

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-09 RM '000	PRECEDING YEAR QUARTER 30-Sep-08 RM '000	CURRENT YEAR TO DATE 30-Sep-09 RM '000	PRECEDING YEAR TO DATE 30-Sep-08 RM '000
Revenue	98,024	216,545	221,093	583,035
Operating expenses	<u>(59,070)</u>	<u>(103,179)</u>	<u>(160,471)</u>	<u>(276,557)</u>
Other operating income/(loss), net	38,954	113,366	60,622	306,478
Administrative expenses	<u>16,638</u>	<u>93,130</u>	<u>44,341</u>	<u>246,425</u>
	<u>(4,178)</u>	<u>(6,973)</u>	<u>(12,559)</u>	<u>(20,821)</u>
Profit/(loss) from operations	51,414	199,523	92,404	532,082
Finance cost	(3,616)	(6,059)	(12,084)	(19,193)
Share of results of associates	<u>22,672</u>	<u>1,196</u>	<u>77,888</u>	<u>8,441</u>
Profit before taxation	70,470	194,660	158,208	521,330
Income tax expense	<u>(489)</u>	<u>(1,363)</u>	<u>277</u>	<u>(4,618)</u>
Profit for the period	<u>69,981</u>	<u>193,297</u>	<u>158,485</u>	<u>516,712</u>
Attributable to:				
Equity holders of the parent	69,552	143,472	155,352	457,624
Minority interests	<u>429</u>	<u>49,825</u>	<u>3,133</u>	<u>59,088</u>
	<u>69,981</u>	<u>193,297</u>	<u>158,485</u>	<u>516,712</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	6.96	14.35	15.54	45.76

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Sep-09 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-08 RM '000
ASSETS		
Non-current assets		
Fixed assets	567,158	581,858
Leasehold property	18,628	18,548
Associates	965,458	858,576
	<u>1,551,244</u>	<u>1,458,982</u>
Current Assets		
Consumable stores	7,845	6,924
Trade receivables	24,609	25,969
Other receivables and prepayments	63,608	49,263
Investments	144,575	131,401
Short term deposits	332,738	791,696
Cash and bank balances	109,786	13,875
	<u>683,161</u>	<u>1,019,128</u>
Non-current assets classified as held for sale	-	5,595
	<u>683,161</u>	<u>1,024,723</u>
TOTAL ASSETS	<u><u>2,234,405</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	1,483,340	1,633,938
	<u>1,733,340</u>	<u>1,883,938</u>
Minority interest	73,215	141,945
Total equity	<u>1,806,555</u>	<u>2,025,883</u>
Non-current liabilities		
Bank and other borrowings	356,908	356,635
	<u>356,908</u>	<u>356,635</u>
Current liabilities		
Bank and other borrowings	7,666	7,346
Other payables	62,176	90,205
Provision for Taxation	1,100	3,636
	<u>70,942</u>	<u>101,187</u>
Total liabilities	<u>427,850</u>	<u>457,822</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,234,405</u></u>	<u><u>2,483,705</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	CUMULATIVE	
	CURRENT YEAR 30-Sep-09 RM '000	PRECEDING YEAR 30-Sep-08 RM '000
Cash Flow From Operating Activities		
Profit before taxation	158,208	521,330
Adjustments for:		
Depreciation and amortisation	23,548	21,854
(Gain) / loss on disposal of quoted investments	(9,641)	2,879
Unrealised (gain) / loss on quoted investments	(5,981)	62,256
Gain on disposal of vessels	(7,966)	(302,967)
Gain on disposal of other fixed assets	(204)	(16)
(Writeback of provision)/Provision for doubtful debts	(94)	36
Unrealised exchange (gain) / loss	(2,092)	601
Dividend income	(765)	(1,167)
Interest income	(4,874)	(27,595)
Interest expense	12,084	19,193
Share of results of associates	(77,888)	(8,441)
Operating profit before working capital changes	84,335	287,963
Working capital changes:		
Consumable stores	(891)	(5,271)
Receivables	(12,492)	(10,904)
Payables	(29,370)	9,747
Cash generated from operating activities	41,582	281,535
Tax paid	(2,267)	(730)
Net cash (used in) / generated from operating activities	39,315	280,805
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	-	(16,444)
Purchase of new equipment and capitalisation of dry docking cost	(1,970)	(5,387)
Purchase of other fixed assets	(1,035)	(132)
Purchase of quoted investments	(154,230)	(107,128)
Dividend received	765	1,167
Interest received	4,874	27,595
Proceeds from disposal of quoted investments	152,877	90,075
Proceeds from disposal of vessels	13,561	473,448
Proceeds from disposal of other fixed assets	204	16
Net cash outflow from deemed disposal of a subsidiary	(23,234)	-
Loan to associate company	(40,273)	-
Loan repayment from associate company	5,795	-
Net cash (used in) / generated from investing activities	(42,666)	463,210
Cash Flows From Financing Activities		
Interest paid	(9,060)	(19,193)
Repayment of lease financing	(5,313)	(4,560)
Dividend paid to shareholders	(300,000)	(380,500)
Dividend paid to minority shareholder of subsidiary	(63,014)	(5,846)
Net cash used in financing activities	(377,387)	(410,099)
Net Change in Cash & Cash Equivalents	(380,738)	333,916
Effects of Foreign Exchange Rate Changes	17,691	56,820
Cash & Cash Equivalents at the beginning of the period	805,571	1,026,946
Cash & Cash Equivalents at the end of the period	442,524	1,417,682
Cash & Cash equivalents comprise:		
Short term deposits	332,738	1,399,525
Cash and bank balances	109,786	18,157
	442,524	1,417,682

