DOE) to transport SCS to Pahang Cement Sdn. Bhd. (PCSB) to be used as a raw material to replace iron ore which is used to produce clinker. For the year under review an average of 21,000MT of spent copper slag was sent for recycling.

The total savings for MMHE as a result of choosing "reuse" as an option instead of disposal is estimated at RM2.7 million. Additionally, the use of SCS as an alternative raw material helps to reduce the use of resource to produce iron ore which indirectly reduces CO_2 emissions hence combat climate change.

Environmental Awareness in the Workplace

As a responsible corporate entity, we also focus on reducing our corporate impact on the environment, creating an environmentally conscious culture within our workforce. Over the years, we have conducted environmentally focused campaigns at our offices worldwide, including the placements of recycling bins for mobile phones and paper products in each department, an electricity reduction campaign and our recent paperless campaign to educate our people on the importance of environmental efficiency, which also has a direct impact on cost, productivity and resource management.

In the year under review, MISC, via its Corporate Health, Safety & Environment (CHSE) unit, conducted several campaigns to promote environmental awareness at the workplace:

Beat The Rest: Go Paperless Challenge

MISC successfully organised an Environmental Awareness Campaign that encourages wastage reduction. The campaign, aptly dubbed "Waste Reduction" was launched on 28 June 2010 to encourage MISC staff to reduce, reuse and recycle. Under the campaign, MISC kick started waste reduction via a one year programme, "Beat The Rest – Go Paperless Challenge" for MISC staff at the Menara Dayabumi office. This programme focused on the reduction of paper usage in each department. The goal is to achieve a 10% reduction over a span of a year.

MISC Spring Cleaning Programme

As part of our initiative to create a viable, clean workplace throughout MISC, CHSE organised a Spring Cleaning Programme that focused on each individual's work station/area. The programme is also in tandem with the National Occupational, Safety and Health Organisation's call for healthier, cleaner work environment. 500 kilogrammes of paper waste was collected during the campaign, made up mostly of old magazines and brochures. Money collected from the sale of the recyclables was donated to a charitable body (Pertubuhan Amal Seri Sinar).

Towards Environmentally Efficient Ships

MISC is making every effort to incorporate green elements in our ship and floater designs that help to reduce the environmental impact of our shipping operations, which include minimising impact in the unlikely event of an accident. All International Convention for the Prevention of Pollution From Ships (MARPOL) and national regulations are strictly adhered to and in some cases, our implementation is over and above the requirements.

Various initiatives have been under-taken to ensure our vessels comply with the environmental requirements of the industry including the development of green technology applications for vessels.

Corporate Responsibility Report

Among the past, current and future initiatives are:

- Steps were taken to reduce potential oil discharge from tankers, including: double-hull design for tankers, protection of fuel tanks, high level alarms, overfill protection and cargo spill protection.

- Tin-free anti fouling paints are used to coat the underwater hull of MISC vessels to reduce the release of biocides which are harmful to marine life.

- In some selected vessels, Foul Release Coating (FRC) materials are used for the underwater hull protection, which do not release any biocides that are harmful to marine life and its eco-system. FRC also helps to provide smoother hull surfaces resulting in fuel savings of up to 5%. This has directly resulted in the reduction of green house gasses (GHG) emissions by the same amount.

- The cargo tanks for newbuild chemical tankers are coated with high-end epoxy coating which results in shorter idling time required for tanks hot-cleaning. Shorter idling time contributes to direct fuel savings and more voyages can be performed over the vessel's life time.

- For some of our newbuilts, design improvements are being, made to improve fuel efficiency by incorporating propeller nozzles, propeller boss fins and rudder bulbs. These fittings result in improved hydrodynamics of the vessel hence contribute to better propulsion efficiency.

- Ballast Water Management System has been practised onboard our vessels in accordance to existing requirements and efforts are continuously being made to prepare our vessels to comply with the Water Ballast Treatment System requirements, which is expected to enter into force in 2012/13.

- Provisions are made in our newbuild Dual Fuel Diesel Engine (DFDE) LNG vessels to run on Marine Gas Oil (MGO) and/or Liquefied Natural Gas (LNG).

- For new floaters, design considerations are made to install equipment which runs on solar power.

Environmental Accreditation

ISO 14000

MISC has been accredited with the ISO 14000 certification since 28 March 2008. ISO 14000 is key to effective management of increasingly complex environmental regulations. The certification addresses our responsibility as a sustainable, responsible corporation and highlights the need for businesses to include preservation plans within their corporate strategic planning. The certification reflects the implementation of a proactive Environmental Management System, increased commitment towards recycling and reusing resources, the monitoring of pollution and waste minimisation. Constant monitoring and adherence helps reduce operating liabilities, manufacturing and compliance costs and reduce the risk of regulatory violations.

Green Flag Environmental Achievement Award

MISC was awarded the 2010 Green Flag Environmental Achievement Award by the Port of Long Beach for its excellent compliance with the Voluntary Vessel Speed Reduction Programme. In addition to receiving the Green Flag, our fleet also qualified for dockage incentive of 15% reduction in dockage charges when at Port of Long Beach.

The Voluntary Vessel Speed Reduction Programme (VSR) was established in 2001, with the aim to reduce nitrogen oxide (NOx) emissions from ocean going vessels by slowing vessel speeds to twelve knots as they approach or depart the Port of Los Angeles. Operators that called the Port of Long Beach and remained 90% compliant with the Voluntary Vessel Speed Reduction Programme (VSR) in 2010 are entitled to the Port of Long Beach 2010 Green Environmental Achievement Flag.

By adopting best practices on voluntary basis, we continue to demonstrate our commitment to go beyond international regulations for the protection of the environment. MISC holds firm to the belief that a strong environmental culture onboard creates the basis for sustainable actions and behaviours towards the environment.

Corporate Responsibility Report

Community

We remain committed to cultivating sustainable value to society and to contribute to the wellbeing of the community in which we operate. As a responsible corporate organisation, we understand that it is our responsibility to create opportunities in making the world, and more specifically, our local community, a better place to live in. It is about upholding and enhancing our corporate brand amongst our stakeholders, partners and our key customers.

Year on year, MISC strategically plans social engagement and development outreach programmes that are aimed at being a positive impetus towards the enhancement, nurturing and development of a better future for the communities at large.

Navigate Your Career

At the forefront of our community efforts is our 'Navigate Your Career' Programme (NYC). NYC is the nation's first youth development initiative focused on creating industry-ready, market-savvy graduates through the enhancement of vital soft skills. NYC's main aim is to reach out to undergraduates from various academic backgrounds, and help them discover their true potential and from there, identify areas that need further development, such as building communication and presentation skills, enhancing personal branding, enhancing their self esteem and confidence, etc. NYC is conducted by trained professional consultants engaged by MISC, and each module is carefully developed to provide valuable impact on the undergraduates. MISC's Management members are also present at each workshop session both as role models and future inspirers. Our staff are also encouraged to participate as co-facilitators of the workshops.

For the year under review, MISC held NYC roadshows at two universities namely Universiti Teknologi Mara, Shah Alam and Universiti Teknologi Malaysia, Skudai. The roadshows received an overwhelming response of 2,400 participants (1,200 per university), far exceeding our target of 900 participants per university.

NYC Student Attachment at MISC

Riding on the momentum of the university roadshows, MISC annually holds the NYC Student Attachment Programme, providing 8 selected students from different universities the opportunity to experience simulated working life in an international organisation.

Under the guidance of selected "Staff Office Buddies" who act as mentors to the students, students undergo an intensive 8 week programme at MISC's main headquarters in Dayabumi.

Navigate Your Career Programme in Schools

Based on the success of our NYC programme for undergraduates, MISC, since 2008, carried the same NYC sentiment to secondary schools, aiming at students between 15-17 years of age. The main objective of the programme is to provide basic awareness amongst these students on the soft skills required to succeed in their higher education, and ultimately, their career. It includes a 1 day workshop on motivation and soft skills where students are engaged in games and group activities in a high energy and fast paced environment. During the year, four schools within the Klang Valley were selected and we hope to increase the number in the following financial year.

MISC Cadet Sponsorship Programme

An ongoing initiative since 1972, our commitment to the maritime industry is to help develop capable and well equipped, sea-going professionals via our in-house maritime academy, Akademi Laut Malaysia (ALAM). For the year under review, MISC sponsored a total of 200 maritime cadets. With our strong belief in gender equality, we also sponsor a growing pool of female seafarers, with the initial batch of 13 in early 2010. Incidentally, ALAM's overall best student award was won by Ms Tan Ee Lynn, the first female student ever to be conferred the award. ALAM also noted an increase in foreign students, 99 for the year under review, a positive indicator of the professionalism and reputation of the maritime academy.

Corporate Responsibility Report

Education Scholarships and Sponsorships

In FY2010/11, MISC provided sponsorships worth RM8 million for students majoring in Naval Architecture, Marine Engineering, Offshore Engineering, Transport & Logistics, Accountancy and Economics both at local and international universities.

MISC Mini CSR Programme

MISC's Mini CSR programme is a departmental driven community initiative where each of MISC's business and service units are allocated a budget for the execution of a sustainable CSR programme. Also an employee enrichment initiative, the programme offers each unit the freedom to conduct their chosen programme in their chosen way, with minimal guidance from the Corporate CSR unit.

Programmes held during the year under the Mini CSR banner include:

Environment

- Seeding Our Future – Tree Planting at Wetlands, Cyberjaya with 40 secondary school students from Sekolah Menengah Aminuddin Baki.
- Educating students on healthy eating and nature preservation via Stevia Tree planting sessions with 40 students from Sekolah Menangah Kebangsaan Pulau Indah.
- Inculcating environmental awareness at Sekolah Menengah Kebangsaan Sg. Besi and Sekolah Menengah Bandar Baru Sri Petaling via Environmental talks, recycling challenges and a visit to Wetlands Putrajaya.

Motivational

- Motivational and educational support for under privileged children (family earning below average wage) at Sekolah Kebangsaan Lembah Subang and Sekolah Menangah Kebangsaan Sijangkang Jaya.
- Motivational and inspiring programme and contribution of educational facilities for Rumah Budak Laki-Laki Durian Daun Melaka.
- Inspiring creativity and innovation in the students of Sekolah Menengah Teknik Klang through product invention activities, while educating them on the benefits of recycling.

Welfare and Wellbeing of the Underprivileged

- Spreading cheers and joy through activities and facilities' contribution at the Pediatric Ward of HKL.
- Activities, fund raising, teambuilding and facilities' contribution for Sekolah Menengah Pendidikan Khas Setapak (for the visually impaired).
- Visit to Zoo Negara and facilities' contribution for the Kiwanis Down Syndrome & Orphanage/Underprivileged.
- Contributions of rehabilitation facilities for children with special needs at Pusat Pemulihan Dalam Komuniti (PDK) Selangor.

Amounting to a total of RM200,000 overall for the year, the MISC Mini CSR programme has successfully benefited the charities, schools and causes not only through mere donations, but also through the personal efforts and commitment conveyed by MISC staff. The programme has inculcated a CSR culture in the hearts of all within MISC. It has also fostered stronger, closer ties amongst the working departments, encouraging teamwork and care for all.

Philanthropy at MISC

During the year, MISC continued to support, sponsor and give assistance to various causes close to our heart. Monetary donations were provided to numerous organisations throughout the year. A total of RM572,000 were donated or distributed as sponsorships to various charitable bodies and causes in Malaysia. Sponsorships that we have participated in throughout the year include events and activities organised by, amongst others, Tabung Angkatan Tentera Malaysia, The Star Publications (M) Bhd's School Reading Programme, Young Corporate Malaysians Summit, and many more.

We also showed our continuous support and commitment to our staff through our yearly MISC Education Excellence Award, an annual event that honours the children of our staff who have excelled in their UPSR, PMR, SPM and STPM examinations respectively. For the year under review, awards were handed out to 71 deserving recipients.

Common Imperatives **That Unite Us**

We are guided by values that bind us together in pursuit of our vision. Values that not only inspire integrity and excellence, but drive us to succeed.

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 consists of Independent Directors, which is in compliance with the Main Market 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 an Executive Director who is also the President/Chief Executive Officer (CEO). The profiles of the Directors are presented on pages 28 to 36 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 performance 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. Board Meetings and 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 and additional meetings are held as and when required.

During the financial year ended 31 March 2011, eight (8) Board meetings were held. Details of the attendance of each Director are as follows:

Director	Number of Board Meetings Attended
Dato' Shamsul Azhar bin Abbas *(Chairman)*	6 out of 8
Harry K. Menon	8 out of 8
Dato' Halipah binti Esa	8 out of 8
Datuk Nasarudin bin Md Idris	8 out of 8
Dato' Kalsom binti Abd. Rahman	8 out of 8
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	4 out of 8
Datuk Latifah binti Datuk Abu Mansor *(Alternate Director to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah) (Resigned with effect from 31 December 2010)*	3
Amir Hamzah bin Azizan	8 out of 8
Datuk Wan Zulkiflee bin Wan Ariffin *(Appointed with effect from 8 July 2010)*	5 out of 6
Ahmad Nizam bin Salleh *(Resigned with effect from 8 July 2010)*	1 out of 2

The agenda and a full set of Board papers for consideration are distributed prior to the Board meeting to ensure that Directors have sufficient time to read and be properly prepared for discussion at the meetings. Comprehensive and balanced financial and non-financial information are encapsulated in the papers covering amongst others, strategic, operational, regulatory, marketing and human resource issues.

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

The Nomination Committee makes recommendations for appointments to the Board. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies and other qualities, before recommending them to the Board for appointment.

Statement on Corporate Governance

In accordance with the provisions of the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board shall hold office only until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Company's Articles also provide that 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. A retiring Director shall retain office until the close of the General Meeting at which he retires.

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.

During Board meetings, the Chairpersons of the various Committees provide summary reports of the recommendations and decisions made at respective committee meetings and highlight to the Board any further deliberation that are required at Board level.

The Company has three (3) Board Committees:

i. Board Audit Committee

The composition, terms of reference and a summary of the activities of the Board Audit Committee are set out separately in the Board Audit Committee Report on pages 137 to 141 of the Annual Report.

ii. Nomination Committee

The Nomination Committee ("NC") was established on 6 May 2010 and consists of the following Directors:

- Dato' Kalsom binti Abd. Rahman *(Independent Non-Executive Director and Chairman of the NC)*
- Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah *(Independent Non-Executive Director)*
- Datuk Wan Zulkiflee bin Wan Ariffin *(Non-Independent Non-Executive Director)*

The functions of the NC include:

- to assess and recommend new Directors to the Board.
- 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 formal 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 NC had held one (1) meeting for the financial year ended 31 March 2011.

iii. Remuneration Committee

The Remuneration Committee ("RC"), was established on 6 May 2010 and is comprised of the following members:

- Dato' Halipah binti Esa *(Independent Non-Executive Director and Chairman of the RC)*
- Dato' Kalsom binti Abd. Rahman *(Independent Non-Executive Director)*
- Datuk Wan Zulkiflee bin Wan Ariffin *(Non-Independent Non-Executive Director)*

The RC's main responsibilities are to recommend to the Board the remuneration and compensation of the executive and non-executive Directors, President/Chief Executive Officer, the Management Committee members of the Company and the bonus quantum for the Company and its Group of Companies.

The RC had held two (2) meetings for the financial year ended 31 March 2011.

e. Directors' Fees

With the exception of the President/Chief Executive Officer, 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 listed below:

Name of Directors	Annual Fees (RM)	Board Attendance Allowance (RM)	Board Committees Attendance Allowance (RM)	Total (RM)
Dato' Shamsul Azhar bin Abbas	27,000.00	4,000.00	–	**31,000.00**
Harry K. Menon	72,000.00	24,000.00	27,000.00	**123,000.00**
Dato' Halipah binti Esa	72,000.00	24,000.00	26,000.00	**122,000.00**
Datuk Nasarudin bin Md Idris *(Redesignated as President/Chief Executive Officer with effect from 15 June 2010)*	15,000.00	3,000.00	–	**18,000.00**
Dato' Kalsom binti Abd. Rahman	72,000.00	24,000.00	25,000.00	**121,000.00**
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	72,000.00	21,000.00	2,000.00	**95,000.00**
Amir Hamzah bin Azizan *(Redesignated as Non-Independent Non-Executive Director with effect from 15 June 2010)*	51,000.00	18,000.00	14,000.00	**83,000.00**
Ahmad Nizam bin Salleh *(Resigned with effect from 8 July 2010)*	18,000.00	3,000.00	–	**21,000.00**
TOTAL	**399,000.00**	**121,000.00**	**94,000.00**	**614,000.00**

Statement on Corporate Governance

With effect from 1 July 2010, all payments in relation to Directors' fees for the executives of PETRONAS (Vice President and above) representing PETRONAS on the Board of PETRONAS's subsidiaries/associate companies are treated as Management Fees and paid directly to PETRONAS. The Company has paid RM183,000.00 as Management Fees to PETRONAS during the Financial Year Ended 31 March 2011 in respect of the fees for Dato' Shamsul Azhar bin Abbas, Datuk Wan Zulkiflee bin Wan Ariffin, Ahmad Nizam bin Salleh received after 1 July 2010 and for Amir Hamzah bin Azizan in respect of the fees received after 1 March 2011.

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 programmes, talks, seminars, workshops and conferences to enhance their skill and knowledge and to ensure Directors keep abreast with new developments in the business environment. Relevant training programmes are arranged by the Company Secretary for the Directors.

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:

- Corporate Governance and Boardroom Issues in Challenging Times, a workshop given by Professor Nabil N. El-Hage and organised by Petroliam Nasional Berhad.
- Directors' Duties and Governance Conference 2011 by Malaysian Institute of Corporate Governance
- Risk Management for Directors, CEOs and Senior Executives by Harvard Club
- Developing High Impact Boards
- Banking Insights
- Building Audit Committee for Tomorrow
- Islamic Institutions & Governance
- Building High Performance Directors Programme for Directors of Government – Linked Companies (GLCs) by Malaysian Directors Academy

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
- quarterly sessions between the Company's senior management with analysts/investors.

Further details on our investor relations activities are provided in pages 92 to 93 of the Annual Report.

h. Accountability and Audit

i. a. 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.

b. Statement of Directors' Responsibility for Preparing the Financial Reports

The Directors are responsible to prepare annual audited financial statement of the Group and the Company in accordance with the provisions of the Companies Act, 1965 and the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board. The Directors are also responsible to ensure that the annual audited financial statements of the Group and the Company are properly drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at the financial year end and of their financial performance and the cash flows for the financial year then ended.

In preparing the annual audited financial statements of the Group and the Company for the financial year ended 31 March 2011, the Directors have ensured that, appropriate and relevant accounting policies are adopted and consistently applied, reasonable and prudent estimates are exercised and going concern basis was adopted.

The Directors have the overall responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

ii. Internal Control

The Board acknowledges its overall responsibility for continuous maintenance 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 128 to 134 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 7 July 2011.

Statement on Internal Control

Introduction

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

Bursa Malaysia Listing Requirements, Paragraph 15.26(b) requires the Board of Directors to make a statement about the state of internal control of the listed entity as a Group.

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

Accountability of the Board

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

The Board defines risk parameters and standards guided by the corporate objective to maximise long term shareholders' value whilst meeting the needs of the customers, employees and all related stakeholders. In discharging its stewardship responsibilities, the Board has defined the risk management framework to identify the key risk areas, evaluate the impact and set broad strategic policies relating to the risks and the relevant controls thereof, of which details are set-out in the following pages. This is then delegated to the Management to implement the Board's direction and policies on risk and internal 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 control 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, including 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 ("ERM") policy in identifying, assessing, reporting and monitoring the ever changing risks facing the Group and take specific measures to mitigate these risks.

MISC is represented in the **PETRONAS Risk Management Committee ("RMC")** which allows the MISC Group to leverage on PETRONAS ERM approaches, standards and current initiatives in implementing Enterprise Risk Management. This platform also allows mutual exchange of information between MISC and PETRONAS to keep abreast of developments in managing risks. In addition, the PETRONAS 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.

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 to escalation to Risk Advisory Group (RAG).

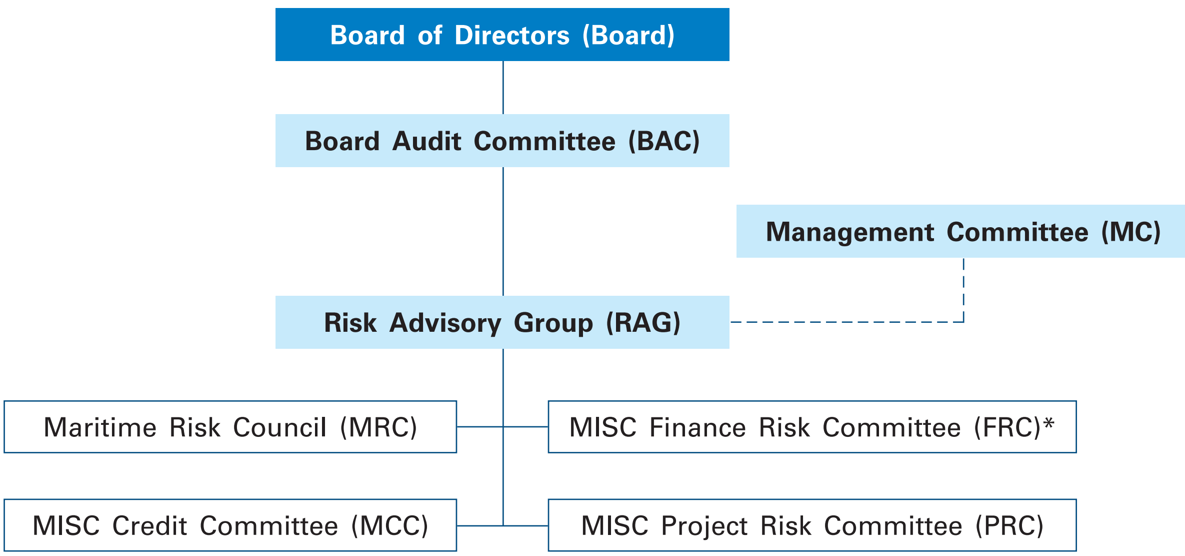
The RAG comprises certain members of the Management Committee ("MC") and is responsible to oversee the overall risk management functions in MISC to advise the President/CEO and the MC on issues relating to:

- 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/Chief Executive Office 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 to update any risk management issues to the President/CEO and Board Audit Committee ("BAC") which then updates the Board.

The risk management reporting structure is as depicted below:



Note: represented at PETRONAS' respective committee*

Statement on Internal Control

In managing the specific key risks, the Group focuses on 4 core risk areas mainly Finance, Credit, Project and Maritime which are supported and governed by the respective risk management frameworks and guidelines.

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 **Financial Risk Management Operational Committee ("FRMOCO")**. The credit & trading risk framework and guidelines have been developed to ensure all matters relating to credit & trading risks are being addressed accordingly.

The **MISC Finance Risk Committee ("FRC")** provides guidance and direction in the implementation and practice of the financial risk management framework, policy and strategy. The Corporate Financial Policy (CFP) which was approved by the Board in May 2009 serves as the financial risk management policy for MISC Group. The supporting CFP Guidelines on Liquidity Management, Financing, Investment, Asset Liability Management, Banking and Foreign Exchange Management, which were approved by the President/CEO in April 2010, provide further guidance and best practice in the management of liquidity risk, interest rate risk, counterparty risk, foreign exchange risk, bunker price risk, basis risk and operational risk. The Integrated Financial Risk Management Guidelines approved by the President/CEO in April 2011 enforces the Financial Risk Reporting (FRR) submission of MISC subsidiary companies to the Finance Risk Management (FRM) unit of Group Treasury.

The CFP Guidelines have also been rolled out to the subsidiary companies to facilitate enforcement of the implementation and compliance to the guidelines within the subsidiary companies. The FRC which is represented in the **PETRONAS Financial Risk Management Operational Committee ("FRMOCO")** and reports to the PETRONAS Risk Management Committee (RMC), also reviews and endorses the quarterly submission of the FRM Report to the RAG/MAC/BAC. In addition, the FRC reviews the Financial Risk Appetite Setting (FRAS) of the MISC Group, which will be implemented during the financial period ending 31 December 2011, prior to submission to the Board for approval.

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.

Specific to our listed subsidiary, Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB") Group, MHB **Risk Council ("RC")** was formed to oversee risk activities in MHB Group. Its principal role includes:

- Identification, assessment, mitigation and monitoring of all principal risks of MHB Group
- Co-ordinate and prioritise risk management activities to ensure all principal risks are adequately managed
- Ensure comprehensive risk management policies and framework are in place
- Ensure risk management strategies are continuously aligned with business strategies and risk tolerance
- Ensure adequate resources, expertise and information to manage risks are available throughout the MHB Group
- Propagate a risk awareness culture among the Group's stakeholders by way of continuous risk training and education

Implementation of risk management activities at the corporate and business units/subsidiaries level of the MHB Group are to be escalated to the RC. The RC meets on a regular basis and updates the MHB Board as and when required.

