

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2011

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

|   | INDIVIDUAL QUARTER                                 |  | CUMULATIVE   |  |
|---|--|--|--|--|
|   | CURRENT<br>YEAR<br>QUARTER<br>30-Sep-11<br>RM '000 | PRECEDING<br>YEAR<br>QUARTER<br>30-Sep-10<br>RM '000 | CURRENT<br>YEAR<br>TO DATE<br>30-Sep-11<br>RM '000 | PRECEDING<br>YEAR<br>TO DATE<br>30-Sep-10<br>RM '000 |
| Revenue   | 44,379   | 109,027  | 198,946  | 319,525  |
| Operating expenses  | <u>(36,087)</u>                                    | <u>(49,228)</u>                                      | <u>(131,472)</u>                                   | <u>(161,394)</u>                                     |
| Other operating income/(loss), net                                    | 8,292  | 59,799   | 67,474   | 158,131  |
| Administrative expenses   | <u>(17,841)</u>                                    | <u>25,297</u>  | <u>1,399</u>                                       | <u>2,098</u>   |
| Profit from operations  | <u>(3,885)</u>                                     | <u>(5,256)</u>                                       | <u>(12,659)</u>                                    | <u>(13,656)</u>                                      |
| Finance costs   | (13,434)   | 79,840   | 56,214   | 146,573  |
| Share of results of associate   | (427)  | (1,396)  | (1,390)  | (6,351)  |
| Share of results of jointly controlled entities                       | 11,387   | 8,774  | 13,499   | 17,682   |
|   | <u>3,534</u>                                       | <u>851</u>   | <u>9,237</u>                                       | <u>17,010</u>  |
| Profit before taxation  | 1,060  | 88,069   | 77,560   | 174,914  |
| Income tax expense  | <u>(139)</u>                                       | <u>53</u>  | <u>(993)</u>                                       | <u>(953)</u>   |
| Profit for the period   | <u>921</u>   | <u>88,122</u>  | <u>76,567</u>                                      | <u>173,961</u>                                       |
| Attributable to:  |  |  |  |  |
| Equity holders of the parent  | 371  | 87,745   | 74,916   | 170,666  |
| Minority interests  | <u>550</u>   | <u>377</u>   | <u>1,651</u>                                       | <u>3,295</u>   |
|   | <u>921</u>   | <u>88,122</u>  | <u>76,567</u>                                      | <u>173,961</u>                                       |
| Earnings per share attributable to equity holders of the parent (sen) |  |  |  |  |
| - Basic   | 0.04   | 8.77   | 7.49   | 17.07  |

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

|   | INDIVIDUAL QUARTER                                 |  | CUMULATIVE   |  |
|---|--|--|--|--|
|   | CURRENT<br>YEAR<br>QUARTER<br>30-Sep-11<br>RM '000 | PRECEDING<br>YEAR<br>QUARTER<br>30-Sep-10<br>RM '000 | CURRENT<br>YEAR<br>TO DATE<br>30-Sep-11<br>RM '000 | PRECEDING<br>YEAR<br>TO DATE<br>30-Sep-10<br>RM '000 |
| Profit for the period                       | 921  | 88,122   | 76,567   | 173,961  |
| Other comprehensive income:                 |  |  |  |  |
| Currency translation differences            | <u>4,837</u>                                       | <u>(80,290)</u>                                      | <u>(29,338)</u>                                    | <u>(161,079)</u>                                     |
| Total comprehensive income for the period   | <u><u>5,758</u></u>                                | <u><u>7,832</u></u>                                  | <u><u>47,229</u></u>                               | <u><u>12,882</u></u>                                 |
| Total comprehensive income attributable to: |  |  |  |  |
| Equity holders of the parent                | 5,065  | 10,688   | 46,477   | 16,172   |
| Minority interests                          | <u>693</u>   | <u>(2,856)</u>                                       | <u>752</u>   | <u>(3,290)</u>                                       |
|   | <u><u>5,758</u></u>                                | <u><u>7,832</u></u>                                  | <u><u>47,229</u></u>                               | <u><u>12,882</u></u>                                 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011**

