

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2008
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2008

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-08 RM '000	PRECEDING YEAR QUARTER 31-Mar-07 RM '000	CURRENT YEAR TO DATE 31-Mar-08 RM '000	PRECEDING YEAR TO DATE 31-Mar-07 RM '000
Revenue	180,464	107,417	180,464	107,417
Operating expenses	<u>(72,706)</u>	<u>(37,542)</u>	<u>(72,706)</u>	<u>(37,542)</u>
	107,758	69,875	107,758	69,875
Other operating income	3,823	86,447	3,823	86,447
Administrative expenses	<u>(8,943)</u>	<u>(6,972)</u>	<u>(8,943)</u>	<u>(6,972)</u>
Profit from operations	102,638	149,350	102,638	149,350
Finance cost	(6,633)	(4,999)	(6,633)	(4,999)
Share of results of associate	<u>3,693</u>	<u>3,661</u>	<u>3,693</u>	<u>3,661</u>
Profit before taxation	99,698	148,012	99,698	148,012
Income tax expense	<u>(2,737)</u>	<u>(1,665)</u>	<u>(2,737)</u>	<u>(1,665)</u>
Profit for the period	<u>96,961</u>	<u>146,347</u>	<u>96,961</u>	<u>146,347</u>
Attributable to:				
Equity holders of the parent	92,257	143,654	92,257	143,654
Minority interests	<u>4,704</u>	<u>2,693</u>	<u>4,704</u>	<u>2,693</u>
	<u>96,961</u>	<u>146,347</u>	<u>96,961</u>	<u>146,347</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	9.23	14.37	9.23	14.37

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-08 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-07 RM '000
ASSETS		
Non-current assets		
Fixed assets	593,013	655,175
Leasehold property	18,196	18,508
Associate	50,996	47,605
	<u>662,205</u>	<u>721,288</u>
Current Assets		
Consumable stores	11,395	6,517
Trade receivables	48,263	42,798
Other receivables and prepayments	72,153	53,444
Investments	189,525	208,716
Short term deposits	1,046,370	988,783
Cash and bank balances	5,129	38,163
	<u>1,372,835</u>	<u>1,338,421</u>
Non-current assets classified as held for sale	162,816	127,999
	<u>1,535,651</u>	<u>1,466,420</u>
TOTAL ASSETS	<u><u>2,197,856</u></u>	<u><u>2,187,708</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	1,474,713	1,445,048
	<u>1,724,713</u>	<u>1,695,048</u>
Minority interest	80,837	79,256
Total equity	<u>1,805,550</u>	<u>1,774,304</u>
Non-current liabilities		
Bank and other borrowings	329,187	342,810
Deferred taxation	1,338	1,338
	<u>330,525</u>	<u>344,148</u>
Current liabilities		
Bank and other borrowings	6,416	6,589
Other payables	52,351	60,845
Provision for Taxation	3,014	1,822
	<u>61,781</u>	<u>69,256</u>
Total liabilities	<u>392,306</u>	<u>413,404</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,197,856</u></u>	<u><u>2,187,708</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2008

