

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 June 2009  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Jun-09 RM '000	PRECEDING YEAR QUARTER 30-Jun-08 RM '000	CURRENT YEAR TO DATE 30-Jun-09 RM '000	PRECEDING YEAR TO DATE 30-Jun-08 RM '000
Revenue	70,393	186,026	123,069	366,490
Operating expenses	<u>(50,885)</u>	<u>(99,274)</u>	<u>(101,401)</u>	<u>(173,378)</u>
	19,508	86,752	21,668	193,112
Other operating income/(loss), net	31,311	149,472	27,703	153,295
Administrative expenses	<u>(4,062)</u>	<u>(6,303)</u>	<u>(8,381)</u>	<u>(13,848)</u>
Profit/(loss) from operations	46,757	229,921	40,990	332,559
Finance cost	(4,413)	(6,501)	(8,468)	(13,134)
Share of results of associates	<u>31,137</u>	<u>3,552</u>	<u>55,216</u>	<u>7,245</u>
Profit before taxation	73,481	226,972	87,738	326,670
Income tax expense	<u>(1,028)</u>	<u>(518)</u>	<u>766</u>	<u>(3,255)</u>
Profit for the period	<u><u>72,453</u></u>	<u><u>226,454</u></u>	<u><u>88,504</u></u>	<u><u>323,415</u></u>
Attributable to:				
Equity holders of the parent	71,097	221,895	85,800	314,152
Minority interests	<u>1,356</u>	<u>4,559</u>	<u>2,704</u>	<u>9,263</u>
	<u><u>72,453</u></u>	<u><u>226,454</u></u>	<u><u>88,504</u></u>	<u><u>323,415</u></u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	7.11	22.19	8.58	31.42

Please refer to Note B13 for number of shares

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Jun-09 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-08 RM '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	575,663	581,858
Leasehold property	18,485	18,548
Associates	965,088	858,576
	<u>1,559,236</u>	<u>1,458,982</u>
<b>Current Assets</b>		
Consumable stores	6,245	6,924
Trade receivables	18,972	25,969
Other receivables and prepayments	46,477	49,263
Investments	128,498	131,401
Short term deposits	391,161	791,696
Cash and bank balances	16,631	13,875
	<u>607,984</u>	<u>1,019,128</u>
Non-current assets classified as held for sale	-	5,595
	<u>607,984</u>	<u>1,024,723</u>
<b>TOTAL ASSETS</b>	<u>2,167,220</u>	<u>2,483,705</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	250,000	250,000
Reserves	1,431,857	1,633,938
	<u>1,681,857</u>	<u>1,883,938</u>
<b>Minority interest</b>	74,450	141,945
<b>Total equity</b>	<u>1,756,307</u>	<u>2,025,883</u>
<b>Non-current liabilities</b>		
Bank and other borrowings	358,728	356,635
	<u>358,728</u>	<u>356,635</u>
<b>Current liabilities</b>		
Bank and other borrowings	7,569	7,346
Other payables	42,933	90,205
Provision for Taxation	1,683	3,636
	<u>52,185</u>	<u>101,187</u>
<b>Total liabilities</b>	<u>410,913</u>	<u>457,822</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,167,220</u>	<u>2,483,705</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009**

	CUMULATIVE	
	CURRENT YEAR 30-Jun-09 RM '000	PRECEDING YEAR 30-Jun-08 RM '000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	87,738	326,670
Adjustments for:		
Depreciation and amortisation	15,644	14,839
(Gain) / loss on disposal of quoted investments	(7,606)	129
Unrealised (gain) / loss on quoted investments	(3,516)	29,925
Gain on disposal of vessels	(7,966)	(144,430)
Gain on disposal of other fixed assets	-	(16)
Writeback of provision for doubtful debts	(34)	(98)
Unrealised exchange (gain) / loss	(1,994)	13
Dividend income	(597)	(669)
Interest income	(3,342)	(18,938)
Interest expense	8,468	13,134
Share of results of associates	(55,216)	(7,245)
Operating profit before working capital changes	31,579	213,314
Working capital changes:		
Consumable stores	681	(2,576)
Receivables	9,472	19,201
Payables	(46,459)	(6,546)
Cash generated from operating activities	(4,727)	223,393
Tax paid	(1,192)	(1,154)
Net cash (used in) / generated from operating activities	(5,919)	222,239
<b>Cash Flows From Investing Activities</b>		
Construction cost and purchase of vessels	-	(16,060)
Purchase of new equipment and capitalisation of dry docking cost	(2,049)	(5,301)
Purchase of other fixed assets	(104)	(110)
Purchase of quoted investments	(73,304)	(79,602)
Dividend received	597	669
Interest received	3,342	18,938
Proceeds from disposal of quoted investments	84,353	63,799
Proceeds from disposal of vessels	13,561	271,875
Proceeds from disposal of other fixed assets	-	16
Net cash outflow from deemed disposal of a subsidiary	(23,234)	-
Loan to associate company	(40,365)	-
Loan repayment from associate company	704	-
Net cash (used in) / generated from investing activities	(36,499)	254,224
<b>Cash Flows From Financing Activities</b>		
Interest paid	(6,419)	(13,134)
Repayment of lease financing	(3,513)	(2,989)
Dividend paid to shareholders	(300,000)	(300,000)
Dividend paid to minority shareholder of subsidiary	(63,013)	-
Net cash used in financing activities	(372,945)	(316,123)
<b>Net Change in Cash &amp; Cash Equivalents</b>	(415,363)	160,340
<b>Effects of Foreign Exchange Rate Changes</b>	17,584	(20,321)
<b>Cash &amp; Cash Equivalents at the beginning of the period</b>	805,571	1,026,946
<b>Cash &amp; Cash Equivalents at the end of the period</b>	407,792	1,166,965
Cash & Cash equivalents comprise:		
Short term deposits	391,161	1,164,449
Cash and bank balances	16,631	2,516
	407,792	1,166,965