MHB **Bidding Approval Committee ("BiAC")** is responsible to identify and evaluate various project related risks prior to submitting bids to customers. The risk assessment activities include review on the bid proposal, proposed contract terms and conditions as well as bid clarifications. The BiAC also will propose bid approach method and negotiation strategy in its deliberations of the proposed bid. All BiAC members are members of MHB Management Committee ("MC").

MHB's Project Risk Management is addressed and monitored by the **Project Team** comprising of MHB Project Management Team and its clients' representatives. Project progress reports are periodically reported to MHB's MC, whilst project updates and issues are reported to the MHB Board of Directors on quarterly basis.

MHB is also represented in the MISC Finance Risk Committee (FRC) and MISC Credit Committee (MCC).

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 **Management Audit Committee ("MAC")** performs an important role in ensuring that there are effective risk monitoring, internal control and corporate governance to provide the level of assurance required by the Board.

2. The **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.

Statement on Internal Control

3. **MISC Group Internal Audit ("GIA")**, reporting to the BAC, performs independent planned approved audits and initiatives within the Group to evaluate and assess the effectiveness of risk management, internal control and governance processes. GIA also conducts additional assurance assignments, control improvement engagements and special reviews arising from potential irregularities in any areas upon request by the Management, MAC or BAC. The BAC reviews, deliberates and endorses the annual and long term audit plans and strategies including scope of work and resources. Results of the audit engagements are presented and deliberated during quarterly BAC meetings.

   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 ("ACA") which are embodied in the audit reports. GIA monitors the status of implementation of these ACA through the Quarterly Audit Status Reports, of which, the ACA are recorded and analysed. The consolidated reports are submitted and presented to the MAC and BAC for deliberation and endorsement on half yearly basis.

   In addition, BAC conducts half yearly review and yearly 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**, which reports to the MAC and BAC, performs independent scheduled inspections on MISC Group vessels and floating facilities. The objectives of the inspections are to verify, evaluate and review the Group's operational activities to ensure the vessels' and floating facilities' operational integrity and reliability are maintained at all times, consistent with international regulations and internal policies.

   MISC Group vessels are subjected to stringent audits, vetting and inspections to meet various regulatory and commercial requirements. These include vettings by oil majors, 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 subjected to periodic management reviews by our customers' risk management units such as Exxon Mobil, British Petroleum Plc (BP), Chevron Texaco, Shell and BHP Billiton.

   The Ship Management Audit submits its findings and recommendations on corrective actions of each ship inspected to the **Fleet Management Services ("FMS")** Division. The monitoring and follow-up on the status of the corrective actions is maintained monthly until closure. On 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 reports are then presented to BAC with the deliberations and decisions shared.

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 Division ("CSD")** which maintains clear policies, procedures and framework with the aim of continuously monitoring 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 year, 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 developments 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 the Board.

4. During the financial year, the Group has participated in the **PETRONAS Financial Control Framework ("FCF")** initiative. The principal objective of FCF is to enhance the quality of the Group's financial reports through a structured process of ensuring the adequacy and effectiveness of key internal controls operating at various levels within the Group at all times. FCF requires among others, documentation of key controls, remediation of control gaps as well as a regular conduct of testing of control operating effectiveness.

Statement on Internal Control

On a semi-annual basis, each key process owner at various management levels is required to complete and submit a Letter of Assurance which provides confirmation of compliance to key controls for the areas of the business for which they are accountable.

5. 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.

6. 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.

7. The professionalism and competency of staff are enhanced through structured development programmes 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 11 May 2011.

Additional Compliance Information

a. Status of Utilisation of Proceeds

The status of utilisation of proceeds raised from the following corporate exercise as at 15 July 2011 are as follows:-

i. The Rights Issue Exercise which was completed on 24 February 2010.

Purpose	Proposed Utilisation RM Million	Actual Utilisation RM Million	Intended Timeframe for Utilisation	Deviation Amount RM Million	%
Capital Expenditure	5,187.3	4,808.5	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**	**4,829.0**		**–**	**–**

ii. The Listing of Malaysia Marine And Heavy Engineering Holdings Berhad which was completed on 29 October 2010

Purpose	Proposed Utilisation RM Million	Actual Utilisation RM Million	Intended Timeframe for Utilisation	Deviation Amount RM Million	%
Capital Expenditure	914.4	411.8	Within thirty-six (36) months from the date of the listing	–	–
Working Capital	122.5	122.5	Within twelve (12) months from the date of the listing	–	–
Estimated expenses in relation to the Proposed Offer for Sale and Listing	14.0	11.0	Within three (3) months from the date of the listing	–	–
Total	**1,050.9**	**552.5**		**–**	**–**

Additional Compliance Information

b. Material Contracts

There was no material contract between the Company and its subsidiaries involving the directors and major shareholders' interests, 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. Non-audit fees

The amount on non-audit fees incurred for services rendered to the Group for the financial year by the Company's external auditors or their affiliates is RM2.7 million.

e. Share Buybacks

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

f. Option, Warrants or Convertible Securities

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

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

The Company does not sponsor any ADR or GDR programme.

h. Profit Estimate, Forecast or Projection

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

i. Profit Guarantee

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

j. Contracts Relating to Loans

There was no contract relating to loans by the Company involving its Directors and major shareholders.

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 2011.

Composition and Meetings

The members of the Board Audit Committee (“the Committee’) during the financial year comprised the following Directors:-

Directors	Designation	Number of Meetings Attended
Harry K. Menon *(Independent Non-Executive Director)*	Chairman	10 out of 10
Dato’ Halipah binti Esa *(Independent Non-Executive Director)*	Member	10 out of 10
Dato’ Kalsom binti Abd. Rahman *(Independent Non-Executive Director)*	Member	10 out of 10
Amir Hamzah bin Azizan *(Non-Independent Non-Executive Director)* Appointed on 8 July 2010	Member	7 out of 7

During the financial year, ten (10) Board Audit Committee Meetings were held.

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.

Board Audit Committee Report

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 external legal or other independent professional advice and to secure the attendance of such experts 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 BAC 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.

- Decided on the way forward in managing strategic and operational risks which are to be implemented via Enterprise Risk Management (ERM) approach encompassing the five focus risk areas and beyond.

- Revamped the risk management governance structure to enable an effective implementation of ERM.

Internal Audit

- Reviewed and approved 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.

Board Audit Committee Report

- 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, the Chairman 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 on 6 May and 23 December 2010).

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 Board Audit 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.

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 2011.

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	2,227,388	1,488,692
Attributable to:		
Equity holders of the Corporation	1,870,751	1,488,692
Minority interests	356,637	–
	2,227,388	1,488,692

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.

Dividends

The amount of dividends paid by the Corporation since 31 March 2010 were as follows:

	RM'000
In respect of the financial year ended 31 March 2010 as reported in the directors' report of that year:	
Final tax exempt dividend of 20 sen per share, paid on 28 July 2010	872,282
In respect of the financial year ended 31 March 2011:	
Interim tax exempt dividend of 15 sen per share, paid on 24 November 2010	670,906

Dividends (Cont'd.)

At the forthcoming Annual General Meeting, the following tax exempt dividend will be proposed for shareholders' approval in respect of the financial year ended 31 March 2011:

	RM'000
Final tax exempt dividend of 10 sen per share	446,379

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 period ending 31 December 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	
Datuk Nasarudin bin Md Idris	
Harry K. Menon	
Dato' Halipah binti Esa	
Amir Hamzah bin Azizan	
Dato' Kalsom binti Abd Rahman	
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	
Datuk Wan Zulkiflee bin Wan Ariffin	(Appointed effective 8 July 2010)
Ahmad Nizam bin Salleh	(Resigned effective 8 July 2010)
Datuk Latifah binti Datuk Abu Mansor	(Alternate to Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah) (Resigned effective 31 December 2010)

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' Report

Directors' Interests

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

	Number of ordinary shares of RM1 each			
	1 April 2010	Bought	Sold	31 March 2011
Fellow subsidiary – PETRONAS Gas Berhad				
Direct				
Datuk Nasarudin bin Md Idris	3,000	–	–	3,000
Fellow subsidiary – PETRONAS Dagangan Berhad				
Direct				
Amir Hamzah bin Azizan	–	15,000	–	15,000
Fellow subsidiary – KLCC Property Holdings Berhad				
Direct				
Amir Hamzah bin Azizan	52,000	–	–	52,000
Datuk Nasarudin bin Md Idris	5,000	–	–	5,000
Fellow subsidiary – PETRONAS Chemical Group Berhad				
Direct				
Dato' Kalsom binti Abd Rahman	–	100,000	(43,000)	57,000
Amir Hamzah bin Azizan	–	30,000	–	30,000
Dato' Shamsul Azhar bin Abbas	–	20,000	–	20,000
Harry K. Menon	–	20,000	–	20,000
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	–	20,000	–	20,000
Datuk Wan Zulkiflee bin Wan Ariffin	–	20,000	–	20,000
Dato' Halipah binti Esa	–	10,000	–	10,000
Datuk Nasarudin bin Md Idris	–	10,000	–	10,000
Indirect				
Dato' Halipah binti Esa	–	13,100	–	13,100
Company – MISC Berhad				
Direct				
Amir Hamzah bin Azizan	–	1,000	–	1,000

Directors' Interests (Cont'd.)

	Number of ordinary shares of RM1 each 1 April 2010	Bought	Sold	31 March 2011
Subsidiary – Malaysia Marine and Heavy Engineering Holdings Berhad				
Direct				
Dato' Kalsom binti Abd Rahman	–	210,000	(120,000)	90,000
Amir Hamzah bin Azizan	–	13,000	–	13,000
Dato' Shamsul Azhar bin Abbas	–	10,000	–	10,000
Harry K. Menon	–	10,000	(10,000)	–
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	–	10,000	–	10,000
Datuk Wan Zulkiflee bin Wan Ariffin	–	10,000	–	10,000
Dato' Halipah binti Esa	–	10,000	–	10,000
Datuk Nasarudin bin Md Idris	–	10,000	–	10,000
Indirect				
Dato' Halipah binti Esa	–	10,000	–	10,000
Amir Hamzah bin Azizan	–	1,000	–	1,000

Other than as disclosed above, 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, statements of comprehensive income, and statements of financial position 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.

(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.

Directors' Report

Other Statutory Information (Cont'd.)

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

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

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

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

(ii) any contingent liability of the Group or of the Corporation which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

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

Significant Events

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

Subsequent Event

Details of the subsequent event is 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 11 May 2011.

Dato' Shamsul Azhar bin Abbas

Datuk Nasarudin bin Md Idris

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

We, Dato' Shamsul Azhar bin Abbas and Datuk Nasarudin bin Md Idris, 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 152 to 268 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 2011 and of the results of their operations and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 May 2011.

Dato' Shamsul Azhar bin Abbas

Datuk Nasarudin bin Md Idris

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 152 to 268 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Noraini binti Che Dan at
Kuala Lumpur in Wilayah Persekutuan
on 11 May 2011

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 statements of financial position as at 31 March 2011 of the Group and of the Corporation, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows 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 152 to 267.

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 2011 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.

Report on other Legal and Regulatory Requirements (Cont'd.)

(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.

The supplementary information set out in Note 43 on page 268 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Ernst & Young
AF: 0039
Chartered Accountants

Ong Chee Wai
No. 2857/07/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
11 May 2011

Income Statements
for the year ended 31 March 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Corporation 2011 RM'000	Corporation 2010 RM'000
Revenue	3	**12,325,639**	13,775,074	**3,590,234**	4,159,477
Cost of sales		**(10,178,377)**	(11,614,633)	**(3,921,408)**	(4,862,214)
Gross profit/(loss)		**2,147,262**	2,160,441	**(331,174)**	(702,737)
Other operating income	4	**525,286**	199,220	**1,896,252**	1,440,174
Net gain/(loss) on disposal of ships		**99,120**	(21,207)	**–**	(33,158)
Finance income	8(b)	**150,003**	50,744	**145,877**	132,978
Gain on dilution of interest in MHB*	15(b)	**1,400,147**	–	**975,479**	–
General and administrative expenses		**(1,313,584)**	(1,094,200)	**(469,638)**	(325,631)
Impairment provisions	5(a)	**(576,648)**	(49,582)	**(565,183)**	(38,426)
Finance costs	8(a)	**(346,875)**	(366,882)	**(162,921)**	(209,869)
Share of profit of associates		**1,269**	30	**–**	–
Share of profit of jointly controlled entities		**158,283**	33,350	**–**	–
Profit before taxation	5	**2,244,263**	911,914	**1,488,692**	263,331
Taxation	9	**(16,875)**	(89,696)	**–**	–
Profit after taxation		**2,227,388**	822,218	**1,488,692**	263,331
Attributable to:					
Equity holders of the Corporation		**1,870,751**	682,046	**1,488,692**	263,331
Minority interests		**356,637**	140,172	**–**	–
		2,227,388	822,218	**1,488,692**	263,331
Earnings per share attributable to equity holders of the Corporation (sen)					
Basic	10	**41.9**	17.7		
Diluted	10	**41.9**	17.7		

* *Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB"), a subsidiary of the Corporation, was listed on Bursa Malaysia on 30 October 2010.*

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

Statements of Comprehensive Income
for the year ended 31 March 2011

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Profit after taxation	**2,227,388**	822,218	**1,488,692**	263,331
Other comprehensive income:				
Currency translation differences:				
Group	**(2,129,802)**	(1,792,795)	**–**	–
Corporation	**–**	–	**(1,565,379)**	(1,350,929)
Revaluation reserves	**(24)**	–	**–**	–
Other capital reserves	**101**	–	**–**	–
Statutory reserves	**124**	–	**–**	–
Fair value gain on non-current investments	**36,064**	66,514	**36,064**	66,514
Fair value (loss)/gain on cash flow hedges	**(11,609)**	48,476	**–**	–
Other comprehensive income for the year, net of taxation	**(2,105,146)**	(1,677,805)	**(1,529,315)**	(1,284,415)
Total comprehensive income for the year	**122,242**	(855,587)	**(40,623)**	(1,021,084)
Total comprehensive income attributable to:				
Equity holders of the Corporation	**(206,822)**	(976,687)	**(40,623)**	(1,021,084)
Minority interests	**329,064**	121,100	**–**	–
	122,242	(855,587)	**(40,623)**	(1,021,084)

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

Statements of Financial Position
as at 31 March 2011

	Note	Group 2011 RM'000	Group 2010 RM'000 (Restated)	Group 2009 RM'000 (Restated)	Corporation 2011 RM'000	Corporation 2010 RM'000
Non-current assets						
Ships	12	**18,569,468**	20,056,849	21,377,027	**8,402,534**	9,901,700
Offshore floating assets	12	**6,794,926**	6,911,217	4,806,598	**5,054,856**	3,895,612
Other property, plant and equipment*	12	**1,454,129**	1,299,853	1,132,022	**113,583**	20,726
Prepaid lease payments on land and buildings*	13	**82,487**	87,069	69,200	**5,758**	6,487
Intangible assets	14	**848,699**	963,298	1,023,532	**–**	–
Investments in subsidiaries	15	**–**	–	–	**5,187,493**	5,657,996
Investments in associates	16	**605**	2,715	3,320	**216**	237
Investments in jointly controlled entities	17	**3,100,087**	551,911	311,754	**132,450**	144,868
Other non-current financial assets	18(a)	**498,496**	956,229	645,684	**1,464,112**	2,600,824
Finance lease receivables	18(d)	**212,788**	–	–	**–**	–
Deferred tax assets	27	**11,781**	4,803	4,133	**–**	–
		31,573,466	30,833,944	29,373,270	**20,361,002**	22,228,450
Current assets						
Inventories	19	**403,973**	344,560	347,024	**157,720**	106,528
Trade and other receivables	20	**2,902,482**	1,993,889	3,216,581	**5,018,387**	1,478,043
Cash, deposits and bank balances	22	**3,352,727**	7,849,080	3,725,436	**877,396**	5,944,973
		6,659,182	10,187,529	7,289,041	**6,053,503**	7,529,544
Non-current assets classified as held for sale	23	**84,825**	38,715	153	**51,507**	10,423
		6,744,007	10,226,244	7,289,194	**6,105,010**	7,539,967
Current liabilities						
Trade and other payables	24	**3,739,499**	3,959,362	3,429,070	**2,710,952**	1,668,728
Interest-bearing loans and borrowings	18(c)	**1,247,261**	3,577,411	3,104,324	**1,061,396**	3,848,980
Provision for taxation		**43,058**	77,539	52,621	**–**	–
		5,029,818	7,614,312	6,586,015	**3,772,348**	5,517,708
Liabilities directly associated with disposal group classified as held for sale	23	**7,739**	–	–	**–**	–
		5,037,557	7,614,312	6,586,015	**3,772,348**	5,517,708
Net current assets		**1,706,450**	2,611,932	703,179	**2,332,662**	2,022,259
		33,279,916	33,445,876	30,076,449	**22,693,664**	24,250,709

	Note	Group 2011 RM'000	Group 2010 RM'000 (Restated)	Group 2009 RM'000 (Restated)	Corporation 2011 RM'000	Corporation 2010 RM'000
Equity						
Equity attributable to equity holders of the Corporation						
Share capital	25(a)	**4,463,794**	4,463,794	3,719,828	**4,463,794**	4,463,794
Share premium	25(b)	**4,459,468**	4,459,468	–	**4,459,468**	4,459,468
Other reserves	26	**(1,219,887)**	422,959	2,081,692	**(1,834,185)**	(304,870)
Retained profits		**14,208,587**	14,315,751	14,930,553	**9,144,519**	9,199,015
		21,911,962	23,661,972	20,732,073	**16,233,596**	17,817,407
Minority interests		**1,154,973**	374,237	340,096	**–**	–
		23,066,935	24,036,209	21,072,169	**16,233,596**	17,817,407
Non-current liabilities						
Interest-bearing loans and borrowings	18(c)	**10,008,122**	9,194,263	8,747,646	**6,460,068**	6,433,302
Deferred tax liabilities	27	**7,995**	30,149	22,903	**–**	–
Other non-current financial liabilities	18(b)	**196,864**	185,255	233,731	**–**	–
		10,212,981	9,409,667	9,004,280	**6,460,068**	6,433,302
		33,279,916	33,445,876	30,076,449	**22,693,664**	24,250,709

* *The 2009 and 2010 figures for other property, plant and equipment and prepaid lease payments on land and buildings have been restated due to adoption of FRS 117 as disclosed in note 2.3.*

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2011

	Note	Total Equity RM'000	Equity attributable to equity holders of the Corporation RM'000	Non-Distributable: Share Capital* RM'000	Non-Distributable: Share Premium RM'000	Distributable: Retained profits RM'000	Other reserves, total RM'000
12 MONTHS ENDED 31 MARCH 2011							
At 1 April 2010		**24,036,209**	**23,661,972**	**4,463,794**	**4,459,468**	**14,315,751**	**422,959**
Total comprehensive income		122,242	(206,822)	–	–	1,870,751	(2,077,573)
Transaction with equity holders							
Acquisition of a subsidiary		1,119	–	–	–	–	–
Dilution of interest in subsidiaries	15(b)	550,067	–	–	–	–	–
Transfer to reserves	26	–	–	–	–	(434,727)	434,727
Dividends	11	(1,642,702)	(1,543,188)	–	–	(1,543,188)	–
Total transactions with equity holders		**(1,091,516)**	**(1,543,188)**	**–**	**–**	**(1,977,915)**	**434,727**
At 31 March 2011		**23,066,935**	**21,911,962**	**4,463,794**	**4,459,468**	**14,208,587**	**(1,219,887)**
12 MONTHS ENDED 31 MARCH 2010							
At 1 April 2009		**21,072,169**	**20,732,073**	**3,719,828**	**–**	**14,930,553**	**2,081,692**
Total comprehensive income		(855,587)	(976,687)	–	–	682,046	(1,658,733)
Transaction with equity holders							
Issuance of rights shares		743,966	743,966	743,966	–	–	–
Share premium, net of transaction costs		4,459,468	4,459,468	–	4,459,468	–	–
Issuance of new shares of a subsidiary		23,908	–	–	–	–	–
Disposal of shares of a subsidiary		(33)	–	–	–	–	–
Dividends	11	(1,407,682)	(1,296,848)	–	–	(1,296,848)	–
Total transactions with equity holders		**3,819,627**	**3,906,586**	**743,966**	**4,459,468**	**(1,296,848)**	**–**
At 31 March 2010		**24,036,209**	**23,661,972**	**4,463,794**	**4,459,468**	**14,315,751**	**422,959**

* Included in share capital is one preference share of RM1.

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

Attributable to equity holders of the Corporation →

Non-Distributable →

Other capital reserve RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Capital redemption reserve RM'000	Fair value reserve RM'000	Hedging reserve RM'000	Currency translation reserve RM'000	Minority interests RM'000
41,342	**1,185**	**1,381**	**1,242**	**59,715**	**189,119**	**(150,241)**	**279,216**	**374,237**
101	–	(24)	124	–	36,064	(21,396)	(2,092,442)	329,064
–	–	–	–	–	–	–	–	1,119
–	–	–	–	–	–	–	–	550,067
–	434,099	–	628	–	–	–	–	–
–	–	–	–	–	–	–	–	(99,514)
–	**434,099**	**–**	**628**	**–**	**–**	**–**	**–**	**451,672**
41,443	**435,284**	**1,357**	**1,994**	**59,715**	**225,183**	**(171,637)**	**(1,813,226)**	**1,154,973**
41,342	**1,185**	**1,381**	**1,242**	**59,715**	**122,605**	**(181,662)**	**2,035,884**	**340,096**
–	–	–	–	–	66,514	31,421	(1,756,668)	121,100
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	23,908
–	–	–	–	–	–	–	–	(33)
–	–	–	–	–	–	–	–	(110,834)
–	–	–	–	–	–	–	–	(86,959)
41,342	**1,185**	**1,381**	**1,242**	**59,715**	**189,119**	**(150,241)**	**279,216**	**374,237**

Statements of Changes in Equity

for the year ended 31 March 2011

	Note	Total Equity RM'000	Share Capital* RM'000	Share Premium RM'000	Retained profits RM'000	Other reserves, total RM'000	Fair value reserve RM'000	Currency translation reserve RM'000
			← Non-Distributable	→	Distributable	← Non-Distributable		→
12 MONTHS ENDED 31 MARCH 2011								
At 1 April 2010		**17,817,407**	**4,463,794**	**4,459,468**	**9,199,015**	**(304,870)**	**189,119**	**(493,989)**
Total comprehensive income		(40,623)	–	–	1,488,692	(1,529,315)	36,064	(1,565,379)
Transaction with equity holders								
Dividends	11	(1,543,188)	–	–	(1,543,188)	–	–	–
Total transaction with equity holders		**(1,543,188)**	**–**	**–**	**(1,543,188)**	**–**	**–**	**–**
At 31 March 2011		**16,233,596**	**4,463,794**	**4,459,468**	**9,144,519**	**(1,834,185)**	**225,183**	**(2,059,368)**
12 MONTHS ENDED 31 MARCH 2010								
At 1 April 2009		**14,931,905**	**3,719,828**	**–**	**10,232,532**	**979,545**	**122,605**	**856,940**
Total comprehensive income		(1,021,084)	–	–	263,331	(1,284,415)	66,514	(1,350,929)
Transactions with equity holders								
Issuance of rights shares		743,966	743,966	–	–	–	–	–
Share premium, net of transaction costs		4,459,468	–	4,459,468	–	–	–	–
Dividends	11	(1,296,848)	–	–	(1,296,848)	–	–	–
Total transactions with equity Holders		3,906,586	743,966	4,459,468	(1,296,848)	–	–	–
At 31 March 2010		**17,817,407**	**4,463,794**	**4,459,468**	**9,199,015**	**(304,870)**	**189,119**	**(493,989)**

* Included in share capital is one preference share of RM1.

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

Statements of Cash Flows
for the year ended 31 March 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Corporation 2011 RM'000	Corporation 2010 RM'000
Cash receipts from customers		**12,876,194**	14,050,713	**3,961,111**	4,588,181
Cash paid to suppliers and employees		**(10,546,522)**	(10,179,472)	**(2,890,822)**	(4,462,783)
Cash from operations		**2,329,672**	3,871,241	**1,070,289**	125,398
Taxation paid		**(94,821)**	(70,654)	**–**	–
Net cash generated from operating activities		**2,234,851**	3,800,587	**1,070,289**	125,398
Net cash used in investing activities	28	**(4,006,326)**	(4,721,931)	**(2,134,685)**	(2,403,261)
Net cash (used in)/generated from financing activities	29	**(2,627,426)**	5,327,303	**(3,973,238)**	5,984,500
Net (decrease)/increase in cash and cash equivalents		**(4,398,901)**	4,405,959	**(5,037,634)**	3,706,637
Cash and cash equivalents at beginning of financial year		**7,849,080**	3,725,436	**5,944,973**	2,455,122
Currency translation differences		**(97,452)**	(282,315)	**(29,943)**	(216,786)
Cash and cash equivalents at end of financial year		**3,352,727**	7,849,080	**877,396**	5,944,973
Cash and cash equivalents comprise:					
Cash, deposits and bank balances	22	**3,352,727**	7,849,080	**877,396**	5,944,973

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

Notes to the Financial Statements
31 March 2011

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 immediate 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 11 May 2011.