	CUMULATIVE	
	CURRENT YEAR 31-Mar-08 RM '000	PRECEDING YEAR 31-Mar-07 RM '000
Cash Flow From Operating Activities		
Profit before taxation	99,698	148,012
Adjustments for:		
Depreciation and amortisation	7,838	9,405
Gain on disposal of fixed assets	(16)	-
Gain on disposal of quoted investments	(543)	(2,123)
Gain on disposal of vessels	-	(73,967)
Provision for doubtful debts	110	263
Unrealised exchange gain	(333)	(2,810)
Share of results of associate	(3,693)	(3,661)
Unrealised loss on quoted investments	20,200	856
Dividend income	(318)	(133)
Interest income	(10,721)	(10,368)
Interest expense	6,633	4,999
Operating profit before working capital changes	118,855	70,473
Working capital changes:		
Consumable stores	(5,129)	(2,969)
Receivables	(26,736)	18,462
Payables	(8,740)	(13,262)
Cash generated from operating activities	78,250	72,704
(Tax paid) / tax refunded	(390)	178
Net cash generated from operating activities	77,860	72,882
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	(9,406)	(44,292)
Purchase of new equipment and capitalisation of dry docking cost	(2,400)	(1,343)
Purchase of other fixed assets	(80)	(11)
Purchase of quoted investments	(39,422)	(13,439)
Dividend received	318	133
Interest received	10,721	10,368
Proceeds from disposal of quoted investments	31,988	52,073
Proceeds from sale of vessels	-	102,591
Proceeds from disposal of other fixed assets	16	-
Net cash generated from/(used in) investing activities	(8,265)	106,080
Cash Flows From Financing Activities		
Interest paid	(6,633)	(4,999)
Repayment of loans	-	(2,647)
Repayment of lease financing	(1,517)	(57,338)
Net cash used in financing activities	(8,150)	(64,984)
Net Change in Cash & Cash Equivalents	61,445	113,978
Effects of Foreign Exchange Rate Changes	(36,892)	(1,608)
Cash & Cash Equivalents at the beginning of the period	1,026,946	692,794
Cash & Cash Equivalents at the end of the period	1,051,499	805,164
Cash & Cash equivalents comprise:		
Short term deposits	1,046,370	800,415
Cash and bank balances	5,129	4,749
	1,051,499	805,164

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2008

	← Attributable to Equity Holders of the Parent →						Minority Interest	Total Equity	
	Non-distributable					Distributable			
	Share Capital	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Retained profits			Total
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
3 MONTHS ENDED 31 MARCH 2007									
At 1 JANUARY 2007	200,000	98,791	34,159	40,000	(16,995)	1,198,162	1,554,117	53,034	1,607,151
Currency translation differences	-	-	-	-	(8,695)	-	(8,695)	(4,159)	(12,854)
Profit for the period	-	-	-	-	-	143,654	143,654	2,693	146,347
At 31 MARCH 2007	200,000	98,791	34,159	40,000	(25,690)	1,341,816	1,689,076	51,568	1,740,644
3 MONTHS ENDED 31 MARCH 2008									
At 1 JANUARY 2008	250,000	48,791	34,159	40,000	(100,656)	1,422,754	1,695,048	79,256	1,774,304
Currency translation differences	-	-	-	-	(62,592)	-	(62,592)	(3,123)	(65,715)
Profit for the period	-	-	-	-	-	92,257	92,257	4,704	96,961
At 31 MARCH 2008	250,000	48,791	34,159	40,000	(163,248)	1,515,011	1,724,713	80,837	1,805,550

NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2007 with the exception for FRS 139, whereby unrealised gains on quoted investments are not recognised in the financial statements until year end. Unrealised losses on quoted investments are recognised immediately whilst unrealised gains will only be recognised at the year end.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2007 were not qualified.

A3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter.

A5. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares for the current quarter.

A7. DIVIDENDS PAID

No dividends have been paid or declared for the current quarter ended 31 March 2008.

The final dividend of 30 sen per share, tax exempt, amounting to RM300million for the financial year ended 31 December 2007 was paid on 8 May 2008.

A8. SEGMENT REPORT

Segmental analysis for the current financial period to date is as follows:

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management & others RM '000	Elimination RM '000	Group RM '000
REVENUE AND RESULT					
Revenue					
External sales	156,445	22,689	1,330		180,464
Inter-segment sales	(803)	-	1,217	(414)	-
Total revenue	<u>155,642</u>	<u>22,689</u>	<u>2,547</u>		<u>180,464</u>
Segment results	98,451	13,080	(19,614) *	-	91,917
Interest income					10,721
Finance cost					(6,633)
Share of results of associate					3,693
Taxation					<u>(2,737)</u>
Profit for the period					<u><u>96,961</u></u>

* Included in "others" is unrealised loss on quoted investments of RM20.2million.