|  | UNAUDITED   | AUDITED   |
|--|---|---|
|  | AS AT<br>END OF<br>CURRENT<br>QUARTER<br>30-Sep-11<br>RM '000 | AS AT<br>PRECEDING<br>FINANCIAL<br>YEAR END<br>31-Dec-10<br>RM '000 |
| <b>ASSETS</b>  |   |   |
| <b>Non-current assets</b>                                  |   |   |
| Fixed assets   | 535,254   | 562,391   |
| Associate  | 747,920   | 746,052   |
| Jointly controlled entities                                | 176,965   | 136,921   |
|  | <u>1,460,139</u>  | <u>1,445,364</u>  |
| <b>Current Assets</b>                                      |   |   |
| Consumable stores  | 9,213   | 10,699  |
| Trade receivables  | 22,745  | 27,213  |
| Other receivables and prepayments                          | 10,157  | 16,947  |
| Investments  | 117,708   | 127,476   |
| Short term deposits  | 142,870   | 297,477   |
| Cash and bank balances                                     | 102,305   | 19,215  |
|  | <u>404,998</u>  | <u>499,027</u>  |
| Non-current assets classified as held for sale             | -   | 52,863  |
|  | <u>404,998</u>  | <u>551,890</u>  |
| <b>TOTAL ASSETS</b>  | <u><u>1,865,137</u></u>                                       | <u><u>1,997,254</u></u>   |
| <b>EQUITY AND LIABILITIES</b>                              |   |   |
| <b>Equity attributable to equity holders of the parent</b> |   |   |
| Share capital  | 250,000   | 250,000   |
| Reserves   | 1,382,262   | 1,435,785   |
|  | <u>1,632,262</u>  | <u>1,685,785</u>  |
| <b>Minority interest</b>                                   | 52,868  | 56,634  |
| <b>Total equity</b>  | <u>1,685,130</u>  | <u>1,742,419</u>  |
| <b>Non-current liabilities</b>                             |   |   |
| Bank and other borrowings                                  | 72,009  | 107,013   |
|  | <u>72,009</u>   | <u>107,013</u>  |
| <b>Current liabilities</b>                                 |   |   |
| Bank and other borrowings                                  | 42,476  | 43,148  |
| Other payables   | 65,036  | 104,050   |
| Provision for Taxation                                     | 486   | 624   |
|  | <u>107,998</u>  | <u>147,822</u>  |
| <b>Total liabilities</b>                                   | <u>180,007</u>  | <u>254,835</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <u><u>1,865,137</u></u>                                       | <u><u>1,997,254</u></u>   |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

|   | Attributable to Equity Holders of the Parent |                          |                            |                                       |   |                             |                  | Minority Interest | Total Equity     |
|---|--|--------------------------|----------------------------|---------------------------------------|---|-----------------------------|------------------|-------------------|------------------|
|   | Non-distributable                            |                          |                            |                                       |   | Distributable               |                  |                   |                  |
|   | Share Capital<br>RM '000                     | Share premium<br>RM '000 | Capital reserve<br>RM '000 | Capital redemption reserve<br>RM '000 | Exchange translation reserve<br>RM '000 | Retained profits<br>RM '000 | Total<br>RM '000 |                   |                  |
| <b>9 MONTHS ENDED 30 SEPTEMBER 2010</b>               |  |                          |                            |                                       |   |                             |                  |                   |                  |
| <b>At 1 JANUARY 2010</b>                              | 250,000                                      | 48,791                   | 13,209                     | 40,000                                | (57,351)                                | 1,492,425                   | 1,787,074        | 74,001            | 1,861,075        |
| Total comprehensive income for the period             | -  | -                        | -                          | -                                     | (154,494)                               | 170,666                     | 16,172           | (3,290)           | 12,882           |
| Dividends paid  | -  | -                        | -                          | -                                     | -                                       | (150,000)                   | (150,000)        | -                 | (150,000)        |
| Dividend paid to minority shareholder of a subsidiary | -  | -                        | -                          | -                                     | -                                       | -                           | -                | (14,463)          | (14,463)         |
| <b>At 30 SEPTEMBER 2010</b>                           | <b>250,000</b>                               | <b>48,791</b>            | <b>13,209</b>              | <b>40,000</b>                         | <b>(211,845)</b>                        | <b>1,513,091</b>            | <b>1,653,246</b> | <b>56,248</b>     | <b>1,709,494</b> |
| <b>9 MONTHS ENDED 30 SEPTEMBER 2011</b>               |  |                          |                            |                                       |   |                             |                  |                   |                  |
| <b>At 1 JANUARY 2011</b>                              | 250,000                                      | 48,791                   | 13,209                     | 40,000                                | (247,008)                               | 1,580,793                   | 1,685,785        | 56,634            | 1,742,419        |
| Total comprehensive income for the period             | -  | -                        | -                          | -                                     | (28,439)                                | 74,916                      | 46,477           | 752               | 47,229           |
| Dividends paid  | -  | -                        | -                          | -                                     | -                                       | (100,000)                   | (100,000)        | -                 | (100,000)        |
| Dividend paid to minority shareholder of a subsidiary | -  | -                        | -                          | -                                     | -                                       | -                           | -                | (4,518)           | (4,518)          |
| <b>At 30 SEPTEMBER 2011</b>                           | <b>250,000</b>                               | <b>48,791</b>            | <b>13,209</b>              | <b>40,000</b>                         | <b>(275,447)</b>                        | <b>1,555,709</b>            | <b>1,632,262</b> | <b>52,868</b>     | <b>1,685,130</b> |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