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.

At the beginning of the current financial year, the Group and the Corporation had (unless otherwise stated) adopted the new and revised FRS and IC Interpretations which are mandatory for the financial periods beginning on or after 1 April 2010 as described fully in Note 2.3.

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 the consolidated income statement.

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

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at reporting 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.

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 the consolidated income statement.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are 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 as at reporting date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Corporation, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Corporation. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Corporation.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(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 have control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position 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 financial year. 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 the consolidated income statement.

(c) Jointly controlled entities

The Group has interest in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(c) Jointly controlled entities (cont'd.)

The financial statements of the joint venture are prepared as of the same reporting date as the Corporation unless it is impracticable to do so. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group. Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

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 consolidated 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 once at each reporting date.

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

Notes to the Financial Statements
31 March 2011

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

All ships, offshore floating assets and 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 initial recognition, ships, offshore floating assets and other property, plant and equipment (except for 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	2.5% up to remaining life
Offshore floating assets	5.0% – 20.0%
Buildings	2.0% – 7.0%
Drydocks and waste plant	2.0% – 10.0%
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.

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(f) Construction contracts

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

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 exceeds costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

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

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

(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 reporting 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 reporting 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 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 from the acquisition date.

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.

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(g) Impairment of non-financial assets

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.

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.

(i) Financial assets

Initial recognition:

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

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

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

The Group's financial assets include cash, deposits and bank balances, trade and other receivables, loans, quoted and unquoted financial instruments, and derivative financial instruments.

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(i) Financial assets (cont'd.)

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 statement of financial position 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 2011 and 31 March 2010.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the net carrying amount of the financial assets. Gains and losses are recognised in the income statement when the investments 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 2011 and 31 March 2010.

(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.

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(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, fair value, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, 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.

(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 to 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 reporting date and the amount recognised less cumulative amortisation.

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position 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 reporting date. For financial instruments where there are no active markets, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(m) Amortised cost of financial instruments

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

(n) Impairment of financial assets

The Group assesses at each reporting 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 have 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 debtor 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 is not included in a collective assessment of impairment.

Notes to the Financial Statements
31 March 2011

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.)

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

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

(ii) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting 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 losses on that investment previously recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss and increases in their fair value after impairments 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 (i) the Group has transferred substantially all the risks and rewards of the assets, or (ii) 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 has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(p) Derivative financial instruments and hedge accounting

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

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(p) Derivative financial instruments and hedge accounting (cont'd.)

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 have actually been highly effective throughout the financial reporting years for which they are designated.

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

Cash flow hedges

The effective portion of the gains or losses on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects income statement, 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.

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.)

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 as a result unrealised losses amounting to RM11,609,000 (2010: gain of RM48,476,000) have been recognised in current year's other comprehensive income. Under these arrangements, the Group pays fixed interest rates of 2.48% to 5.09% (2010: 2.48% to 5.09%) per annum and receives cash flows at floating rates.

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 reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

– Embedded derivatives 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 all the risks and rewards incidental to ownership to the Group. 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 the buildings elements of a lease are considered separately for the purposes of lease classification. Leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating lease – 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, to the land and the buildings elements in proportion to their relative fair values 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.

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(q) Leases (cont'd.)

(iii) Operating lease – the Group as lessor

Assets leased out under operating leases are presented in the statement of financial position 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.

(iv) Finance lease – the Group as lessor

Leases in which substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Assets held pursuant to a finance lease are presented in the statement of financial position as receivable at an amount equal to the net investment in the lease. The recognition of finance income on the receivable is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(v) Prepaid lease payments

The Group had previously classified leasehold land that normally has an indefinite economic life and title that is not expected to pass to the lessee by the end of the lease term as an operating lease. The payment made on entering into or acquiring leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

On adoption of Amendment to FRS 117, leases of leasehold land which in substance is a finance lease has been reclassified to property, plant and equipment and measured as such retrospectively.

Leasehold land is classified into long term lease and short term lease. Long term lease is defined as a lease with an unexpired lease period of fifty years or more. Short term lease is defined as a lease with an unexpired lease period of less than fifty years.

(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 reporting date.

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(s) Income tax (cont'd.)

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(t) Provisions

Provisions are recognised when all of the following conditions have been satisfied:

– the Group has a present obligation (legal or constructive) as a result of a past event;

– 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 reporting 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a 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.

(ii) Defined contribution plans

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

(iii) Termination benefits

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

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(v) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at 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, or on translating monetary items at the reporting date, are included in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the 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 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 other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Notes to the Financial Statements
31 March 2011

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 statement of financial position presented are translated at the closing rate prevailing at the reporting 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 other comprehensive income.

Goodwill and fair value adjustments arising from 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 are translated at the closing rate at the reporting 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 reporting date are accrued for in the financial statements, using the percentage of completion method.

(ii) Charter income

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

(iii) Lightering income

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

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(w) Revenue recognition (cont'd.)

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

(vii) Interest income

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

(viii) Dividend income

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

(x) Non-current assets held for sale

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

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRS. 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 Discontinued 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, being 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 statement of cash flows.

Notes to the Financial Statements
31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(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.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRS as per Note 2.1

On 1 April 2010, the Group and the Corporation adopted the following new and revised FRS, and Statement of Interpretation:

Effective for financial periods beginning on or after 1 July 2009
- FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010
- 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 7: Financial Instruments – Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRS 'Improvements to FRS (2010)'
- 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

FRS 4: Insurance Contracts and TR i-3: Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual financial period beginning on or after January 2010. These FRS are, however, not applicable to the Group.

The adoption of the above FRS and the Amendments to FRS did not have any material financial impact to the Group and the Corporation other than the following:

FRS 8: Operating Segments

FRS 8 replaces FRS 114: Segment Reporting and requires '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.

2. Significant Accounting Policies (Cont'd.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRS as per Note 2.1 (cont'd.)

FRS 8: Operating Segments (cont'd.)

The Group concluded that reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

These revised disclosures, including the related revised comparative information are disclosed in Note 33 to the financial statements.

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 the 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 and the Corporation have elected to present this statement as two-linked statements. However, subsidiaries that do not have any movement in their statement of comprehensive income, are allowed to opt for single statement presentation.

In addition, 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 classification of items in the financial statements.

This disclosure standard has no impact on the financial position or financial performance of the Group and the Group have adopted the standard retrospectively.

Amendment to FRS 117: Leases

Prior to 1 April 2010, for all leases of land and buildings, if the title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease.

FRS 117 (amended) clarifies the classification of lease of land and buildings. It also requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Hence, the adoption of the amendments to FRS 117 has led to reclassification of unexpired land leases as finance leases. Leasehold land which in substance is a finance lease will be reclassified to other property, plant and equipment.

Notes to the Financial Statements

31 March 2011

2. Significant Accounting Policies (Cont'd.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRS as per Note 2.1 (cont'd.)

Amendment to FRS 117: Leases (cont'd.)

Following the adoption of Amendment to FRS 117, certain comparative figures of the Group have been reclassified to ensure consistency with the current period's presentation.

	As previously stated RM'000	Effects of adoption RM'000	As restated RM'000
31 March 2011			
Statements of financial position			
Non-current assets			
Other property, plant and equipment	**1,415,209**	**38,920**	**1,454,129**
Prepaid lease payments on land and buildings	**121,407**	**(38,920)**	**82,487**
31 March 2010			
Statements of financial position			
Non-current assets			
Other property, plant and equipment	1,257,413	42,440	1,299,853
Prepaid lease payments on land and buildings	129,509	(42,440)	87,069
31 March 2009			
Statements of financial position			
Non-current assets			
Other property, plant and equipment	1,087,402	44,620	1,132,022
Prepaid lease payments on land and buildings	113,820	(44,620)	69,200

Standards and Interpretations issued but not yet effective

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards (revised)
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2: Share-based Payment
- Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- IC Interpretation 12: Service Concession Agreements

2. Significant Accounting Policies (Cont'd.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRS as per Note 2.1 (cont'd.)

Effective for financial periods beginning on or after 1 July 2010

- IC Interpretation 16: Hedges of a Net investment in a Foreign Operation
- IC Interpretation 17: Distribution of Non-cash Assets to Owner

Effective for annual periods beginning on or after 30 August 2010

- Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

Effective for annual periods beginning on or after 1 January 2011

- FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First Time Adopters (Amendments to FRS 1)
- FRS 1: Additional Exemptions for First Time Adopters (Amendments to FRS 1)
- FRS 2: Group Cash Settled Share-Based Payment Transactions (Amendments to FRS 2)
- FRS 7: Improving Disclosure about Financial Instruments (Amendments to FRS 7)
- Amendments to FRS 1: First-Time Adoption of Financial Reporting Standards
- Amendments to FRS 3: Business Combinations
- Amendments to FRS 7: Financial Instruments-Disclosures
- Improvements to FRSs (2010)
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers

Effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Effective for annual periods beginning on or after 1 January 2012

- FRS 124: Related Party Disclosures
- IC Interpretation 15: Agreements for the Constructions of Real Estate
- Amendments to IC interpretation 15: Agreement for the Construction of Real Estate

The adoption of other FRS, IC Interpretations and amendments to FRS and IC Interpretations are not expected to have any material impact on the financial statements of the Group and the Corporation in the period of initial application, except for the following:

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.

Notes to the Financial Statements
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2. Significant Accounting Policies (Cont'd.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRS as per Note 2.1 (cont'd.)

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 FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests. The standards may be early adopted. However, the Group does not intend to early adopt.

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 this judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 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 2011 was RM693,056,000 (2010: RM746,650,000).

2. Significant Accounting Policies (Cont'd.)

2.4 Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(ii) Provisions

Provisions are recognised in accordance with the 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 RM533,435,000 (2010: RM45,074,000) and RM529,164,000 (2010: RM33,918,000) respectively in respect of its ships and other property, plant and equipment. The Group carried out the impairment test based on a variety of estimations, including the value in use of the CGU to which ships, offshore floating assets and 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 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 2011 were RM18,569,468,000 (2010: RM20,056,849,000), RM 6,794,926,000 (2010:RM6,911,217,000) and RM1,454,129,000 (2010: RM1,299,853,000) respectively. Further details of the impairment loss recognised are disclosed in Note 12(c).

(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 RM3,607,000 (2010: RM464,000) and the unrecognised tax losses and capital allowances of the Group was RM3,364,268,000 (2010: RM2,717,594,000).

(v) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques, including the 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.

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3. Revenue

	Group		Corporation	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Charter and lightering income	**6,049,390**	6,508,418	**949,641**	1,098,312
Freight income	**2,377,041**	2,844,356	**2,374,954**	2,844,356
Construction contracts	**3,063,009**	3,517,137	**–**	–
Other shipping related income	**596,506**	636,188	**265,639**	216,809
Non-shipping income	**239,693**	268,975	**–**	–
	12,325,639	13,775,074	**3,590,234**	4,159,477

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

4. Other Operating Income

	Group		Corporation	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Rental income	**1,935**	2,127	**20**	272
Exchange gain:				
Realised	**317,269**	32,509	**258,608**	18,538
Unrealised	**72,355**	54,770	**30,802**	48,854
Management services:				
Subsidiaries	**–**	–	**35,579**	30,787
Jointly controlled entities	**–**	27,399	**–**	27,399
Others	**477**	3,136	**319**	183
Gain on disposal of:				
Other property, plant and equipment	**342**	1,940	**218**	–
Dividend income on equity investments:				
Subsidiaries	**–**	–	**1,503,586**	1,273,469
Quoted in Malaysia	**51,868**	22,174	**51,868**	22,174
Unquoted in Malaysia	**2,003**	1,558	**2,003**	1,558
Write back of impairment loss on trade receivables:				
Subsidiaries	**–**	–	**3,248**	–
Associates	**–**	87	**–**	–
Fellow subsidiaries	**–**	272	**–**	–
Others	**2,569**	21,473	**–**	9,685
Miscellaneous:				
Subsidiaries	**–**	–	**7,071**	4,711
Others	**76,468**	31,775	**2,930**	2,544
	525,286	199,220	**1,896,252**	1,440,174

5. Profit Before Taxation

The following amounts have been included in arriving at profit before taxation:

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Amortisation of intangible assets (Note 14)	**28,168**	28,168	**–**	–
Amortisation of prepaid lease payments on land and buildings (Note 13)	**3,176**	2,292	**158**	174
Auditors' remuneration:				
Auditors of the Corporation:				
Statutory audits	**2,296**	2,302	**650**	600
Other services	**2,676**	313	**260**	256
Other auditors:				
Statutory audits	**158**	403	**–**	–
Other services	**364**	219	**175**	210
Slot and charter hire expenses	**1,240,157**	2,042,859	**548,342**	1,417,029
Inventories used	**2,937,501**	3,705,902	**1,046,386**	981,375
Exchange loss:				
Realised	**121,116**	55,866	**93,908**	16,532
Unrealised	**249,643**	117,599	**199,274**	18,197
Operating lease rental	**5,135**	4,036	**–**	–
Impairment loss on receivables:				
Jointly controlled entities	**17,745**	6,724	**16,426**	–
Fellow subsidiaries	**1,118**	70	**–**	–
Others	**15,253**	30,808	**15,884**	23,053
Bad debts written off	**–**	7,847	**–**	–
Reversal of impairment loss on trade receivables (Note 20):				
Associates	**–**	(87)	–	–
Subsidiaries	**–**	–	**(3,248)**	–
Fellow subsidiaries	**–**	(272)	**–**	–
Third parties	**(2,569)**	(18,549)	**–**	(9,685)
Rental of equipment	**324,059**	387,429	**224,591**	292,377
Rental of land and buildings	**33,142**	31,162	**14,432**	13,845
Impairment loss on investment in:				
Jointly controlled entities	**5,224**	–	**–**	–
Ships, offshore floating assets other property, plant and equipment:				
Depreciation (Note 12)	**1,261,282**	1,288,299	**478,602**	490,093
Written off	**519**	462	**3**	78
Prepaid lease payments on land and buildings written off	**94**	–	**–**	–
Staff costs (Note 6)	**1,161,939**	1,154,907	**441,823**	418,977
Non-executive directors' remuneration (Note 7)	**2,980**	2,337	**614**	758

Notes to the Financial Statements
31 March 2011

5. Profit Before Taxation (Cont'd.)

(a) Impairment provisions

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Ships in operation (Note 12(c))	**529,164**	40,339	**529,164**	33,918
Other property, plant and equipment (Note 12(c))	**4,271**	4,735	**–**	–
Investments in:				
Jointly controlled entities	**3,800**	–	**–**	–
Associates	**1,424**	–	**–**	–
Loans to:				
Subsidiary	**–**	–	**36,019**	4,508
Jointly controlled entities	**34,756**	4,508	**–**	–
Associates	**3,233**	–	**–**	–
	576,648	49,582	**565,183**	38,426

6. Staff Costs

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Wages, salaries and bonuses	**885,588**	874,115	**372,908**	338,081
Contributions to defined contribution plans	**53,281**	51,538	**13,075**	11,820
Termination benefits	**2,517**	10,791	**–**	–
Social security costs	**6,891**	7,039	**568**	646
Other staff related expenses	**213,662**	211,424	**55,272**	68,430
	1,161,939	1,154,907	**441,823**	418,977

Included in staff costs of the Group and of the Corporation are executive directors' remuneration amounting to RM8,126,000 (2010: RM7,600,000) and RM1,948,000 (2010: RM1,566,000) respectively as further disclosed in Note 7.

7. Directors' Remuneration

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Executive directors' remuneration:				
Fees	**706**	625	**–**	–
Other emoluments	**7,420**	6,975	**1,948**	1,566
Total executive directors' remuneration (excluding benefits-in-kind)	**8,126**	7,600	**1,948**	1,566
Estimated money value of benefits-in-kind	**307**	249	**41**	75
Total executive directors' remuneration (including benefits-in-kind)	**8,433**	7,849	**1,989**	1,641
Non-executive directors' remuneration:				
Fees	**2,980**	2,337	**614**	758
Total directors' remuneration including benefits-in-kind (Note 30 (d))	**11,413**	10,186	**2,603**	2,399

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

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Executive:				
Salaries and other emoluments	**1,373**	1,107	**1,373**	1,107
Bonus	**98**	95	**98**	95
Fees	**706**	345	**–**	–
Defined contribution plans	**477**	364	**477**	364
Estimated money value of benefits-in-kind	**41**	75	**41**	75
	2,695	1,986	**1,989**	1,641
Non-executive:				
Fees	**695**	782	**614**	758
	3,390	2,768	**2,603**	2,399

Notes to the Financial Statements

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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	
	2011	**2010**
Executive directors:		
RM1 – RM500,000	**–**	–
RM500,001 – RM1,000,000	**1**	–
RM1,000,001 – RM1,500,000	**–**	–
RM1,500,001 – RM2,000,000	**1**	1
	***2**	1
Non-executive directors:		
RM1 – RM50,000	**2**	1
RM50,001 – RM100,000	**1**	4
RM100,001 – RM150,000	**3**	3
	6	8

* There were two serving executive directors of the Corporation during the year arising from Encik Amir Hamzah bin Azizan's transfer to Petronas Dagangan Berhad and the appointment of Datuk Nasarudin bin Md Idris as Executive Director of the Corporation on 15 June 2010. Prior to Datuk Nasarudin bin Md Idris's appointment as executive director of the Corporation, he was previously the Vice-President of Corporate Planning and Development Division of PETRONAS.

8. (a) Finance Costs

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Interest expense:				
Holding Company	**31,472**	10,247	**31,472**	10,247
Subsidiaries	**–**	–	**179,821**	257,759
Third parties	**369,589**	418,530	**–**	–
Islamic Private Debt Securities	**59,275**	77,812	**59,275**	77,812
Total interest expense	**460,336**	506,589	**270,568**	345,818
Less: Interest expense capitalised in qualifying assets:				
Ships and offshore floating assets under construction (Note 12 (b))	**(112,590)**	(135,949)	**(107,647)**	(135,949)
Constructions in progress (Note 12 (b))	**(871)**	(3,758)	**–**	–
Total finance costs	**346,875**	366,882	**162,921**	209,869

8. (b) Finance Income

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Interest income:				
Subsidiaries	**–**	–	**68,022**	87,134
Jointly controlled entities	**15,120**	19,990	**14,526**	27,372
Deposits	**103,997**	34,003	**63,329**	21,721
Finance lease	**30,886**	–	**–**	–
Total interest income	**150,003**	53,993	**145,877**	136,227
Less: Interest income capitalised in qualifying assets:				
Ships and offshore floating assets under construction	**–**	(3,249)	**–**	(3,249)
Total finance income	**150,003**	50,744	**145,877**	132,978

9. Taxation

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Current income tax:				
Malaysian income tax	**31,259**	80,081	**–**	–
Foreign tax	**51,564**	7,053	**–**	–
Overprovision in prior years:				
Malaysian income tax	**(33,194)**	(3,794)	**–**	–
Foreign tax	**(3,741)**	(76)	**–**	–
	45,888	83,264	**–**	–
Deferred tax (Note 27)				
Relating to origination and reversal of temporary differences	**(34,194)**	3,302	**–**	–
Underprovision in prior years	**5,181**	3,130	**–**	–
	(29,013)	6,432	**–**	–
	16,875	89,696	**–**	–

Domestic current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the financial year.

Notes to the Financial Statements
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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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	**2,244,263**	911,914	**1,488,692**	263,331
Taxation at Malaysian statutory tax rate of 25%	**561,066**	227,979	**372,173**	65,833
Effect of different tax rates in other countries/jurisdictions	**3,703**	(4,775)	**–**	–
Income not subject to tax:				
Tax exempt shipping income	**(472,869)**	(609,383)	**(153,193)**	(210,222)
Other tax exempt income	**(426,007)**	(65,146)	**(655,653)**	(329,904)
Expenses not deductible for tax purposes	**360,168**	261,345	**286,483**	167,740
Effect of share of results of associates and jointly controlled entities	**(39,888)**	(8,345)	**–**	–
Utilisation of previously unrecognised tax losses, capital allowances and reinvestment allowances	**(11,144)**	(11,779)	**(7,914)**	(5,780)
Utilisation of reinvestment allowances during the year	**(39,656)**	(14,491)	**–**	–
Deferred tax assets recognised on unutilised investment tax allowance	**(47,685)**	–	**–**	–
Deferred tax assets not recognised during the year	**160,941**	315,031	**158,104**	312,333
Deferred tax under provided in prior years	**5,181**	3,130	**–**	–
Income tax over provided in prior years	**(36,935)**	(3,870)	**–**	–
Taxation for the year	**16,875**	89,696	**–**	–

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 dividends out of its entire retained profits as at 31 March 2011.

10. Earnings Per Share

Basic earnings per share 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	
	2011	**2010 Restated**
Profit attributable to equity holders of the Corporation (RM'000)	**1,870,751**	682,046
Number of ordinary shares in issue ('000)	**4,463,794**	4,463,794
Weighted average number of ordinary shares in issue ('000)	**4,463,794**	3,860,789
Basic earnings per share (sen)	**41.9**	17.7
Diluted earnings per share (sen)	**41.9**	17.7

11. Dividends

	2011 RM'000	**2010 RM'000**
In respect of financial year:		
31 March 2009:		
Final tax exempt dividend of 20 sen per share	**–**	725,264
31 March 2010:		
Interim tax exempt dividend of 15 sen per share	**–**	571,584
Final tax exempt dividend of 20 sen per share	**872,282**	–
	872,282	571,584
31 March 2011:		
Interim tax exempt dividend of 15 sen per share	**670,906**	–
	1,543,188	1,296,848

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 2011:

	RM'000
Final tax exempt dividend of 10 sen per share	446,379

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 December 2011.

