

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2009
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2009

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-09 RM '000	PRECEDING YEAR QUARTER 31-Mar-08 RM '000	CURRENT YEAR TO DATE 31-Mar-09 RM '000	PRECEDING YEAR TO DATE 31-Mar-08 RM '000
Revenue	52,676	180,464	52,676	180,464
Operating expenses	<u>(50,516)</u>	<u>(72,706)</u>	<u>(50,516)</u>	<u>(72,706)</u>
	2,160	107,758	2,160	107,758
Other operating income/(loss), net	(3,608)	3,823	(3,608)	3,823
Administrative expenses	<u>(4,319)</u>	<u>(8,943)</u>	<u>(4,319)</u>	<u>(8,943)</u>
Profit/(loss) from operations	(5,767)	102,638	(5,767)	102,638
Finance cost	(4,055)	(6,633)	(4,055)	(6,633)
Share of results of associates	<u>24,079</u>	<u>3,693</u>	<u>24,079</u>	<u>3,693</u>
Profit before taxation	14,257	99,698	14,257	99,698
Income tax expense	<u>1,794</u>	<u>(2,737)</u>	<u>1,794</u>	<u>(2,737)</u>
Profit for the period	<u>16,051</u>	<u>96,961</u>	<u>16,051</u>	<u>96,961</u>
Attributable to:				
Equity holders of the parent	14,703	92,257	14,703	92,257
Minority interests	<u>1,348</u>	<u>4,704</u>	<u>1,348</u>	<u>4,704</u>
	<u>16,051</u>	<u>96,961</u>	<u>16,051</u>	<u>96,961</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	1.47	9.23	1.47	9.23

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-09 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-08 RM '000
ASSETS		
Non-current assets		
Fixed assets	612,913	581,858
Leasehold property	18,893	18,548
Associates	893,843	858,576
	<u>1,525,649</u>	<u>1,458,982</u>
Current Assets		
Consumable stores	6,760	6,924
Trade receivables	13,550	25,969
Other receivables and prepayments	58,945	49,263
Investments	111,013	131,401
Short term deposits	781,506	791,696
Cash and bank balances	34,092	13,875
	<u>1,005,866</u>	<u>1,019,128</u>
Non-current assets classified as held for sale	-	5,595
	<u>1,005,866</u>	<u>1,024,723</u>
TOTAL ASSETS	<u><u>2,531,515</u></u>	<u><u>2,483,705</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	1,708,306	1,633,938
	<u>1,958,306</u>	<u>1,883,938</u>
Minority interest	139,839	141,945
Total equity	<u>2,098,145</u>	<u>2,025,883</u>
Non-current liabilities		
Bank and other borrowings	377,488	356,635
	<u>377,488</u>	<u>356,635</u>
Current liabilities		
Bank and other borrowings	7,790	7,346
Other payables	46,690	90,205
Provision for Taxation	1,402	3,636
	<u>55,882</u>	<u>101,187</u>
Total liabilities	<u>433,370</u>	<u>457,822</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,531,515</u></u>	<u><u>2,483,705</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2009

	CUMULATIVE	
	CURRENT YEAR 31-Mar-09 RM '000	PRECEDING YEAR 31-Mar-08 RM '000
Cash Flow From Operating Activities		
Profit before taxation	14,257	99,698
Adjustments for:		
Depreciation and amortisation	7,739	7,838
Gain on disposal of quoted investments	(3,551)	(543)
Unrealised loss on quoted investments	6,305	20,200
Gain on disposal of vessels	(7,966)	-
Gain on disposal of other fixed assets	-	(16)
Provision for doubtful debts	-	110
Unrealised exchange gain	(77)	(333)
Dividend income	(402)	(318)
Interest income	(2,089)	(10,721)
Interest expense	4,055	6,633
Share of results of associates	(24,079)	(3,693)
Operating profit before working capital changes	<u>(5,808)</u>	<u>118,855</u>
Working capital changes:		
Consumable stores	479	(5,129)
Receivables	4,933	(26,736)
Payables	(44,791)	(8,740)
Cash generated from operating activities	<u>(45,187)</u>	<u>78,250</u>
Tax paid	(528)	(390)
Net cash (used in)/generated from operating activities	<u>(45,715)</u>	<u>77,860</u>
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	-	(9,406)
Purchase of new equipment and capitalisation of dry docking cost	(1,450)	(2,400)
Purchase of other fixed assets	(101)	(80)
Purchase of quoted investments	(19,443)	(39,422)
Dividend received	402	318
Interest received	2,089	10,721
Proceeds from disposal of quoted investments	41,020	31,988
Proceeds from disposal of vessels	13,561	-
Proceeds from disposal of other fixed assets	-	16
Net cash outflow from deemed disposal of a subsidiary (Note A11)	(23,234)	-
Loan repayment from associate company	704	-
Net cash generated from/(used in) investing activities	<u>13,548</u>	<u>(8,265)</u>
Cash Flows From Financing Activities		
Interest paid	(3,303)	(6,633)
Repayment of lease financing	(1,735)	(1,517)
Net cash used in financing activities	<u>(5,038)</u>	<u>(8,150)</u>
Net Change in Cash & Cash Equivalents	(37,205)	61,445
Effects of Foreign Exchange Rate Changes	47,232	(36,892)
Cash & Cash Equivalents at the beginning of the period	<u>805,571</u>	<u>1,026,946</u>
Cash & Cash Equivalents at the end of the period	<u>815,598</u>	<u>1,051,499</u>
Cash & Cash equivalents comprise:		
Short term deposits	781,506	1,046,370
Cash and bank balances	<u>34,092</u>	<u>5,129</u>
	<u>815,598</u>	<u>1,051,499</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2009