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

	← Attributable to Equity Holders of the Parent →							Minority Interest	Total Equity
	Non-distributable					Distributable			
	Share Capital RM '000	Share premium RM '000	Capital reserve RM '000	Capital redemption reserve RM '000	Exchange translation reserve RM '000	Retained profits RM '000	Total RM '000		
<b>6 MONTHS ENDED 30 JUNE 2008</b>									
<b>At 1 JANUARY 2008</b>	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	-	-	-	-	-	314,152	314,152	9,263	323,415
Dividends	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Currency translation differences	-	-	-	-	(27,709)	-	(27,709)	(1,425)	(29,134)
<b>At 30 JUNE 2008</b>	250,000	48,791	34,159	40,000	(128,365)	1,436,906	1,681,491	87,094	1,768,585
<b>6 MONTHS ENDED 30 JUNE 2009</b>									
<b>At 1 JANUARY 2009</b>	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	-	-	-	-	-	85,800	85,800	2,704	88,504
Dividends	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(63,013)	(63,013)
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	(11,578)	(11,578)
Currency translation differences	-	-	-	-	12,119	-	12,119	4,392	16,511
<b>At 30 JUNE 2009</b>	250,000	48,791	34,159	40,000	19,991	1,288,916	1,681,857	74,450	1,756,307

**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**

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
<b>REVENUE AND RESULT</b>					
Revenue					
Group	90,811	28,499	4,479	(720)	123,069
Inter-segment	245	-	(965)	720	-
External revenue	<u>91,056</u>	<u>28,499</u>	<u>3,514</u>	<u>-</u>	<u>123,069</u>
Segment results	15,193	6,870	15,585 *	-	37,648
Interest income					3,342
Finance cost					(8,468)
Share of results of associates					55,216
Taxation					<u>766</u>
Profit for the period					<u><u>88,504</u></u>

\*Included in "others" segment are attributable foreign exchange gain of RM4.6 million and gain on quoted investments of RM11.7 million.

**A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT**

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

**A10. SUBSEQUENT MATERIAL EVENTS**

There were no material events subsequent to the current quarter ended 30 June 2009 up to the date of this report.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter under review.

**A12. CONTINGENT LIABILITIES**

There were no contingent liabilities at the date of this report. However it should be noted that the Company has objected and is contesting a tax assessment of RM58.4 million raised by the Inland Revenue Board in respect of deemed interest income.

**B1. REVIEW OF PERFORMANCE**

Group revenue for this first half year amounted to RM123.1million a drop of RM243.4million (66%) against the 6 months revenue for first half June 2008. As in the first quarter of this year, lower freight rates, reduced fleet size and reduced charter-in activities all contributed to the lower revenue.

The Baltic Dry Index (BDI) started the year at a low of 773 points and closed the 1st quarter at 1615 points. It reached a peak of 4291 on 2nd June 2009 before closing the 2nd quarter at 3757. The first half year Time Charter Equivalent (TCE) for the Group's bulkers averaged US\$14,348/day versus first half 2008 average of US\$39,671.

The tanker segment remains relatively flat from Q1 2009. The Group's tanker fleet averaged a TCE of US\$17,359/day which is about 5% lower than last year's average of US\$18,259/day.

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

	Ave. TCE/Day		Hire Days	
	1H 2009 (USD)	1H 2008 (USD)	1H 2009 (Day)	1H 2008 (Day)
Dry Bulk	14,348	39,671	1,794	2,541
Product Tankers	17,359	18,259	474	659
<b>Fleet Average</b>	<b>14,977</b>	<b>35,261</b>	<b>2,268</b>	<b>3,200</b>

Group operation expenses have dropped 41% for 1st half 2009 compared to the previous year, mainly due to reduced charter-in activities as well as reduced fleet size. Overall operating profit (being revenue less operating expenses) has dropped to RM21.7million for the 1st half year compared to 1st half 2008 results of RM193.1million.