Notes to the Financial Statements
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12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment

	At 1.4.2010 RM'000	Effect of adoption of FRS 117 RM'000	Restated At 1.4.2010 RM'000	Acquisition of a subsidiary RM'000
Group – 31 March 2011				
Ships and offshore floating assets				
Ships in operation	33,255,074	–	33,255,074	–
Ships under construction	1,411,763	–	1,411,763	–
Offshore floating assets in operation	2,565,836	–	2,565,836	–
Offshore floating assets under construction	4,829,660	–	4,829,660	–
	42,062,333	–	42,062,333	–
Other property, plant and equipment				
Freehold land	16,187	–	16,187	–
Freehold buildings	94,924	–	94,924	–
Leasehold land	–	45,356	45,356	–
Leasehold buildings	139,274	–	139,274	–
Drydocks and waste plant	519,126	–	519,126	–
Containers	155,447	–	155,447	–
Motor vehicles	113,937	–	113,937	163
Furniture, fittings and equipment	108,353	–	108,353	881
Computer software and hardware	216,843	–	216,843	–
Constructions and projects in progress	476,648	–	476,648	–
Plant and machinery	359,190	–	359,190	166
Tugboats, engines and pushers	3,839	–	3,839	–
	2,203,768	45,356	2,249,124	1,210

Cost							
Additions RM'000	Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Dilution of interest in a subsidiary RM'000	Currency translation differences RM'000	At 31.3.2011 RM'000
430,698	(1,015,038)	(6,295)	1,579,336	(338,058)	–	(2,935,506)	30,970,211
1,960,839	–	(44,822)	(1,579,336)	–	–	(195,045)	1,553,399
–	–	(9,488)	(96,214)	–	–	(236,237)	2,223,897
1,888,995	–	–	(1,105,205)	–	–	(479,413)	5,134,037
4,280,532	(1,015,038)	(60,605)	(1,201,419)	(338,058)	–	(3,846,201)	39,881,544
–	–	–	–	–	–	(238)	15,949
6,963	(9)	–	(121)	(2,398)	–	(995)	98,364
–	–	–	(1,189)	–	–	–	44,167
1,466	–	–	1,813	–	–	(57)	142,496
–	–	(34)	303,963	–	(343)	–	822,712
99,248	–	(102)	–	–	–	(17,464)	237,129
7,581	(36,317)	(990)	–	–	–	(703)	83,671
6,653	(1,514)	(2,390)	121	–	(126)	(2,637)	109,341
7,458	(8)	(9,339)	1,425	–	–	(16,309)	200,070
140,454	(1,868)	(53)	(352,357)	–	(5,305)	(1,852)	255,667
15,742	–	(1,070)	46,345	(8,259)	(1,110)	(760)	410,244
4	–	(15)	–	–	–	–	3,828
285,569	(39,716)	(13,993)	–	(10,657)	(6,884)	(41,015)	2,423,638

Notes to the Financial Statements
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12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2010 RM'000	Effect of adoption of FRS 117 RM'000	Restated at 1.4.2010 RM'000	Acquisition of a subsidiary RM'000	Depreciation charge for the year RM'000	Impairment losses RM'000
Group – 31 March 2011						
Ships and offshore floating assets						
Ships in operation	14,609,988	–	14,609,988	–	1,045,304	529,164
Ships under construction	–	–	–	–	–	–
Offshore floating assets in operation	484,279	–	484,279	–	130,474	–
Offshore floating assets under construction	–	–	–	–	–	–
	15,094,267	–	15,094,267	–	1,175,778	529,164
Other property, plant and equipment						
Freehold land	–	–	–	–	–	–
Freehold buildings	22,489	–	22,489	–	2,937	4,170
Leasehold land	–	6,436	6,436	–	792	–
Leasehold buildings	29,452	–	29,452	–	5,379	–
Drydocks and waste plant	175,946	–	175,946	–	17,454	–
Containers	155,447	–	155,447	–	2,481	–
Motor vehicles	83,656	–	83,656	163	8,257	–
Furniture, fittings and equipment	76,417	–	76,417	774	8,082	–
Computer software and hardware	177,871	–	177,871	–	20,084	–
Constructions and projects in progress	–	–	–	–	–	–
Plant and machinery	218,258	–	218,258	166	19,876	101
Tugboats, engines and pushers	3,299	–	3,299	–	162	–
	942,835	6,436	949,271	1,103	85,504	4,271

Accumulated depreciation/impairment

Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Reclassified from prepaid lease payments on land and buildings RM'000	Dilution of interest in a subsidiary RM'000	Currency translation differences RM'000	At 31.3.2011 RM'000	Net book value at 31.3.2011 RM'000
(602,850)	–	–	(286,551)	–	–	(1,340,913)	13,954,142	17,016,069
–	–	–	–	–	–	–	–	1,553,399
–	–	–	–	–	–	(51,745)	563,008	1,660,889
–	–	–	–	–	–	–	–	5,134,037
(602,850)	–	–	(286,551)	–	–	(1,392,658)	14,517,150	25,364,394
–	–	–	–	–	–	–	–	15,949
(2)	(1,263)	(33)	(454)	–	–	(277)	27,567	70,797
–	(94)	–	–	(806)	–	4	6,332	37,835
–	–	31	–	–	–	(6)	34,856	107,640
–	(13)	–	–	–	(33)	–	193,354	629,358
–	(102)	–	–	–	–	(13,898)	143,928	93,201
(23,166)	(1,069)	–	–	–	–	(501)	67,340	16,331
(1,479)	(103)	671	–	–	(92)	(1,786)	82,484	26,857
(6)	(8,876)	–	–	–	–	(14,025)	175,048	25,022
–	–	–	–	–	–	–	–	255,667
–	(826)	(669)	(1,371)	–	(220)	(176)	235,139	175,105
–	–	–	–	–	–	–	3,461	367
(24,653)	(12,346)	–	(1,825)	(806)	(345)	(30,665)	969,509	1,454,129

Notes to the Financial Statements
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12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2009 RM'000	Effect of adoption of FRS 117 RM'000	Restated At 1.4.2009 RM'000	Additions RM'000
Group – 31 March 2010				
Ships and offshore floating assets				
Ships in operation	35,260,523	–	35,260,523	578,728
Ships under construction	1,558,348	–	1,558,348	1,309,791
Offshore floating assets in operation	2,833,404	–	2,833,404	39,637
Offshore floating assets under construction	2,352,921	–	2,352,921	3,165,423
	42,005,196	–	42,005,196	5,093,579
Other property, plant and equipment				
Freehold land	16,459	–	16,459	–
Freehold buildings	98,854	–	98,854	3,100
Leasehold land	–	48,745	48,745	–
Leasehold buildings	139,871	–	139,871	10
Drydocks and waste plant	453,732	–	453,732	406
Containers	173,453	–	173,453	–
Motor vehicles	110,346	–	110,346	11,728
Furniture, fittings and equipment	114,385	–	114,385	1,641
Computer software and hardware	238,283	–	238,283	11,434
Constructions and projects in progress	350,019	–	350,019	237,930
Plant and machinery	314,706	–	314,706	35,023
Tugboats, engines and pushers	3,774	–	3,774	65
	2,013,882	48,745	2,062,627	301,337

Cost						
Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Reclassified from/(to) prepaid lease payments on land and buildings RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000
(596,043)	(2,900)	1,265,045	(104,402)	–	(3,145,877)	33,255,074
–	–	(1,265,045)	–	–	(191,331)	1,411,763
–	(7,654)	(54,808)	–	–	(244,743)	2,565,836
–	–	(366,268)	–	–	(322,416)	4,829,660
(596,043)	(10,554)	(421,076)	(104,402)	–	(3,904,367)	42,062,333
–	–	–	–	–	(272)	16,187
–	(9,182)	3,207	–	–	(1,055)	94,924
–	(3,389)	–	–	–	–	45,356
–	–	(607)	–	–	–	139,274
–	(535)	65,523	–	–	–	519,126
–	(2,651)	–	–	–	(15,355)	155,447
(4,425)	(2,947)	–	–	–	(765)	113,937
(1,420)	(3,839)	(239)	–	–	(2,175)	108,353
(1,186)	(16,688)	2,920	–	–	(17,920)	216,843
–	(6,177)	(82,494)	–	(20,674)	(1,956)	476,648
–	(1,714)	11,690	–	–	(515)	359,190
–	–	–	–	–	–	3,839
(7,031)	(47,122)	–	–	(20,674)	(40,013)	2,249,124

Notes to the Financial Statements
31 March 2011

12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2009 RM'000	Effect of adoption of FRS 117 RM'000	Restated At 1.4.2009 RM'000	Depreciation charge for the year RM'000	Impairment losses RM'000
Group – 31 March 2010					
Ships and offshore floating assets					
Ships in operation	15,441,844	–	15,441,844	1,053,801	40,339
Ships under construction	–	–	–	–	–
Offshore floating assets in operation	379,727	–	379,727	150,098	–
Offshore floating assets under construction	–	–	–	–	–
	15,821,571	–	15,821,571	1,203,899	40,339
Other property, plant and equipment					
Freehold land	–	–	–	–	–
Freehold buildings	18,525	–	18,525	4,695	4,138
Leasehold land	–	6,305	6,305	131	–
Leasehold buildings	27,080	–	27,080	2,827	–
Drydocks and waste plant	165,194	–	165,194	10,993	–
Containers	173,453	–	173,453	–	–
Motor vehicles	81,991	–	81,991	9,144	–
Furniture, fittings and equipment	76,400	–	76,400	7,672	317
Computer software and hardware	175,834	–	175,834	31,532	–
Constructions and projects in progress	–	–	–	–	–
Plant and machinery	202,529	–	202,529	17,532	280
Tugboats, engines and pushers	3,294	–	3,294	5	–
	924,300	6,305	930,605	84,531	4,735

Accumulated depreciation/impairment							
Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Reclassified from/(to) prepaid lease payments on land and buildings RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000	Net book value at 31.3.2010 RM'000
(461,833)	(200)	–	(65,688)	–	(1,398,275)	14,609,988	18,645,086
–	–	–	–	–	–	–	1,411,763
–	(3,015)	–	–	–	(42,531)	484,279	2,081,557
–	–	–	–	–	–	–	4,829,660
(461,833)	(3,215)	–	(65,688)	–	(1,440,806)	15,094,267	26,968,066
–	–	–	–	–	–	–	16,187
–	(4,901)	476	–	–	(444)	22,489	72,435
–	–	–	–	–	–	6,436	38,920
–	–	(455)	–	–	–	29,452	109,822
–	(241)	–	–	–	–	175,946	343,180
–	(2,651)	–	–	–	(15,355)	155,447	–
(4,425)	(2,592)	–	–	–	(462)	83,656	30,281
(1,262)	(5,445)	89	–	–	(1,354)	76,417	31,936
(1,019)	(14,267)	(225)	–	–	(13,984)	177,871	38,972
–	–	–	–	–	–	–	476,648
–	(2,269)	115	–	–	71	218,258	140,932
–	–	–	–	–	–	3,299	540
(6,706)	(32,366)	–	–	–	(31,528)	949,271	1,299,853

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12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2008 RM'000	Effect of adoption of FRS 117 RM'000	Restated At 1.4.2008 RM'000
Group – 31 March 2009			
Ships and offshore floating assets			
Ships in operation	28,197,450	–	28,197,450
Ships under construction	2,037,810	–	2,037,810
Offshore floating assets in operation	2,447,311	–	2,447,311
Offshore floating assets under construction	600,461	–	600,461
	33,283,032	–	33,283,032
Other property, plant and equipment			
Freehold land	16,392	–	16,392
Freehold buildings	130,542	–	130,542
Leasehold Land	–	50,821	50,821
Leasehold buildings	60,339	–	60,339
Drydocks and waste plant	451,837	–	451,837
Containers	180,356	–	180,356
Motor vehicles	102,489	–	102,489
Furniture, fittings and equipment	97,210	–	97,210
Computer software and hardware	191,872	–	191,872
Constructions and projects in progress	294,286	–	294,286
Plant and machinery	283,728	–	283,728
Tugboats, engines and pushers	3,692	–	3,692
	1,812,743	50,821	1,863,564

Cost					
Additions RM'000	Disposals RM'000	Write offs RM'000	Transfers RM'000	Currency translation differences RM'000	At 31.3.2009 RM'000
474,726	–	–	2,615,707	3,972,640	35,260,523
1,746,996	–	–	(2,615,707)	389,249	1,558,348
42,261	–	(10,949)	–	354,781	2,833,404
1,557,321	–	–	–	195,139	2,352,921
3,821,304	–	(10,949)	–	4,911,809	42,005,196
–	–	–	–	67	16,459
12,021	(133)	–	(44,142)	566	98,854
–	–	–	–	(2,076)	48,745
4,574	–	–	72,820	2,138	139,871
1,895	–	–	–	–	453,732
–	(30,248)	–	–	23,345	173,453
8,431	(1,417)	(6)	–	849	110,346
14,749	(3,279)	(5,691)	8,016	3,380	114,385
18,991	(1,106)	(891)	5,356	24,061	238,283
108,619	–	(1,271)	(53,196)	1,581	350,019
20,139	–	(926)	11,146	619	314,706
82	–	–	–	–	3,774
189,501	(36,183)	(8,785)	–	54,530	2,062,627

Notes to the Financial Statements
31 March 2011

12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2008 RM'000	Effect of adoption of FRS 117 RM'000	Restated At 1.4.2008 RM'000	Depreciation charge for the year RM'000
Group – 31 March 2009				
Ships and offshore floating assets				
Ships in operation	12,201,670	–	12,201,670	1,441,443
Ships under construction	–	–	–	–
Offshore floating assets in operation	187,604	–	187,604	154,259
Offshore floating assets under construction	–	–	–	–
	12,389,274	–	12,389,274	1,595,702
Other property, plant and equipment				
Freehold land	–	–	–	–
Freehold buildings	19,577	–	19,577	1,546
Leasehold Land	–	6,201	6,201	104
Leasehold buildings	19,998	–	19,998	3,525
Drydocks and waste plant	155,053	–	155,053	10,141
Containers	176,954	–	176,954	3,653
Motor vehicles	70,049	–	70,049	9,444
Furniture, fittings and equipment	66,877	–	66,877	9,389
Computer software and hardware	126,775	–	126,775	30,043
Constructions and projects in progress	–	–	–	–
Plant and machinery	199,347	–	199,347	12,981
Tugboats, engines and pushers	3,294	–	3,294	–
	837,924	6,201	844,125	80,826

Accumulated depreciation/impairment						
Impairment losses RM'000	Disposals RM'000	Write offs 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
–	–	–	–	1,798,731	15,441,844	19,818,679
–	–	–	–	–	–	1,558,348
–	–	–	–	37,864	379,727	2,453,677
–	–	–	–	–	–	2,352,921
–	–	–	–	1,836,595	15,821,571	26,183,625
–	–	–	–	–	–	16,459
–	(21)	–	(2,767)	190	18,525	80,329
–	–	–	–	–	6,305	42,440
–	–	–	2,900	657	27,080	112,791
–	–	–	–	–	165,194	288,538
–	(30,248)	–	–	23,094	173,453	–
3,403	(1,417)	(6)	–	518	81,991	28,355
–	(2,428)	(4,630)	5,388	1,804	76,400	37,985
–	(1,084)	123	3,375	16,602	175,834	62,449
–	–	–	–	–	–	350,019
–	–	(926)	(8,896)	23	202,529	112,177
–	–	–	–	–	3,294	480
3,403	(35,198)	(5,439)	–	42,888	930,605	1,132,022

Notes to the Financial Statements
31 March 2011

12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2010 RM'000
Corporation – 31 March 2011	
Ships and offshore floating assets	
Ships in operation	16,055,230
Ships under construction	899,953
Offshore floating assets in operation	52,807
Offshore floating assets under construction	3,849,705
	20,857,695
Other property and equipment	
Containers	155,447
Motor vehicles	7,246
Furniture, fittings and equipment	12,043
Computer software and hardware	141,503
Projects in progress	7,239
	323,478

	At 1.4.2010 RM'000	Depreciation charge for the year RM'000	Impairment losses RM'000
Corporation – 31 March 2011			
Ships and offshore floating assets			
Ships in operation	7,053,483	468,625	529,164
Ships under construction	–	–	–
Offshore floating assets in operation	6,900	–	–
Offshore floating assets under construction	–	–	–
	7,060,383	468,625	529,164
Other property and equipment			
Containers	155,447	2,481	–
Motor vehicles	4,734	943	–
Furniture, fittings and equipment	8,554	1,206	–
Computer software and hardware	134,017	5,347	–
Projects in progress	–	–	–
	302,752	9,977	–

	Cost						
	Additions RM'000	Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2011 RM'000
	79,094	–	(430)	1,007,207	(338,058)	(1,429,054)	15,373,989
	329,424	–	–	(1,007,207)	–	(91,103)	131,067
	1,719	–	(61)	(49,712)	–	(4,753)	–
	2,598,823	–	–	(955,886)	–	(437,786)	5,054,856
	3,009,060	–	(491)	(1,005,598)	(338,058)	(1,962,696)	20,559,912
	99,248	–	(102)	–	–	(17,464)	237,129
	673	(571)	–	–	–	(647)	6,701
	45	–	(239)	–	–	(1,101)	10,748
	113	–	(5,224)	1,352	–	(12,384)	125,360
	8,835	–	(53)	(1,352)	–	(967)	13,702
	108,914	(571)	(5,618)	–	–	(32,563)	393,640

	Accumulated depreciation/impairment						
	Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2011 RM'000	Net book value at 31.3.2011 RM'000
	–	–	–	(286,550)	(662,200)	7,102,522	8,271,467
	–	–	–	–	–	–	131,067
	–	–	(6,288)	–	(612)	–	–
	–	–	–	–	–	–	5,054,856
	–	–	(6,288)	(286,550)	(662,812)	7,102,522	13,457,390
	–	(102)	–	–	(13,898)	143,928	93,201
	(274)	(79)	–	–	(442)	4,882	1,819
	–	(81)	–	–	(801)	8,878	1,870
	–	(5,079)	–	–	(11,916)	122,369	2,991
	–	–	–	–	–	–	13,702
	(274)	(5,341)	–	–	(27,057)	280,057	113,583

Notes to the Financial Statements
31 March 2011

12. Ships, Offshore Floating Assets and Other Property, Plant and Equipment (Cont'd.)

	At 1.4.2009 RM'000
Corporation – 31 March 2010	
Ships and offshore floating assets	
Ships in operation	17,343,684
Ships under construction	995,724
Offshore floating assets in operation	56,718
Offshore floating assets under construction	2,122,215
	20,518,341
Other property and equipment	
Containers	173,453
Motor vehicles	7,689
Furniture, fittings and equipment	12,984
Computer software and hardware	169,568
Projects in progress	8,356
	372,050

	At 1.4.2009 RM'000	Depreciation charge for the year RM'000	Impairment losses RM'000
Corporation – 31 March 2010			
Ships and offshore floating assets			
Ships in operation	7,742,988	463,526	33,918
Ships under construction	–	–	–
Offshore floating assets in operation	3,754	3,430	–
Offshore floating assets under construction	–	–	–
	7,746,742	466,956	33,918
Other property and equipment			
Containers	173,453	–	–
Motor vehicles	4,042	1,279	–
Furniture, fittings and equipment	7,835	1,478	–
Computer software and hardware	140,574	20,380	–
Projects in progress	–	–	–
	325,904	23,137	–

Cost

Additions RM'000	Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000
255,550	(509,790)	–	577,193	(75,799)	(1,535,608)	16,055,230
878,313	–	–	(849,481)	–	(124,603)	899,953
40,424	(421,076)	–	366,268	–	10,473	52,807
2,380,056	–	–	(366,268)	–	(286,298)	3,849,705
3,554,343	(930,866)	–	(272,288)	(75,799)	(1,936,036)	20,857,695

Additions RM'000	Disposals RM'000	Write offs RM'000	Transfers RM'000	Reclassified as held for sale RM'000	Currency translation differences RM'000	At 31.3.2010 RM'000
–	–	(2,651)	–	–	(15,355)	155,447
603	–	–	(336)	–	(710)	7,246
226	–	–	–	–	(1,167)	12,043
58	–	(14,228)	644	–	(14,539)	141,503
284	–	–	(644)	–	(757)	7,239
1,171	–	(16,879)	(336)	–	(32,528)	323,478

Accumulated depreciation/impairment

Disposals RM'000	Write offs 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
(425,393)	–	(13,075)	(65,376)	(683,105)	7,053,483	9,001,747
–	–	–	–	–	–	899,953
–	–	–	–	(284)	6,900	45,907
–	–	–	–	–	–	3,849,705
(425,393)	–	(13,075)	(65,376)	(683,389)	7,060,383	13,797,312

Disposals RM'000	Write offs 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
–	(2,651)	–	–	(15,355)	155,447	–
–	–	(175)	–	(412)	4,734	2,512
–	–	–	–	(759)	8,554	3,489
–	(14,150)	–	–	(12,787)	134,017	7,486
–	–	–	–	–	–	7,239
–	(16,801)	(175)	–	(29,313)	302,752	20,726

Notes to the Financial Statements
31 March 2011

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	
	2011 RM'000	**2010 RM'000**
Ships in operation	**1,943,157**	2,140,006
Offshore floating assets	**1,398,601**	1,828,928
Other property, plant and equipment	**39,693**	44,798
	3,381,451	4,013,732

(b) Finance costs capitalised during the financial year for ships and offshore floating assets under construction of the Group and of the Corporation were RM112,590,000 (2010: RM135,949,000) and RM107,647,000 (2010: RM135,949,000) respectively and for constructions in progress of the Group were RM871,000 (2010: RM3,758,000), 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 RM533,435,000 (2010: RM45,074,000) and RM529,164,000 (2010: RM33,918,000) for the Group and the Corporation 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	
	2011 RM'000	**2010 RM'000**	**2009 RM'000**	**2011 RM'000**	**2010 RM'000**
At 1 April 2010/2009/2008	**125,989**	111,640	111,568	**6,487**	7,306
Effect of adoption of FRS 117	**(38,920)**	(42,440)	(41,695)	**–**	–
Restated	**87,069**	69,200	69,873	**6,487**	7,306
Addition	**65**	–	–	**–**	–
Transfer from project in progress	**–**	20,674	–	**–**	–
Transfer to PPE	**(806)**	–	–	**–**	–
Amortisation for the year (Note 5)	**(3,176)**	(2,161)	(2,043)	**(158)**	(174)
Write off	**(94)**	–	–	**–**	–
Currency translation differences	**(571)**	(644)	1,370	**(571)**	(645)
At 31 March	**82,487**	87,069	69,200	**5,758**	6,487

13. Prepaid Lease Payments on Land and Buildings (Cont'd.)

	Group			Corporation	
	2011 RM'000	**2010 RM'000**	**2009 RM'000**	**2011 RM'000**	**2010 RM'000**
Analysed as:					
Long term leasehold land	**70,515**	73,718	54,910	**3,400**	3,834
Short term leasehold land	**5,857**	6,827	7,110	**–**	–
Leasehold buildings	**6,115**	6,524	7,180	**2,358**	2,653
	82,487	87,069	69,200	**5,758**	6,487

(a) Prior to a subsidiary being part of the Group, certain properties were revalued by the directors of the subsidiary in 1988 based on valuations carried out by firms of professional valuers to reflect the market values then. 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	
	2011 RM'000	**2010 RM'000**
Long term leasehold and foreshore land – 1988	**6,466**	6,718

(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 RM67,114,000 (2010: RM69,173,000) which cannot be disposed off, charged or subleased without the prior consent of the Johor State Government.

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14. Intangible Assets

	Group Goodwill RM'000	Other intangible assets RM'000	Total RM'000
Cost			
At 1 April 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
Additional investment in a subsidiary	150	–	150
Divestment of interest in a subsidiary*	(27,669)	–	(27,669)
Reclassification**	32,837	(32,837)	–
Currency translation differences	(58,912)	–	(58,912)
At 31 March 2011	695,381	504,463	1,199,844
Accumulated amortisation and impairment			
At 1 April 2009	2,325	292,484	294,809
Amortisation	–	28,168	28,168
At 31 March 2010	2,325	320,652	322,977
Amortisation	–	28,168	28,168
At 31 March 2011	2,325	348,820	351,145
Net carrying amount			
At 31 March 2010	746,650	216,648	963,298
At 31 March 2011	693,056	155,643	848,699

* This relates to the dilution of interest in Malaysia Marine and Heavy Engineering Holdings Berhad from 100% to 66.5%.

** The reclassification is in respect of premium paid to acquire additional 10% interest in a subsidiary, which is determined to be goodwill.

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.

14. Intangible Assets (Cont'd.)

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 (2010: RM Nil). 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:

	2011 RM'000	2010 RM'000
At 31 March		
Energy related shipping	**604,198**	663,110
Other energy businesses	**87,988**	82,820
Integrated Liner Logistics	**150**	–
Non-shipping	**720**	720
	693,056	746,650

(c) Key assumptions used in value in use calculations

The recoverable amount of a CGU is determined using value in use method based on cash flow projections derived from management approved financial projections. The discount rate used is based on the pre-tax weighted average cost of capital determined by the management.

Energy Related Shipping

Goodwill for this segment represents goodwill arising from acquisition of American Eagle Tanker Inc ("AET"), a company involved in petroleum shipping business. The impairment test for the goodwill is based on the recoverable amount of petroleum shipping segment. The calculation is based on the net present value of the estimated cash flows.

The net present value of future cash flows has been calculated based on expected earnings and estimated level of operating expenses. The net present value of future cash flows was based on weighted average cost of capital.

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14. Intangible Assets (Cont'd.)

Impairment test for goodwill and investment in subsidiaries (cont'd.)

(c) Key assumptions used in value in use calculations (cont'd.)

Energy Related Shipping (cont'd.)

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

1. Pre tax discount rates - discount rates reflect the current market assessment of the company. This is the benchmark used by the management to assess operating performance and to evaluate future investments. In determining the discount rates, reference has been made to the yield on 30 year US Treasury Bills at the beginning of the budgeted year.

   A 2% increase in the discount rates reduces the value in use of the ships by about RM119.6 million.

2. Growth rates – The forecasted growth rates are based on independent industry research publications.

   A 2% increase in the growth rates increases value in use of the ships by approximately RM44.2 million.

Other Energy Businesses

Goodwill for the Other Energy Businesses mainly relates to the Heavy Engineering Business. The impairment test for the goodwill is based on the recoverable amount of this business segment. This is determined using the market value of the quoted shares of Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB"). The share price is stable since its floating to BMSB and shows an increase throughout the period, hence no indication that the business may be impaired.

15. Investments in Subsidiaries

	Corporation	
	2011 RM'000	**2010 RM'000**
Unquoted shares in Malaysia, at cost		
At 1 April 2010/2009	**5,657,996**	6,072,625
Additional investment in subsidiaries	**95,153**	133,970
Fair value adjustment	**–**	(1,825)
Disposal	**(62,989)**	–
Currency translation differences	**(502,667)**	(546,774)
At 31 March	**5,187,493**	5,657,996

15. Investments in Subsidiaries (Cont'd.)

Included in unquoted shares are preference shares of RM2,956,483,000 (2010: RM3,140,600,000) which bear interest ranging from 5.00% to 6.00% (2010: 5.00% to 6.00%) per annum.

a. On 1 April 2010, the Corporation incorporated MTTI Sdn. Bhd. (formerly known as Magna Conglomerate Sdn. Bhd.) as a special purpose vehicle to hold its equity investment in a joint venture company, VTTI B.V.

b. On 29 October 2010, the Corporation sold 274,000,000 number of Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB") shares to institutional investors.

   The Corporation also disposed 262,000,000 MHB shares to the public via initial public offering of MHB on the Main Market of Bursa Malaysia.

   The combined sale and disposal of equity interest in MHB led to a 33.5% dilution of the Corporation's interest in MHB.

c. On 28 December 2010, MISC Integrated Logistics Sdn. Bhd. ("MILS"), increased its equity interest in MILS-Seafrigo Sdn. Bhd. from its existing 60.0% to 66.7% by acquiring additional 6.7% equity interest from its joint venture partner for a purchase consideration of RM150,000.