|   | CUMULATIVE                              |   |
|---|---|---|
|   | CURRENT<br>YEAR<br>30-Sep-11<br>RM '000 | PRECEDING<br>YEAR<br>30-Sep-10<br>RM '000 |
| <b>Cash Flow From Operating Activities</b>                          |   |   |
| Profit before taxation  | 77,560                                  | 174,914                                   |
| Adjustments for:  |   |   |
| Depreciation and amortisation                                       | 21,283                                  | 24,353                                    |
| Loss/(gain) on disposal of quoted investments                       | 13                                      | 4,045                                     |
| Unrealised loss on quoted investments                               | 11,962                                  | 2,957                                     |
| Gain on disposal of vessels   | (4,629)                                 | -   |
| Gain on disposal of other fixed assets                              | -                                       | (1)                                       |
| Unrealised exchange loss/(gain)                                     | 6,492                                   | (3,559)                                   |
| Writeback of provision for doubtful debts                           | (2)                                     | (130)                                     |
| Dividend income   | -                                       | (417)                                     |
| Interest income   | (860)                                   | (3,179)                                   |
| Finance costs   | 1,390                                   | 6,351                                     |
| Share of results of associate                                       | (13,499)                                | (17,682)                                  |
| Share of results of jointly controlled entities                     | (9,237)                                 | (17,010)                                  |
| Operating profit before working capital changes                     | <u>90,473</u>                           | <u>170,642</u>                            |
| Working capital changes:  |   |   |
| Consumable stores   | 1,669                                   | (1,743)                                   |
| Receivables   | 13,305                                  | 13,520                                    |
| Payables  | (46,663)                                | (4,671)                                   |
| Cash generated from operating activities                            | <u>58,784</u>                           | <u>177,748</u>                            |
| Tax paid  | <u>(1,202)</u>                          | <u>(1,636)</u>                            |
| Net cash generated from operating activities                        | <u>57,582</u>                           | <u>176,112</u>                            |
| <b>Cash Flows From Investing Activities</b>                         |   |   |
| Construction cost and purchase of vessels                           | -                                       | (78,077)                                  |
| Purchase of new equipment and capitalisation of dry docking cost    | (2,515)                                 | (5,519)                                   |
| Purchase of other fixed assets                                      | (182)                                   | (64)                                      |
| Purchase of quoted investments                                      | -                                       | (27,615)                                  |
| Purchase of other investments                                       | (4,239)                                 | (71,584)                                  |
| Dividend received   | -                                       | 417                                       |
| Dividend from jointly controlled entities                           | 730                                     | -   |
| Interest received   | 860                                     | 3,179                                     |
| Proceeds from disposal of quoted investments                        | 28                                      | 34,437                                    |
| Proceeds from disposal of other investments                         | -                                       | 129,116                                   |
| Proceeds from disposal of vessels                                   | 57,492                                  | -   |
| Proceeds from disposal of other fixed assets                        | -                                       | 1   |
| Proportionate shareholder's advance to jointly controlled entities  | (34,026)                                | -   |
| Repayment of shareholder's advance from a jointly controlled entity | 1,126                                   | 2,876                                     |
| Net cash used in investing activities                               | <u>19,274</u>                           | <u>(12,833)</u>                           |
| <b>Cash Flows From Financing Activities</b>                         |   |   |
| Finance costs paid  | (1,390)                                 | (6,349)                                   |
| Repayment of loans  | (33,337)                                | (212,905)                                 |
| Drawdown of loans   | -                                       | 192,486                                   |
| Repayment of lease financing  | -                                       | (16,093)                                  |
| Dividends paid to shareholders                                      | (100,000)                               | (150,000)                                 |
| Dividend paid to minority shareholder of a subsidiary               | (4,518)                                 | (14,463)                                  |
| Net cash used in financing activities                               | <u>(139,245)</u>                        | <u>(207,324)</u>                          |
| <b>Net Change in Cash &amp; Cash Equivalents</b>                    | <u>(62,389)</u>                         | <u>(44,045)</u>                           |
| <b>Effects of Foreign Exchange Rate Changes</b>                     | <u>(9,128)</u>                          | <u>(44,097)</u>                           |
| <b>Cash &amp; Cash Equivalents at the beginning of the period</b>   | <u>316,692</u>                          | <u>460,429</u>                            |
| <b>Cash &amp; Cash Equivalents at the end of the period</b>         | <u>245,175</u>                          | <u>372,287</u>                            |
| Cash & Cash equivalents comprise:                                   |   |   |
| Short term deposits   | 142,870                                 | 336,119                                   |
| Cash and bank balances  | <u>102,305</u>                          | <u>36,168</u>                             |
|   | <u>245,175</u>                          | <u>372,287</u>                            |