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The fixed assets are stated at cost less accumulated depreciation and impairment losses.

A10. SUBSEQUENT MATERIAL EVENTS

In February 2008, a subsidiary of the company, Ambi Shipping Pte Ltd entered into an MOA to dispose of 1 of its vessels to a third party for a cash consideration of USD63.9million. The sale is expected to be completed in Q3 2008.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

During the quarter, a wholly owned subsidiary, Kenagamas Sdn Bhd, had on 11 January 2008 commenced members' voluntary winding-up.

Save as disclosed above, there have been no other changes in the composition of the Group during the current quarter under review.

A12. CONTINGENT LIABILITIES

There were no contingent liabilities since the last annual balance sheet date to the date of this report.

B1. REVIEW OF PERFORMANCE

Group's revenue of RM180.5million for the quarter ended 31 March 2008 is RM73.1million or 68% higher than the revenue for the previous comparative quarter ended March 2007 of RM107.4million. The increase is due to increase in hire days from the Group's dry bulk fleet inclusive of third party charter-ins as well as from a firmer dry bulk market.

Whilst the Baltic Dry Index retreated from its highs of late 2007, the average TCE rates were substantially higher in Q1 2008 (US\$37,803 per day) compared to the same period last year (US\$21,798 per day). The BDI opened the year at 8,891, but ended the first quarter 11% lower at 8,081.

The tanker market continue to be weak in the early part of the first quarter 2008 but the Baltic Clean Tanker Index (BCTI) closed the first quarter at 1,192 - a 10% increase over the start of the year's 1,083. Against comparative period last year, the average TCE achieved for Q1 2008 is 6% lower.

The table below summarizes the fleet's average time charter equivalent (TCE) for dry bulk and tankers.

	Ave. TCE/Day		Hire Days	
	Q1 2008 (USD)	Q1 2007 (USD)	Q1 2008 (Day)	Q1 2007 (Day)
Dry Bulk	37,803	21,798	1,263	1,058
Product Tankers	18,614	19,785	364	384
Fleet Average	33,510	21,262	1,627	1,442

Vessel operating expenses are lower in Q1 2008, compared to Q1 2007 due to the reduced fleet size. However, the expanded charter-in activities have increased operating expenses. In Q1 2008, the Group chartered-in a total of 8 vessels for its operation, compared to only 1 for the same period in 2007.

The Group provided a RM20.2million mark-to-market loss for its quoted investments. The financial crisis as a consequence of the US sub-prime mortgage loan problems has impacted worldwide equity markets.

Administration cost and finance cost have both increased due mainly to the increased cost of the Group's structured leases for its assets. Such structured leases were undertaken to reduce the cost of the Group's financial borrowings.

Excluding Q1 2007's RM74.0million gain from sale of vessels, the profit attributable to shareholders of RM92.3million for Q1 2008 is 32% higher than that of the same period last year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The dry bulk market was weak in Q1 2008 compared to last quarter of FY2007. The BDI achieved a historic high of 11,039 in November 2007 but receded thereafter to close FY2007 at 8,891. The market continued to weaken into January 2008. Notwithstanding the state of the dry bulk market, MBC Group revenue for Q1 2008 of RM180.5million was only marginally lower than that of Q4 2007. The Group's dry bulk fleet was able to average TCE at US\$37,803/day for Q1 2008, compared to US\$39,661/day in Q4 2007.

The Group made a mark-to-market provision of RM20.2million for its quoted equity investments. This compared poorly to Q4 2007 when the Group closed FY2007 with a gain of RM23.8million. This substantial change is attributable to a weaker equity market caused by the sub-prime mortgage loan problems and the financial turmoil thereafter.

