GMV
GLOBAL MARITIME VENTURES

Creating Possibilities

2011 Annual Report

Our Vision

"To be a premier venture capital provider in leading the development of high quality & competitive maritime transportation services, while ensuring value creation for our stakeholders".

Our Mission

"To be a catalyst in spearheading the physical and economic development of Malaysian maritime transportation services through joint ventures, in a professional, fair, efficient and transparent manner for all the stakeholders".

Principal Activity

Marine venture capital investment holding.

Creating Possibilities

The craft of paper folding brings creativity to the fore, forming shapes and forms that continue to be inspired by our imagination, as the ships that sail on a steady course is manned by the experience and expertise of its personnel, to navigate and bring to its destination and back.

GMV sees the potential in creating possibilities of its immense venture capital focus and facilities for the maritime transportation services, as it continues to steer the nation's growth and value creation to become a premier entity, in the changing and challenging industry of tomorrow today.

CONTENTS

BUSINESS PROFILE

Global Maritime Ventures Berhad (GMVB) was incorporated on 19th May 1993 as a vehicle to manage the RM500 million fund under the Government's Shipping Venture Fund (SVF). GMVB is a subsidiary of Bank Pembangunan Malaysia Berhad.

GMVB is a marine venture capital investment holding company incorporated to accelerate the development of the country's maritime industry. As the country's principal venture capital provider in the maritime industry, GMVB's mandated role is to develop the national shipping business sector through building strategic alliances with local partners to jointly acquire vessels for domestic as well as international operations.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth ("19th") Annual General Meeting of Global Maritime Ventures Berhad will be held on Monday, 28th May 2012 at 12:00 noon at Room Penang 1 Level 3 Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2011 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To re-elect the following Directors retiring pursuant to Article 63 of the Articles of Association of the Company:-

   i) Y.Bhg. Datin Husniarti binti Tamin; and **Resolution 2**

   ii) Y.Bhg Dato' Mohd Zafer bin Mohd Hashim. **Resolution 3**

3. To re-elect the following Director retiring pursuant to Article 68 of the Articles of Association of the Company:-

   i) Tuan Haji Abdul Aziz bin Haji Ishak. **Resolution 4**

4. To approve the payment of Directors' fees for the financial year ended 31st December 2011. **Resolution 5**

5. To re-appoint Messrs. Ernst & Young as Auditors and to authorize the Board of Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolutions of the Company :-

   6.1 ORDINARY RESOLUTION

   AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965

   "THAT, subject to the provision of Section 132D of the Companies Act, 1965, the Company's Articles of Association and the approvals of the relevant government/regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at such time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

Syed Iskandar Shah bin Syed Abu Bakar

Company Secretary
LS 0009541

Kuala Lumpur
30 April 2012

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll to vote in his stead. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints more than one proxy the appointment shall be invalid unless the proportion of his shareholding to be represented by each proxy is specified.

3. In the case of a Corporate Member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer of the Corporation or attorney duly authorised.

4. The Proxy Form must be deposited at the Registered Office of the Company at Aras 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

5 Failure to lodge your Proxy Form within the stipulated time may result in your proxy being precluded from attending and voting at the Meeting or any adjournment thereof.

6. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the Meeting should the member subsequently decide to do so.

CORPORATE INFORMATION

Tan Sri Dr. Abdul Samad bin Haji Alias
Chairman

Dato' Mohd Zafer bin Mohd Hashim

Datin Husniarti binti Tamin

Eshah binti Meor Suleiman

Dato' Ir. Abdul Rahim bin Abu Bakar

Taufiq Ahmad @ Ahmad Mustapha bin Ghazali

Haji Abdul Aziz bin Haji Ishak

Rashidah binti Mohd Sies
Alternate Director to Eshah binti Meor Suleiman

COMPANY SECRETARY

Syed Iskandar Shah bin Syed Abu Bakar
(LS 0009541)

JOINT COMPANY SECRETARY

Nurulasyikin binti Mohammed
(MAICSA 7051586)

AUDITORS

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

REGISTERED OFFICE

Level 16, Menara Bank Pembangunan
Bandar Wawasan
No. 1016, Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

Level 15, Menara Bank Pembangunan
Bandar Wawasan
No. 1016, Jalan Sultan Ismail
50250 Kuala Lumpur

BANKER

CIMB Bank Berhad

WEBSITE

www.gmv.com.my


OMNI ANTEIA

FLEET TONNAGE

as at 29 February, 2012

1. CORPORATE INVESTMENT

No	Name of Vessel	Vessel Type	Year Built	DWT
CORPORATE INVESTMENT WITH SYARIKAT BORCOS SHIPPING SDN BHD (35%)				
1	MV Borcos 21	Standby Vessel	1991	123
2	MV Borcos Tegas	Utility Vessel	1991	396
3	MV Berkat Laju	Fast Crew Boat	1992	117
4	MV Borcos 23	Standby Vessel	1993	123
5	MV Borcos 24	Standby Vessel	1993	123
6	MV Borcos 12	Mooring Launch	1993	27
7	MV Borcos 13	Mooring Launch	1993	27
8	MV Borcos Baru	Tug Boat	1997	52
9	MV Borcos 118	Fast Crew Boat	1999	24
10	MV Borcos Fateh	Utility Vessel	1999	45
11	MV Borcos Fadel	Utility Vessel	1999	45
12	MV Borcos Taqwa	Utility Vessel	1999	399
13	MV Borcos Tasneem 1	Straight Supply Vessel	2002	1,369
14	MV Borcos Basma 1	Dumb Barge	2003	10,109
15	MV Borcos Tariq 1	Tug Boat	2004	256
16	MV Borcos Sabhan 1	Safety Standby Vessel	2004	74
17	MV Borcos Sabhan 2	Safety Standby Vessel	2004	74
18	MV Borcos Sabhan 3	Safety Standby Vessel	2004	74
19	MV Borcos Sabhan 4	Safety Standby Vessel	2004	254
20	MV Borcos Firdaus 1	Super Fast Crew Boat	2005	125
21	MV Borcos Firdaus 2	Super Fast Crew Boat	2006	125
22	MV Borcos Firdaus 3	Super Fast Crew Boat	2007	125
23	MV Borcos Firdaus 4	Super Fast Crew Boat	2007	125
24	MV Borcos Firdaus 5	Super Fast Crew Boat	2007	125
25	MV Borcos Tasneem 3	Anchor Handling Tug & Supply	2007	1,419
26	MV Borcos Firdaus 6	Super Fast Crew Boat	2008	125
27	MV Borcos Firdaus 7	Super Fast Crew Boat	2008	125
28	MV Borcos Firdaus 8	Super Fast Crew Boat	2008	125
29	MV Borcos Firdaus 9	Super Fast Crew Boat	2008	125
30	MV Borcos Tasneem 4	Anchor Handling Tug & Supply	2008	1,799
31	MV Borcos Tasneem 5	Anchor Handling Tug & Supply	2008	1,799
32	MV Borcos Tasneem 6	Anchor Handling Tug & Supply	2009	1,799
33	MV Borcos Tasneem 7	Anchor Handling Tug & Supply	2009	1,799
34	MV Borcos Tasneem 8	Anchor Handling Tug & Supply	2009	1,799
35	MV Borcos Tasneem 9	Anchor Handling Tug & Supply	2009	1,799
36	MV Borcos Thahirah 1	Anchor Handling Tug & Supply	2010	3,511
37	MV Borcos Thahirah 2	Anchor Handling Tug & Supply	2010	3,511
	Total			**34,071**

2. CORPORATE INVESTMENT

No	Name of Vessel	Vessel Type	Year Built	DWT
CORPORATE INVESTMENT WITH OMNI PETROMARITIME SDN BHD (RCCPS AND RCCSLS)				
1	MV Omni Andra	Utility vessel	2007	3,000
2	MV Omni Astrid	AHT/utility vessel	2006	4,200
3	MV Omni Akira	AHT/utility vessel	2007	3,200
4	MV Omni Anteia	AHTS	2008	5,220
5	MV Omni Emery	AHTS	2009	4,200
6	MV Omni Tigris	AHTS	2009	5,220
7	MV Omni Gagah	AHTS	2003	5,500
8	MV Omni Perkasa	AHTS	2003	5,500
9	MV Omni Solaris	AHT/utility vessel	2010	4,400
10	MV Omni Victory	AHTS	2010	8,000
11	MV Omni Marissa	AHTS	2010	5,220
12	MV Omni Stella	AHTS	2010	5,220
	Total			**58,880**

3. JOINT VENTURE SHIPOWNING COMPANIES (JV-SOCs)

No	Name of Vessel	Vessel Type	GMVB's Portion (Equity)	Year Built	DWT
JV WITH WAWASAN SHIPPING SDN BHD					
1	MT Selendang Mutiara	Chemical/Product Tanker	70%	1997	46,000
2	MT Selendang Permata	Chemical/Product Tanker	70%	1997	46,000
3	MT Selendang Gemala	Chemical/Product Tanker	70%	1998	46,000
4	MT Selendang Ratna	Chemical/Product Tanker	70%	1998	46,000
5	MT Selendang Kencana	Chemical/Product Tanker	70%	1998	46,000
6	MT Selendang Sari	Chemical/Product Tanker	70%	1999	46,000
JV WITH ALAM MARITIM (M) SDN BHD					
7	MV Setia Tangkas	Achor Handling Tug & Supply	40%	2006	1,500
8	MV Setia Unggul	Achor Handling Tug & Supply	40%	2006	1,500
9	MV Setia Sakti	Support Maintenance Vessel	40%	2006	2,200
JV WITH GAGASAN CARRIERS (M) SDN BHD					
10	MT Imbak	Chemical Tanker IMO II/III	40%	2007	10,800
11	MT Gagasan Pahang	Product Tanker	60%	2008	7,000
12	MT Gagasan Kedah	Product Tanker	60%	2009	7,000
JV WITH ORKIM SDN. BHD.					
13	MT Orkim Power	Product Tanker	40%	2008	7,000
14	MT Orkim Leader	Product Tanker	40%	2008	7,000
15	MT Orkim Merit	Product Tanker	40%	2008	7,000
16	MT Orkim Express	Product Tanker	40%	2008	7,000
17	MT Orkim Challenger	Product Tanker	60%	2009	9,950
18	MT Orkim Discovery	Product Tanker	60%	2009	9,950
19	MT Orkim Reliance	Product Tanker	60%	2010	9,950
JV WITH JASA MERIN (M) SDN. BHD.					
20	MV JM Bayu	Anchor Handling Tug & Supply	49%	2009	2,500
21	MV JM Sepoi	Anchor Handling Tug & Supply	49%	2009	2,500
22	MV JM Samudera	Anchor Handling Tug & Supply	49%	2008	2,500
23	MV JM Setia	Anchor Handling Tug & Supply	49%	2008	2,500
JV WITH EFOGEN SDN. BHD.					
24	MV Sea Weasel	Anchor Handling Tug & Supply	49%	2008	1,575
JV WITH OFFSHOREWORKS SDN. BHD.					
25	Offshore Surveyor	Survey Vessel Equipped with AUV	40%	2010	1,650
JV WITH GLOBAL CARRIERS BHD					
26	MT Budi Mesra	Product Tanker	49%	2008	7,000
27	MT Budi Mesra Dua	Product Tanker	49%	2008	7,000
28	MT Budi Ikhlas	Product Tanker	49%	2008	10,000
	Total				**401,075**

BOARD OF DIRECTORS

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1 TAN SRI DR. ABDUL SAMAD BIN HAJI ALIAS

2 DATO' MOHD ZAFER BIN MOHD HASHIM

3 ESHAH BINTI MEOR SULEIMAN

4 TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI

5 DATIN HUSNIARTI BINTI TAMIN

6 RASHIDAH BINTI MOHD SIES

7 DATO' IR. ABDUL RAHIM BIN ABU BAKAR

8 HAJI ABDUL AZIZ BIN HAJI ISHAK

PROFILE OF DIRECTORS

TAN SRI DR. ABDUL SAMAD BIN HAJI ALIAS

Independent Non-Executive Chairman

Tan Sri Dr. Abdul Samad Haji Alias was appointed as the Non-Executive Chairman of Global Maritime Ventures Berhad (GMVB) on October 14, 2008. He holds a Bachelor Degree in Commerce from the University of Western Australia and is a member of the Malaysian Institute of Certified Public Accountants, a fellow of the Institute of Chartered Accountants Australia and a member of the Malaysian Institute of Accountants. He was also the first Malaysian to be elected as one of the board members of the International Federation of Accountants.