**NOTES TO THE FINANCIAL REPORT**

**A1. BASIS OF PREPARATION**

The interim financial statements have been prepared under the historical cost basis, except for investment securities and derivative financial instruments which are stated at fair value.

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. This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

The significant accounting policies and methods of computation applied in this report are consistent with those adopted in the financial statements for the year ended 31 December 2010 with the exception for:-

i) FRS 139, whereby unrealised gains on investments are not recognised in the financial statements until year end. Unrealised losses on investments are recognised immediately whilst unrealised gains will only be recognised at the year end; and

ii) The adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are effective for financial periods beginning on or after 1 July 2010 and 1 January 2011. The adoption of these FRSs, amendments to FRSs and IC Interpretations does not have any material impact on the financial results of the Group.

**A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The financial statements for the year ended 31 December 2010 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 for the current quarter ended 30 September 2011.

**A8. SEGMENT REPORT**

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

|   | Shipping<br>Bulkers<br>RM '000 | Shipping<br>Tankers<br>RM '000 | Ship<br>brokerage &<br>management<br>RM '000 | Investment<br>holding &<br>others<br>RM '000 | Elimination<br>RM '000 | Group<br>RM '000 |
|---|--------------------------------|--------------------------------|--|--|------------------------|------------------|
| <b>REVENUE AND RESULT</b>                       |                                |                                |  |  |                        |                  |
| Revenue   |                                |                                |  |  |                        |                  |
| Group   | 168,221                        | 25,110                         | 6,396  | -  | (781)                  | 198,946          |
| Inter-segment                                   | 370                            | -                              | (1,151)                                      | -  | 781                    | -                |
| External revenue                                | <u>168,591</u>                 | <u>25,110</u>                  | <u>5,245</u>                                 | <u>-</u>                                     | <u>-</u>               | <u>198,946</u>   |
| Segment results                                 | 64,710                         | (3,069)                        | 1,480  | (7,767)                                      | -                      | 55,354           |
| Interest income                                 |                                |                                |  |  |                        | 860              |
| Finance costs                                   |                                |                                |  |  |                        | (1,390)          |
| Share of results of associate                   |                                |                                |  |  |                        | 13,499           |
| Share of results of jointly controlled entities |                                |                                |  |  |                        | 9,237            |
| Taxation  |                                |                                |  |  |                        | (993)            |
| Profit for the period                           |                                |                                |  |  |                        | <u>76,567</u>    |

**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 September 2011 up to the date of this report.

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

Three (3) dormant wholly owned subsidiaries (Kohing Investments Ltd, South Pasadena Ltd and Libertos International Ltd) commenced members' voluntary winding-up on 26 August 2011.