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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
9 MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	457,624	457,624	59,088	516,712
Dividends	-	-	-	-	-	(380,500)	(380,500)	-	(380,500)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(5,846)	(5,846)
Currency translation differences	-	-	-	-	69,382	-	69,382	5,952	75,334
At 30 SEPTEMBER 2008	250,000	48,791	34,159	40,000	(31,274)	1,499,878	1,841,554	138,450	1,980,004
9 MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	155,352	155,352	3,133	158,485
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	-	-	-	-	(5,950)	-	(5,950)	2,728	(3,222)
At 30 SEPTEMBER 2009	250,000	48,791	34,159	40,000	1,922	1,358,468	1,733,340	73,215	1,806,555

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 30 September 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	171,288	44,016	6,869	(1,080)	221,093
Inter-segment	374	-	(1,454)	1,080	-
External revenue	<u>171,662</u>	<u>44,016</u>	<u>5,415</u>	<u>-</u>	<u>221,093</u>
Segment results	45,741	13,473	28,316 *	-	87,530
Interest income					4,874
Finance cost					(12,084)
Share of results of associates					77,888
Taxation					<u>277</u>
Profit for the period					<u><u>158,485</u></u>

*Included in "others" segment are attributable foreign exchange gain of RM12.8 million and gain on quoted investments of RM16.4 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

- i) A subsidiary, Ambi Shipping Pte Ltd signed a MOA dated 25 September 2009 to acquire a vessel, Ikan Juara, for a cash consideration of USD23.75million. The acquisition was completed on 15 October 2009.
- ii) A wholly owned subsidiary, Everspeed Enterprises Ltd received a Notice of Arbitration on 14 October 2009 from Raffles Shipping & Investment Ltd relating to a dispute on cancellation of charter party. Further details are disclosed in Note B11(ii).

A11. CHANGES IN THE COMPOSITION OF THE GROUP

- i) Five(5) wholly owned subsidiaries (Alam Tangkas Sdn Bhd, Alam Cantik Shipping Ltd, Ethiopian Assets Ltd, Towertime Holdings Ltd and Crestbright Holdings Ltd) which are dormant were liquidated during the current quarter under review.
- ii) Three(3) wholly owned subsidiaries (MBC Maju Sdn Bhd, MBC Mutiara Sdn Bhd and Serba Pasifik Sdn Bhd) which are dormant have commenced Member's Voluntary Winding-up in September 2009.
- iii) Two(2) wholly owned subsidiaries (MBC Bayu Sdn Bhd and MBC Bakti Sdn Bhd) which are dormant received Notices of Strike Off in August 2009 from the Companies Commission of Malaysia.

A12. CONTINGENT LIABILITIES

In respect of the Company's tax case with the Inland Revenue Board on the tax assessment of RM58.4 million raised on deemed interest income, the Court of the Special Commissioners of Income Tax has fixed the dates for hearing on 1st to 3rd September 2010. No provision has been made in the accounts and the Company is contesting this assessment.