He was the President of MICPA and had served as a member of Malaysian Accounting Standards Board, Financial Reporting Foundation and Companies Commission of Malaysia and he was also the President of MIA. Prior to his appointment as Chairman of Bank Pembangunan Malaysia Berhad (BPMB) which he relinquished in August 1, 2011, he was the Non-Executive Chairman of Messrs. Ernst & Young.

He is the Chairman of Perbadanan Insurans Deposit Malaysia (PIDM), Malaysian Venture Capital Management Berhad (MAVCAP) and Malaysia Debt Ventures Berhad. He currently sits on the Board of TH Plantation Berhad Group, MAVCAP Group, Bursa Malaysia Berhad and several other private limited companies.

DATO' MOHD ZAFER BIN MOHD HASHIM

Non-Independent Non-Executive Director

Dato' Mohd Zafer Mohd Hashim was appointed as the Non-Independent Non-Executive Director of GMVB on August 20, 2009. He holds a Bachelor of Science in Economics and Mathematics from the London School of Economics and Political Science, University of London. He is a Chartered Accountant by profession and a member of the Institute of Chartered Accountants in England and Wales.

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

He is currently the President/Group Managing Director of BPMB and sits on the Board of Pembangunan Leasing Corporation Sdn Bhd and SME Growth Acceleration Fund Sdn Bhd, being the companies within BPMB Group. He also sits on the Board of Malaysian Bulk Carriers Berhad.

DATIN HUSNIARTI BINTI TAMIN

Independent Non-Executive Director

Datin Husniarti Tamin was appointed as an Independent Non-Executive Director of GMVB on September 1, 2006. She holds a Bachelor of Economic (Honours) from University of Malaya and a Master of Business Administration (MBA) from University of Oregon, USA.

She started her career in 1972 as the Assistant Secretary in the Economic Planning Unit ("EPU") in the Prime Minister's Department. During her tenure in EPU, she held in succession several positions in various sections of the Unit, culminating in her appointment as Director of Energy Section. In 1996, she was promoted to the position of Deputy Secretary General in charge of energy at Ministry of Energy, Communications and Multimedia. Subsequently, in the year 2000, she moved up to become the Deputy Secretary General (Systems and Control) at the Treasury, Ministry of Finance, where she retired in October 2004.

Currently, she sits on the Board of Syarikat Borcos Shipping Sdn Bhd and several other private companies of GMVB Group. She is also a member of the Risk Management Committee and Audit & Examination Committee of GMVB.

ESHAH BINTI MEOR SULEIMAN

Non-Independent Non-Executive Director

Puan Eshah Meor Suleiman was appointed as a Non-Independent Non-Executive Director of GMVB on June 25, 2008. She holds a Bachelor in Economic (Honours) from University of Malaya and a Master of Business Administration (MBA) in Finance from Oklahoma City University, USA.

She began her career in the Malaysia Civil Service in 1981 as an Assistant Director (Macro in Economic Section), Economic Planning Unit of the Prime Minister's Department before serving as an Assistant Secretary at the Government Procurement Division, Ministry of Finance (MOF) in 1991. During her tenure in MOF, she held various positions in the Government Ministries. In September 2006, she was promoted to her current position as Under Secretary of Investment, MOF (Inc.) and Privatization Division.

Presently, she sits on the Board of Pos Malaysia Berhad, Malaysia Airports Holdings Berhad and several other private limited companies. She is also a member of the Audit & Examination Committee of GMVB.

PROFILE OF DIRECTORS(CONT'D)

DATO' IR. ABDUL RAHIM BIN ABU BAKAR

Independent Non-Executive Director

Dato' Ir. Abdul Rahim Abu Bakar was appointed as an Independent Non-Executive Director of GMVB on June 3, 2010. He holds a Bachelor of Science Electrical Engineering (Honours) from the Brighton College of Technology, United Kingdom. He is a member of the Institute of Engineers, Malaysia and is a Professional Engineer, Malaysia (P.Eng). He also holds the Electrical Engineer Certificate of Competency Grade 1.

He began his career in 1969 with the then National Electricity Board for 10 years in various technical and engineering positions. From 1979 to 1983, he served with Pernas Charter Management Sdn Bhd and subsequently, attached to Malaysia Mining Corporation Berhad (MMC) in various senior positions till 1991. Prior to his appointment as Managing Director of Petronas Gas Berhad in 1995, he served MMC Engineering Services Sdn Bhd and subsequently to MMC Engineering Group Berhad as the Managing Director. He then moved on to Petronas as its Vice President in charge of Petrochemical Business in 1999 and retired on 31 August 2002.

At present, he sits on the Board of Telekom Malaysia Berhad, Scomi Engineering Group Berhad, Scomi Group Berhad and several other private limited companies. He is also a member of the Risk Management Committee of GMVB.

TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI

Independent Non-Executive Director

Encik Taufiq Ahmad @ Ahmad Mustapha Ghazali was appointed as an Independent Non-Executive Director of GMVB on September 1, 2010. He is a member of the Malaysian Institute of Accountants, a fellow of the Association of Chartered Certified Accountants (UK), an associate of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Masters in Business Administration (MBA) from the University of Leicester, England.

He was previously attached to an international accounting firm as a partner and has more than 30 years' experience in statutory audits, financial accounting and corporate finance.

He sits on the Board of Prolexus Berhad, Malaysia Packaging Industry Berhad, Tambun Indah Land Berhad and several other private limited companies. He is also the Chairman of Audit & Examination Committee of GMVB.

HAJI ABDUL AZIZ BIN HAJI ISHAK

Non-Independent Non-Executive Director

Tuan Haji Abdul Aziz Haji Ishak was appointed to the Board on 26 January 2012. A Naval Architect by profession, Tuan Haji Abdul Aziz holds an Ordinary National Certificate in Nautical Science from the Riversdale College of Technology, Liverpool, United Kingdom in 1974 and a Bachelor of Science in Naval Architecture and Ocean Engineering from the University of Glasgow, Scotland, United Kingdom in 1981. He later attended an Advanced Management Program at the Smeal Business School from the Pennsylvania State University in the United States of America.

He has over 30 years of experience in the Oil and Gas and marine industry. He started his career as a Cadet and Deck Navigating Officer with Blue Funnel Line in Liverpool in 1971 and later joined Orient Lloyd (M) Sdn Bhd as Shipping Operations Executive in 1975. From 1981 to 1983, he was attached to Penang Port Commission as Naval Architect/ Planning Engineer before joining PETRONAS, Marine Department in 1983 as Section Head. He was later promoted to Senior Manager, Technical Services of PETRONAS Tankers Sdn Bhd in 1990 and was posted to France and Japan before returning to Malaysia in 1996 as General Manager, Fleet Operations. In 1999, he was promoted as Chief Executive Officer (CEO) of PETRONAS Tankers Sdn Bhd and concurrently was also the Senior General Manager of Fleet Management Division and LNG Shipping Business Division of MISC Berhad. In 2001, he was transferred back to PETRONAS as the Managing Director/Chief Executive Officer of PETRONAS Maritime Group of Companies before retiring in May 2007. Currently, he is the Executive Director of Mentor Solutions & Resources Sdn. Bhd., a company providing technical services, consultancy and training for the Oil, Gas and Petrochemical Industry. He also sits on the board of BPMB, Dayang Enterprise Holdings Berhad, Nippon Kaiji Kyokai Classification of Ships Berhad and several other private limited companies. He is the Chairman of the Risk Management Committee of GMVB.

RASHIDAH BINTI MOHD SIES

Alternate Director for Eshah binti Meor Suleiman

Puan Rashidah Mohd Sies was appointed as an Alternate Director to Puan Eshah Meor Suleiman on April 20, 2011. She holds a Bachelor in Business Administration (Finance) from Idaho State University, USA and holds a Master of Business Administration (MBA) from US International University, USA.

She began her career in 1989 with MOF as an Assistant Secretary in Finance Division and currently serves in the Economy Sector of Investment, MOF (Inc) Privatisation Division.

She currently sits on the Board of Bank Pertanian Malaysia Berhad (Agro). She is also an alternate member to Puan Eshah in the Audit & Examination Committee of GMVB.

COMPANY SECRETARY

COMPANY SECRETARY

SYED ISKANDAR SHAH BIN SYED ABU BAKAR
Company Secretary

NURULASYIKIN BINTI MOHAMMED
Joint Company Secretary

MANAGEMENT TEAM

SENIOR MANAGEMENT

ABDUL KARIM BIN ISMAIL
Acting Chief Executive Officer

ZURAIDAH BINTI OMAR
Head, Finance and Administration Department

ENCOURAGING GROWTH BY

CREATING POSSIBILITIES

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present to you, the Annual Report of Global Maritime Ventures Berhad (GMVB), for the financial year ended 31 December 2011.

For those who follow the shipping and related industries, you would know that the year just ended was an eventful one plagued with adversity.

Thus, while the financial performance of the Company in 2011 was not stellar, I have to stress that the current operating environment has been challenging, so much so that our Company has been adversely impacted, resulting in the lacklustre financial performance.

GMVB'S FINANCIALS

For the year just ended, GMVB Group registered a net loss of RM31 million, on the back of RM74.8 million in revenue. In contrast to a year ago (FY2010) GMVB's financials took a turn for the worse, mirroring the overall damp sentiment in the shipping industry. In FY2010 the Group registered net profit of RM22.2 million, buoyed by revenues amounting to RM93.8 million.

Nevertheless, despite the rising challenges, the Company's subsidiaries demonstrated considerable resilience, and managed to declare a significant dividend payment amounting to RM49.44 million during the year, leading to the increase in profit after tax at the Company level, by 14% from RM55.25 million in 2010 to RM62.90 million in 2011.