Details of the subsidiaries are disclosed in Note 37.

16. Investments in Associates

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Unquoted shares in Malaysia, at cost	**565**	577	**125**	137
Unquoted shares outside Malaysia, at cost	**4,567**	4,755	**91**	100
	5,132	5,332	**216**	237
Share of post-acquisition loss	**(1,945)**	(1,318)	**–**	–
Share of other post-acquisition reserves	**57**	(85)	**–**	–
	3,244	3,929	**216**	237
Less: Accumulated impairment losses	**(2,639)**	(1,214)	**–**	–
Share of net assets	**605**	2,715	**216**	237

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16. Investments in Associates (Cont'd.)

The summarised financial information of the associates are as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	**12,601**	22,248
Non-current assets	**17,490**	12,024
Total assets	**30,091**	34,272
Current liabilities	**16,563**	17,197
Non-current liabilities	**4,922**	1,336
Total liabilities	**21,485**	18,533
Results		
Revenue	**12,455**	9,630
Profit for the year	**641**	329

Details of the associates are disclosed in Note 38.

17. Investments in Jointly Controlled Entities

	Group		Corporation	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares in Malaysia, at cost	**72,042**	76,225	**65,872**	72,295
Unquoted shares outside Malaysia, at cost	**3,029,580**	378,405	**66,578**	72,573
	3,101,622	454,630	**132,450**	144,868
Share of post-acquisition profits	**185,271**	104,042	**–**	–
Share of other post-acquisition reserves	**(178,559)**	(2,960)	**–**	–
	6,712	101,082	**–**	–
Less: Accumulated impairment loss	**(8,247)**	(3,801)	**–**	–
Share of net assets	**3,100,087**	551,911	**132,450**	144,868

17. Investments in Jointly Controlled Entities (Cont'd.)

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	**972,587**	301,157
Non-current assets	**4,456,200**	1,924,877
Total assets	**5,428,787**	2,226,034
Current liabilities	**1,114,223**	547,580
Non-current liabilities	**2,021,012**	1,122,742
Total liabilities	**3,135,235**	1,670,322
Results		
Revenue	**1,218,217**	636,670
Profit for the year	**161,432**	33,350

During the financial year, the Group entered into a joint venture agreement with Martank B.V. to acquire 50% of the issued share capital of VTTI B.V., a company incorporated in the Netherlands, involved in the operation of oil terminals and pipelines. The acquisition of VTTI B.V. led to a significant increase in the Group's total investments of RM2,669,000,000 (USD 882,122,000). The Group's share of non current assets include intangible assets of RM339,602,000.

As at the reporting date, the assets and liabilities of VTTI B.V. are stated at their provisional amount, pending for the completion of purchase price allocation exercise.

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

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18. Other Financial Assets and Financial Liabilities

(a) Other financial assets

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Non-current unquoted equity shares	**38,955**	42,458	**38,488**	37,555
Less: Provision for diminution in value	**(2,764)**	(3,026)	**(2,663)**	(2,922)
	36,191	39,432	**35,825**	34,633
Non-current quoted equity shares	**373,033**	336,969	**373,033**	336,969
Loans and advances:				
Subsidiaries	**–**	–	**1,060,365**	1,800,894
Jointly controlled entities	**151,774**	594,570	**44,496**	443,773
Associates	**5,450**	3,961	**1,815**	1,992
	157,224	598,531	**1,106,676**	2,246,659
Less:				
Impairment on loans to:				
Subsidiary	**–**	–	**(51,422)**	(17,437)
Associates	**(3,231)**	–	**–**	–
Jointly controlled entities	**(64,721)**	(18,703)	**–**	–
	(67,952)	(18,703)	**(51,422)**	(17,437)
Net loans and advances	**89,272**	579,828	**1,055,254**	2,229,222
Total other non-current financial assets	**498,496**	956,229	**1,464,112**	2,600,824

Non-current quoted investments are held as long-term strategic investments. The Group has no intention to dispose its interest in these companies.

The loans and advances to subsidiaries are unsecured and bear interest ranging from 3.22% to 7.00% (2010: 3.22% to 7.00%) per annum.

18. Other Financial Assets and Financial Liabilities (Cont'd.)

(b) Other financial liabilities

	Group	
	2011 RM'000	**2010 RM'000**
Interest rate swaps ("IRS") – effective hedges representing total other financial liabilities		
– IRS 1 (i)	**45,763**	69,023
– IRS 2 (ii)	**5,721**	2,434
– IRS 3 (iii)	**145,380**	113,798
	196,864	185,255

(i) This represents an interest rate arrangement entered into to partially hedge a loan obtained by a subsidiary. The notional amount of loan being hedged as at 31 March 2011 was RM635,242,000 (2010: RM887,921,000). The loan was drawndown in December 2006 and is subjected 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% per annum until the maturity of the loan.

(ii) The Group had, on 14 July 2010 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% per annum until the maturity of the loan. The notional amount of loan being hedged as at the reporting date was RM92,278,000 (2010: RM99,947,000).

(iii) The Group had, in October 2008 and November 2008, drawndown USD1 billion and USD75 million transferrable five years term loan facilities arranged by a few banks. 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 with a notional amount totalling RM3,252,413,000 (2010: RM3,569,538,000) which entitles the Group to pay fixed interest rates ranging from 2.48% to 2.81% (2010: 2.48% to 2.81%) per annum and receive floating interest rates for each repayment date until maturity of the loans.

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18. Other Financial Assets and Financial Liabilities (Cont'd.)

(c) Interest-bearing loans and borrowings

	Group		Corporation	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term borrowings				
Secured:				
Term loans				
Fixed rate	**169,670**	138,326	**–**	–
Floating rate	**227,505**	248,021	**–**	–
	397,175	386,347	**–**	–
Unsecured:				
Term loans				
Floating rate	**–**	2,572	**–**	–
Hire purchase	**123**	60	**–**	–
Islamic Private Debt				
Securities Al Murabahah Medium Term Notes	**849,963**	699,925	**849,963**	699,925
Loans from subsidiaries	**–**	–	**211,433**	660,548
Loan from holding company	**–**	2,488,507	**–**	2,488,507
	850,086	3,191,064	**1,061,396**	3,848,980
	1,247,261	3,577,411	**1,061,396**	3,848,980
Long term borrowings				
Secured:				
Term loans				
Fixed rate	**693,334**	948,155	**–**	–
Floating rate	**761,030**	1,084,921	**–**	–
	1,454,364	2,033,076	**–**	–
Unsecured:				
Term loans				
Floating rate	**3,240,015**	3,550,564	**–**	–
Hire purchase	**100**	–	**–**	–
US Dollar Guaranteed Notes	**2,108,240**	2,310,960	**–**	–
Islamic Private Debt				
Securities Al Murabahah Medium Term Notes	**949,893**	1,299,663	**949,893**	1,299,663
Loan from holding company	**2,255,510**	–	**2,255,510**	–
Loans from subsidiaries	**–**	–	**3,254,665**	5,133,639
	8,553,758	7,161,187	**6,460,068**	6,433,302
	10,008,122	9,194,263	**6,460,068**	6,433,302

18. Other Financial Assets and Financial Liabilities (Cont'd.)

(c) Interest-bearing loans and borrowings (cont'd.)

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Total borrowings				
Term loans	**5,091,554**	5,972,559	**–**	–
Hire purchase	**223**	60	**–**	–
USD Guaranteed Notes	**2,108,240**	2,310,960	**–**	–
Islamic Private Debt				
Securities Al Murabahah Medium Term Notes	**1,799,856**	1,999,588	**1,799,856**	1,999,588
Loans from subsidiaries	**–**	–	**3,466,098**	5,794,187
Loan from holding company	**2,255,510**	2,488,507	**2,255,510**	2,488,507
	11,255,383	12,771,674	**7,521,464**	10,282,282

The secured term loans are secured by mortgages over certain ships, offshore floating assets and other property, plant and equipment together with charter agreements and 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 reporting date of the above interest-bearing loans and borrowings are as follows:

	Group		Company	
	2011 %	**2010 %**	**2011 %**	**2010 %**
Fixed rate				
Term loans	**3.45-5.20**	3.48-7.00	**–**	–
Hire purchase	**4.55-7.42**	2.25-2.70	**–**	–
US Dollar Guaranteed Notes	**6.13**	6.13	**–**	–
Islamic Private Debt Securities	**3.08-3.63**	2.57-3.63	**3.08-3.63**	2.57-3.63
Loans from subsidiaries	**–**	–	**2.48-6.13**	2.48-6.13
Floating rate				
Term loans	**3.08-3.33**	1.13-3.09	**–**	–
Loans from subsidiaries	**–**	–	**0.84**	–
Loan from holding company	**1.20-1.49**	1.20-1.21	**1.20-1.49**	1.20-1.21

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18. Other Financial Assets and Financial Liabilities (Cont'd.)

(c) Interest-bearing loans and borrowings (cont'd.)

The following tables set out the carrying amounts of liabilities as at the reporting date and the remaining maturities of the Group and the Corporation's financial instruments that are exposed to interest rate risk.

At 31 March 2011	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	Total RM'000
Group							
Fixed rate							
Term loans	169,670	169,954	170,266	170,593	119,931	62,590	863,004
Hire purchase	123	84	16	–	–	–	223
US Dollar Guaranteed Notes	–	–	–	–	2,108,240	–	2,108,240
Islamic Private Debt Securities	849,963	949,893	–	–	–	–	1,799,856
	1,019,756	1,119,931	170,282	170,593	2,228,171	62,590	4,771,323
Floating rate							
Term loans	227,505	240,301	3,493,708	208,143	58,893	–	4,228,550
Loan from holding company	–	2,255,510	–	–	–	–	2,255,510
	227,505	2,495,811	3,493,708	208,143	58,893	–	6,484,060
Total borrowings	1,247,261	3,615,742	3,663,990	378,736	2,287,064	62,590	11,255,383
Corporation							
Fixed rate							
Islamic Private Debt Securities	849,963	949,893	–	–	–	–	1,799,856
Loans from subsidiaries	–	–	–	3,240,016	14,649	–	3,254,665
Floating rate							
Loans from subsidiaries	211,433	–	–	–	–	–	211,433
Loan from holding company	–	2,255,510	–	–	–	–	2,255,510
Total borrowings	1,061,396	3,205,403	–	3,240,016	14,649	–	7,521,464

18. Other Financial Assets and Financial Liabilities (Cont'd.)

(c) Interest-bearing loans and borrowings (cont'd.)

At 31 March 2010	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	Total RM'000
Group							
Fixed rate							
Term loans	329,013	385,263	396,892	3,959,656	356,175	199,327	5,626,326
Hire purchase	60	–	–	–	–	–	60
US Dollar Guaranteed Notes	–	–	–	–	2,310,960	–	2,310,960
Islamic Private Debt Securities	699,925	599,850	699,813	–	–	–	1,999,588
	1,028,998	985,113	1,096,705	3,959,656	2,667,135	199,327	9,936,934
Floating rate							
Term loans	59,906	51,079	53,842	56,721	60,048	64,637	346,233
Loan from holding company	2,488,507	–	–	–	–	–	2,488,507
	2,548,413	51,079	53,842	56,721	60,048	64,637	2,834,740
Total borrowings	3,577,411	1,036,192	1,150,547	4,016,377	2,727,183	263,964	12,771,674
Corporation							
Fixed rate							
Islamic Private Debt Securities	699,925	599,850	699,813	–	–	–	1,999,588
Loans from subsidiaries	660,548	–	–	3,570,347	1,563,292	–	5,794,187
Floating rate							
Loan from holding company	2,488,507	–	–	–	–	–	2,488,507
Total borrowings	3,848,980	599,850	699,813	3,570,347	1,563,292	–	10,282,282

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18. Other Financial Assets and Financial Liabilities (Cont'd.)

(d) Finance lease receivables

	Group
	2011 RM'000
Minimum lease receivables:	
Not later than 1 year	**44,183**
Later than 1 year and not later than 2 years	**44,062**
Later than 2 years and not later than 5 years	**44,062**
Later than 5 years	**268,234**
	400,541
Less: Future finance income	**(174,362)**
Present value of finance lease assets	**226,179**
Present value of finance lease assets:	
Not later than 1 year	**13,391**
Later than 1 year and not later than 2 years	**15,262**
Later than 2 years and not later than 5 years	**17,539**
Later than 5 years	**179,987**
	226,179
Analysed as:	
Due within 12 months	**13,391**
Due after 12 months	**212,788**
	226,179

19. Inventories

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
At cost				
Bunkers, lubricants and consumable stores	**311,804**	249,829	**145,358**	90,705
Spares	**61,537**	56,208	**12,362**	15,823
Raw materials	**30,632**	38,523	**–**	–
	403,973	344,560	**157,720**	106,528

The cost of inventories recognised as cost of sales during the financial year of the Group and the Corporation were RM2,937,501,000 (2010: RM3,705,902,000) and RM1,046,386,000 (2010: RM981,375,000) respectively.

20. Trade and Other Receivables

	Group 2011 RM'000	Group 2010 RM'000	Corporation 2011 RM'000	Corporation 2010 RM'000
Trade receivables				
Third parties	**671,769**	1,048,121	**177,095**	204,108
Subsidiaries	**–**	–	**163,394**	175,688
Holding company	**6,962**	5,307	**351**	3,986
Fellow subsidiaries	**672,911**	196,896	**3,490**	6,490
Associates	**1,258**	9,021	**1,258**	9,020
Jointly controlled entities	**44,749**	19,359	**29,535**	20,403
Finance lease	**13,391**	–	**–**	–
Due from customers on contracts (Note 21)	**267,684**	149,330	**–**	–
	1,678,724	1,428,034	**375,123**	419,695
Less: Impairment loss on trade receivables:				
Third parties	**(79,634)**	(98,151)	**(41,982)**	(29,285)
Jointly controlled entities	**(15,820)**	–	**(15,820)**	–
Subsidiaries	**–**	–	**(3,328)**	(4,627)
Fellow subsidiaries	**(3,727)**	(2,609)	**–**	–
	(99,181)	(100,760)	**(61,130)**	(33,912)
Trade receivables, net	**1,579,543**	1,327,274	**313,993**	385,783
Other receivables				
Amount due from related parties:				
Subsidiaries	**–**	–	**3,626,323**	892,355
Fellow subsidiaries	**32**	–	**–**	–
Associates	**162**	576	**–**	77
Jointly controlled entities	**906,310**	103,638	**875,737**	20,603
	906,504	104,214	**4,502,060**	913,035
Amount due from a joint venture partner	**17,190**	–	**–**	–
Deposits	**9,521**	7,404	**4,437**	2,519
Prepayments	**103,167**	141,776	**30,100**	25,607
Others	**306,424**	421,122	**167,797**	151,099
	1,342,806	674,516	**4,704,394**	1,092,260

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20. Trade and Other Receivables (Cont'd.)

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Other receivables (cont'd.)				
Less: Impairment loss on other receivables:				
Jointly controlled entities	**(19,867)**	(7,901)	**–**	–
	(19,867)	(7,901)	**–**	–
Other receivables, net	**1,322,939**	666,615	**4,704,394**	1,092,260
Total	**2,902,482**	1,993,889	**5,018,387**	1,478,043

Included in other receivables in the previous year was RM125.41 million or equivalent to USD34.40 million, placed under a United States Court depository account which was interest bearing, in connection with a pending litigation claim as disclosed in Note 32(b). The placement was released in 2010.

The ageing of trade receivables (net) as at the reporting date were as follows:

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Neither past due nor impaired	**442,363**	926,309	**204,572**	278,093
Past due but not impaired				
1-30 days	**414,401**	84,861	**57,584**	23,916
31-60 days	**170,558**	50,270	**6,874**	13,225
61-90 days	**33,480**	23,077	**8,745**	13,922
more than 90 days	**237,666**	93,426	**36,217**	56,627
	1,298,468	1,177,944	**313,993**	385,783

The Group and the Corporation assessed the trade debtors on an individual basis and do not have any collective assessment. At the reporting date, the Group and the Corporation have trade receivables, amounting to RM257,718,000 and RM61,261,000 (2010: RM184,033,000 and RM39,848,000) respectively, that were past due but not impaired considering there was no history of default and they are creditworthy debtors.

20. Trade and Other Receivables (Cont'd.)

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

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
At 1 April 2010/2009	**100,760**	84,613	**33,912**	21,016
Impairment loss recognised				
Jointly controlled entities	**16,426**	6,724	**16,426**	–
Fellow subsidiaries	**1,118**	70	**–**	–
Third parties	**15,253**	30,808	**15,884**	23,053
Impairment loss reversed:				
Subsidiaries	**–**	–	**(3,248)**	–
Associates	**–**	(87)	**–**	–
Fellow subsidiaries	**–**	(272)	**–**	–
Third parties (Note 4)	**(2,569)**	(21,473)	**–**	(9,685)
Bad debts written off:				
Third parties	**(15,828)**	–	**–**	–
Currency translation differences	**(15,979)**	377	**(1,844)**	(472)
At 31 March	**99,181**	100,760	**61,130**	33,912

(a) Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where advance payments are normally required. The Group's normal trade credit terms range from 7 to 90 days (2010: 7 to 90 days). Other credit terms are assessed and approved on a case-by-case basis and each customer is assigned a maximum credit limit.

(b) Amount due from Group companies

The amounts due from holding company, fellow subsidiaries and subsidiaries (trade balances) are unsecured with credit terms ranging from 15 to 30 days (2010: 15 to 30 days).

(c) Amount due from associates

The amount due from associates (trade balances) is unsecured and has normal credit terms ranging from 15 to 30 days (2010: 15 to 30 days). The non-trade balances are repayable on demand and are non-interest bearing.

(d) Amount due from jointly controlled entities

The amount due from jointly controlled entities (trade balances) is unsecured and has normal credit terms ranging from 15 to 30 days (2010: 15 to 30 days). The non-trade balances are repayable on demand and are non-interest bearing.

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21. Due from/(to) Customers on Contracts

	Group 2011 RM'000	Group 2010 RM'000
Construction contract costs incurred and recognised profits to date	**1,898,026**	1,140,961
Less: Progress billings	**(1,630,376)**	(1,041,363)
	267,650	99,598
Due from customers on contracts (Note 20)	**267,684**	149,330
Due to customers on contracts (Note 24)	**(34)**	(49,372)
	267,650	99,958
Advances received on contracts (Note 24)	**3,585**	64,408

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

	Group 2011 RM'000	Group 2010 RM'000
Depreciation of plant and equipment	**25,340**	23,270

22. Cash, Deposits and Bank Balances

	Group 2011 RM'000	Group 2010 RM'000	Corporation 2011 RM'000	Corporation 2010 RM'000
Deposits with licensed banks	**3,077,617**	7,400,539	**868,731**	5,926,496
Cash and bank balances	**275,110**	448,541	**8,665**	18,477
	3,352,727	7,849,080	**877,396**	5,944,973

Cash at banks earn interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods between 1 to 365 days (2010: 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 8.60% (2010: 0.01% to 6.00%) per annum and 0.01% to 2.78% (2010: 0.01% to 2.50%) per annum respectively.

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

23. Discontinued Operations and Disposal Group Classified as Held for Sale

	2011 RM'000
Assets	
Subsidiary: MILS-SterilGamma (Note a)	**7,123**
Investment in a jointly controlled entity (Note b)	**24,252**
Ships, land and buildings (Note c)	**53,450**
	84,825

a. On 18 February 2010, MISC Integrated Logistics Sdn. Bhd. ("MILS"), a wholly-owned subsidiary of the Corporation announced the decision of its Board of Directors to dispose MILS-SterilGamma Sdn. Bhd. ("MILS-SterilGamma"), a 60% owned subsidiary, whose principal activities are focused on sterilisation and fumigation facilities. The decision is consistent with the Group's strategy to focus on integrated logistics services.

As at 31 March 2011, the assets and the liabilities related to MILS-SterilGamma have been presented in the statement of financial position as "Assets held for sale" and "Liabilities directly associated with disposal group classified as held for sale".

Statements of financial position disclosures

	2011 RM'000
Assets:	
Property, plant and equipment	**6,888**
Trade and other receivables	**229**
Cash and bank balances	**6**
Assets of disposal group classified as held for sale	**7,123**
Liabilities:	
Long term borrowing	**(4,834)**
Short term borrowing	**(1,752)**
Trade and other payables	**(1,153)**
Liabilities directly associated with disposal group classified as held for sale	**(7,739)**
Net liabilities directly associated with disposal group classified as held for sale	**(616)**

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23. Discontinued Operations and Disposal Group Classified as Held for Sale (Cont'd.)

b. On 21 December 2010, the Board of Directors of MILS approved the plan to dispose its investment in a jointly controlled entity, Transware Distribution Services Pte. Ltd. ("Transware").

As at 31 March 2011, the investments and share of net assets of Transware have been presented as "Non Current Assets ("NCAs") classified as held for sale" as follows:

	RM'000
Investment in jointly controlled entity	**24,252**

c. The Group and the Corporation have also classified its ships and land previously presented as assets to NCAs classified as held for sale as disclosed below:

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Ships	**51,507**	38,715	**51,507**	10,423
Land and buildings	**1,943**	–	**–**	–
	53,450	38,715	**51,507**	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	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Trade payables				
Third parties	**1,006,085**	1,082,744	**75,094**	40,471
Subsidiaries	**–**	–	**1,282,773**	506,244
Holding company	**3,363**	17,367	**2,460**	–
Fellow subsidiaries	**49,500**	99,486	**4,890**	15,775
Associates	**2,449**	7,366	**2,449**	7,366
Jointly controlled entities	**3,251**	93,199	**1,158**	91,917
Accruals	**2,130,977**	2,205,167	**348,395**	466,108
Deferred income	**62,629**	38,983	**–**	–
Construction contracts:				
Due to customers (Note 21)	**34**	49,372	**–**	–
Advances received (Note 21)	**3,585**	64,408	**–**	–
	3,261,873	3,658,092	**1,717,219**	1,127,881

24. Trade and Other Payables (Cont'd.)

	Group		Corporation	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables				
Amount due to related parties:				
Subsidiaries	**–**	–	**892,310**	408,997
Holding company	**–**	2,578	**–**	2,578
Fellow subsidiaries	**6,256**	9,967	**–**	–
Associates	**–**	14	**–**	–
Jointly controlled entities	**27,957**	35,799	**2,668**	45
Amount due to joint venture partners	**–**	49,192	**–**	–
Accruals	**270,500**	193,825	**44,917**	68,807
Provisions	**55,839**	5,575	**–**	–
Others	**117,074**	4,320	**53,838**	60,420
	477,626	301,270	**993,733**	540,847
	3,739,499	3,959,362	**2,710,952**	1,668,728

(a) Trade Payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 14 to 90 days (2010: 14 to 90 days).

(b) Amount due to Group companies

The amounts due to holding company, fellow subsidiaries and subsidiaries that are trade in nature, are unsecured and repayable in accordance to the trade credit terms granted. The non-trade balances are repayable on demand and 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 (2010: 15 to 30 days) and 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 (2010: 15 to 30 days). The non-trade balances are repayable on demand.

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25. Share Capital and Share Premium

(a) Share capital

	Number of shares of RM1 each		Amount	
	2011	**2010**	**2011 RM'000**	**2010 RM'000**
Authorised				
Ordinary shares ('000)				
At 1 April 2010/2009	**10,000,000**	5,000,000	**10,000,000**	5,000,000
Created during the year	**–**	5,000,000	**–**	5,000,000
At 31 March	**10,000,000**	10,000,000	**10,000,000**	10,000,000
			RM	**RM**
Preference share	**1**	1	**1**	1
Issued and fully paid				
Ordinary shares ('000)				
At 1 April 2010/2009	**4,463,794**	3,719,828	**4,463,794**	3,719,828
Issued during the year Rights Issue (Note i)	**–**	743,966	**–**	743,966
At 31 March	**4,463,794**	4,463,794	**4,463,794**	4,463,794
			RM	**RM**
Preference share (Note ii)	**1**	1	**1**	1

(i) Rights issue

In the previous financial year, the Corporation increased its issued and paid-up ordinary share capital from RM3,719,827,483 to RM4,463,793,517 by way of issuance of 743,965,517 Rights Shares of RM1.00 each on the basis of one new Rights Share for every five existing ordinary shares held of RM1.00 each.

(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.

25. Share Capital and Share Premium (Cont'd.)

(b) Share premium

	Group and Corporation 2011 RM'000	Group and Corporation 2010 RM'000
At 1 April 2010/2009	**4,459,468**	–
Arising from the issuance of rights shares	**–**	4,463,793
Less: Transaction costs	**–**	(4,325)
At 31 March	**4,459,468**	4,459,468

26. Other Reserves

Group	Note	Other capital reserve RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Capital redemption reserve RM'000	Fair value reserve RM'000	Hedging reserves RM'000	Currency translation reserve RM'000	Total RM'000
At 1 April 2009		41,342	1,185	1,381	1,242	59,715	122,605	(181,662)	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 gain on cash flow hedges		–	–	–	–	–	–	31,421	–	31,421
At 31 March 2010		41,342	1,185	1,381	1,242	59,715	189,119	(150,241)	279,216	422,959

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26. Other Reserves (Cont'd.)