	← 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 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
Profit for the period	-	-	-	-	-	92,257	92,257	4,704	96,961
Currency translation differences	-	-	-	-	(62,592)	-	(62,592)	(3,123)	(65,715)
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
3 MONTHS ENDED 31 MARCH 2009									
At 1 JANUARY 2009	250,000	48,791	34,159	40,000	7,872	1,503,116	1,883,938	141,945	2,025,883
Profit for the period	-	-	-	-	-	14,703	14,703	1,348	16,051
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	(11,578)	(11,578)
Currency translation differences	-	-	-	-	59,665	-	59,665	8,124	67,789
At 31 MARCH 2009	250,000	48,791	34,159	40,000	67,537	1,517,819	1,958,306	139,839	2,098,145

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 2008 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 2008.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2008 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 2009.

The final single tier dividend of 30 sen per share, amounting to RM300 million for the financial year ended 31 December 2008 was paid on 8 May 2009.

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					
Group	36,611	15,196	1,222	(353)	52,676
Inter-segment	199	-	(552)	353	-
External revenue	<u>36,810</u>	<u>15,196</u>	<u>670</u>	<u>-</u>	<u>52,676</u>
Segment results	105	4,583	(12,544) *	-	(7,856)
Interest income					2,089
Finance cost					(4,055)
Share of results of associates					24,079
Taxation					<u>1,794</u>
Profit for the period					<u><u>16,051</u></u>

*Included in "others" are unrealised loss on quoted investments of RM6.3 million and foreign exchange loss of RM8.4 million.

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

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

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the current quarter ended 31 March 2009 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

A 60% owned subsidiary of the Group, Novel Bright Assets Ltd, has ceased to be a subsidiary following a capital reduction exercise on 27 March 2009 and is now an associate company.

A12. CONTINGENT LIABILITIES

There were no contingent liabilities at the date of this report except for an assessment of RM58.4 million raised by the Inland Revenue Board in respect of deemed interest income, which the Company is contesting.

B1. REVIEW OF PERFORMANCE

Group revenue of RM52.7m for the quarter ended 31 March 2009 reports a substantial decline of RM127.8m (70.8%) against the previous comparative quarter ended March 2008 of RM180.5m. The severe fall in freight rates, lower hire days (as a result of reduced fleet size) and reduced chartered-in activities, all add to the decline in revenue.

At the end of the 4th quarter last year, the Baltic Dry Index ("BDI") crashed from its peak of 11,793 points on May 20th 2008 to its lowest point of 663 points on December 5th. The BDI has since recovered and closed at 1,615 points at the end of the first quarter. This is a stark contrast to the same quarter last year when the BDI was averaging 7,340 points and the Group's (dry bulk) fleet TCE was averaging US\$37,802/day. Against the backdrop of slower trade flows and a battered global economy, the Group's first quarter average TCE for 2009 was only US\$11,807/day.

The tanker market continues to be weak in the first quarter. The Baltic Clean Tank Index (BCTI) closed the first quarter at 372 points, 40% decline over the start of the year's 623 points. However, The Group managed to achieve an average TCE of US\$19,138/day for the first quarter, marginally higher than last year's comparative period of US\$18,614/day.

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

	Ave. TCE/Day		Hire Days	
	Q1 2009 (USD)	Q1 2008 (USD)	Q1 2009 (Day)	Q1 2008 (Day)
Dry Bulk	11,807	37,802	888	1,263
Product Tankers	19,138	18,614	230	364
Fleet Average	13,315	33,509	1,118	1,627

The reduced fleet size and lower charter-in activities resulted in operating expenses falling by 30%. Nevertheless, the weak shipping market, reduced hire days coupled with the consequences of contract defaults, collectively dampened first quarter operating income down to RM2.16m. This does not compare well against the previous comparative quarter of RM107.76m.