Under other operating income of RM27.7million, the gain on disposal of Alam Sempurna is RM8.0million versus 1st half 2008 gain on disposal of 2 vessels amounting to RM144.4million. The balance of other operating income which includes interest income, gains on foreign currency and quoted investments in first half 2009 exceeded that of first half 2008.

Both administrative expenses and finance cost are lower compared to the same period last year.

The current first half year's results under share of associate companies of RM55.2 million include PACC Offshore Services Holdings Group (POSH) contribution of RM38.4million.

Overall, profit attributable to shareholders for 1H 2009 amounted to RM85.8million, a drop of 73% compared to the previous year's 1H2008 results of RM314.2million.

**B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

Group revenue for the 2nd quarter of RM70.4million is RM17.7million higher than that of the 1st quarter 2009. Whilst revenue has improved substantially, the operating expenses for Q2/2009 are relatively flat compared to Q1/2009. Hence an improved operating income of RM19.5million versus Q1/2009's RM2.16million

Returns from the dry-bulk segment have improved compared to the previous quarter where Q2/2009's average TCE of US\$16,848/day is 43% higher than that of Q1/2009. The fleet's tankers on the other hand are showing a declining trend with current quarter's average TCE of US\$15,679/day reporting an 18% lower TCE than Q1/2009's average TCE of US\$19,138/day.

Other operating income reported a positive variance of RM34.9million compared to Q1/2009 and contributory factors include reversal of mark-to-market losses for equities and foreign exchange for this 2nd quarter. Both administrative and financial expenses for Q2/2009 are on track compared with Q1/2009.

All told, the Group closed this 2nd quarter with an attributable profit of RM71.1million, an improvement of RM56.4million against the previous quarter's results of RM14.7million.

**B3. PROSPECTS**

The IMF, in their recent July 2009 updates, has cautioned that although indicators are that the global economy is beginning to pull out of recession, the recovery is expected to be sluggish. This is confirmed by the World Trade Organization's report that trade flow is expected to contract by 10%.

After reaching a high of 4,291 in early June 2009, the BDI continues to be volatile and is currently at 2388. China's build-up of inventory resulting in record imports of iron ore in the 2nd quarter contributed to the volatility of the BDI. However, this build-up of inventory is not expected to continue. Furthermore, as new dry-bulk vessels are deployed into the market and coupled with port congestions easing, the freight market going forward will remain volatile. The BCTI closed June 2009 at 465 and over the past 1 month has been in the region of 430 to 450.

Our investment in POSH has contributed RM38.4m to the Group's results. Whilst activities in the offshore services sector have weakened compared to the first quarter, the longer term outlook for the oil and gas sector remains positive. MBC Group's associated company Novel Bright Assets Limited took delivery of a second-hand 53,553 dwt dry-bulk, "Ikan Salmon" in April 2009.

The 2nd half of 2009 will continue to be challenging. However the Board is confident that the Group will remain profitable.

**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	Current financial year-to-date RM'000
Income tax charge		
-current period	719	988
-prior year	309	(1,754)
	<u>1,028</u>	<u>(766)</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	Current financial year-to-date RM'000
Purchase consideration	53,861	73,304
Sale proceeds	43,333	84,353
Profit/(loss) on disposal of quoted securities	4,055	7,606

ii) Details of investments in quoted securities:

	As at 30-Jun-09 RM '000
Marketable securities	
At cost	121,875
At book value	128,326
At market value	145,604

**B8. STATUS OF CORPORATE PROPOSALS**

There were no other outstanding corporate proposals submitted by the Group as at 30 June 2009.

**B9. GROUP BORROWINGS**

i) The Group borrowings as at 30 June 2009 are as follows:

	<u>Currency</u>	<u>Current RM '000</u>	<u>Non-current RM '000</u>
Secured loans	GBP	312	323,132
Unsecured loan	RM	-	544
Finance lease payables	USD	<u>7,257</u>	<u>35,052</u>
		<u>7,569</u>	<u>358,728</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**

The Group is in the process of finalizing a statement of claim in relation to an arbitration claim arising from a breach of a charter party. Further information will be disclosed in due course.

Save as disclosed above, 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 30 June 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 30-Jun-09	PRECEDING YEAR QUARTER 30-Jun-08	CURRENT YEAR TO DATE 30-Jun-09	PRECEDING YEAR TO DATE 30-Jun-08
Profit attributable to ordinary equity holders of the parent (RM'000)	71,097	221,895	85,800	314,152
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>7.11</u>	<u>22.19</u>	<u>8.58</u>	<u>31.42</u>

**B14. COMMITMENTS**

Commitments as at 30 June 2009 are as follows:

	RM'000
(i) Approved and contracted for	
Capital commitments	
- JPY560 million	20,362
(ii) Non-cancellable charter-in commitments	
Due within 1 year	11,281
Due later than 1 year and not later than 5 years	196,248
Due later than 5 years	557,329
	<u>785,220</u>