Group	Note	Other capital reserve RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Capital redemption reserve RM'000	Fair value reserve RM'000	Hedging reserves RM'000	Currency translation reserve RM'000	Total RM'000
At 1 April 2010		**41,342**	**1,185**	**1,381**	**1,242**	**59,715**	**189,119**	**(150,241)**	**279,216**	**422,959**
Currency translation differences:										
Group		–	–	–	–	–	–	–	(1,923,423)	(1,923,423)
Associates		–	–	–	–	–	–	–	214	214
Jointly controlled entities		–	–	–	–	–	–	–	(169,233)	(169,233)
Capital reserves	26(b)	–	434,099	–	–	–	–	–	–	434,099
Other capital reserves:										
Group	26(c)	101	–	–	–	–	–	–	–	101
Revaluation reserves:										
Associate	26(a)	–	–	(24)	–	–	–	–	–	(24)
Statutory reserves:	26(d)									
Group		–	–	–	628	–	–	–	–	628
Jointly controlled entities		–	–	–	124	–	–	–	–	124
Fair value gain on non-current investments		–	–	–	–	–	36,064	–	–	36,064
Fair value loss on cash flow hedges		–	–	–	–	–	–	(21,396)	–	(21,396)
At 31 March 2011		**41,443**	**435,284**	**1,357**	**1,994**	**59,715**	**225,183**	**(171,637)**	**(1,813,226)**	**(1,219,887)**

26. Other Reserves (Cont'd.)

Corporation	Fair value reserve RM'000	Currency translation reserve RM'000	Total RM'000
At 1 April 2009	122,605	856,940	979,545
Currency translation differences	–	(1,339,292)	(1,339,292)
Fair value loss on non-current investments	66,514	(11,637)	54,877
At 31 March 2010	189,119	(493,989)	(304,870)
At 1 April 2010	**189,119**	**(493,989)**	**(304,870)**
Currency translation differences	**–**	**(1,565,379)**	**(1,565,379)**
Fair value gain on non-current investments	**36,064**	**–**	**36,064**
At 31 March 2011	**225,183**	**(2,059,368)**	**(1,834,185)**

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 subsidiaries' reserve.

(d) Statutory reserve

Statutory reserve is maintained by overseas subsidiaries and jointly controlled entities in accordance with the laws of the country.

(e) Capital redemption reserve

Capital redemption reserve represents reserve created upon the redemption of preference shares in subsidiaries.

(f) Fair value reserve

This reserve records changes in available-for-sale financial assets until they are disposed off or impaired.

(g) Hedging reserve

Hedging reserve represents the effective portion of the gain or loss on hedging instruments in the Group's cash flow hedge.

(h) Currency translation reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Corporation and foreign operations whose functional currencies are different from that of the Group's presentation currency.

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27. Deferred Tax

	Group 2011 RM'000	Group 2010 RM'000
At 1 April 2010/2009	**25,346**	18,770
Recognised in income statement (Note 9):		
In Malaysia	**(30,791)**	9,915
Outside Malaysia	**1,778**	(3,483)
Currency translation differences	**(119)**	144
At 31 March	**(3,786)**	25,346
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(11,781)**	(4,803)
Deferred tax liabilities	**7,995**	30,149
	(3,786)	25,346

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 2009	20,507	2,396	22,903
Recognised in 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
At 1 April 2010	**28,494**	**1,655**	**30,149**
Recognised in income statement:			
In Malaysia	**(21,803)**	**(2,458)**	**(24,261)**
Outside Malaysia	**2,186**	**–**	**2,186**
Currency translation differences	**–**	**(79)**	**(79)**
At 31 March 2011	**8,877**	**(882)**	**7,995**

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 2009	(2,886)	(2)	(1,245)	(4,133)
Recognised in 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)
At 1 April 2010	**(7,027)**	**(116)**	**2,340**	**(4,803)**
Recognised in income statement				
In Malaysia	**(4,768)**	**93**	**(1,855)**	**(6,530)**
Outside Malaysia	**57**	**(506)**	**41**	**(408)**
Currency translation differences	**–**	**(40)**	**–**	**(40)**
At 31 March 2011	**(11,738)**	**(569)**	**526**	**(11,781)**

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

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Unused tax losses	**3,335,721**	2,663,528	**3,262,209**	2,661,451
Unabsorbed capital allowances	**28,547**	54,066	**–**	–
Others	**1,309**	48,795	**–**	–
	3,365,577	2,766,389	**3,262,209**	2,661,451

The unused tax losses and unabsorbed capital allowances of the Group, amounting to RM3,335,721,000 (2010: RM2,663,528,000) and RM28,547,000 (2010: RM54,066,000) 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.

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27. Deferred Tax (Cont'd.)

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	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Purchase of ships, offshore floating assets and other property, plant and equipment	**(4,533,636)**	(4,695,467)	**(3,117,884)**	(3,555,514)
Addition of prepaid lease payments	**(65)**	–	**–**	–
Purchase of additional shares in a subsidiary	**(1,046)**	(46,733)	**–**	(46,733)
Acquisitions of associates and jointly controlled entities	**(2,707,151)**	(116,787)	**–**	(10,878)
Cash advances from a jointly controlled entity	**–**	37,276	**–**	–
Issuance of loans to subsidiaries; net of repayment	**–**	–	**(1,755,928)**	(190,207)
Dividend received from:				
Quoted investments	**51,868**	22,174	**51,868**	22,174
Unquoted investments	**2,003**	1,558	**2,003**	1,558
Subsidiaries	**–**	–	**1,489,173**	1,265,833
Associates and jointly controlled entities	**82,102**	1,421	**–**	–
Repayment of loans due from associates and jointly controlled entities	**431,610**	–	**–**	–
Proceeds from disposal of ships, other property, plant and equipment	**585,296**	114,953	**10,374**	51,894
Proceeds from dilution of interest in a subsidiary	**1,989,095**	–	**1,039,832**	–
Interest received	**104,590**	50,749	**145,877**	58,612
Loans to associates and jointly controlled entity	**(10,992)**	(91,075)	**–**	–
Net cash used in investing activities	**(4,006,326)**	(4,721,931)	**(2,134,685)**	(2,403,261)

29. Cash Flows From Financing Activities

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Drawdown of term loans	**–**	2,900,178	**–**	2,593,701
Drawdown of Islamic Private Debt Securities	**500,000**	2,000,000	**500,000**	2,000,000
Drawdown of loans from subsidiaries	**–**	–	**43,277**	834,094
Repayment of term loans	**(368,756)**	(631,060)	**–**	–
Repayment of loans due from associates and jointly controlled entities	**–**	166,666	**–**	–
Repayment of loan due to subsidiaries	**–**	–	**(2,110,406)**	(1,981,627)
Repayment of Islamic Private Debt Securities	**(700,000)**	(1,000,000)	**(700,000)**	(1,000,000)
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	**(1,543,188)**	(1,296,848)	**(1,543,188)**	(1,296,848)
Dividend paid to minority shareholders of subsidiaries	**(99,514)**	(110,834)	**–**	–
Proceeds from rights issue at premium	**–**	5,203,434	**–**	5,203,434
Interest paid	**(415,968)**	(509,872)	**(162,921)**	(368,254)
Net cash (used in)/generated from financing activities	**(2,627,426)**	5,327,303	**(3,973,238)**	5,984,500

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.

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30. Related Party Disclosures (Cont'd.)

Related parties	Group 2011 RM'000	Group 2010 RM'000	Corporation 2011 RM'000	Corporation 2010 RM'000
(a) Provision of shipping and shipping related services				
Charter hire revenue	**2,678,756**	2,812,309	**567,064**	620,052
Forwarding charges	**63,847**	208,974	**–**	–
Warehouse service	**31,838**	20,558	**–**	–
Haulage service	**72,608**	77,880	**–**	–
Fabrication contract service	**2,875,288**	3,161,002	**–**	–
Finance lease	**30,886**	–	**–**	–
Offshore and maintenance service	**48,411**	37,280	**–**	–
(b) Purchase of goods and services				
Purchase of bunkers, lubricants and spare parts and other materials	**1,179,593**	1,481,690	**786,070**	484,651
Purchase of service for repairs, conversion of ships and drydocking	**–**	–	**1,377,381**	2,859,689
Purchase of information technology services	**15,811**	10,094	**15,019**	10,094
Purchase of service for rental of premises	**13,530**	11,155	**13,530**	11,155
Management fee	**–**	298	**–**	298
Fees for representation in the Board of Directors*	**183**	–	**183**	–
Manpower fee	**4,526**	10,210	**4,526**	10,210

* Fees paid directly to Petroliam Nasional Berhad (''PETRONAS'') in respect of directors who are appointees of the holding company/ ultimate holding company.

	Group 2011 RM'000	Group 2010 RM'000	Corporation 2011 RM'000	Corporation 2010 RM'000
(c) Net transfer of ships, offshore floating assets and other property plant and equipment	**958,059**	444,200	**1,005,598**	708,843

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 financial year were as follows:

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Short-term employee benefits	**27,082**	24,421	**8,379**	7,530
Defined contribution plans	**3,510**	3,410	**2,002**	1,800
	30,592	27,831	**10,381**	9,330

Included in the total key management personnel are:

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Directors' remuneration (Note 7)	**11,413**	10,186	**2,603**	2,399

31. Commitments

(a) Capital commitments

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Capital expenditure				
Approved and contracted for:				
Ships, offshore floating assets and other property, plant and equipment	**2,915,663**	3,197,516	**2,084,631**	1,738,318
Information and communication technology	**6,891**	40,546	**3,072**	28,612
Investments	**–**	2,201	**–**	498
Share of capital commitments in jointly controlled entities	**502,882**	354,174	**24,080**	305,424
	3,425,436	3,594,437	**2,111,783**	2,072,852

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31. Commitments (Cont'd.)

(a) Capital commitments (cont'd.)

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Capital expenditure (cont'd.)				
Approved but not contracted for:				
Ships, offshore floating assets and other property, plant and equipment	**5,279,744**	3,310,936	**2,504,609**	2,739,094
Information and communication technology	**12,579**	25,211	**6,826**	11,373
Investments	**524,845**	2,447,318	**524,845**	2,440,568
Share of capital commitments in jointly controlled entities	**942,774**	299,291	**–**	299,291
	6,759,942	6,082,756	**3,036,280**	5,490,326

(b) Non-cancellable operating lease commitments – Group as lessee

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Future minimum rentals payable:				
Not later than 1 year	**169,226**	840,595	**99,034**	278,974
Later than 1 year and not later than 5 years	**1,493,862**	2,018,713	**425,724**	498,260
Later than 5 years	**3,786,478**	2,302,022	**470,871**	507,672
	5,449,566	5,161,330	**995,629**	1,284,906

(c) Non-cancellable operating lease commitments – Group as lessor

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Future minimum rentals receivable:				
Not later than 1 year	**2,932,508**	3,830,505	**835,356**	911,544
Later than 1 year and not later than 5 years	**11,713,452**	14,968,749	**3,291,907**	4,099,552
Later than 5 years	**20,003,320**	17,884,973	**10,200,068**	10,176,874
	34,649,280	36,684,227	**14,327,331**	15,187,970

32. Contingent Liabilities

	Group		Corporation	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Secured				
Bank guarantee extended to a third party	**53,400**	53,400	**–**	–
Unsecured				
Bank guarantees extended to third parties	**39,975**	346,444	**13,429**	53,808
Corporate guarantees given to banks for credit facilities granted to subsidiaries	**–**	–	**6,422,815**	7,232,616

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 (2010: 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 (2010: RM46.7 million).

(b) There is a pending litigation claim made by a third party amounting to USD27.5 million or equivalent to RM83.2 million (2010: 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) Business segments

For management purposes, 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 oil and petrochemical oil product at storage terminals, 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.

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.

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33. Segment Information (Cont'd.)

(b) Business segments (cont'd.)

	Energy related shipping RM'000	Other energy businesses RM'000	Integrated liner logistics RM'000	Non-shipping RM'000	Total RM'000	Eliminations and adjustments RM'000		Consolidated RM'000
31 March 2011								
Revenue								
External sales	6,223,551	3,743,869	2,358,219	–	12,325,639	–		12,325,639
Inter-segment	88,146	1,603,188	158,227	24,865	1,874,426	(1,874,426)	A	–
	6,311,697	5,347,057	2,516,446	24,865	14,200,065	(1,874,426)		12,325,639
Results								
Segment results	1,266,550	636,939	(659,237)	(357,894)	886,358	(52,680)		833,678
Gain on disposal of ships	99,120	–	–	–	99,120	–		99,120
Gain on dilution of interest in MHB	–	–	–	975,479	975,479	424,668		1,400,147
Other operating income	34,994	99,060	90,782	1,899,273	2,124,109	(1,598,823)		525,286
Finance income	47,367	69,362	2,590	411,827	531,146	(381,143)		150,003
Impairment provisions	(515,444)	–	(61,204)	–	(576,648)	–		(576,648)
Finance costs (unallocated)	–	–	–	–	–	–		(346,875)
Share of profit of associates	–	–	1,269	–	1,269	–		1,269
Share of (loss)/profit of jointly controlled entities	(3,451)	157,059	4,675	–	158,283	–		158,283
Profit before taxation								2,244,263
Taxation								(16,875)
Profit after taxation								2,227,388
Minority interests								(356,637)
Net profit attributable to equity holders of the Corporation								1,870,751

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 and adjustments RM'000		Consolidated RM'000
31 March 2011								
Assets								
Ships	**17,539,375**	**–**	**970,930**	**–**	**18,510,305**	**59,163**		**18,569,468**
Offshore floating assets	**–**	**7,064,215**	**–**	**–**	**7,064,215**	**(269,289)**		**6,794,926**
Intangibles	**759,841**	**87,988**	**150**	**720**	**848,699**	**–**		**848,699**
Investment in jointly controlled entities	**185,001**	**2,913,884**	**1,202**	**–**	**3,100,087**	**–**		**3,100,087**
Other assets	**–**	**–**	**–**	**–**	**–**	**–**	**B**	**9,004,293**
Liabilities								
Interest-bearing loans and borrowings	**813,670**	**988,535**	**55,750**	**12,869,942**	**14,727,897**	**(3,472,514)**		**11,255,383**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**C**	**3,995,155**
31 March 2010								
Revenue								
External sales	6,629,666	4,321,288	2,824,120	–	13,775,074	–		13,775,074
Inter-segment	87,516	2,700,023	184,405	28,479	3,000,423	(3,000,423)	**A**	–
	6,717,182	7,021,311	3,008,525	28,479	16,775,497	(3,000,423)		13,775,074
Results								
Segment results	1,661,059	681,666	(1,129,827)	(152,246)	1,060,652	5,589		1,066,241
Loss on disposal of ships	(21,207)	–	–	–	(21,207)	–		(21,207)
Other operating income	27,826	20,003	28,267	1,441,262	1,517,358	(1,318,138)		199,220
Finance income	130,036	12,088	943	444,109	587,176	(536,432)		50,744
Impairment provisions	(36,605)	(280)	(12,697)	–	(49,582)	–		(49,582)
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

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33. Segment Information (Cont'd.)

(b) Business segments (cont'd.)

	Energy related shipping RM'000	Other energy businesses RM'000	Integrated liner logistics RM'000	Non-shipping RM'000	Total RM'000	Eliminations and adjustments RM'000		Consolidated RM'000
31 March 2010								
Assets								
Ships	18,825,601	–	1,179,042	–	20,004,643	52,206		20,056,849
Offshore floating assets	–	6,434,893	–	–	6,434,893	476,324		6,911,217
Intangibles	846,921	115,657	–	720	963,298	–		963,298
Investment in jointly controlled entities	183,830	347,373	20,260	447	551,911	–		551,911
Other assets	–	–	–	–	–	–	**B**	12,576,913
Liabilities								
Interest-bearing loans and borrowings	1,072,246	1,291,145	58,662	16,143,806	18,565,859	(5,794,185)		12,771,674
Other liabilities	–	–	–	–	–	–	**C**	4,252,305

Note

A Inter-segment revenues and transactions are eliminated on consolidation

B Other assets comprises of the following items:

	2011 RM'000	2010 RM'000
Other property, plant and equipment	**1,454,129**	1,299,853
Prepaid lease payments on land and buildings	**82,487**	87,069
Investments in associates	**605**	2,715
Other non-current financial assets	**498,496**	956,229
Finance lease receivable	**212,788**	–
Deferred tax assets	**11,781**	4,803
Inventories	**403,973**	344,560
Trade and other receivables	**2,902,482**	1,993,889
Cash and bank balances	**3,352,727**	7,849,080
Non current assets classified as held for sale	**84,825**	38,715
	9,004,293	12,576,913

33. Segment Information (Cont'd.)

(b) Business segments (cont'd.)

Note (cont'd.)

C Other liabilities comprises the following items:

	2011 RM'000	2010 RM'000
Trade and other payables	**3,739,499**	3,959,362
Provision for taxation	**43,058**	77,539
Liabilities directly associated with disposal group classified as held for sale	**7,739**	–
Deferred tax liabilities	**7,995**	30,149
Other non-current financial liabilities	**196,864**	185,255
	3,995,155	4,252,305

(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 operation 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

The following table provides an analysis of the Group's revenue and carrying amount of segment assets by geographical segments:

	Malaysia RM'000	Asia and Africa RM'000	Europe RM'000	Australasia RM'000	The Americas RM'000	Consolidated RM'000
31 March 2011						
Revenue	**6,862,607**	**1,506,477**	**228,837**	**690,467**	**3,037,251**	**12,325,639**
Segment assets	**28,791,765**	**960,505**	**11,707**	**348,318**	**8,205,178**	**38,317,473**
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

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33. Segment Information (Cont'd.)

(d) Information about major customers

Breakdown of revenue from major customers are as follows:

	2011 RM'000	2010 RM'000
Related companies:		
– Petronas Carigali Turkmenistan Sdn. Bhd.	**2,433,572**	2,563,793
– Malaysia LNG Sdn. Bhd.	**1,971,233**	2,173,145
– Petronas Carigali Sdn. Bhd.	**630,363**	795,729
	5,035,168	5,532,667
Third Parties:		
– Exxon Mobil Group of Companies	**415,327**	459,775
– Conoco Philips	**415,327**	429,123
– Shell Group of Companies	**319,925**	245,213
	1,150,579	1,134,111

34. Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities of the Group and of the Corporation at the reporting 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 2011					
Non-current unquoted shares	18(a)	**36,191**	*	**35,825**	*
Fixed rate:					
Term loans	18(c)	**(863,004)**	(901,409)	**–**	–
Islamic Private Debt Securities	18(c)	**(1,799,856)**	(1,740,612)	**(1,799,856)**	(1,740,612)
US Dollar Guaranteed Notes	18(c)	**(2,108,240)**	(2,326,148)	**–**	–
Loans from subsidiaries	18(c)	**–**	–	**(3,466,098)**	(3,482,830)

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

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Corporation Carrying amount RM'000	Corporation 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)

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

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Non-current quoted shares

Fair value of these non-current quoted shares is determined by reference to stock exchange quoted market bid prices at the reporting 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 borrowings.

(iii) US Dollar Guaranteed Notes

Fair value is determined by reference to stock exchange quoted market prices at the reporting 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 reporting date, and is calculated at the reporting date as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the market rate.

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35. 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 and 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.

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 and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes in place to manage these 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 States 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 77.6% 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 reporting date, the total notional principal amount of interest rate swaps of the Group is RM3,979,933,000 (2010: RM4,557,406,000). The fixed interest rates relating to interest rate swaps at the reporting date range from 2.48% to 5.09% (2010: 2.48% to 5.09%) per annum.

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).

35. Financial Risk Management Objectives and Policies (Cont'd.)

(a) Interest rate risk (cont'd.)

	Increase/ Decrease in LIBOR basis points	Effect on profit before taxation (Decrease)/ Increase RM'000	Effect on equity (Decrease)/ Increase RM'000
Group			
USD – 3 Months LIBOR	+20	(5,123)	(84,866)
USD – 6 Months LIBOR	+30	(87)	(42,287)
USD – 3 Months LIBOR	–20	5,123	84,866
USD – 6 Months LIBOR	–30	87	42,287
Corporation			
USD – 3 Months LIBOR	+20	(4,777)	–
USD – 3 Months LIBOR	–20	4,777	–

As at 31 March 2011, the Group and the Corporation's exposure to the risk of changes in market interest rate relates primarily to the Group and the Corporation's placement of deposits with licensed banks, cash and bank balances, loans to subsidiaries, associates and jointly controlled entities, interest bearing loans and borrowings and loans from subsidiaries, associates and jointly controlled entities.

The interest rate profile of the Group and the Corporation's interest-bearing financial instruments based on carrying amount as at reporting date were as follows:

	Group RM'000	Corporation RM'000
Fixed rate instruments		
Financial assets		
Deposits with licensed banks	3,077,617	868,731
Loans to:		
Subsidiaries	–	1,060,365
Jointly controlled entities	44,496	44,496
Associates	5,450	1,815
Financial liabilities		
Loans and borrowings#	8,738,985	1,799,856
Loans from subsidiaries	–	3,254,665

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35. Financial Risk Management Objectives and Policies (Cont'd.)

(a) Interest rate risk (cont'd.)

The interest rate profile of the Group and the Corporation's interest-bearing financial instruments based on carrying amount as at reporting date were as follows (cont'd.):

	Group RM'000	Corporation RM'000
Floating rate instruments		
Financial assets		
Cash and bank balances	275,110	8,665
Loans to:		
Jointly controlled entities	42,557	–
Financial liabilities		
Loans and borrowings	2,516,398	2,255,510
Loans from subsidiaries	–	211,433

\# The Group had entered into interest rate swap ("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 19.80% (2010: 23.42%) 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 60.90% (2010: 88.39%) 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 streams to be generated from its investments.

The following table demonstrates the sensitivity of the Group 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.

35. Financial Risk Management Objectives and Policies (Cont'd.)

(b) Foreign currency risk (cont'd.)

	Change in currency rate %	Effect on profit before taxation Increase/ (Decrease) RM'000
Group		
USD/RM (functional currency)	+5%	9,380
	–5%	(9,380)
RM/USD (functional currency)	+5%	(185,893)
	–5%	185,893
Corporation		
RM/USD (functional currency)	+5%	(184,681)
	–5%	184,681

The net unhedged financial receivables and payables of the Group and of the Corporation that are not denominated in their functional currencies are as follows:

	Net financial receivables/(payables) held in non-functional currencies						
Functional currency of Group	**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**
At 31 March 2011							
Ringgit Malaysia	**–**	**183,152**	**15,297**	**2,637**	**(14,269)**	**21,240**	**208,057**
United States Dollar	**(319,405)**	**–**	**2,305**	**1,728**	**9,619**	**35,816**	**(269,937)**
	(319,405)	**183,152**	**17,602**	**4,365**	**(4,650)**	**57,056**	**(61,880)**
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

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35. Financial Risk Management Objectives and Policies (Cont'd.)

(b) Foreign currency risk (cont'd.)

The net unhedged financial receivables and payables of the Group and of the Corporation that are not denominated in their functional currencies are as follows (cont'd.):

	Net financial receivables/(payables) held in non-functional currencies						
Functional currency of Corporation	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
At 31 March 2011							
United States Dollar	**(506,081)**	**–**	**1,017**	**9,714**	**842**	**23,600**	**(470,908)**
At 31 March 2010							
United States Dollar	(33,819)	–	7,576	22,504	77,885	(2,692)	71,454

The cash and bank balances of the Group and of the Corporation that are not denominated in their functional currencies are as follows:

	Cash and bank balances held in non-functional currencies						
Functional currency of Group	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
At 31 March 2011							
Ringgit Malaysia	**–**	**10,377**	**–**	**–**	**3,945**	**–**	**14,322**
United States Dollar	**313,842**	**–**	**2,445**	**370**	**(876)**	**6,096**	**321,877**
	313,842	**10,377**	**2,445**	**370**	**3,069**	**6,096**	**336,199**
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

35. Financial Risk Management Objectives and Policies (Cont'd.)

(b) Foreign currency risk (cont'd.)

The cash and bank balances of the Group and of the Corporation that are not denominated in their functional currencies are as follows (cont'd.):

	Cash and bank balances held in non-functional currencies						
Functional currency of Corporation	**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**
At 31 March 2011							
United States Dollar	**295,645**	**–**	**145**	**370**	**(876)**	**(213)**	**295,071**
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 its financial obligations due to shortage of funds. The Group and the Corporation's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group 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 2011, the Group had at its disposal cash and short term deposits amounting to RM3,352,727,000 (2010: RM7,849,080,000). As at 31 March 2011, the Corporation has unutilised Murabahah Commercial Paper/ Medium Term Notes Programme amounting to RM1,700,000,000 (2010: 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.