In Q1 2008, there was no disposal of vessels whereas Q4 2007 reported a gain of RM33.9million. On a like-for-like basis (i.e. excluding gain from disposal of vessels but accounting for investment loss provisions) Q1 2008 reported an attributable profit of RM92.3million which is 24% lower than Q4 2007's RM122.1million.

B3. PROSPECTS

The BDI closed end March 2008 at 8,081 points. Since then, the dry bulk market has strengthened closing at 11,709 on 19 May 2008 reflecting a 45% increase over end March 2008's BDI level.

The general outlook for the dry bulk sector is positive with the economies of China, India, Brazil and the Middle East continuing to support the freight market. Continued demand for grains, iron ore and coal has underpinned the resurgence in the dry bulk market. However, the same cannot be said for the tanker market which continues to be lackluster due to continued high tonnage availability and new building supply and a more subdued demand for tankers as compared to dry bulk carriers.

Whilst the shipping market continues to remain healthy, the world economy has now to cope with the financial crisis triggered by the recent sub-prime troubles. In addition the rising energy cost coupled with the threat of rampant inflation is adding to the world's economic woes. The IMF in their latest World Economic Outlook report released in April 2008 reduced the global growth rate to 3.7%, down from its forecast of 4.1% in January 2008, and from its earlier October 2007 forecast of 4.9%. Notwithstanding the dismal outlook, there is still growth in emerging economies like China and India albeit at a slower pace. These economies continue to support the shipping market.

The Group has successfully sold and delivered to its buyers 2 dry bulk carriers in Q2 2008 and a gain on disposal of RM147.3million will be reported in the next quarter. Prospects going forward remain good for the dry bulk sector but is expected to be soft for the tanker market. The Board is positive of FY2008 and expects to deliver another set of good results.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

There were no profit forecast or profit guarantee for the period under review.

B5. TAXATION

	Current quarter RM'000
Income tax charge	
-current period	642
-prior year	2,095
	<u>2,737</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge for the Group is attributable to tax in respect of non-tax exempt activities of the Group.

B6. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties for the current financial quarter.

B7. QUOTED SECURITIES

i) Details of purchases and disposals of quoted securities are as follows:

	Current quarter RM'000
Purchase consideration	39,422
Sale proceeds	31,988
Profit/(loss) on disposal of quoted securities	543

ii) Details of investments in quoted securities:

	As at 31-Mar-08 RM '000
Marketable securities	
At cost	150,628
At book value	189,353
At market value	191,534

B8. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals submitted by the Group as at 31 March 2008.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 March 2008 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	289	288,651
Unsecured loan	RM	-	544
Finance lease payables	USD	6,127	39,992
		<u>6,416</u>	<u>329,187</u>

The secured loans are denominated in Sterling Pound and these have been swapped into US Dollars.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any contracts involving off balance sheet financial instruments as at the date of this report.

B11. MATERIAL LITIGATION

There is no material litigation involving the Group since the last annual balance sheet date to the date of this report.

B12. DIVIDENDS

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2008.

B13. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Mar-08	PRECEDING YEAR QUARTER 31-Mar-07	CURRENT YEAR TO DATE 31-Mar-08	PRECEDING YEAR TO DATE 31-Mar-07
Profit attributable to ordinary equity holders of the parent (RM'000)	92,257	143,654	92,257	143,654
Weighted average number of ordinary shares in issue('000)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share attributable to equity holders of the parent (sen)	<u>9.23</u>	<u>14.37</u>	<u>9.23</u>	<u>14.37</u>

B14. COMMITMENTS

Commitments as at 31 March 2008 are as follows:

	RM'000
(i) Approved and contracted for Capital commitments	
- USD4.838 million	15,426
- JPY560 million	17,466
(ii) Non-cancellable charter commitments	
Due within 1 year	71,348
Due later than 1 year and not later than 5 years	215,586
Due later than 5 years	582,441
	<u>902,267</u>