**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 Company is currently contesting this assessment and no provision has been made in the accounts.

**B1. REVIEW OF PERFORMANCE**

The Group's revenue for the 9 months ended September 2011 declined 38% to RM198.9 million, from RM319.5 million posted for the same period last year. The drop is attributed to a 35% fall in the charter rates for the dry bulk segment and reduced revenue days from tanker segment.

The BDI's 9 months average of 1,428 points for 2011 is a 51% decline against the comparative average of 2,885 in 2010. Against the backdrop of the weak dry bulk sector, the Group's charter rates for our dry bulk carriers declined by 35% to USD17,491/day, compared to USD26,908/day for the same period last year.

The Baltic Clean Tanker Index (BCTI) remained flat from 2010 into the third quarter this year and this is reflected in our tanker revenue. Our tankers' average TC rates for the 9 months of 2011 was USD12,257/day, compared to USD12,315/day for the same period last year. Revenue days from tanker segment were lower in this current 9 months due to the disposal of a tanker in February 2011, and the scheduled dockings of 3 tankers.

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

|                      | Ave. TCE/Day    |                 | Hire Days       |                 |
|----------------------|-----------------|-----------------|-----------------|-----------------|
|                      | Sep-11<br>(USD) | Sep-10<br>(USD) | Sep-11<br>(Day) | Sep-10<br>(Day) |
| Dry Bulk             | 17,491          | 26,908          | 3,217           | 3,218           |
| Product Tankers      | 12,257          | 12,315          | 703             | 852             |
| <b>Fleet Average</b> | <b>16,552</b>   | <b>23,852</b>   | <b>3,920</b>    | <b>4,070</b>    |

As a consequence of lower charter rates, the Group's operating profit is down by RM90.7 million (57%) to RM67.4 million for the 9 months ended September 2011 – as compared to RM158.1 million reported for the corresponding period last year.

Gains on foreign exchange and disposal of vessel, offset by mark-to-market loss on investment, contributed a net "other operating income" of RM1.39 million for the 9 months of 2011. Finance cost decreased by 78% (or RM4.96 million) y-o-y as last year's comparative includes provisions for early termination of a structured lease.

Contribution from our associate company (POSH) declined RM4.2 million y-o-y. Profit share from the Group's jointly controlled entities in the dry bulk sector declined RM7.8 million y-o-y due to the falling dry bulk market

Overall, the Group's attributable profit for the 9 months to September 2011 declined by 56% to RM74.9 million, in comparison to the RM170.7 million posted for the comparative period last year.

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

Charter rates earned by MBC fleet continued to fall in the third quarter. Combined with lower hire days from charter-in segment, the Group's revenue for Q3 2011 was RM44.4 million, down 36% from the revenue of RM69.7 million in Q2 2011. The weaker charter rates, resulted in a lower Group operating profit for Q3 2011; declining RM11.6 million (58%) to RM8.3 million, compared to RM19.9 million posted in the preceding quarter.

Included in "other operating income/(loss)" are losses attributable to foreign exchange and its investment (mark-to-market losses) in this current quarter, totaling RM18.1 million.

Our associate, POSH Group, on the other hand, reported an increase of USD17.2 million (RM52.18 million) in its current quarter's results as the employment rates for their vessels improved. Our share of associate results increased by RM11.1 million q-o-q. Progress Shipping Pte Ltd Group, our jointly controlled entity, took delivery of a new handysize at end June 2011 and this vessel has contributed positively to their results in this current quarter. Profit share from jointly controlled entities improved by RM1.3 million q-o-q.

Overall, the Group's attributable profit declined by RM21.5 million to RM0.4 million from the preceding quarter's attributable profit of RM21.9 million.

**B3. PROSPECTS**

The IMF, in its September 2011 World Economic Outlook projections, reduced the growth expectations for the Global GDP to 4% for 2011 and 2012. IMF has also revised downwards its projections for the growth rate for world trade volumes to 7.5% for 2011 and 5.8% in 2012. Concurrently, Clarkson Research in its recent report projected that the total dry bulk trade will grow by only 4% in 2012 (down from 6% in 2011). Both of these forecasts do not bode well for the shipping industry. EU problems will likely further dampen 2012 prospects.