Other operating activities turned in a loss of RM3.6m due mainly to foreign exchange losses of RM11.4m. Interest income and gain on disposal of Alam Sempurna collectively accounted for about RM 10.1m of this segment. Investments in quoted equities leveled off its loss to RM2.35m compared to a RM19.3m loss for same period last year. Both administrative expenses and finance cost are lower compared to the same period last year.

The Group's associated companies which include investment in POSH Group reported a higher profit of RM24.1m, an increase of RM20.4m over corresponding quarter.

Profit attributable to shareholders of RM14.7m for Q1 2009 is 84% lower than that of the same period last year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The average dry bulk TCE achieved for Q1 2009 is US\$11,807/day. This is a sharp decline from Q4 2008's average of US\$28,623/day whereas the average TCE for the tanker segment improved against Q4 2008, US\$19,138/day for Q1 2009 against Q4 2008's US\$13,546/day. However the better tanker TCE rates achieved was insufficient to compensate for the sharp decline in dry bulk earnings and the lower hire days for both the dry bulk and tanker segments - hence, revenue for Q1 2009 is substantially lower (62% decline) than that of Q4 2008.

Net loss from "Other Operating Income" reduced from RM26.9m in Q4 2008 to RM3.6m as the mark-to-market provisions for equities and foreign exchange declined. Administrative expenses and finance cost were also lower compared to Q4 2008. Inclusive of share of associated companies' results, the Group was able to report Q1 2009's profit attributable to shareholders of RM14.7m, a marked improvement over Q4 2008 of RM3.2m.

B3. PROSPECTS

The World Trade Organization ("WTO") has forecasted that trade flows will contract by approximately 9% in volume terms this year due to the collapse in global demand. In its April report, IMF affirmed that forecast by warning that global economy is facing a severe recession and the world economy is projected to decline by 1.3% in 2009, and to recover gradually only in 2010.

The sharp drop in rates and contract defaults has adversely impacted the Group. These contract defaults are being dealt with and efforts are being made to find acceptable solutions.

In spite of the global difficulties, we must still plan for the future. The MBC Group, together with its partners, has acquired a 6 years old, 53,553 dwt supramax in April 2009. Plans are in the works for another 70% owned subsidiary to acquire a 3 years old, 32,400 dwt handy-sized. Additionally, we have reported last year that we have four new dry bulk carriers on long term time charters (with purchase options) that will be delivered in 2010 into 2013. The Board believes that these and other opportunities under consideration will put us in a favourable position for the recovery years.

The results of our investee associate, PACC Offshore Services Holdings Pte Ltd ("POSH") is within expectations. The offshore segment is not as badly affected by the downturn although the rates have softened as compared with the Q4 2008. The rates have since stabilized, and are now showing improvements. Our share of POSH results of RM15.5m has boosted the overall Group performance for Q1 2009 and should continue to contribute positively to the Group's results for the rest of 2009.

Currently the equities market is seeing a rally. There is a sense of new optimism as the United States Government are getting to grips with their banking and financial problems. However, your Board is erring on the side of caution in respect of any fundamental improvement in the global economies. 2009 will be a difficult and challenging year and any recovery will likely to be slow and gradual. Nevertheless the Board is confident that we can turn in a profit for the year, albeit substantially lower than the previous year.

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	269
-prior year	(2,063)
	<u>(1,794)</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	19,443
Sale proceeds	41,020
Profit/(loss) on disposal of quoted securities	3,551

ii) Details of investments in quoted securities:

	As at 31-Mar-09 RM '000
Marketable securities	
At cost	127,803
At book value	110,841
At market value	111,523

B8. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals submitted by the Group as at 31 March 2009.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 March 2009 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	282	338,226
Unsecured loan	RM	-	544
Finance lease payables	USD	7,508	38,718
		<u>7,790</u>	<u>377,488</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 2009.

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 number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Mar-09	PRECEDING YEAR QUARTER 31-Mar-08	CURRENT YEAR TO DATE 31-Mar-09	PRECEDING YEAR TO DATE 31-Mar-08
Profit attributable to ordinary equity holders of the parent (RM'000)	14,703	92,257	14,703	92,257
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>1.47</u>	<u>9.23</u>	<u>1.47</u>	<u>9.23</u>

B14. COMMITMENTS

Commitments as at 31 March 2009 are as follows:

(i) Approved and contracted for

Capital commitments - JPY560 million	21,123
---	--------

(ii) Non-cancellable charter-in commitments

Due within 1 year	82,989
Due later than 1 year and not later than 5 years	242,203
Due later than 5 years	603,932
	<u>950,247</u>