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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 reporting 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	> 5 years RM'000
Interest-bearing loans and borrowings	11,255,383	12,362,929	1,664,787	3,984,636	3,911,027	2,550,042	186,043	66,394
Trade and other payables	3,739,499	3,739,499	3,739,499	–	–	–	–	–
	14,994,882	**16,102,428**	**5,404,286**	**3,984,636**	**3,911,027**	**2,550,042**	**186,043**	**66,394**

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
Interest-bearing loans and borrowings	7,521,464	8,005,682	1,272,170	3,381,392	3,332,607	19,513
Trade and other payables	2,710,952	2,710,952	2,710,952	–	–	–
	10,232,416	**10,716,634**	**3,983,122**	**3,381,392**	**3,332,607**	**19,513**

Hedging activities

The Group entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate on the term loans of RM3,979,933,000. The interest rate swaps with nominal value of RM3,979,933,000 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	3,979,933	(329,306)	(136,895)	(126,596)	(63,435)	(2,380)

The Group's hedging activities on the interest rate swaps are tested to be effective and during the year a net loss of RM11,609,000 was recognised in equity.

35. Financial Risk Management Objectives and Policies (Cont'd.)

(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 Treasury Investment Guideline 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, investment of surplus funds are made only with highly credit rated counterparties.

At the reporting 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 and is recognised in the statements of financial position.

The Group does not hold any collateral as security.

Trade receivables

The Group and the Corporation determine concentrations of credit risk by monitoring the industry sector profile of their receivables on an ongoing basis. The credit risk concentration profile of the Group and the Corporation's trade receivables at the reporting date is as follows:

	Group RM'000	Corporation RM'000
Energy related shipping	290,489	56,980
Other energy businesses	389,185	3,373
Integrated liner logistics	172,896	74,760
Non shipping	7,249	–
	859,819	135,113

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 ratings in Malaysia.

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35. Financial Risk Management Objectives and Policies (Cont'd.)

(e) Equity price risk

Equity price risk arises from the Group's investments in quoted equity shares listed on the Bursa Malaysia.

The Group has Investment Guidelines to protect its exposure to 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 expectations.

The Group holds equity investments, 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 and Corporation's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was RM373,033,000 (2010: RM336,969,000).

The following table demonstrates the indicative effects on the Group and the Corporation's equity applying reasonably foreseeable market movements in the following index rates:

Group and Corporation	Carrying value RM'000	Weighted average change in index rate %	Effect on equity Increase/ (Decrease) RM'000
Local equities	373,033	+15	55,955
Local equities	373,033	–15	(55,955)

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 continuous supply of bunkers. Due to the significantly higher volatility of the price of the underlying, the Group 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 2011 was RM370,796,000 (2010: 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 2011 and 31 March 2010 are as follows:

		Group		Corporation	
	Note	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Short term borrowings	18(c)	**1,247,261**	3,577,411	**1,061,396**	3,848,980
Long term borrowings	18(c)	**10,008,122**	9,194,263	**6,460,068**	6,433,302
Total debts		**11,255,383**	12,771,674	**7,521,464**	10,282,282
Total equity		**21,911,962**	23,661,972	**16,233,596**	17,817,407
Gross debt equity ratio		**0.51**	0.54	**0.46**	0.58

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.

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37. Subsidiaries and Activities

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2011	Effective interest (%) 2010
MISC Tankers Sdn. Bhd. *(formerly known as 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
Malaysia Marine and Heavy Engineering Holdings Berhad *(formerly known as MSE Holdings Sdn. Bhd.)*	Malaysia	Investment holding	**66.5**	100
Malaysia Marine and Heavy Engineering Sdn. Bhd.	Malaysia	Marine repair, marine conversion and engineering and construction	**66.5**	100
MMHE-SHI LNG Sdn. Bhd.	Malaysia	Agent for LNG vessel repair works	**46.6**	70
MSE Corporation Sdn. Bhd.	Malaysia	In-liquidation	**66.5**	100
Techno Indah Sdn. Bhd.	Malaysia	Sludge disposal management	**66.5**	100
Malaysia Marine and Heavy Engineering (Turkmenistan) Sdn. Bhd.	Malaysia	Dormant	**66.5**	100
MISC Agencies Sdn. Bhd.	Malaysia	Shipping agent and warehousing	**100**	100
MISC Agencies (Sarawak) Sdn. Bhd.	Malaysia	Shipping agent	**65**	65
MISC Agencies (Netherlands) B.V.*	Netherlands	Dormant	**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	Dormant	**100**	100
MISC Agencies India Pte. Ltd.	India	Shipping agent	**60**	60
MISC Agencies (Japan) Ltd.*	Japan	Port and general agent	**100**	100

37. Subsidiaries and Activities (Cont'd.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2011	Effective interest (%) 2010
MISC Agencies (Singapore) Pte. Ltd.*	Singapore	Shipping agent	**100**	100
Leo Launches Pte. Ltd.*	Singapore	Launch operator	**51**	51
MISC Agencies (New Zealand) Ltd.#	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	**67**	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
Malaysian Maritime Academy Sdn. Bhd.	Malaysia	Education and training for seamen and maritime personnel	**100**	100
Puteri Intan Satu (L) Pte. Ltd.	Malaysia	Shipping	**100**	100
Puteri Delima Satu (L) Pte. Ltd.	Malaysia	Shipping	**100**	100
Puteri Nilam Satu (L) Pte. Ltd.	Malaysia	Shipping	**100**	100
Puteri Zamrud Satu (L) Pte. Ltd.	Malaysia	Shipping	**100**	100
Puteri Firus Satu (L) Pte. Ltd.	Malaysia	Shipping	**100**	100
Puteri Mutiara Satu (L) Pte. Ltd.	Malaysia	Shipping	**100**	100
MISC Tanker Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100
MISC Tanker Holdings (Bermuda) Ltd.	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

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37. Subsidiaries and Activities (Cont'd.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2011	2010
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) Pte. Ltd.	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 Ltd.#	United Kingdom	Commercial operation and chartering	**100**	100
AET Offshore Services Inc.	The United States of America	Lightering	**100**	100
AET Agencies Inc.	The United States of America	Property owning	**100**	100
AET Tanker India Pte. Ltd.	India	Shipowning	**100**	100
AET Azerbaijan Ltd.	Azerbaijan	Chartering and operations	**100**	100
AET Tanker Kazakhstan LLP	Kazakhstan	Marine transportation services	**100**	100
AET Shipmanagement (USA) LLC	The United States of America	Ship management	**100**	–
AET Tankers (Suezmax) Pte. Ltd.	Singapore	Own, manage and operate ships	**100**	–
AET Shuttle Tankers Sdn. Bhd. *(formerly known as Timeless Harbour Sdn. Bhd.)*	Malaysia	Own, manage and operate ships	**100**	–
MISC International (L) Ltd.	Malaysia	Investment holding	**100**	100
MISC Offshore Floating Terminals (L) Ltd.	Malaysia	Offshore floating terminals ownership	**100**	100

37. Subsidiaries and Activities (Cont'd.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2011	Effective interest (%) 2010
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 Ltd.*	Nigeria	Dormant	**60**	60
FPSO Ventures Sdn. Bhd.	Malaysia	Operating and and maintaining FPSO terminals	**51**	51
Malaysia Deepwater Floating Terminal (Kikeh) Ltd.	Malaysia	FPSO owner	**51**	51
Malaysia Deepwater Production Contractors Sdn. Bhd.	Malaysia	Operating and and maintaining FPSO terminals	**51**	51
Bunga Kasturi (L) Pte. Ltd.	Malaysia	Shipowning	**100**	100
MISC Floating Production System (Gumusut) Ltd.	Malaysia	Dormant	**100**	100
Malaysia Offshore Mobile Production (Labuan) Ltd.	Malaysia	Mobile offshore production unit owner	**80**	70
MTTI Sdn. Bhd. *(formerly known as Magna Conglomerate Sdn. Bhd.)*	Malaysia	Investment holding	**100**	–
MISC PNG Shipping (L) Ltd.	Malaysia	Investment holding	**100**	–
Western Pacific Shipping Ltd.	Bermuda	Providing shipping solutions to meet LNG Project requirements and also supports other general shipping requirements of Papua New Guinea.	**60**	–
MISC Agencies (Thailand) Co. Ltd.	Thailand	Shipping agent	**100**	49

* Audited by firms of auditors other than Ernst & Young
# Audited by affiliates of Ernst & Young Malaysia

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38. Associates and Activities

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2011	2010
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 (Lanka) Pte. Ltd.	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 Corp.	Philippines	Recruitment and provision of manpower for maritime vessels	**24**	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 2011 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 (%) 2011	2010
Malaysia Vietnam Offshore Terminal (L) Ltd.***	Malaysia	FSO owner	**51**	51
Vietnam Offshore Floating Terminal (Ruby) Ltd.***	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

39. Jointly Controlled Entities and Activities (Cont'd.)

Name of company	Country of incorporation	Principal activities	Effective interest (%) 2011	Effective interest (%) 2010
MMHE-TPGM Sdn. Bhd.***	Malaysia	Provision of engineering, procurement, construction and commissioning	**40**	60
MMHE-ATB Sdn. Bhd.	Malaysia	Manufacturing works of pressure vessels and tube heat exchangers	**27**	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 and maintaining FPSO terminals	**49**	49
Operacoes Maritamas em Mar Profundo Brasileiro Ltda***	Brazil	Operating and and maintaining FPSO terminals	**49**	49
Brazilian Deepwater Floating Terminals Ltd.***	Bermuda	Construction of FPSO	**49**	49
Brazilian Deepwater Production Ltd.***	Bermuda	Chartering of FPSO	**49**	49
Brazilian Deepwater Production Contractors Ltd.***	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
Asia Tank Terminal Ltd.	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**	49
PFLNG Solutions Ltd.***	Malaysia	In-liquidation	**30**	30
VTTI B.V.	Netherlands	Owning (in whole or in part), operating and managing a network of oil product storage terminals and refineries	**50**	–

*** Even though 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.

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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
VTTI B.V.	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 2010 and 31 December 2010 have been used and management accounts up to 31 March 2011 have been used for transactions up to 31 March 2011.

40. Change of Financial Year End

The Group and the Corporation will change their financial year end from 31 March to 31 December effective after the close of financial year 31 March 2011. Accordingly, the financial statements of the Group and the Corporation shall cover 9 months financial period ending 31 December 2011.

Thereafter, the financial year end of the Group and the Corporation will revert to 12 months from 1 January to 31 December.

41. Significant Events

a. MISC had, on 8 April 2010, announced its intention to list its subsidiary, Malaysia Marine & Heavy Engineering Holdings Berhad ("MHB") on the Main Market of Bursa Malaysia. The Proposed IPO comprised of two sub-schemes i.e. the Proposed Offer for Sale and the Proposed Public Issue.

   Upon completion on 29 October 2010, the Corporation sold 20.48% of its equity interest in Malaysia Marine and Heavy Engineering Holdings Berhad ('MHB") to institutional investors and disposed 13.02% of its shareholding in MHB to the public via initial public offering of MHB on the Main Market of Bursa Malaysia. The combined sale and disposal of equity interest in MHB led to a 33.5% dilution of the Corporation's interest in MHB.

41. Significant Events (Cont'd.)

b. MISC, via its wholly owned subsidiary, MTTI Sdn. Bhd. had, on 17 May 2010, entered into a conditional Sale and Purchase Agreement ("SPA") with Martank B.V. ("Martank"), a wholly-owned subsidiary of Vitol Holding B.V. ("Vitol") for the acquisition of 50% of the issued share capital of VTTI B.V. for a cash consideration of USD735 million.

   The USD735 million purchase consideration was however subject to price adjustment, taking into account capital expenditure, working capital and other items agreed by both parties.

   The transaction was completed on 7 September 2010 at a net purchase consideration of USD839 million.

   As a result of the acquisition, MISC's shareholding in relation to Asia Tank Terminal Limited ("ATTL") had also been disposed to VTTI Tanjung Bin S.A. for a sum of USD42 million and the JVA between MISC, MISC International (L) Limited, VTTI and VTTI Tanjung Bin S.A. was terminated.

c. As part of the Group's initiative to deliver more comprehensive global oil transportation services to its customers in the petroleum shipping industry, MISC, via its wholly-owned subsidiary, AET Inc Limited ("AET") had, on 25 June 2010, signed a newbuilding contract of four new 158,000 dwt Suezmax tankers at a cost of USD67.8 million each with Samsung Heavy Industries Co. Ltd of Korea.

   The tankers are expected to be delivered between April and October 2012.

d. On 20 July 2010, AET signed a newbuilding contract with Daewoo Shipbuilding & Marine Engineering Co. Ltd (DSME) of Korea for the purchase of four new 320,000 dwt Very Large Crude Carriers ("VLCC").

   The total consideration of the newbuilding contract, based on the price of the vessels, costs of modifications and enhancements to meet AET's requirements is approximately USD430 million. The tankers will be delivered between December 2012 and October 2013.

e. On 4 August 2010, MISC Agencies Sdn. Bhd. ("MISA"), MISC Agencies (Singapore) Pte. Ltd. ("MISAS") and MISC Agencies (Australia) Pty. Ltd. ("MISAU"), wholly owned subsidiaries of the Corporation, had acquired the remaining 51% equity interest in MISC Agencies (Thailand) Co. Ltd. ("MISAT") for a purchase consideration of RM951,000 (Baht 9,550,000). The shares were acquired by three subsidiaries to comply with Thailand's regulations of having a minimum of three shareholders in the company.

   Prior to the acquisition, MISA, Saha Decha Ltd. and Business Guardian Co. Ltd. held 49%, 40% and 11% equity in MISAT respectively.

42. Subsequent Event

On 5 May 2011, the Corporation completed the disposal of its 2,200 cbm LPG carrier built in 1991 i.e. Pernas Butane to PT Pelayaran Usahagas Elpindo at a sale price of USD2.95 million.

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43. Supplementary Information – Breakdown of Retained Profits into Realised and Unrealised

The breakdown of the retained profits of the Group and of the Corporation as at 31 March 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group	Corporation
	2011 RM'000	**2011 RM'000**
Total retained profits of MISC Group and its subsidiaries:		
– Realised	17,182,898	9,338,982
– Unrealised	(204,443)	(194,463)
	16,978,455	**9,144,519**
Total share of retained loss from associates:		
– Realised	(1,891)	–
– Unrealised	(54)	–
	(1,945)	**–**
Total share of retained profits from jointly controlled entities:		
– Realised	185,429	–
– Unrealised	(158)	–
	185,271	**–**
Total retained profits	**17,161,781**	**9,144,519**
Less: Consolidation adjustments	(2,953,194)	–
Retained profits as per financial statements	**14,208,587**	**9,144,519**

Properties Owned by MISC Berhad and Its Subsidiaries as at 31 March 2011

No.	Location	Description	Tenure & Year Lease Expires	Area in sq. ft.	Existing Use	Age of Building/ 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	20	73,346
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	4	121,103
3.	Plot 2 P.T. 2113 Air Keroh Industrial Estate Melaka	Land & Container Yard	Leasehold/ 2091	241,326	Office Building & Container Yard	19	3,460
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	19	31,845
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	18	25,057
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	16	1,793
7.	PTD 22805 Mukim Plentong, Johor Bahru	Land, Shipyard	Leasehold/ 2040	13,115,306	Ship repair, Shipbuilding & Engineering Fabrication Yards, Ancillary Facilities & Office Buildings	31	36,921
8.	PTD 11549 Mukim Plentong Johor Bahru	Land, shipyard	Leasehold/ 2075	522,720		35	1,122
9.	PTD 65615 Mukim Plentong, Johor Bahru	Land	Leasehold/ 2044	698,266	Staff Quarters	27	3,329
10.	PTD 65618 Mukim Plentong, Johor Bahru	Land	Leasehold/ 2044	587,624	Staff Quarters	27	2,801
11.	PTD 65619 Mukim Plentong, Johor Bahru	Land	Leasehold/ 2044	128,502	Staff Quarters	27	613
12.	PTD 65616 Mukim Plentong, Johor Bahru	Land	Leasehold/ 2044	169,884	Vacant	27	810
13.	PTD 65617 Mukim Plentong, Johor Bahru	Land	Leasehold/ 2044	374,180	Vacant	27	1,784

Properties Owned by MISC Berhad and Its Subsidiaries as at 31 March 2011

No.	Location	Description	Tenure & Year Lease Expires	Area in sq. ft.	Existing Use	Age of Building/ Land (Years)	Approx. Net Book Value (RM'000)
14.	Pasir Gudang, Industrial Estate 81707 Pasir Gudang, Johor (erected on Land 7 and 8 above)	Warehouse, Workshops and Office Buildings	Leasehold/ 2040/2075	1,956,881	Ship repair, Shipbuilding & Engineering Fabrication Yards, Ancillary Facilities & Office Buildings	34	621,771
15.	Rumah Pangsa MMHE 81700 Pasir Gudang (erected on Land 9 to 11 above)	4-storey Residential flats	Leasehold/ 2044	383,559	Staff Quarters	33	2,586
16.	PTD 101363, Mukim Plentong, Johor Bahru	Land	Leasehold/ 2039	2,567,862	Storage Area	2	19,734
17.	Lot 76, Mukim Kuala Sungei Baru, Alor Gajah, Melaka	Villas and Boathouse	Leasehold/ 2016	463,641	Akademi Laut Malaysia, Melaka Campus	2	2,729
18.	Tingkat Bawah dan Tingkat 1, Wisma Takada Jalan Gaya, Lorong EWAN 88000 Kota Kinabalu	Office Premises	Leasehold/ 2092	6,000	Office	17	1,172
19.	305, The Collonades Porchester Square Bayswater, London W2 6AS	Apartment	Leasehold/ 2073	1,200	For Staff	19	2,332
20.	Town Quay Wharf Barking Essex London	Office Building	Leasehold/ 2990	10,000	Office	17	3,428
21.	447, Kent Street Sydney, Australia	Land & Building (Including 2 basement car parks)	Freehold	3,767	Office	17	1,944
22.	Suite 40, Albert Square 37-39 Albert Road Melbourne 3004 Australia	Land & Building (Including 15 basement car parks)	Freehold	11,470	Office	32	2,407
23.	Galveston, Texas, USA	Land & Office	Freehold	290,415	Workboats, Dockage & Lightering Support Operation	42	4,562
24.	Rivium 1e straat 42 2909 LE Capelle ann den IJssel, Netherland	Land & Office	Freehold	21,140	Office	13	8,697

List of Vessels
as at 31 March 2011

LNG CARRIERS

Class	Total	Vessel	Built	Age	Yard	dwt	Flag
Aman Class	3	AMAN BINTULU	1993	18	NKK, Tsu, Japan	11,001	Malaysia
		AMAN SENDAI	1997	14	NKK, Tsu, Japan	10,957	Malaysia
		AMAN HAKATA	1998	13	NKK, Tsu, Japan	10,951	Malaysia
Tenaga Class	5	TENAGA SATU	1982	29	Societe Metallurgique Et Navale Dunkerque, France	71,580	Malaysia
		TENAGA DUA	1981	30	Societe Metallurgique Et Navale Dunkerque, France	71,580	Malaysia
		TENAGA TIGA	1981	30	Societe Metallurgique Et Navale Dunkerque, France	72,083	Malaysia
		TENAGA EMPAT	1981	30	Chantiers De Nord Industrielle Marseile, France	72,083	Malaysia
		TENAGA LIMA	1981	30	Chantiers De Nord Industrielle Marseile, France	71,585	Malaysia
Puteri Class	5	PUTERI INTAN	1994	17	Chantiers de l'Atlantique, France	73,519	Malaysia
		PUTERI DELIMA	1995	16	Chantiers de l'Atlantique, France	73,519	Malaysia
		PUTERI NILAM	1995	16	Chantiers de l'Atlantique, France	73,519	Malaysia
		PUTERI ZAMRUD	1996	15	Chantiers de l'Atlantique, France	73,519	Malaysia
		PUTERI FIRUS	1997	14	Chantiers de l'Atlantique, France	73,519	Malaysia
Puteri Satu Class	6	PUTERI INTAN SATU	2002	9	Mitsubishi Heavy Industries, Japan	75,849	Malaysia
		PUTERI DELIMA SATU	2002	9	Mitsui Engineering & Shipbuilding Co., Japan	76,190	Malaysia
		PUTERI NILAM SATU	2003	8	Mitsubishi Heavy Industries, Japan	76,124	Malaysia
		PUTERI ZAMRUD SATU	2004	7	Mitsui Engineering & Shipbuilding Co., Japan	76,144	Malaysia
		PUTERI FIRUS SATU	2004	7	Mitsubishi Heavy Industries, Japan	76,197	Malaysia
		PUTERI MUTIARA SATU	2005	6	Mitsui Engineering & Shipbuilding Co., Japan	76,144	Malaysia
Seri A Class	5	SERI ALAM	2005	6	Samsung Heavy Industries Co. Ltd., Korea	83,824	Malaysia
		SERI AMANAH	2006	5	Samsung Heavy Industries Co. Ltd., Korea	83,400	Malaysia
		SERI ANGGUN	2006	5	Samsung Heavy Industries Co. Ltd., Korea	83,395	Malaysia
		SERI ANGKASA	2006	5	Samsung Heavy Industries Co. Ltd., Korea	83,403	Malaysia
		SERI AYU	2007	4	Samsung Heavy Industries Co. Ltd., Korea	83,366	Malaysia
Seri B Class	5	SERI BAKTI	2007	4	Mitsubishi Heavy Industries, Japan	90,065	Malaysia
		SERI BEGAWAN	2007	4	Mitsubishi Heavy Industries, Japan	89,902	Malaysia
		SERI BIJAKSANA	2008	3	Mitsubishi Heavy Industries, Japan	89,953	Malaysia
		SERI BALHAF	2008	3	Mitsubishi Heavy Industries, Japan	91,201	Malaysia
		SERI BALQIS	2009	2	Mitsubishi Heavy Industries, Japan	91,198	Malaysia
Total Owned	29					**2,085,770**	

List of Vessels
as at 31 March 2011

PETROLEUM TANKERS

Type	Total	Vessel	Built	Age	Yard	dwt	Flag
VLCC	9	BUNGA KASTURI	2003	8	Universal Shipbuilding Corporation, Japan	299,999	Malaysia
		BUNGA KASTURI DUA	2005	6	Universal Shipbuilding Corporation, Japan	300,542	Malaysia
		BUNGA KASTURI TIGA	2006	5	Universal Shipbuilding Corporation, Japan	300,398	Malaysia
		BUNGA KASTURI EMPAT	2007	4	Universal Shipbuilding Corporation, Japan	300,325	Malaysia
		BUNGA KASTURI LIMA	2007	4	Universal Shipbuilding Corporation, Japan	300,246	Malaysia
		BUNGA KASTURI ENAM	2008	3	Universal Shipbuilding Corporation, Japan	299,319	Malaysia
		EAGLE VIENNA	2004	7	Hyundai Heavy Industries Corp. Ltd., Korea	306,999	Malaysia
		EAGLE VENICE	2005	6	Samsung Heavy Industries Co. Ltd., Korea	299,984	Malaysia
		EAGLE VALENCIA	2005	6	Samsung Heavy Industries Co. Ltd., Korea	306,998	Singapore
Aframax	37	BUNGA KELANA SATU	1997	14	Hyundai Heavy Industries Corp. Ltd., Korea	105,884	Malaysia
		BUNGA KELANA DUA	1997	14	Hyundai Heavy Industries Corp. Ltd., Korea	105,976	Malaysia
		BUNGA KELANA 3	1998	13	Hyundai Heavy Industries Corp. Ltd., Korea	105,784	Malaysia
		BUNGA KELANA 4	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	105,815	Malaysia
		BUNGA KELANA 5	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	105,788	Malaysia
		BUNGA KELANA 6	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	105,815	Malaysia
		BUNGA KELANA 7	2004	7	Samsung Heavy Industries Co. Ltd., Korea	105,194	Malaysia
		BUNGA KELANA 8	2004	7	Samsung Heavy Industries Co. Ltd., Korea	105,174	Malaysia
		BUNGA KELANA 9	2004	7	Samsung Heavy Industries Co. Ltd., Korea	105,200	Malaysia
		BUNGA KELANA 10	2004	7	Samsung Heavy Industries Co. Ltd., Korea	105,274	Malaysia
		EAGLE COLUMBUS	1997	14	Koyo Dockyard Co. Ltd., Japan	107,166	Singapore
		EAGLE CHARLOTTE	1997	14	Koyo Dockyard Co. Ltd., Japan	107,169	Singapore
		EAGLE PHOENIX	1998	13	Namura Shipbuilding Co. Ltd., Japan	106,127	Singapore
		EAGLE AUSTIN	1998	13	Samsung Heavy Industries Co. Ltd., Korea	105,426	Singapore
		EAGLE ALBANY	1998	13	Koyo Dockyard Co. Ltd., Japan	107,160	Singapore
		EAGLE AUGUSTA	1999	12	Samsung Heavy Industries Co. Ltd., Korea	105,345	Singapore
		EAGLE ANAHEIM	1999	12	Koyo Dockyard Co. Ltd., Japan	107,160	Singapore
		EAGLE ATLANTA	1999	12	Koyo Dockyard Co. Ltd., Japan	107,160	Singapore
		EAGLE TACOMA	2002	9	Imabari Shipbuilding Co. Ltd., Japan	107,123	Singapore
		EAGLE TOLEDO	2003	8	Imabari Shipbuilding Co. Ltd., Japan	107,092	Singapore
		EAGLE TRENTON	2003	8	Imabari Shipbuilding Co. Ltd., Japan	107,123	Singapore
		EAGLE TUCSON	2003	8	Imabari Shipbuilding Co. Ltd., Japan	107,123	Singapore
		EAGLE TAMPA	2003	8	Imabari Shipbuilding Co. Ltd., Japan	107,123	Singapore
		EAGLE TORRANCE	2007	4	Imabari Shipbuilding Co. Ltd., Japan	107,123	Singapore
		EAGLE TURIN	2008	3	Imabari Shipbuilding Co. Ltd., Japan	107,123	Singapore
		EAGLE KUCHING	2009	2	Tsuneishi Holdings Corporation, Japan	107,481	Singapore
		EAGLE KUANTAN	2010	1	Tsuneishi Holdings Corporation, Japan	107,481	Singapore
		PARAMOUNT HANOVER	2010	1	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,014	Isle of Man
		EAGLE KANGAR	2010	1	Tsuneishi Holdings Corporation, Japan	107,481	Singapore

PETROLEUM TANKERS (Cont'd.)