During the year under review, the industry was wrought with a situation of overcapacity, and coupled with the gloomy economic conditions, GMVB buckled under the overwhelming pressure. However the shipping industry is inherently a highly cyclical industry, with many variables impacting charter rates, which means it is not important how low we fall, but what it's telling is how high we bounce back.

I must admit while we did anticipate the downturn, the quantum of the gloom took us by surprise.

2011 will be remembered for the tremendous challenges we had to face, but similar to every cloud having a silver lining, the Group also witnessed great opportunity and progress, and more importantly weathered the storm, coming out battle hardened and bruised but nevertheless more experienced. The lingering effects of the global financial crisis, combined with heavy newbuidling deliveries and natural disasters that shook the world economy, produced historically low freight rates for all our vessel sectors.

Market conditions in the tanker segment and related impairment losses especially, resulted in the bleeding in 2011. Whilst disappointing, the loss was mitigated in part by our prudent approach to our commercial activities, and our focused drive on operational efficiency and cost management.

DIVIDEND

For the financial year ended 31 December 2011, the board declared an interim tax exempt dividend of 8 sen per share on 300 million Ordinary Shares, amounting to a payout of RM24 million, and a yield of 8%.

The dividend which was paid out on 25 January 2012, reflects the company's commitment to maintaining a reasonable pay-out to its shareholders, and reflects the company's strong balance sheet, having cash reserves enabling the payment.

It is also noteworthy that the group, despite the pay-out, still has the financial means for prospective investment opportunities, which could sprout up amidst the weak market conditions. To put it mildly, the global economy is at a very difficult juncture. Shipping is inextricably linked with developments of the global economy and of world seaborne trade.

2011, THE YEAR THAT WAS

The year 2011 saw a confluence of mishaps, with Japan being hit by the tsunami-earthquake, the Middle East experiencing political revolution, Thailand being hit with massive floods, and not forgetting the US and European debt crisis, all of which brought about great economic disruptions.

TAN SRI DR. ABDUL SAMAD BIN HAJI ALIAS

Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT (CONT'D)

The world economy started the year 2011 with expectations of healthy economic growth, supported by optimism brought about by the favourable growth performance in the fourth quarter of 2010. However adverse developments in several major economies, led to the continuous downward revision of global growth throughout the year.

In these trying times, we believe resilience and robustness will enable us to weather the storm and propel the company forward in the interest of the industry players.

In 2011 the global economy slowed considerably. Although the global economic environment became increasingly more challenging in the second half of the year, at home, the Malaysian economy recorded a steady growth of 5.1%, underpinned by the expansion in domestic activity and firm regional demand.

However it is difficult to forecast what lies in 2012, with the current fluid state of events.

The shipping industry plays a pivotal role in the Malaysian economy. Following several years of incredibly buoyant shipping, much of the international shipping fraternity has fallen prey to the dwindling global economy. The shipping sector is still characterised by over-tonnaging, increase in newbuildings and lack of available financing and heightened competition. Inevitably, these factors lead to substantial downward pressure on freight rates and the fragile recovery of the shipping market in 2011.

The tanker market in 2011 was characterised by volatile freight rates, an influx of new owners leading to intense competition for cargo space, and an increase in tonnage supply. The persistent economic slowdown, particularly in developed countries, added much uncertainty. In the first quarter of 2011, safe to say all major tanker companies either reported losses or exhibited deteriorating profits. Despite the gloom and doom in the early part of 2011, the year ended on a positive note. Robust economic growth in emerging economies, particularly in China, India and Brazil combined with Middle East's export-oriented capacity additions, contributed to a thriving chemical shipping market. China remained one of the key drivers of chemical trade and freight due to its strong demand for oil and high dependence on imports.

In the face of these challenging times, our tanker business at GMVB faced one of its more difficult operating environments in recent times. Nevertheless, GMVB's performance was somewhat shielded from the freight rate volatility due to our portfolio being a mix of spot contracts as well as long term time charters contracts. Other than hedging losses via our portfolio mix, GMVB also leveraged, on strong customer relationships and economies of scale benefits. Our pooling arrangements, especially for the Medium Range chemical tankers, have put us in a better position to programme our fleet deployment, allowing us to optimise utilisation of the vessels across the various oil trades. In addition, operational excellence in the technical management of the fleet remained highly important as customers continued to favour outstanding and quality operators.

The offshore business achieved marked improvements and increased profit contributions. Our offshore business has established its presence both in the regional and international markets through strategic partnerships. With the presence of financially strong oil majors in Malaysian waters, the offshore support vessel (OSV) has witnessed a stable period over the last few years.

After a sharp decline in 2009, the shipbuilding industry saw a revival over the past one year. Dry bulk carriers constitute by far the largest market segment in the current order book,

followed by tankers and containerships. Rapid growth has made China the leading shipbuilding nation, followed by Korea and Japan, while European order books continue to shrink.

In these trying times, we believe resilience and robustness will enable us to weather the storm and propel the company forward in the interest of the industry players. While much effort has been made in the operational aspects of the business during the year, we also paid attention to selected growth initiatives that will allow us to further add on to our portfolio.

Our focus during the year was two pronged, firstly to remain judicious in our capital spending while pursuing our acquisitions of a diversified range of vessel types to include high value and highly specialised vessels with credible business partners. Secondly, GMVB is also improving portfolio diversification to include new business segments, shipyards or ship repair, maritime support services which provide a wide range of services such as commercial/technical, maritime consultancy and maritime training.

During the year, we sponsored 3 cadets undergoing Diploma in Nautical Studies and 3 cadets in Diploma in Marine Engineering at the Akademi Laut Malaysia (ALAM). In addition to this, we are resolute in our dedication to meet the nations demand for skilled seafarers, beyond our sponsorship of cadets' programme. We have established new avenues for the training of seafarers by providing training berths on-board the vessels of our local partners.

OUR FLEET OF SHIPS

Despite the damp environment, the change of tide has not deterred us.

GMVB Group started FY2011 with 22 vessels, comprising a healthy mix of seven chemical tankers, 10 product tankers, four Anchor Handling Tug & Supply vessels and one support and maintenance vessel. In the course of the year GMVB also took delivery of two product tankers, four Anchor Handling Tug & Supply vessels and one survey vessel whilst, one Anchor Handling Tug & Supply vessel was disposed during a restructuring exercise with our Joint Venture partner, Omni Fleet Sdn Bhd.

The seven vessels that joined our fleet last year mainly through newbuilding deliveries, as part of our effort to ensure that we continue to have sufficient availability and flexibility to service the global requirement of our customers, and continue to generate optimal returns for the group as freight rates recover.

Throughout the turmoil in 2011, one of our central initiatives was to build our balance sheet, to enable us to capitalise on new opportunities, acquisition of assets and business that will position the group for the next upturn in the shipping market. In order to leverage our competitiveness in the transportation and support services for the offshore oil & gas industry, we

CHAIRMAN'S STATEMENT (CONT'D)

had in 2011, entered into a tie-up with Borcos Shipping Sdn Bhd, a major player in the Malaysian offshore oil and gas support vessels, on a 35:65 basis. This is expected to widen and strengthen the Group's investment in the OSV sector.

THE YEAR AHEAD, AN OUTLOOK FOR 2012

As we enter 2012, the world economy is confronted with the challenge of managing a sustainable economic recovery, in a highly challenging global environment. However these challenges also contain opportunities. As long as emerging markets maintain stable growth, push forward reforms and contribute more to global development, their economic presence this year will continue to strengthen. The world economy will grow by 3.5% in 2012, down from 3.9% in 2011 and 5.2% in 2010.

Malaysia, as one of the emerging markets, is increasingly looking more attractive to both domestic and international investors alike. Although global economic recovery could potentially lose its way amid fears over sluggish US, and Eurozone debts, Malaysia's domestic demand is likely to remain resilient based on a tight labour market and a government eager to boost its popularity in the run-up to elections expected during the course of the year.

Nevertheless the outlook for world seaborne trade remains fragile due to uncertainties and shocks that face the global economy. Given that shipping is hinged to worldwide macroeconomic conditions, the developments in world seaborne trade mirrored the performance of the wider economy. The shipping sector is expected to continue to be in limbo, given vessel oversupply conditions and deteriorating demand. A contrarian view however has it that the sector could rebound in 2012, nudged by increasing voyage distance, port congestion, rising charter and dry bulk rates.

However the outlook for 2012 seems more optimistic than 2011, based on our assumption that the bane of the sector, – overcapacity – is likely to be addressed to an extent in 2012. We will probably see a significant reduction in new tonnage being added as the deliveries from the boom years of 2008 are likely to complete their cycle this year. Owners in the chemical tanker sector, unlike in dry bulk, have been prudent with regards to ordering new ships during these difficult times, and only a few orders were placed in 2011, with none placed in the last quarter. Also tightening credit lines could cause liquidity pressure for some of the smaller players or those who have become very dependent on financial institutions for short-term funding. Newbuilding cancellations may also increase due to tighter financing.

CHEMICAL TANKER SEGMENT LOOKING GOOD

The outlook for chemical tankers is relatively bright, although market sentiment among pundits is generally cautious. At GMVB we think the downside risk from the uncertain economic conditions and from increases in operating costs remains high.

Chemical tanker demand continues to be driven by China and the faster growing emerging market economies. In 2012, the improvement in the manufacturing sector, especially in the construction and automobile sectors, is likely to support chemical demand in the US. Export demand from the US for chemicals such

as xylene, styrene, acetone and phenol has improved with orders rolling in from China especially, nudging freight rates on this trade route northwards. The Japanese economy is also improving and is finally expected to turn positive growth this year, eventually resulting in an improvement for its chemical industry. Most of the facilities ravaged by the tsunami and ensuing earthquake have resumed full operations now. Relatively strong growth in organic chemical trade volumes is to a large extent attributed to rising supplies from the Middle East region where high-profile investments in chemical projects are taking place.

Global seaborne chemical trade is forecast to grow at 4.5% in 2012 from 3.4% in 2011.

CLEAN TANKER MARKET YET TO RECOVER

The bearish outlook in the clean tanker market is based on demand weakness in US, Japan and Europe where unprofitable refineries are being permanently shut down amidst dwindling oil consumption. The most significant influence on the liquid-bulk shipping sector, however, will be the issue of overcapacity, and the situation is unlikely to improve unless we see tanker demand growing again.

Global seaborne oil product rate is projected to grow by 2.3% between 2012 and 2014. China is expected to lead future seaborne oil products trade due to oil demand growth and high dependence on imports.

THE OSV MARKET

Offshore support vessels (OSV) continue to be a good investment, owing to cabotage laws which give priority to local service providers. On a more positive note, some of the oil majors such as Petrobras, ExxonMobil and Chevron have pledged to actively enhance their exploration, development, production and maintenance operations on projection of an eventual economic upswing. These companies, have yet to show any signs of slowing down, and are still pursuing their long-term business plans.

The Malaysian government has also announced various plans to boost the oil and gas sector under its Economic Transformation Programme with investments up to RM75 billion over the next 15 to 20 years. We also expect our national oil company, Petroliam Nasional Bhd (Petronas) to boost domestic oil recovery to 40% from the current 26% over the next five years under its enhanced oil recovery programme.