B1. REVIEW OF PERFORMANCE

Group revenue for the nine months ended 30 September 2009 amounted to RM221.1million a decline of RM361.9million (62%) against FY2008's 9 months revenue. As had been the case since the start of FY2009, lower freight rates, reduced fleet size and charter-in activities, contributed to the lower revenue.

The Baltic Dry Index (BDI) was volatile throughout the 9 months as it see-sawed from a low of 773 at the start of the year to close the first half at 3742 and the third quarter at 2220. As at October 30th, the BDI had strengthened to 3013 reflecting a 36% improvement in a month. With the sharp fluctuations in the freight market, the 9 months Time Charter Equivalent (TCE) average for FY2009 of US\$17,996 was lower than FY2008's 9 months average of US\$40,948.

Whilst disappointing when compared against comparative period in 2008, it must be noted that drybulk markets have generally improved with the 9 months average higher than 1H 2009 drybulk average of US\$ 14,348/day.

The tanker segment also weakened with the 9 months TCE average at US\$16,970/day, a 18% decline against that of the same period last year.

Hire days were lower for both segments. In the case of the dry bulk, the main reasons are the reduced chartered-in activities and the sale of Alam Sempurna, a 28,000 dwt handysize. Hire days for chartered-in vessels were also lower by 36% from 1,496 days in the 9 months in FY2008 to the current 9 months 962 days. The lower tanker segment hire days were due to the dry docking of two vessels during the period.

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

	Ave. TCE/Day		Hire Days	
	Sep-09 (USD)	Sep-08 (USD)	Sep-09 (Day)	Sep-08 (Day)
Dry Bulk	17,996	40,948	2,720	3,875
Product Tankers	16,970	20,612	750	935
Fleet Average	17,774	36,995	3,470	4,810

B1. REVIEW OF PERFORMANCE (Cont'd)

Group operating expenses have declined by 42% for this 9 month period compared to the same period last year mainly due to the reduced charter-in activities. Operating profit (being revenue less operating expenses) is RM60.6million which is substantially lower than last year's RM306.5million for the same period.

Other net operating income of RM44.3million includes an RM8million gain from disposal of Alam Sempurna. For the same period last year, gain from disposal of 3 ships was RM303million. Also included in other operating income are interest, foreign currency gains and write backs of provisions on quoted investments.

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

The Group's investments in its associates continue to deliver good returns for this quarter. Current 9 month results include share of earnings from PACC Offshore Services Holdings Group (POSH) of RM52.5million (last year nil), and from Eminence Bulk Carriers Pte Ltd of RM24.9million (last year RM8.4million). There is also added contribution from Ikan Salmon delivered in July 2009 of RM0.5million.

On a like-comparison basis, profit attributable to shareholders (excluding gains from sale of assets) for the nine months ended September 2009 of RM147.3million is only a marginal decline against 2008's RM154.6million.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Group revenue for the Q3/2009 of RM98million compares favorably against RM70.4million for Q2/2009. Revenue has increased mainly due to higher TCE rates achieved for the dry bulk sector. Correspondingly net operating profit has also significantly improved from Q2/2009's RM19.5million to Q3/2009's RM38.9million, a 100% increase against Q2/2009.

Returns from the dry-bulk segment have improved compared to the previous two quarters with Q3/2009's average TCE of US\$25,061/day steadily recovering against Q1/2009 & Q2/2009's average TCE of US\$11,807 and US\$16,848 respectively. On average, the Group's tankers achieved better rates than the tanker index with profits remaining relatively stable over the past 2 quarters. The current Q3/2009's average of US\$16,301/day is a marginal 4% increase over Q2/2009's US\$15,679/day.

Other operating income for Q3/2009 is RM16.6million and is lower than Q2/2009's. This is due to the write-back of previous year's provisions in Q2/2009 on currency differences and quoted investments.

Both administrative and financial expenses for Q3/2009 are comparable to that of Q2/2009.

Share of POSH results for Q3/2009 amounted to RM14.1million. On a like basis, excluding exceptional items, this accounts for a 9% drop against Q2/2009 share of results. The rates in the offshore services sector weakened as oil majors put pressure on the sector in their efforts to control and reduce cost.

The Group closed Q3/2009 at an attributable profit of RM70.0million, which is a marginal 2% lower than the Q2/2009's RM71.1million.