Type	Total	Vessel	Built	Age	Yard	dwt	Flag
Aframax (cont'd)		PARAMOUNT HELSINKI	2010	1	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,014	Isle of Man
		PARAMOUNT HAMILTON	2010	1	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,014	Isle of Man
		EAGLE KLANG	2010	1	Tsuneishi Holdings Corporation, Japan	107,481	Singapore
		PARAMOUNT HATTERAS	2010	1	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,164	Isle of Man
		PARAMOUNT HALIFAX	2010	1	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,164	Isle of Man
		PARAMOUNT HYDRA	2011	0	Sungdong Shipbuilding and Marine Engineering Co. Ltd., Korea	114,164	Isle of Man
		EAGLE KINABALU	2011	0	Tsuneishi Holdings Corporation, Japan	107,481	Singapore
		BUNGA KENANGA	2000	11	Samsung Heavy Industries Co. Ltd., Korea	73,096	Malaysia
CPP	4	EAGLE MEERUT	1995	16	Hyundai Heavy Industries Corp. Ltd., Korea	29,990	India
		AET GALA	2010	1	Okskaya Sudoverf Joint Stock Company, Russia	6,650	Marshall Islands
		AET SANJAR	2010	1	Okskaya Sudoverf Joint Stock Company, Russia	6,650	Marshall Islands
		AET NISSA	2010	1	Okskaya Sudoverf Joint Stock Company, Russia	6,650	Marshall Islands
Total Owned	50					6,718,232	
In-chartered							
VLCC	4	BLUE TOPAZ	2010	1	Daewoo Shipbuilding and Marine Engineering	321,243	Marshall Islands
		DESH VIRAAT	2008	3	Daewoo Shipbuilding and Marine Engineering	320,412	India
		EAGLE VERMONT	2002	9	Hyundai Heavy Industries Corp. Ltd., Korea	299,999	Singapore
		EAGLE VIRGINIA	2002	9	Hyundai Heavy Industries Corp. Ltd., Korea	306,999	Singapore
Aframax	23	EAGLE CARINA	1992	19	Imabari Shipbuilding Co. Ltd., Japan	95,639	Singapore
		EAGLE CENTAURUS	1992	19	Imabari Shipbuilding Co. Ltd., Japan	95,644	Singapore
		EAGLE CORONA	1993	18	Imabari Shipbuilding Co. Ltd., Japan	95,639	Singapore
		EAGLE AURIGA	1993	18	Shin Kurushima Dockyard Co. Ltd., Japan	102,352	Singapore
		EAGLE SUBARU	1994	17	Koyo Dockyard Co. Ltd., Japan	95,675	Singapore
		EAGLE OTOME	1994	17	Koyo Dockyard Co. Ltd., Japan	95,663	Singapore
		EAGLE BALTIMORE	1996	15	Samsung Heavy Industries Co. Ltd., Korea	99,406	Singapore
		EAGLE BEAUMONT	1996	15	Samsung Heavy Industries Co. Ltd., Korea	99,449	Singapore
		EAGLE BOSTON	1996	15	Samsung Heavy Industries Co. Ltd., Korea	99,328	Singapore
		EAGLE BIRMINGHAM	1997	14	Samsung Heavy Industries Co. Ltd., Korea	99,343	Singapore
		NASSAU SPIRIT	1998	13	Imabari Shipbuilding Co. Ltd., Japan	104,999	Bahamas

List of Vessels
as at 31 March 2011

PETROLEUM TANKERS (Cont'd.)

Type	Total	Vessel	Built	Age	Yard	dwt	Flag
Aframax (cont'd.)		EAGLE SEVILLE	1999	12	Samsung Heavy Industries Co. Ltd., Korea	104,556	Singapore
		EAGLE SIBU	1999	12	Samsung Heavy Industries Co. Ltd., Korea	105,364	Singapore
		KOA SPIRIT	1999	12	Samsung Heavy Industries Co. Ltd., Korea	113,333	Bahamas
		EAGLE STEALTH	2001	10	Sumitomo Heavy Industries, Japan	99,976	Marshall Islands
		ETC RAMSIS	2003	8	Mitsui Engineering & Shipbuilding	110,673	Liberia
		SANKO BLOSSOM	2005	6	Sumitomo Heavy Industries, Japan	105,699	Panama
		INTREPID RELIANCE	2006	5	Namura Shipbuilding, Japan	104,403	Marshall Islands
		JAG LYALL	2006	5	Da Lian Shipping Industry Co., Ltd	110,537	India
		EAGLE SAPPORO	2008	3	Mitsui Engineering & Shipbuilding Co., Japan	110,448	Singapore
		PACIFIC EMPIRE	2008	3	Sasebo Heavy Industries	115,577	Hong Kong
		EAGLE STAVANGER	2009	2	Sumitomo Heavy Industries, Japan	105,355	Panama
		EAGLE SYDNEY	2009	2	Sumitomo Heavy Industries, Japan	105,419	Panama
Shuttle	1	CASPIAN SPRINTER	1999	12	Nizhny Novgorod Shipyard	7,970	Russia
MR2	4	EAGLE MIRI	2008	3	STX Offshore & Shipbuilding Co. Ltd., Korea	46,195	Panama
		EAGLE MADRID	2008	3	STX Offshore & Shipbuilding Co. Ltd., Korea	46,197	Panama
		EAGLE MILAN	2010	1	Naikai Zosen, Japan	46,549	Panama
		EAGLE MATSUYAMA	2010	1	Shin Kurishima Dockyard Co. Ltd.	45,942	Panama
Total In-Chartered	32					3,495,571	
Total	82					10,213,803	

CONTAINERSHIPS

Type	Total	Vessel	Built	Age	Yard	dwt	Flag
Above 5000 TEUs	2	BUNGA SEROJA SATU	2006	5	Daewoo Heavy Industries, Ltd., Korea	103,717	Malaysia
		BUNGA SEROJA DUA	2006	5	Daewoo Heavy Industries, Ltd., Korea	103,773	Malaysia
3000-5000 TEUs	3	BUNGA PELANGI DUA	1995	16	Hyundai Heavy Industries Corp. Ltd., Korea	65,318	Malaysia
		BUNGA RAYA SATU	1998	13	Hyundai Heavy Industries Corp. Ltd., Korea	48,304	Malaysia
		BUNGA RAYA DUA	1998	13	Hyundai Heavy Industries Corp. Ltd., Korea	48,244	Malaysia
1000-3000 TEUs	8	BUNGA BIDARA	1990	21	China Shipbuilding Corporation, China	23,518	Malaysia
		BUNGA DELIMA	1990	21	China Shipbuilding Corporation, China	23,584	Malaysia
		BUNGA KENARI	1991	20	China Shipbuilding Corporation, China	23,576	Malaysia
		BUNGA TERASEK	1991	20	China Shipbuilding Corporation, China	24,073	Malaysia
		BUNGA TERATAI	1998	13	Daewoo Heavy Industries, Ltd., Korea	24,612	Malaysia
		BUNGA TERATAI DUA	1998	13	Daewoo Heavy Industries, Ltd., Korea	24,554	Malaysia
		BUNGA TERATAI 3	1998	13	Daewoo Heavy Industries, Ltd., Korea	24,554	Malaysia
		BUNGA TERATAI 4	1998	13	Daewoo Heavy Industries, Ltd., Korea	24,561	Malaysia
Less than 1000 TEUs	5	BUNGA MAS ENAM	1997	14	Malaysia Shipyard & Engineering, Malaysia	8,668	Malaysia
		BUNGA MAS 9	1998	13	Kyokuyo Shipyard Corporation, Japan	12,250	Malaysia
		BUNGA MAS 10	1998	13	Kyokuyo Shipyard Corporation, Japan	12,288	Malaysia
		BUNGA MAS 11	1998	13	Hanjin Heavy Industries Corp. Ltd., Korea	10,326	Malaysia
		BUNGA MAS 12	1999	12	Hanjin Heavy Industries Corp. Ltd., Korea	10,313	Malaysia
Total Owned	18					616,233	
In-chartered							
Containerships	15	NORTHERN DIVINITY	1997	14	Hyundai Heavy Industries Corp. Ltd., Korea	44,700	Liberia
		BUNGA RAYA TIGA	2004	7	Samsung Heavy Industries Co. Ltd., Korea	50,632	Liberia
		BUNGA RAYA EMPAT	2009	2	Daewoo Heavy Industries, Ltd., Korea	54,384	Antigua
		BUNGA RAYA LIMA	2009	2	Daewoo Heavy Industries, Ltd., Korea	54,405	Antigua
		BUNGA RAYA LAPAN	2008	3	Samsung Heavy Industries Co. Ltd., Korea	50,681	Panama
		SEROJA TIGA	2010	1	Mitsubishi Heavy Industries, Japan	90,388	Panama
		SEROJA EMPAT	2010	1	Mitsubishi Heavy Industries, Japan	90,388	Panama
		LARENTIA	2005	6	Blohm & Voss, Hamburg	37,900	Liberia
		BUNGA RAYA DUA BELAS	2005	6	HYNDAY SAMHO	52,828	Liberia
		TATIANA SCHULTE	2005	6	Hyundai Mipo, South Korea	39,359	Germany
		PASSAT SPRING	2006	5	Stocznia Gdanska,Poland	39,083	Panama
		ORINOCO RIVER	2007	4	Wuhan Shipyard	13,690	Cyprus
		VEGA GOTLAND	2006	5	Kouan Shipyard	13,803	Antigua
		SEROJA LIMA	2011	1	Mitsubishi Heavy Industries, Japan	90,388	Panama
		COSCO KAWASAKI	2008	3	Samsung Heavy Industries Co. Ltd., Korea	50,686	Panama
Total In-Chartered	15					773,315	
Total	33					1,389,548	

List of Vessels
as at 31 March 2011

CHEMICAL TANKERS

Class	Total	Vessel	Built	Age	Yard	dwt	Flag
Melati Class	7	BUNGA MELATI SATU	1997	14	Hyundai Heavy Industries Corp. Ltd., Korea	32,127	Malaysia
		BUNGA MELATI DUA	1997	14	Hyundai Heavy Industries Corp. Ltd., Korea	32,169	Malaysia
		BUNGA MELATI 3	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	31,983	Malaysia
		BUNGA MELATI 4	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	31,967	Malaysia
		BUNGA MELATI 5	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	31,975	Malaysia
		BUNGA MELATI 6	2000	11	Hyundai Heavy Industries Corp. Ltd., Korea	31,981	Malaysia
		BUNGA MELATI 7	2000	11	Hyundai Heavy Industries Corp. Ltd., Korea	31,972	Malaysia
A Class	8	BUNGA AKASIA	2009	2	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA ALAMANDA	2009	2	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA ALLIUM	2010	1	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA ALPINIA	2010	1	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA ANGSANA	2010	1	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA ANGELICA	2010	1	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA AZALEA	2010	1	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
		BUNGA ASTER	2010	1	STX Offshore & Shipbuilding Co. Ltd., Korea	38,000	Malaysia
B Class	3	BUNGA BAKAWALI	2010	1	SLS Shipbuilding Co. Ltd., Korea	45,000	Malaysia
		BUNGA BALSAM	2010	1	SLS Shipbuilding Co. Ltd., Korea	45,000	Malaysia
		BUNGA BANYAN	2010	1	SLS Shipbuilding Co. Ltd., Korea	45,000	Malaysia
Total Owned	18					663,174	
In-chartered							
Chemical Tankers	10	BUNGA KANTAN SATU	2005	6	Fukuoka Shipyard, Japan	19,774	Singapore
		BUNGA KANTAN DUA	2005	6	Fukuoka Shipyard, Japan	19,774	Singapore
		BUNGA KANTAN TIGA	2005	6	Fukuoka Shipyard, Japan	19,774	Singapore
		NAVIG8 SUCCESS	2009	2	SPP Shipbuilding, Korea	19,110	Marshall Island
		ALPINE MAGNOLIA (GLENDA)	2009	2	SPP Shipbuilding, Korea	47,128	Singapore
		EVA SCHULTE	2010	1	Jiangzi Jiangzhou Unite Shipbuilding Co. Ltd., China	16,621	Singapore
		EVERHARD SCHULTE	2010	1	Jiangzi Jiangzhou Unite Shipbuilding Co. Ltd., China	16,621	Singapore
		BUNGA LAUREL	2010	1	Fukuoka Shipyard, Japan	19,000	Panama
		BUNGA LAVENDER	2010	1	Fukuoka Shipyard, Japan	19,000	Panama
		STX Ace 7	2007	4	STX Offshore & Shipbuilding Co. Ltd., Korea	46,140	Panama
Total In-Chartered	10					242,942	
Total	28					906,116	

OTHER VESSELS

Type	Total	Vessel	Built	Age	Yard	dwt	Flag
LPG	3	KONSEP MAJU	1995	16	Watanabe Shipyard, Japan	4,999	Malaysia
		PERNAS BUTANE	1992	19	Shin Kurushima Dockyard, Japan	2,213	Malaysia
		BUNGA KEKWA	1995	16	Fukuoka Shipbuilding, Japan	3,052	Malaysia
Dry Bulk	1	BUNGA SAGA 9	1999	12	Hyundai Heavy Industries Corp. Ltd., Korea	73,127	Malaysia
Total Owned	4					83,391	
In-chartered	1	BUNGA KEMBOJA	1998	13	Mitsubishi Heavy Industries, Japan	20,613	Marshall Island
Total In-Chartered	1					20,613	
Total	5					104,004	

List of Vessels
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OFFSHORE FLOATING FACILITIES

Type	Total	Facility	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	2,020,000
		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	10				–	3,331,182

					Gross Registered Tonnage (MT)
Mobile Offshore Production Unit (MOPU)	2	MOPU SATU***	2010	Malaysia Marine and Heavy Engineering, Malaysia	3,268
		MOPU DUA***	2011	Malaysia Marine and Heavy Engineering, Malaysia	5,268
Total	2				8,536
Total Offshore Facilities	12				

* Jointly owned with Single Buoy Mooring (SBM)

** Jointly owned with Petroleum Technical Services Corporation (PTSC)

*** Jointly owned with Global Process Systems (GPS)

MISC Offices Around the World

1. MISC Head Office

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or
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Tel: +603 2264 0888 Fax: +603 2273 6602 www.misc.com.my

2. AET Offshore Services Inc
1301 Pelican Island Block #2
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United States of America
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Fax +1 (409) 7401 280

3. AET Shipmanagement (Malaysia) Sdn. Bhd.
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4. AET Tankers Pte. Ltd.
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5. AET UK Limited
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Fax +44 20 7987 7642

6. AET Shipmanagement (Singapore) Pte. Ltd.
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Keppel Bay Tower, Singapore 098632
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7. Asia LNG Transport Sdn. Bhd. and Asia LNG Transport Dua Sdn. Bhd.
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8. FPSO Ventures Sdn. Bhd.
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50450 Kuala Lumpur, Malaysia
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Fax +603 2161 6199

9. 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

10. 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

11. Malaysia Marine and Heavy Engineering Holdings Berhad
Level 31, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2273 0266
Fax +603 2273 8916

MISC Offices Around the World

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 4942 (Engineering and Construction)
+607 251 4249 (Marine Conversion)
+607 251 3740 (Marine Repair)

Branch Office in Singapore:
2, Boon Leat Terrace
#05-03, Harbourside 2 Industrial Building
Singapore 119844
Tel +65 6220 7944/5
Fax +65 6224 3967

13. MMHE-SHI LNG Sdn. Bhd.
PLO 3, Jalan Pekeliling
P.O. Box 77
81700 Pasir Gudang
Johor, Malaysia
Tel +607 268 1903
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.
Registered Office:
Level 31, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2273 0266
Fax +603 2273 8916

Branch Office in Turkmenistan:
Level 6, Garagum Bank Building
126, Turkmenbashy Shayoly
Ashgabat, 744000 Turkmenistan
Tel +99312 45 63 74
Fax +99312 45 63 55

16. Techno Indah Sdn. Bhd.
PLO 3, Jalan Pekeliling
P.O. Box 77
81700 Pasir Gudang
Johor, Malaysia
Tel +607 2682 891/2
Fax +607 2783 037

17. Armada Akses Sdn. Bhd.
(to be renamed as Technip MHB Hull Engineering Sdn. Bhd.)
2nd Floor, Wisma Technip
241, Jalan Tun Razak
50400 Kuala Lumpur
Tel +603 2116 7888
Fax +603 2116 7999

18. Malaysian Maritime Academy Sdn. Bhd.
Batu 30, Tanjung Dahan
78200 Kuala Sungai Baru
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, 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 3176 4669
Fax +603 3176 2197

23. Keer – MISC Logistics Co. Ltd.
No. 20, Street 17
Al Amarat Khartoum, Sudan
Tel +249 183 574 550/51
Fax +249 183 561 717

24. MISC Agencies Sdn. Bhd. (Port Klang)
Lot 23, Lebuh Sultan Mohamed 1
Kawasan Perusahaan PKNS Fasa 2
Bandar Sultan Suleiman
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)
No. 1B, (2nd Floor), Jalan Todak 5
Bandar Sunway, Pusat Bandar
Seberang Jaya, 13700
Perai, Penang, Malaysia
Tel +604 3988 928
Fax +604 3981 819/3991 828

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.
1st & 2nd Floor, No. 382 & 383
Park City Commercial Centre, Phase 5
Jalan Diwarta, P.O. Box 2638
97012, Bintulu
Sarawak, Malaysia
Tel +6086 318 311/313
Fax +6086 311 326/311 136

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.
22nd Floor, Green Tower
3656/74-75, Rama 4 Road, Klong Ton
Klong Toey, Bangkok 10110
Thailand
Tel +66 2367 3558/3581
Fax +66 2367 3586/3587/3583

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 4656001
Fax +94 11 2348948

MISC Offices Around the World

34. MISC Agencies (New Zealand) Limited
Level 1, 15b Leslie Hills Drive
Riccarton, Christchurch
New Zealand 8041
P.O. Box 1465 Christchurch 8140
Tel +64 3940 1700
Fax +64 3940 1701

35. MISC Shipping Services UAE (L.L.C)
Suite 301-302, Rais Hassan Saadi Building
III Floor, Khaleed bin Al-Waleed Road
Bur Dubai, Dubai
United Arab Emirates
Tel +04 393 6388
Fax +04 393 6319

36. 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 6798 5400
Fax +91 22 6798 5454

37. 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

38. MISC Agencies India Private Limited (Branch – New Delhi)
12th Floor, IFCI Tower
Opp. Nehru Place Metro Station
Nehru Place, New Delhi – 110 019
India
Tel +91 11 4665 6300
Fax +91 11 2600 2129

39. MISAN Logistics B.V.
Rivium, 1st Straat 42
2909 LE Capelle aan den IJssel
The Netherlands
Tel +31 10 440 0900
Fax +31 10 440 0919

40. 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

41. MISC Tankers Sdn. Bhd.
(formerly known as PETRONAS Tankers Sdn. Bhd.)
Level 28, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur, Malaysia
Tel +603 2275 2198
Fax +603 2275 3209

42. 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 Second (42nd) Annual General Meeting of MISC Berhad ("the Company") will be held at the Conference Hall 1, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 22 September 2011 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 consider the Audited Financial Statements of the Company for the financial year ended 31 March 2011 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final tax exempt dividend of 10 sen per ordinary share in respect of the financial year ended 31 March 2011. **Resolution 2**

3. To re-elect Datuk Manharlal Ratilal who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offer himself for re-election. **Resolution 3**

4. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association and who being eligible, have offered themselves for re-election:-

   i. Datuk Nasarudin bin Md Idris **Resolution 4**

   ii. Dato' Kalsom binti Abd. Rahman **Resolution 5**

   iii. Amir Hamzah bin Azizan **Resolution 6**

5. To approve the payment of Directors' fees amounting to RM614,000 for the financial year ended 31 March 2011. **Resolution 7**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 8**

Notice of Annual General Meeting

As special business, to consider and if thought fit, to pass the following as Ordinary Resolution:

7. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 9**

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company as at the date of this Annual General Meeting and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. 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 shareholders at the Forty Second (42nd) Annual General Meeting to be held on 22 September 2011, a final tax exempt dividend of 10 sen per ordinary share for the financial year ended 31 March 2011 will be paid on 20 October 2011 to the Depositors registered in the Record of Depositors on 28 September 2011.

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 28 September 2011 in respect of ordinary transfers; and

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
24 August 2011
Kuala Lumpur

Notes:

Proxy Form

1. A member of the Company (except if the member is an authorised 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. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. 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.

4. 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.

5. The lodging of a Form of Proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

Explanatory Notes:

Ordinary Resolution 9 – Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 9 for the purpose of seeking a general mandate, if passed, would enable the Directors to issue up to a maximum of 10% of the issued share capital of the Company as at the date of this Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.

The general mandate is to provide flexibility to the Company to issue new shares for any possible fund raising exercises, including but not limited to placement or issuance of new shares as consideration for investments and/or acquisitions or for the purpose of funding current and/or future investment projects, acquisitions and/or working capital and to avoid any delays and further cost involved in convening a general meeting to specifically approve such issue of shares.

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. Datuk Manharlal Ratilal (retiring and seeking re-election pursuant to Article 95)
    ii. Datuk Nasarudin bin Md Idris (retiring and seeking re-election pursuant to Article 97)
    iii. Dato' Kalsom binti Abd. Rahman (retiring and seeking re-election pursuant to Article 97)
    iv. Amir Hamzah bin Azizan (retiring and seeking re-election pursuant to Article 97)

2. The profiles of the above Directors who are standing for re-election are set out from pages 28 to 36 of this Annual Report. The details of the Directors' shareholdings in the Company are set out in page 95 of this Annual Report.

Proxy Form

MISC BERHAD
(Company No. 8178-H)

CDS Account No.:	No. of Shares Held:

I/We ....
(Full name in block letters)

NRIC/Company No.: .... of ....

....
(Address in full)

telephone no. .... being a member of **MISC BERHAD** ("the Company"),

hereby appoint ....
(Full name of proxy in block letters as per identity card/passport)

NRIC: .... of ....

....
(Address in full)

and/or failing him/her ....
(Full name in block letters)

NRIC: .... of ....

....
(Address in full)

and failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Forty Second (42nd) Annual General Meeting of the Company to be held at the **Conference Hall 1, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** on **Thursday**, **22 September 2011** at **11.00 a.m.** and at any adjournment thereof. My/our proxy is to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	Adoption of the Audited Financial Statements for the financial year ended 31 March 2011 and the Reports of the Directors and Auditors thereon.		
2.	Declaration of a final tax exempt dividend of 10 sen per ordinary share in respect of the financial year ended 31 March 2011.		
3.	Re-election of Datuk Manharlal Ratilal as Director pursuant to Article 95 of the Company's Articles of Association.		
4.	Re-election of Datuk Nasarudin bin Md Idris as Director pursuant to Article 97 of the Company's Articles of Association.		
5.	Re-election of Dato' Kalsom binti Abd. Rahman as Director pursuant to Article 97 of the Company's Articles of Association.		
6.	Re-election of Amir Hamzah bin Azizan as Director pursuant to Article 97 of the Company's Articles of Association.		
7.	To approve the payment of Directors' fees amounting to RM614,000 for the financial year ended 31 March 2011.		
8.	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	Proposed authority to allot shares pursuant to Section 132D of the Companies Act, 1965.		

(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 ___________ 2011.

The proportions of my/our holding to be represented by my/our proxies are as follows:

	No. of shares	Percentage
First Proxy		
Second Proxy		
Total		100%

____
Signature(s)/Common Seal of Member(s)

Notes:

1. A member of the Company (except if the member is an authorised 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. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. 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.
4. 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.
5. The lodging of a Form of Proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

MISC Berhad
Annual General Meeting
22 September 2011

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