Besides the re-acceleration of Petronas' capex spending, mergers and acquisitions speculation continues to excite with the likely consolidation of fabrication yards and asset operators.

OTHER LOOMING ISSUES, A BLEAK OUTLOOK

Further uncertainty lies ahead as the complexity of the freight markets, and declining asset value will be compounded in the next several years by the economic and oil demand recovery, by still robust

CHAIRMAN'S STATEMENT (CONT'D)

deliveries of tonnage ordered before the downturn despite delays and cancellations, and by the conversion of tankers to dry bulk and other services.

A ship-owners' ability to take delivery of newbuildings is directly correlated with the situation in the freight markets, and the ship financing squeeze, has critically impacted the shipping sector, causing a crisis.

THE WAY FORWARD

In view of the challenging times ahead, GMVB will remain steadfast in its plan for growth, disciplined in its portfolio management, and will continue to enhance its operational excellence to combat the volatile business environment.

Among GMVB's new strategic directions for 2012 – 2015 include, enhancing and energising our businesses through diversification, to cover a wider spectrum of sectors, both asset based and service based sectors, which will be an important component of GMVB's future. Also, similar to the old adage cautioning the placing of all ones eggs in a single basket, GMVB has identified investment in high value and highly specialised vessels and three new sectors in the shipping industry to shine in, namely shipyard, commercial/technical maritime consultancy and maritime training.

Historically GMVB has focused on Malaysian flagged vessels owned by domestic players, but now the time is right to identify key foreign partners for future JVs with existing domestic partners. This could improve local talent, via knowledge transfer.

As we move towards new waters of success, GMVB is also looking at strengthening its developmental role and reputation as an active contributor in key industry initiatives, via active participation in public forums and conferences to facilitate knowledge exchange on maritime related issues. Also GMVB will form smart partnerships with maritime training institutes to facilitate onboard cadet training.

Other than its cadet sponsorship programme, this year GMVB will seriously look into supporting training of seafarers by providing training berths.

CORPORATE SOCIAL RESPONSIBILITY

We acknowledge our responsibility to our employees, our business partners and the communities in which we do business as well as the environment we operate in and hope to maintain the high standards we have set for ourselves.

We at GMVB would like to upgrade skills and ensure a steady supply of seafarers to meet the demand for competent officers in the maritime industry. We have collaborated with ALAM and are looking to address the shortage of Malaysian crew.

As an employer, GMVB is focused on staff development and training, upgrading the skillsets of our people, organising annual family day trips for our staff, which helps instil a spirit of unity amongst our employees. We have also not forgotten the less fortunate and have been actively making contributions to various charities and worthy causes.

ACKNOWLEDGEMENT

I welcome on-board Tuan Haji Aziz bin Ishak, a Naval Architect by profession, who was appointed to the board in January as an independent non-executive director. With a wealth of experience in the oil and gas and in technical and operations across varied sectors in the marine industry, we look forward to working with Tuan Haji to bring GMVB to its next phase of its journey.

As we grow and expand our reach as the country's premier maritime venture capitalist, I would like to extend my gratitude to those who have seen us sail through today's competitive and volatile business environment.

These include officials from the Ministry of Finance, all Government authorities and agencies, our various stakeholders, clients,

business associates and financiers. I would also like to thank the management team and employees of GMVB for their loyalty, dedication and commitment that continue to propel the group forward, both during the down and up-cycles of the industry. I also extend my appreciation to our ship managers, and our crew members for their professional management and operation of our vessels. To our charterers, joint venture partners, business associates and professional service providers, thank you for your continued support.

I wish to take this opportunity to thank my fellow Board members and the Audit and Risk Management Committees for their support and guidance. Your collective efforts and wise counsel continue to help guide our 'ship' through both the calm and rough journeys encountered in this increasingly challenging global shipping arena.

Last but not least, we are grateful to you, our shareholders, for your patience and for recognising our potential in the face of both challenges and opportunities.

Together, we look forward to a brighter year ahead.

TAN SRI DR. ABDUL SAMAD BIN HAJI ALIAS
Independent Non-Executive Chairman

DIRECTORS' RESPONSIBILITIES

1. OBJECTIVE

The objective of the Board of Directors Terms of Reference are intended not to limit the powers of the Board but to assist the Board in the exercise of its powers and the fulfillment of its duties.

2. RESPONSIBILITIES AND DUTIES

2.1 The Board has several fundamental obligations to perform, but not limited to the following:

a. Approve joint venture arrangements with local partners to undertake vessel acquisition and vessel management activities;

b. Approve investments, advances and/or any form of financial instruments in investee companies;

c. Approve domestic and external borrowings of the Company;

d. Ensure that the Company's strategic focus is clearly defined and is in line with the Company's mission, vision and mandated role;

e. Approve all Business Plans and policies of the Company;

f. Review, approve and provide feedback on corporate Key Performance Indicators (KPIs) and targets.

g. Appoint authorised signatories for cheque signatories, promissory notes, drafts, bills of exchange and other negotiable instruments;

h. Approve acquisition and disposal of fixed assets of the Company;

i. Supervise the affairs of the Company and to be fully informed of the Company's condition and management policies in ensuring that the Company is soundly managed;

j. Approve annual budget, revised budget and draft audited financial statements of the Company;

k. Oversee the financial performance of the Company and ensuring that the Company maintains proper accounting and other records and registers in conformity with approved accounting and financial reporting standards applicable to the Company;

l. Review financial results, discuss material variances and ensure that corrective actions are taken;

m. Delegate any of its powers to Committees or to any one member of the Board as it deems fit and to ensure that the powers so delegated are exercised in conformity to any prescribed regulations that may from time to time be imposed by the Board i.e. the Audit & Examination Committee and Risk Management Committee;

n. Select and appoint senior management personnel who are qualified and competent to administer the affair of the Company effectively and soundly;

o. Establish a Succession Plan and oversee the development of the Company's future leaders and human capital;

p. Observe corporate governance and ensure the Company's compliance with the requirements of relevant legislations, rulings, regulations, authorities, guidelines and procedures and Articles of Association of the Company;

q. Provide strategic directions with regard to IT management and ensure the IT strategic plan supports the Company's strategic business plan and, where necessary, the Bank Pembangunan Group IT strategic plan. Also responsible to approve and monitor the performance or major IT initiatives and plans;

r. Ensure the Company's Senior Management has adopted prudent and effective policies and procedures to identify, measure, monitor and control/mitigate IT risks; and

s. Avoid self – serving practices and conflicts of interest.

2.2 The Board will from time to time, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and decide on any necessary changes thereto.

2.3 The Board shall have full authority to seek/obtain any information it requires from any employee of the Company and to commission any investigations, reports or surveys which it deems necessary to help it fulfill its duties and obligations.

2.4 In connection with its duties the Board may obtain, at the Company's expense, any outside legal or other professional advice.

3. BOARD OF DIRECTORS' MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2011, the Board of Directors' held 6 meetings. A record of the attendance of the Board Members is as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Tan Sri Dr. Abdul Samad bin Haji Alias (Chairman)	6/6
Dato' Mohd Zafer bin Mohd Hashim	5/6
Datin Husniarti binti Tamin	6/6
Puan Eshah binti Meor Suleiman	6/6
Dato' Ir. Abdul Rahim bin Abu Bakar	6/6
Encik Taufiq Ahmad @ Ahmad Mustapha bin Ghazali	3/6
Allahyarham Captain A Ghani bin Ishak (demise on 21 March 2011)	1/1*

* reflect the number of meetings attended during the time the Director held office.

RISK MANAGEMENT
COMMITTEE'S RESPONSIBILITIES

1. OBJECTIVE

The primary objective of the Risk Management Committee GMVB is to oversee the Senior Management's activities in managing the key risk areas of the Company's related activities and to ensure that the risk management process is in place and functioning effectively.

2. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Committee are as follows:

a. Recommend appropriate risk management policies, procedures and process in key risk areas such as strategic risk, investment risk, financial risk and operational risk, where applicable.

b. Reviewing the adequacy of risk management strategies, policies and risk tolerance level of GMVB, and the extent to which these are operating effectively.

c. Provide oversight and strategic direction of all risks associated with GMVB's activities for the management.

d. Promoting an integrated approach to evaluate and monitor inter-related risks.

e. Ensuring that the infrastructure, resources and systems are in place to identify, measure, monitor and control risks.

f. Reviewing management's periodic information on risk exposures and risk management activities.

g. Review and endorse contingency plans for critical and worst case scenarios and address related issues.

3. COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2011, the Risk Management Committee (RMC) held one (1) meeting. A record of the attendance of the Committee Members is as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Datin Husniarti binti Tamin (Chairman)	1/1
Puan Eshah binti Meor Suleiman	1/1
Dato' Ir. Abdul Rahim bin Abu Bakar (appointed on 1 April 2011)	0/1
Allahyarham Captain A Ghani bin Ishak (demise on 21 March 2011)	0/0*

* reflect the number of meetings attended during the time the Director held office.

AUDIT & EXAMINATION COMMITTEE'S RESPONSIBILITIES

1. OBJECTIVE

The objective of the Audit & Examination Committee (AEC) is to review the financial condition of GMVB and its subsidiaries, the internal controls, the performance and findings of internal auditors and to recommend appropriate remedial action regularly.

2. FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Committee are as follows:

a. Recommend to the Board on the appointment of External Auditors, the fee and other matters pertaining to the resignation or termination or change of External Auditors.

b. Review with external auditors:

- their audit plan;
- their evaluation of the system of internal control;
- their audit report;
- their management letter and management's response; and
- the assistance given by the management and staff to the external auditors.

c. Carry out the following with regards to the internal audit function, among others:

- Review the adequacy of scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review and approve internal audit plan; and
- Review audit reports and consider adequacy of Management's actions taken on audit findings or recommendations.

d. Receive and consider reports relating to the perpetration and prevention of fraud.

e. Review the Company's compliance with the related Government regulations.

f. Review the quarterly result and the year-end financial statement prior to the approval by the Board. The review of the year-end financial statement by the external auditor, shall focus particularly on:

- Any major changes in the accounting policy or its implementation;
- Adequacy of provisions against contingencies, bad and doubtful debts;
- Significant and unusual events; and
- Compliance with accounting standards and other legal requirements.

g. Ensure the prompt publication of annual accounts.

h. Discuss any problem and reservations that may arise from the interim and final audits, as well as any matter, which the external auditors may wish to discuss (in the absence of management where necessary).

AUDIT & EXAMINATION
COMMITTEE'S RESPONSIBILITIES (CONT'D)

i. Review any related party transactions and conflict of interest situation that may arise in the Company or within the group including any transaction, procedure or conduct that raises questions of management integrity.

j. Preparation of an AEC report at the end of each financial year, which will be published in the Company's Annual Report. The report shall contain the following information:

- The composition of the AEC, including name, designation and directorship of the members and whether the director is independent or otherwise;
- The term of reference of AEC; and
- The number of AEC meetings held in the financial year and detail of attendance of each member; and

k. Update the Board on the issues and concerns discussed during the meetings including those raised by external auditors and where appropriate, make the necessary recommendation to the Board.

3. COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2011, the Audit Committee held four (4) meetings. A record of the attendance of the Committee Members is as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Encik Taufiq Ahmad @ Ahmad Mustapha bin Ghazali (Chairman)	4/4
Datin Husniarti binti Tamin	4/4
Puan Eshah binti Meor Suleiman	3/4

EXPLORING ALL POSSIBILITIES OF COMMERCE

DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a venture capital investment holding company.

The principal activities of the subsidiaries are described in Note 5 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	Company RM'000
(Loss)/profit for the year	(31,003)	62,899
Attributable to:		
Equity holders of the Company	(8,571)	62,899
Minority interests	(22,432)	–
	(31,003)	62,899

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2010 were as follows:

In respect of the financial year ended 31 December 2010:

	RM'000
Interim tax exempt dividend of 8 sen per share on 300,000,000 ordinary shares, paid on 11 January 2011.	24,000

An interim tax exempt dividend of 8 sen per share on 300,000,000 ordinary shares, amounted to RM24,000,000 has been declared on 1 December 2011 in respect of the financial year ended 31 December 2011. This dividend has been paid subsequently on 25 January 2012.

The director do not recommend any final tax exempt dividend in respect of the financial year ended 31 December 2011.

DIRECTORS

The names of the directors of the Company since the date of the last report and at the date of this report are:

Tan Sri Dr. Abdul Samad bin Haji Alias	
Dato' Mohd Zafer bin Mohd Hashim	
Datin Husniarti binti Tamin	
Eshah binti Meor Suleiman	
Dato' Ir. Abdul Rahim bin Abu Bakar	
Taufiq Ahmad @ Ahmad Mustapha bin Ghazali	
A Ghani bin Ishak	(deceased on 21 March 2011)
Abdul Aziz bin Ishak	(appointed on 26 January 2012)
Rashidah binti Mohd Sies (Alternate Director to Eshah binti Meor Suleiman)	(appointed on 20 April 2011)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregated amount of emoluments received or due and receivable by the directors as shown in Note 22 to the financial statements) by reason of a contract made by the Company 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.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

DIRECTORS' REPORT
(CONT'D)

OTHER STATUTORY INFORMATION (cont'd)

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENTS

Significant events during the year are as disclosed in Notes 6 and 7 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 28 February 2012.

Tan Sri Dr. Abdul Samad bin Haji Alias **Dato' Mohd Zafer bin Mohd Hashim**

STATEMENT BY DIRECTORS

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

We, Tan Sri Dr. Abdul Samad bin Haji Alias and Dato' Mohd Zafer bin Mohd Hashim, being two of the directors of Global Maritime Ventures Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 80 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 February 2012.

Tan Sri Dr. Abdul Samad bin Haji Alias

Dato' Mohd Zafer bin Mohd Hashim

STATUTORY DECLARATION

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

I, Abdul Karim bin Ismail, being the officer primarily responsible for the financial management of Global Maritime Ventures Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 80 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 Abdul Karim bin Ismail at
Kuala Lumpur in Wilayah Persekutuan
on 28 February 2012

Abdul Karim bin Ismail

Before me,

INDEPENDENT AUDITORS' REPORT

Global Maritime Ventures Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Global Maritime Ventures Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company, for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 80.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Group and the Company'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 Group's and of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 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 ("Act") in Malaysia, we also report the following:

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

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

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

OTHER MATTERS

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

Ernst & Young	Kua Choh Leang
AF: 0039	No. 2716/01/13(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current assets					
Vessels and equipment	4	337,871	410,180	154	264
Investments in subsidiaries	5	–	–	89,587	110,988
Investment in an associate	6	160,220	–	–	–
Investments in jointly controlled entities	7	236,538	203,337	75	75
Other investments	8	16,766	70	260,040	70
Pool working fund	9	3,010	2,929	–	–
Receivables, deposits and prepayments	10	–	–	124,117	109,766
		754,405	616,516	473,973	221,163
Current assets					
Investments in jointly controlled entities	7	7,013	7,966	–	–
Receivables, deposits and prepayments	10	90,976	225,789	12,654	55,433
Inventories, at cost	11	1,813	1,377	–	–
Cash and cash equivalents	12	499,127	671,564	472,961	652,104
		598,929	906,696	485,615	707,537
Non-current asset held for sale	13	24,581	–	–	–
		623,510	906,696	485,615	707,537
Total assets		1,377,915	1,523,212	959,588	928,700
Non-current liability					
Borrowings	14	183,111	243,597	–	–
Current liabilities					
Borrowings	14	22,809	43,169	–	–
Payables and accruals	15	51,794	76,386	27,234	27,162
		74,603	119,555	27,234	27,162
Total liabilities		257,714	363,152	27,234	27,162
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	16	300,000	300,000	300,000	300,000
Currency translation reserve	17	(52,578)	(49,570)	–	–
Retained earnings	18	805,772	838,343	632,354	601,538
		1,053,194	1,088,773	932,354	901,538
Minority interests		67,007	71,287	–	–
Total equity		1,120,201	1,160,060	932,354	901,538
Total equity and liabilities		1,377,915	1,523,212	959,588	928,700

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

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Continuing operations					
Revenue	19	74,778	93,761	49,437	42,311
Other items of income					
Interest income		22,799	24,414	27,394	25,634
Other income		4,333	36,046	26	31
Other items of expenses					
Administrative expenses		(48,401)	(49,926)	(6,491)	(5,717)
Operating expenses		(78,708)	(48,492)	–	–
Employee benefits expenses	21	(29,421)	(31,820)	(2,244)	(2,599)
Finance costs		(2,453)	(5,995)	(4)	(4)
Share of profit of jointly controlled entities and associate		32,638	9,706	–	–
(Loss)/profit before tax	20	(24,435)	27,694	68,118	59,656
Income tax expense	23	(6,568)	(5,473)	(5,219)	(4,408)
(Loss)/profit for the year		(31,003)	22,221	62,899	55,248
Other comprehensive expense					
Foreign currency translation	17	(4,297)	(37,078)	–	–
Total comprehensive (loss)/income for the year		(35,300)	(14,857)	62,899	55,248
Profit attributable to:					
Owners of the parent		(8,571)	21,067	62,899	55,248
Minority interests		(22,432)	1,154	–	–
		(31,003)	22,221	62,899	55,248
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(11,579)	(6,807)	62,899	55,248
Minority interests		(23,721)	(8,050)	–	–
		(35,300)	(14,857)	62,899	55,248

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 December 2011

				<-- Attributable to shareholders of the Company -->			
				<-------- Non Distributable -------->		Distributable	
Group	**Note**	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share Capital RM'000**	**Currency translation reserve RM'000**	**Retained Earnings RM'000**	**Minority Interests RM'000**
2011							
Opening balance at 1 January 2011		1,160,060	1,088,773	300,000	(49,570)	838,343	71,287
Total comprehensive loss		(35,300)	(11,579)	–	(3,008)	(8,571)	(23,721)
Dividends on ordinary shares	28	(45,187)	(24,000)	–	–	(24,000)	(21,187)
Issuance of convertible redeemable preference shares		40,628	–	–	–	–	40,628
At 31 December 2011		1,120,201	1,053,194	300,000	(52,578)	805,772	67,007
2010							
Opening balance at 1 January 2010		1,215,837	1,119,580	300,000	(21,696)	841,276	96,257
Total comprehensive (loss)/income		(14,857)	(6,807)	–	(27,874)	21,067	(8,050)
Dividends on ordinary shares	28	(40,920)	(24,000)	–	–	(24,000)	(16,920)
At 31 December 2010		1,160,060	1,088,773	300,000	(49,570)	838,343	71,287

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

			Non-distributable	Distributable
	Note	Equity, total RM'000	Share capital RM'000	Retained earnings RM'000
Company				
2011				
Opening balance at 1 January 2011		901,538	300,000	601,538
Total comprehensive income		62,899	–	62,899
Reversal arising from change of repayment term		(8,083)	–	(8,083)
Dividends on ordinary shares	28	(24,000)	–	(24,000)
Closing balance at 31 December 2011		932,354	300,000	632,354
Opening balance at 1 January 2010		854,948	300,000	554,948
Effect of adopting FRS 139		15,342	–	15,342
		870,290	300,000	570,290
Total comprehensive income		55,248	–	55,248
Dividends on ordinary shares	28	(24,000)	–	(24,000)
Closing balance at 31 December 2010		901,538	300,000	601,538

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

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating activities					
(Loss)/profit before tax		(24,435)	27,694	68,118	59,656
Adjustments for:					
Share of profit of jointly controlled entities and associate		(32,638)	(9,706)	–	–
Depreciation of vessels and equipment		44,872	44,253	75	121
Impairment loss on investment in a jointly controlled entity		81	–	–	–
Impairment of vessels		40,406	–	–	–
Gain on disposal of vessels		–	(28,089)	–	–
Gain on disposal of other assets		(25)	–	(25)	–
Loss on disposal of a jointly controlled entity		348	–	–	–
Interest recognised on re-measurement of intercompany loans to fair value		–	–	(6,340)	(7,394)
Interest expense		3,956	5,995	4	4
Interest income		(22,799)	(24,414)	(21,054)	(18,240)
Dividend income		(5,000)	–	(49,437)	(42,311)
Unrealised foreign exchange (gain)/loss		(279)	8,536	–	–
Operating profit/(loss) before changes in working capital		4,487	24,269	(8,659)	(8,164)
Changes in working capital:					
Inventories		(436)	1,326	–	–
Receivables, deposits and prepayment		118,380	(77,642)	48,086	(21,662)
Payables and accruals		(25,817)	(8,730)	(359)	346
Pool working fund		(81)	665	–	–
Cash generated from/(used in) operations		96,533	(60,112)	39,068	(29,480)
Interest received		22,799	24,414	21,054	25,634
Tax paid		(5,342)	(4,929)	(4,788)	(4,027)
Interest expense		(3,956)	(5,995)	(4)	(4)
Net cash generated from/(used in) operating activities		110,034	(46,622)	55,330	(7,877)

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

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2011 (CONT'D)

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities					
Purchase of vessels and equipment		(29,163)	(21,158)	(37)	(185)
Investments in jointly controlled entities		(25,334)	(33,311)	–	–
Investment in an associate		(146,545)	–	–	–
Purchase of redeemable preference shares in subsidiaries		–	–	(259,970)	–
Advances to jointly controlled entities		–	(17,141)	–	–
Repayment of advances from jointly controlled entities		9,898	–	–	–
Proceeds from disposal of an associate		1,722	–	–	–
Proceeds from issuance of convertible redeemable preference shares		40,628	–	–	–
Proceeds from insurance company		97	–	97	–
Proceeds from disposal of vessels		–	204,088	–	–
Dividend received		5,000	–	49,437	42,311
Net cash (used in)/generated from investing activities		(143,697)	132,478	(210,473)	42,126
Cash flows from financing activities					
Dividend paid		(45,187)	(40,920)	(24,000)	(24,000)
Repayment of term loans		(80,846)	(52,595)	–	–
Net cash used in financing activities		(126,033)	(93,515)	(24,000)	(24,000)
Net (decrease)/increase in cash and cash equivalents		(159,696)	(7,659)	(179,143)	10,249
Effect of exchange rate fluctuations on cash held		(12,741)	8,696	–	–
Cash and cash equivalents at beginning of year		671,564	670,527	652,104	641,855
Cash and cash equivalents at end of year		499,127	671,564	472,961	652,104

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business and registered office of the Company are located at Level 15 and Level 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur respectively.