B3. PROSPECTS

Whilst International Monetary Fund (IMF) in their October 2009 World Economic Outlook concluded that global recession is ending, it nonetheless cautioned that recovery would be subdued and slow. Notwithstanding that, IMF is optimistic that the Asian economies led by China and India is expected to grow by some 5 ¾ percent for 2010.

On the supply side, shipyards are expected to deliver about 93.6 million gross tons this year, 41 percent more than in 2008. Next year, deliveries may rise to 100.2 million gross tons. World trade will need to grow substantially every year over the next 2 years to be able to absorb these new deliveries. However, according to IMF's forecast, global trade flow will likely contract by 11.9% this year and only rise 2.5% next year. Hence the outlook for the shipping sector, with further new tonnages in the horizon against a forecasted weak trade flows is not positive.

Notwithstanding the downbeat overall outlook, the short term picture is encouraging - the BDI rebounded strongly to 3393 points on November 6 due to growing demand for coal and port congestion in Australia. At the same time, China's demand for iron ore continues to be strong. On the tanker segment, the Baltic Clean Tanker Index (BCTI) closed September at 518 and is expected to remain flat.

Ambi Shipping Pte Ltd took delivery of the Ikan Juara, a 3 year old 32,500 DWT handysize bulker on 15 October 2009. The vessel would start to contribute to the Q4/2009 Group's results. POSH continues to contribute positively towards MBC's earnings and has proved to be a timely investment. POSH has declared a maiden dividend to its shareholders of US\$0.10 per share (US\$3.4m attributable to MBC) payable at the end of November 2009.

Despite the US dollar weakness which would affect MBC's results in Ringgit terms and the volatility of the shipping market in FY2009, we will close the year with creditable earnings.

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	489	1,477
-prior year	-	(1,754)
	<u>489</u>	<u>(277)</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	80,926	154,230
Sale proceeds	68,524	152,877
Profit/(loss) on disposal of quoted securities	2,035	9,641

ii) Details of investments in quoted securities:

	As at 30-Sep-09 RM '000
Marketable securities	
At cost	131,418
At book value	144,403
At market value	169,522

B8. STATUS OF CORPORATE PROPOSALS

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

B9. GROUP BORROWINGS

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

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	318	323,285
Unsecured loan	RM	-	544
Finance lease payables	USD	7,348	33,079
		<u>7,666</u>	<u>356,908</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 involved in the following legal proceedings both of which are still in the early stages :

- i) In our second quarter announcement we reported an arbitration in process. This is in respect of Skaarup Fortune Shipping Ltd ("Skaarup") which had chartered a chartered-in vessel from Everspeed Enterprises Limited ("Everspeed") for a period of 2.5 years. Skaarup redelivered the said vessel claiming a breach under the terms of the Charterparty. Our legal advisors are of the view that we have a reasonably good case that under the Charterparty terms, Skaarup has terminated the Charterparty prematurely.

Everspeed has further initiated legal action against the Skaarup Group and its senior executives for fraud and misrepresentation relating to the guarantee provided for the charter.

- ii) Everspeed received a Notice of Arbitration on 14 October 2009 from Raffles Shipping & Investment Pte Ltd ("Raffles"). This relates to a dispute in respect of the vessel which Everspeed had chartered from Raffles and in which Everspeed exercised its right to cancel the Charterparty in accordance with the terms of the Charterparty.

The claim from Raffles has not been quantified but total hire in dispute is approximately USD28.5 million less any sum that Raffles is able to recover in mitigation, e.g by re-chartering the Vessel to a third party for the remaining period of the charter.

B12. DIVIDENDS

The Directors do not recommend any dividend for the current financial quarter ended 30 September 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-Sep-09	PRECEDING YEAR QUARTER 30-Sep-08	CURRENT YEAR TO DATE 30-Sep-09	PRECEDING YEAR TO DATE 30-Sep-08
Profit attributable to ordinary equity holders of the parent (RM'000)	69,552	143,472	155,352	457,624
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>6.96</u>	<u>14.35</u>	<u>15.54</u>	<u>45.76</u>

B14. COMMITMENTS

Commitments as at 30 September 2009 are as follows:

	RM'000
(i) Approved and contracted for	
Capital commitments	96,135
(ii) Non-cancellable charter-in commitments	
Due within 1 year	13,987
Due later than 1 year and not later than 5 years	212,064
Due later than 5 years	540,868
	<u>863,054</u>