The principal activity of the Company is that of a venture capital investment holding company. The principal activities of the subsidiaries are described in Note 5.

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

The holding company and ultimate holding body of the Company is Bank Pembangunan Malaysia Berhad, a company incorporated and domiciled in Malaysia and The Minister of Finance (Incorporation) ("MOF"), a body corporate which was incorporated under the Minister of Finance (Incorporation) Act, 1957.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia ("FRSs").

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except as disclosed in the accounting policies below.

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

The functional currency of the Company is RM, and its financial statements are also presented in RM.

2.2 Changes in accounting policies and Malaysian Financial Reporting Standards

Changes in acoounting policies

The following applicable new and revised FRS, Amendments to FRSs and IC Interpretation which are mandatory for companies with financial periods beginning on or after 1 January 2011 do not give rise to any significant effects in the financial statements of the Company and of the Group:

- FRS 3 Business Combinations (Revised)
- FRS 127 Consolidated and Separate Financial Statements (Revised)
- IC Interpretation 16 Hedges of a Net Investement in a Foreign Operation
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- Amendments to FRS 7 Improving Disclosures about Financial Statements
- Improvements to FRSs issued in 2010

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and Malaysian Financial Reporting Standards (cont'd)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not commenced its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

2.3 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared for the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Subsidiaries and basis of consolidation

(i) Subsidiaries

In the Company'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 profit or loss.

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 Company'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 as profit or loss.

(ii) Basis of consolidation

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

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 profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Jointly controlled entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in jointly controlled entity 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 jointly controlled entity. The Group's share of the net profit or loss of the jointly controlled entity is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the jointly controlled entity, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. 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 jointly controlled entity. The jointly controlled entity is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the jointly controlled entity.

Goodwill relating to the jointly controlled entity 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 jointly controlled entity'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 jointly controlled entity's profit or loss in the period in which the investment is acquired.

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

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

In the Company'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 profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 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 Company is Ringgit Malaysia ("RM") and that of certain subsidiaries is United States Dollar ("USD"). The financial statements are presented in RM, in compliance with FRSs.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's and its subsidiaries' functional currencies are recorded in the functional currencies 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 that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company'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 profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Vessels and equipment and depreciation

All vessels, 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 profit or loss during the financial period in which they are incurred.

Subsequent to recognition, vessels, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of vessels, 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:

Motor vehicles	5 years
Furniture and fittings	6 – 7 years
Office equipment	6 – 7 years
Office renovation	3 years
Computers	5 years
Vessels	25 years
Dry docking	2.5 – 5 years

Vessels under construction is not depreciated as the asset is not available for use.

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 vessels, plant and equipment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial assets

The carrying amount of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs to.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset recoverable amount is the higher of an asset or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cashflows 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 risk 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 all allocated first to reduce the carrying amount if any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a prorata basis.

2.9 Inventories

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

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

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets at fair value through profit or loss.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any held-to-maturity investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For availablefor- sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.12 Cash and cash equivalents

For the purposes of the statements of cas flows, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value.

2.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) 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 held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial liabilities (cont'd)

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

2.14 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.15 Borrowing costs

Borrowing costs comprise debts issuance costs and interest 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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 profit or loss in the year in which they are incurred.

2.16 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income taxes (cont'd)

(b) Deferred tax

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 it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at 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 tax rates and tax laws that have been enacted or substantively 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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.

2.18 Employee benefits

(a) 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 nonaccumulating compensated absences such as sick leave are recognised when the absences occur.

(b) 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").

2.19 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) Share of pool profit/(loss)

Share of pool profit/(loss) arising from the ship-owning subsidiaries' participation in pool arrangements is accounted for on an accrual basis.

(ii) Charter hire income

Charter hire fees are accounted for on an accrual basis.

(iii) Interest income

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

(iv) Dividend income

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

2.20 Repairs and maintenance, and dry-docking

Repairs and maintenance costs are recognised in profit or loss as incurred. Drydocking expenditure is capitalised and depreciated over a period of 30 to 60 months or the period until the next drydocking date, whichever is the shorter.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Non-current Assets Held for Sale

recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

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

2.22 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Key sources of estimation uncertainty

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

Impairment of vessels

The Group assesses whether there is any indication that the vessels may be impaired at each reporting date. If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets' and the assets' value-in-use amount.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from vessels and also to choose a suitable discount rate in order to calculate to present value of those cash flows. The carrying amount of the vessels was disclosed in Note 4 and further details on impairment loss recognised during the year are disclosed in Note 20.

4. VESSELS AND EQUIPMENT

Group

	Vessels RM'000	Drydocking expenses RM'000	Furniture, fittings and office equipment RM'000	Office renovation RM'000	Motor vehicle RM'000	Computers RM'000	Total RM'000
At 31 December 2011							
Cost							
At 1 January 2011	763,677	38,258	190	297	239	311	802,972
Additions	9,288	19,838	15	–	–	22	29,163
Disposal	(18)	–	(3)	–	(84)	(50)	(155)
Transfer to assets held for sale	(123,303)	(10,282)	–	–	–	–	(133,585)
Effect of movements in exchange rates	20,929	988	–	–	–	–	21,917
At 31 December 2011	670,573	48,802	202	297	155	283	720,312
Accumulated depreciation							
At 1 January 2011	370,494	21,523	148	295	65	267	392,792
Depreciation for the year	31,452	13,345	17	2	38	18	44,872
Disposal	–	–	(1)	–	(17)	(47)	(65)
Transfer to assets held for sale	(69,170)	(9,127)	–	–	–	–	(78,297)
Effect of movements in exchange rates	12,430	1,010	–	–	–	–	13,440
At 31 December 2011	345,206	26,751	164	297	86	238	372,742
Accumulated impairment losses							
At 1 January 2011	–	–	–	–	–	–	–
Charge for the year	40,406	–	–	–	–	–	40,406
Transfer to assets held for sale	(30,707)	–	–	–	–	–	(30,707)
At 31 December 2011	9,699	–	–	–	–	–	9,699
Net carrying amounts	315,668	22,051	38	–	69	45	337,871

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

4. VESSELS AND EQUIPMENT (CONT'D)

Group

	Vessels RM'000	Drydocking expenses RM'000	Furniture, fittings and office equipment RM'000	Office renovation RM'000	Motor vehicle RM'000	Computers RM'000	Total RM'000
At 31 December 2010							
Cost							
At 1 January 2010	1,022,452	31,705	188	292	158	302	1,055,097
Additions	3,447	17,526	2	5	169	9	21,158
Disposal	(178,643)	(5,321)	–	–	(88)	–	(184,052)
Effect of movements in exchange rates	(83,579)	(5,652)	–	–	–	–	(89,231)
At 31 December 2010	763,677	38,258	190	297	239	311	802,972
Accumulated depreciation							
At 1 January 2010	457,326	21,383	130	262	107	243	479,451
Depreciation for the year	33,973	10,159	18	33	46	24	44,253
Disposal	(82,277)	(5,091)	–	–	(88)	–	(87,456)
Effect of movements in exchange rates	(38,528)	(4,928)	–	–	–	–	(43,456)
At 31 December 2010	370,494	21,523	148	295	65	267	392,792
Net carrying amounts	393,183	16,735	42	2	174	44	410,180

4. VESSELS AND EQUIPMENT (CONT'D)

Company

	Furniture, fittings and office equipment RM'000	Office renovation RM'000	Motor vehicle RM'000	Computer RM'000	Total RM'000
At 31 December 2011					
Cost					
At 1 January 2011	190	297	239	310	1,036
Additions	15	–	–	22	37
Disposal	(3)	–	(84)	(50)	(137)
At 31 December 2011	202	297	155	282	936
Accumulated depreciation					
At 1 January 2011	148	294	64	266	772
Depreciation for the year	17	2	38	18	75
Disposals	(1)	–	(17)	(47)	(65)
At 31 December 2011	164	296	85	237	782
Net carrying amounts	38	1	70	45	154
At 31 December 2010					
Cost					
At 1 January 2010	188	292	158	301	939
Additions	2	5	169	9	185
Disposal	–	–	(88)	–	(88)
At 31 December 2010	190	297	239	310	1,036
Accumulated depreciation					
At 1 January 2010	130	261	106	242	739
Depreciation for the year	18	33	46	24	121
Disposals	–	–	(88)	–	(88)
At 31 December 2010	148	294	64	266	772
Net carrying amounts	42	3	175	44	264

At 31 December 2011, vessels with carrying amount of RM315,668,000 (2010:RM393,183,000) were pledged to a licensed financial institution for banking facilities granted to the subsidiaries (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	20,300	20,300
Discounts on loans to subsidiaries	69,287	90,688
	89,587	110,988

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Interest (%) 2011	Effective Interest (%) 2010
Held by the Company				
Glory Incentive Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Alam Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Gagasan Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Bahtera Sdn Bhd	Malaysia	Dormant	100	100
GMV-Efogen Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Regional Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Orkim Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Offshore Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Global Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Jasa Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Omni Sdn Bhd	Malaysia	Investment holding	100	100
GMV-Borcos Sdn Bhd	Malaysia	Investment holding	100	100
Mutiara Navigation Sdn Bhd	Malaysia	Ship-owning	70	70
Intan Navigation Sdn Bhd	Malaysia	Dormant	70	70
Nilam Navigation Sdn Bhd	Malaysia	Dormant	70	70
Kasa Navigation Sdn Bhd	Malaysia	Dormant	70	70
Mayang Navigation Sdn Bhd	Malaysia	Dormant	70	70
Sari Navigation Sdn Bhd	Malaysia	Ship-owning	70	70
Tiara Navigation Sdn Bhd	Malaysia	Dormant	70	70
Held by Glory Incentive Sdn Bhd				
Permata Navigation Sdn Bhd	Malaysia	Ship-owning	70	70
Gemala Navigation Sdn Bhd	Malaysia	Ship-owning	70	70
Ratna Navigation Sdn Bhd	Malaysia	Ship-owning	70	70
Kencana Navigation Sdn Bhd	Malaysia	Ship-owning	70	70
Ayu Navigation Sdn Bhd	Malaysia	Dormant	70	70

All subsidiaries are audited by Ernst & Young, Malaysia.

6. INVESTMENT IN AN ASSOCIATE

	Group	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	146,545	–
Share of post acquisition reserves	13,675	–
	160,220	–

Name	Country of Incorporation	Principal Activities	Proportion (%) of ownership interest 2011	2010
Held through a subsidiary:				
Syarikat Borcos Shipping Sdn Bhd *	Malaysia	Ship-owning	35	–

* Audited by a firm other than Ernst & Young

During the financial year, the Company, via its subsidiary, GMV-Borcos Sdn Bhd acquired 35% equity interest in Syarikat Borcos Shipping Sdn Bhd. The total cash consideration for the company amounted to RM146,545,000.

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

	Group	
	2011 RM'000	2010 RM'000
Assets and liabilities:		
Total assets	1,090,170	–
Total liabilities	779,613	–
Results:		
Revenue	162,952	–
Profit for the year	96,101	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	127,224	100,122	75	75
Share of post acquisition reserves	46,276	31,523	–	–
Less: Accumulated impairment losses	(81)	–	–	–
	173,419	131,645	75	75
Advances to jointly controlled entities:				
– within 1 year	7,013	7,966	–	–
– 1 year to 2 years	7,013	7,966	–	–
– 2 years to 5 years	21,040	23,897	–	–
– more than 5 years	35,066	39,829	–	–
	70,132	79,658	–	–
	243,551	211,303	75	75
Analysed as:				
Short term investment	7,013	7,966	–	–
Long term investment	236,538	203,337	75	75
	243,551	211,303	75	75

The advances to jointly controlled entities bear an interest of 3% to 7% (2010:7%) per annum and repayable on a quarterly basis over a period of 10 years.

7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

Details of the jointly controlled entities whose financial year end are conterminous with the Group are as follows:

Name of jointly controlled entities	Country of Incorporation	Principal Activities	Effective Interest (%)	
			2011	2010
Wawasan Bulk Services Sdn Bhd	Malaysia	Ship management	30	30
Alam Eksplorasi (M) Sdn Bhd	Malaysia	Ship-owning, ship operator, ship agency, chartering and other related to shipping industry	40	40
Alam Synergy I (L) Inc	Malaysia	Ship-owning, ship operator and charter hire of vessel	40	40
Alam Synergy II (L) Inc	Malaysia	Ship-owning, ship operator and charter hire of vessel	40	40
Alam Synergy III (L) Inc	Malaysia	Ship-owning, ship operator and charter hire of vessel	40	40
Formasi Cekal Sdn Bhd	Malaysia	Ship-owning, ship operator, and to undertake all kinds of contract to carry merchant goods	40	40
Baycorp Ship Management Sdn Bhd	Malaysia	Ship management	40	40
*Gagasan Sembilan Sdn Bhd	Malaysia	Ship-owning	40	40
Gagasan Ked Sdn Bhd	Malaysia	Ship-owning	60	60
Gagasan Paha Sdn Bhd	Malaysia	Ship-owning	60	60
Orkim Leader Sdn Bhd	Malaysia	Ship-owning and freighting	40	40
Orkim Power Sdn Bhd	Malaysia	Ship-owning and freighting	40	40
Orkim Merit Sdn Bhd	Malaysia	Ship-owning and freighting	40	40
Orkim Express Sdn Bhd	Malaysia	Ship-owning and freighting	40	40
Global BMesra Sdn Bhd	Malaysia	Ship-owning and freighting	49	49
Global BMesra Dua Sdn Bhd	Malaysia	Ship-owning and freighting	49	49
JM Global 1 (Labuan) Plc	Malaysia	Ship-owning and freighting	49	49
JM Global 2 (Labuan) Plc	Malaysia	Ship-owning and freighting	49	49
**Omni Offshore (L) Inc	Malaysia	Ship-owning and freighting	–	40
Orkim Challenger Sdn Bhd	Malaysia	Ship-owning and freighting	60	60
Orkim Discovery Sdn Bhd	Malaysia	Ship-owning and freighting	60	60
Orkim Reliance Sdn Bhd	Malaysia	Ship-owning and freighting	60	60
Global BIkhlas Sdn Bhd	Malaysia	Ship-owning and freighting	49	49
JM Global 3 (Labuan) Plc	Malaysia	Ship-owning and freighting	49	49
JM Global 4 (Labuan) Plc	Malaysia	Ship-owning and freighting	49	49
Sea Weasel Ltd	Malaysia	Ship-owning and freighting	49	49
Rimbun Astana Sdn Bhd	Malaysia	Ship-owning and freighting	40	–

* In the process of winding up

** Disposed to Omni Petromaritime Sdn Bhd on 15 September 2011

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

The voting rights for all the jointly controlled entities mentioned above are equal for both the joint venture parties.

During the financial year:

(a) The Company, via its subsidiary, GMV-Alam Sdn Bhd ("GMV-Alam") subscribed 40% of 8,000,000 units of Redeemable Preference Shares (RPS) which is 3,200,000 units of RPS of RM0.01 each at a premium of RM0.99 per share issued by Alam Synergy III based on GMV-Alam's shareholding.

(b) The Company, via its subsidiary, GMV-Offshore Sdn Bhd entered into a joint venture agreement with Offshoreworks Sdn Bhd and Amir Ruddin Bin Salleh to set up a new joint venture ship-owning company, Rimbun Astana Sdn Bhd with a subscription of 40% equity interest. The total cash consideration for the company amounted to RM8,218,000.

(c) A subsidiary, GMV-Jasa Sdn Bhd increased its investment in JM Global 3 (Labuan) PLC and JM Global 4 (Labuan) PLC in the form of additional equity participation, for a total contribution to RM13,916,000. The effective interest in these companies remain unchanged.

(d) A subsidiary, GMV-Omni Sdn Bhd disposed its existing 40% equity interest in Omni Offshore (L) Inc. to Omni Petromaritime Sdn Bhd.

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

	2011 RM'000	2010 RM'000
Assets:		
Non-current assets	656,534	562,083
Current assets	114,645	100,641
Total assets	771,179	662,724
Liabilities:		
Non-current liabilities	367,032	259,383
Current liabilities	235,029	271,696
Total liabilities	602,061	531,079
Results		
Revenue	129,297	64,889
Profit for the year	20,506	9,706

8. OTHER INVESTMENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Available-for-sale financial assets				
– Equity instruments (unquoted), at cost	16,696	–	259,970	–
Other				
– Golf membership, at cost	70	70	70	70
	16,766	70	260,040	70

9. POOL WORKING FUND

These represent advances from subsidiaries to the pool operators for operating funds of the vessels in the pool. These advances are interest free, unsecured and are refundable only upon termination of the pool agreement signed between the subsidiaries and the pool operators.

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current					
Trade receivables					
Third parties	(a)	394	4,815	–	–
Other receivables					
Third parties	(b)	11,655	15,617	3,443	4,098
Deposits		60	60	60	60
Tax recoverable		106	–	–	–
Prepayments		10	27	10	27
Dividend receivables		–	–	–	31,500
Amounts due from subsidiaries	(c)	–	–	9,141	19,748
Amounts due from related parties	(d)	78,751	205,270	–	–
		90,582	220,974	12,654	55,433
		90,976	225,789	12,654	55,433

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current					
Other receivables					
Amounts due from subsidiaries	(c)	–	–	124,117	109,766
Total trade and other receivables (current and non-current)		90,976	225,789	136,771	165,199
Add: Cash and cash equivalents	12	499,127	671,564	472,961	652,104
Add: Advances to jointly controlled entities	7	70,132	79,658	–	–
Less: Prepayments		10	27	10	27
Total loans and receivables		660,225	976,984	609,722	817,276

(a) Trade receivables

Trade receivables for the third parties relate to amounts due from charterers.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	394	3,253
1 to 30 days past due not impaired	–	1,557
31 to 60 days past due not impaired	–	–
61 to 90 days past due not impaired	–	–
91 to 120 days past due not impaired	–	–
More than 121 days past due not impaired	–	5
	–	1,562
Impaired	–	–
	394	4,815

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are charterers with good payment record with the Group.

Receivables that are past due but not impaired

The Group has trade receivables amounted to RM1,562,000 in the previous year that are past due at the reporting date but not impaired.

The receivables that are past due but not impaired are unsecured in nature.

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(b) Other receivables from third parties

Included in other receivables from third parties of the Company is RM993,000 (2010: RM1,112,000) being loan to staff, bearing an interest of 4% (2010: 4%) per annum and repayable by monthly salary deductions.

(c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand except for the long term portion which bears interest at 2.4% to 7% and is expected to be repayable in full over 10 years.

(d) Amounts due from related parties

Related parties in these financial statements refer to companies within the IMC Holdings Limited Group of Companies, a corporate shareholder of the ship-owning subsidiaries.

Amounts due from related parties relate to fund placements with fund managers for short term deposits and bear floating interest rates of 0.18% to 0.57% (2010: 0.06% to 0.22%) per annum.

11. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
Lubricants, at cost	1,813	1,377

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with:				
Licensed banks	492,886	670,677	472,926	651,862
Cash and bank balances	6,241	887	35	242
	499,127	671,564	472,961	652,104

The range of interest rates and the maturities of deposits as at 31 December 2011 were 2.85% to 3.55% (2010: 2.60% to 3.30%) per annum and 3 to 222 days (2010: 31 to 365 days), respectively.

Other information on financial risks of cash and cash equivalents are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

13. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2011 RM'000	**2010 RM'000**
As at 1 January	–	79,402
Reclassified from vessels and equipment (Note 4)	24,581	–
Sale of vessels	–	(79,402)
As at 31 December	24,581	–

Selendang Permata, a vessel was classified as non-current asset held for sale. Memorandum of Agreement was signed and deposit was received for the sale of Selendang Permata, however the risks and rewards were not transferred to the purchaser as at 31 December 2011.

14. BORROWINGS

	Group	
	2011 RM'000	**2010 RM'000**
Current		
Secured term loan:		
Within 1 year	22,809	43,169
	22,809	43,169
Non Current		
Secured term loan:		
More than 1 year and less than 2 years	38,650	43,169
More than 2 years and less than 5 years	144,461	86,338
More than 5 years	–	114,090
	183,111	243,597
Total borrowings	205,920	286,766

Security

The term loans for tankers are secured by a first preferred cross-collaterised mortgage of the vessels concerned, an assignment of earnings derived from the pool and insurance of the vessels amounting to RM205,920,000 (2010: RM286,766,000).

The weighted average effective interest rate of the term loans during the year ranged from 0.89% to 1.13% (2010: 0.97% to 1.45%) per annum.

15. PAYABLES AND ACCRUALS

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade					
Amount due to a related party	a	18	1,495	–	–
Non-trade					
Amount due to holding company	b	24,000	24,000	24,000	24,000
Other payables		11,823	29,857	(16)	16
Accrued expenses		12,303	11,790	2,004	2,332
Tax payable		1,403	919	1,246	814
Amount due to a related party	a	2,247	8,325	–	–
		51,776	74,891	27,234	27,162
Total payables and accruals		51,794	76,386	27,234	27,162
Less: Tax payable		1,403	919	1,246	814
Add: Borrowings (Note 14)		205,920	286,766	–	–
Total other financial liabilities		256,311	362,233	25,988	26,348

(a) Amount due to a related party

Trade payables of amount due to a related party and non-trade payables of amount due to related party are unsecured, interest free and repayable on demand.

(b) Amount due to holding company

Amount due to holding company is in respect of dividend payable.

16. SHARE CAPITAL

	Number of ordinary shares of RM1 each 2011 '000	Number of ordinary shares of RM1 each 2010 '000	Amount 2011 RM'000	Amount 2010 RM'000
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January/31 December	300,000	300,000	300,000	300,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2011 (CONT'D)

17. CURRENCY TRANSLATION RESERVE

	Currency translation reserve RM'000
Group	
At 1 January 2010	(21,696)
Other comprehensive income:	
Foreign currency translation	(37,078)
Less: Minority interests	9,204
	(27,874)
At 31 December 2010	(49,570)
At 1 January 2011	(49,570)
Other comprehensive income:	
Foreign currency translation	(4,297)
Less: Minority interests	1,289
	(3,008)
At 31 December 2011	(52,578)

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from the monetary item which form part of the Group's net investment in those operations.

18. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011, the Company has sufficient credit in the aggregate of 108 balance and Exempt Income Account balance to pay franked dividends amounting to RM206,163,544 (2010: RM230,163,544) out of its retained earnings. If the balance of the retained earnings of RM431,797,240 (2010: RM353,969,363) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

As at 31 December 2011, the Company has tax exempt profits available for distribution of approximately RM200,362,078 (2010: RM224,362,078), subject to agreement with the Inland Revenue Board.

19. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Dividends	–	–	49,437	42,311
Charter hire income	–	18,362	–	–
Sundry income	550	646	–	–
Share of pool profit	74,228	74,753	–	–
	74,778	93,761	49,437	42,311

20. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Employee benefits expense (Note 21)	29,421	31,820	2,244	2,599
Non-executive directors' remuneration (Note 22)	139	162	139	162
Auditors remuneration				
Statutory audits	182	182	42	42
Other services	–	38	6	12
Depreciation of vessels and equipment (Note 4)	44,872	44,253	75	121
Interest expense	3,956	5,995	4	4
Rental of office equipment	11	11	11	11
Rental of office	190	183	190	183
Loss/(gain) on exchange				
– realised	521	(1,343)	–	–
– unrealised	(279)	8,536	–	–
Interest income	(22,799)	(24,414)	(21,054)	(18,240)
Interest recognised on re-measurement of intercompany loans to fair value	–	–	(6,340)	(7,394)
Gain on disposal of vessels	–	(28,089)	–	–
Gain on disposal of other assets	(25)	–	(25)	–
Dividend income	(5,000)	–	(49,437)	(42,311)
Impairment of vessels	40,406	–	–	–
Impairment loss on investment in a jointly controlled entity	81	–	–	–
Loss on disposal of a jointly controlled entity	348	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

21. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages, salaries and bonus	23,111	24,193	1,702	1,975
Employees Provident Fund	195	237	195	235
Social security contributions	11	12	11	14
Other benefits	6,104	7,378	336	375
	29,421	31,820	2,244	2,599

22 DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-executive directors remuneration				
Fees	110	114	110	114
Other emoluments	29	48	29	48
	139	162	139	162

23. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current year income tax	6,585	5,568	5,216	4,507
(Over)/underprovision of tax expense in prior years	(17)	(95)	3	(99)
	6,568	5,473	5,219	4,408

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

23. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(Loss)/profit before tax	(24,435)	27,694	68,118	59,656
Taxation at Malaysian statutory tax rate of 25% (2010:25%)	(6,109)	6,924	17,030	14,914
Effect of share of results of jointly controlled entities and associate	(8,160)	(2,429)	–	–
Expenses not deductible for tax purposes	22,207	16,694	545	171
Income not subject to tax	(1,353)	(15,621)	(12,359)	(10,578)
(Over)/underprovision of tax expense in prior years	(17)	(95)	3	(99)
	6,568	5,473	5,219	4,408

Included in income not subject to tax is tax exempt shipping income, derived from the operations of the Group's sea-going Malaysian registered vessels under Section 54A of the Malaysian Income Tax Act 1967.

24. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Agency fees paid to an affiliated companies*	852	998	–	–
Rental paid/payable to holding company	190	183	190	183
Interest earned from jointly controlled entities	4,364	5,796	–	297
Group sharing cost payable to holding company	361	268	361	268

* Affiliated companies are companies which share common directors with the Company.

The directors are of the opinion that all the transactions above 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.

Outstanding balances in respect of the above transactions are disclosed in Note 7 and 15.

(b) Compensation of key management personnel

Key management personnel of the Company comprise solely the Company's directors. Their compensation are as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

25. CAPITAL COMMITMENTS

	Group and Company	
	2011 RM'000	2010 RM'000
Capital expenditure Approved and contracted for Investments	661,610	272,470
Approved and but not contracted for Investments	26,190	71,144

26. CONTINGENT LIABILITY

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Corporate guarantees issued to financial institutions for credit facilities granted to: – Jointly controlled entities	358,200	347,140	358,200	347,140

The above contingent liability on corporate guarantees is based on the outstanding balances of the credit facilities granted to jointly controlled entities.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risk.

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

(b) Foreign currency risk

The Group and the Company are exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's and the Company's policy is to minimise the exposure of foreign currency risk by monitoring and approving requisitions which involve foreign currencies.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in its functional currency are as follows:

	Net financial assets held in non-functional currencies
	USD RM'000
Functional currency of Group Companies	
At 31 December 2011	
Ringgit Malaysia	95,439
At 31 December 2010	
Ringgit Malaysia	51,254

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	Group and Company	
	2011 RM'000 Profit net of tax	**2010 RM'000 Profit net of tax**
USD/RM		
– strengthened 10% (2010: 10%)	9,544	5,125
– weakened 10% (2010: 10%)	(9,544)	(5,125)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

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

(c) Liquidity risk

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

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	I------------------------ 2011			----------------------------I
	On demand or within one year RM'000	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group				
Financial liabilities:				
Payables and accruals	51,794	–	–	51,794
Borrowings	44,800	134,400	28,800	208,000
Total undiscounted financial liabilities	96,594	134,400	28,800	259,794
Company				
Financial liabilities:				
Payables and accruals, represent total undiscounted financial liabilities	27,234	–	–	27,234

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

(c) Liquidity risk (cont'd)

	I------------------------ 2011 ---------------------------I			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Payables and accruals	76,386	–	–	76,386
Borrowings	43,691	131,074	115,470	290,236
Total undiscounted financial liabilities	120,077	131,074	115,470	366,622
Company				
Financial liabilities:				
Payables and accruals represent total undiscounted financial liabilities	27,162	–	–	27,162

(d) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the reporting date, there were no significant concentrations of credit risk other than as disclosed in Note 10. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values
- A carrying amount of RM78,751,000 (2010: RM205,270,000) relating to Group trade and other receivables which are due from related parties.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

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

(d) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM'000	% of total	RM'000	% of total
By country:				
Singapore	394	100%	4,815	100%

At the reporting date, approximately 87% of the Group's (2010: 91%) trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group and the Company's interest-bearing financial assets are mainly short term in nature.

At the reporting date, all of the Group's borrowings are at floating rates of interest.

As at 31 December 2011, the Group does not have significant interest rate exposure.

(f) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on the reporting date.

28. DIVIDENDS

	Dividend Recognised in Year		Dividend Per Share	
	2011 RM'000	2010 RM'000	2011 RM	2010 RM
In respect of financial year:				
31 December 2011:				
Interim dividend of 8.0% per share, tax exempt	24,000	–	0.08	–
31 December 2010:				
Interim dividend of 8.0% per share, tax exempt	–	24,000	–	0.08

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. The Group also have Single Joint Venture Partner Investment Limit (SJPIL) policy in place to serve as a protective fence that preserves shareholders fund and as a conservative requirement to monitor and manage the concentration risk of the Company. The maximum investment limit is set at 35% of total paid up capital of the Company latest audited financial statement and shall encompass all investments in its Joint Venture-Ship Owning Companies (JV-SOCs) with the joint venture partners.

The Group also monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio low. The Group includes within net debt, borrowings (excluding convertible redeemable preference shares), payables and accruals, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011 (CONT'D)

29. CAPITAL MANAGEMENT (CONT'D)

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Borrowings	14	205,920	286,766	–	–
Payables and accruals	15	51,794	76,386	27,234	27,162
Less: Cash and cash equivalents	12	(499,127)	(671,564)	(472,961)	(652,104)
Net debt/(surplus)		(241,413)	(308,412)	(445,727)	(624,942)
Equity attributable to the owners of the parent		1,053,194	1,088,773	932,354	901,538
Total capital		1,053,194	1,088,773	932,354	901,538
Capital and net debt		–	–	–	–
Gearing ratio		–	–	–	–

No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

FORM OF PROXY

I/We ____

(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD/CERTIFICATE OF INCORPORATION)

of ____

being a member/members of the abovementioned Company, hereby appoint ______________________________

____

(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of ____, and/or

____

(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of ____

and failing the abovenamed proxy, the Chairman of the Meeting as my/our proxy to tend and vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held at Room Penang 1 Level 3 Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 28th May 2012 at 12:00 noon and at any adjournment thereof in the manner indicated below:-

No.	Resolution	For	Against
	AS ORDINARY BUSINESS To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.		
	To re-elect the following Directors retiring pursuant to Article 63 of the Articles of Association of the Company:-		
	(i) Y.Bhg. Datin Husniarti binti Tamin; and		
	(ii) Y.Bhg Dato' Mohd Zafer bin Mohd Hashim.		
	To re-elect the following Director retiring pursuant to Article 68 of the Articles of Association of the Company:-		
	(i) Tuan Haji Abdul Aziz bin Haji Ishak		
	To approve the payment of Directors' fees for the financial year ended 31st December 2011.		
	To re-appoint Messrs. Ernst & Young as Auditors and to authorize the Board of Directors to fix their remuneration.		
	AS SPECIAL BUSINESSES To consider and if thought fit, to pass the following Resolution:-		
	ORDINARY RESOLUTION **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965** "THAT, subject to the provision of Section 132D of the Companies Act, 1965, the Company's Articles of Association and the approvals of the relevant government/regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at such time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy/proxies/corporate representative shall vote, the proxy/proxies/corporate representative shall vote or abstain as he/she thinks fit.)

Dated this __________ day of ________________ 2012

____

Signature(s)/Common Seal of Shareholder(s)

Number of ordinary shares held

The proportions of my/our holding to be represented by my/our proxy are as follows:-

FIRST PROXY

No. of Shares : ________________

Percentage : ________________%

SECOND PROXY

No. Of Shares : ________________

Percentage : ________________ %

NOTE:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll to vote in his stead. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965i shall not apply to the Company.
2. Where a member appoints more than one proxy the appointment shall be invalid unless the proportion of his shareholding to be represented by each proxy is specified.
3. In the case of a Corporate Member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer of the Corporation or attorney duly authorised.
4. The Proxy Form must be deposited at the Registered Office of the Company at Aras 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Failure to lodge your Proxy Form within the stipulated time may result in your proxy being precluded from attending and voting at the Meeting or any adjournment thereof.
6. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the Meeting should the member subsequently decide to do so.

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STAMP

The Secretary

GLOBAL MARITIME VENTURES BERHAD

Level 16, Menara Bank Pembangunan
Bandar Wawasan
No. 1016, Jalan Sultan Ismail
50250 Kuala Lumpur

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