In October 2011, the BDI reached its highest level since the start of the year and gained 225 points (12%) month-on-month, contributed by the rise in Capesize rates which in turn was driven by strong Chinese demand for coal and iron ore. BIMCO however holds the view that the recent spike in Capesize rates is not rooted in an improved balance between supply and demand and thus is fundamentally difficult to sustain. Rates are likely to ease from current levels as increasing newbuilding deliveries and tonnage oversupply is bound to undermine markets again. Notwithstanding that, Chinese import activity and market sentiment has so far remained firm in terms of iron ore and coal.

BIMCO forecasts newbuild dry bulk vessels is expected to grow 14% in 2011 with a total delivery of more than 90 million DWT, despite demand rising by just 5% to 8%. This would add to the already significant supply-side pressure that is currently afflicting the dry bulk market. The positive development this year has been the increased demolition activity. 19 million DWT exited the dry bulk market these past 9 months, exceeding the 16.9 million DWT scrapped for the whole of 2009 and 2010 combined.

The tanker market is not expected to change significantly in the coming months due to continuing newbuilding tanker deliveries and overcapacity. According to a recent report from BIMCO, the tanker fleet will grow by up to 7.6% in 2011, adding continued supply pressure on the market.

The Group has added 2 new handysizes to its fleet this year and is expected to take delivery of another handysize in December 2011.

The outlook for shipping market is expected to remain weak for the last quarter of 2011. The Board is however confident that the Group will still be profitable for this year. Going forward, the Board is of the view that the coming year will be challenging, and consequently 2012 results will be much lower.

**B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE**

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

**B5. TAXATION**

|                   | Current<br>quarter<br>RM'000 | Current<br>financial<br>year-to-date<br>RM'000 |
|-------------------|------------------------------|--|
| Income tax charge |                              |  |
| -current period   | 65                           | 882  |
| -prior year       | 74                           | 111  |
|                   | <u>139</u>                   | <u>993</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. RETAINED PROFITS**

|            | As at<br>30-Sep-11<br>RM'000 | As at<br>31-Dec-10<br>RM'000 |
|------------|------------------------------|------------------------------|
| Realised   | 1,555,709                    | 1,602,059                    |
| Unrealised | -                            | (21,266)                     |
|            | <u>1,555,709</u>             | <u>1,580,793</u>             |

**B7. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES**

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

**B8. QUOTED SECURITIES**

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

|  | Current<br>quarter<br>RM'000 | Current<br>financial<br>year-to-date<br>RM'000 |
|--|------------------------------|--|
| Purchase consideration                         | -                            | -  |
| Sale proceeds                                  | -                            | 28   |
| Gain / (loss) on disposal of quoted securities | -                            | (13)   |

ii) Details of investments in quoted securities:

|                       | As at<br>30-Sep-11<br>RM '000 |
|-----------------------|-------------------------------|
| Marketable securities |                               |
| At cost               | -                             |
| At book value         | -                             |
| At market value       | -                             |

**B9. STATUS OF CORPORATE PROPOSALS**

There were no other outstanding corporate proposals submitted by the Group as at 30 September 2011.

**B10. GROUP BORROWINGS**

The Group borrowings as at 30 September 2011 are as follows:

|               | <u>Currency</u> | <u>Current<br/>RM '000</u> | <u>Non-current<br/>RM '000</u> |
|---------------|-----------------|----------------------------|--------------------------------|
| Secured loans | USD             | 42,476                     | 72,009                         |

**B11. DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments outstanding as at 30 September 2011:

|                            | <u>Notional Value<br/>RM '000</u> | <u>Fair Value<br/>RM '000</u> |
|----------------------------|-----------------------------------|-------------------------------|
| <u>Less than 1 year</u>    |                                   |                               |
| Forward currency contracts | 138,279                           | 131,257                       |

**B12. MATERIAL LITIGATION**

Save for disclosure already made in earlier announcements, there are no new material litigation and/or significant developments in the ongoing cases under litigation.

**B13. DIVIDENDS**

The Directors do not recommend any dividend for the current financial quarter ended 30 September 2011.

**B14. 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<br>YEAR<br>QUARTER<br>30-Sep-11 | PRECEDING<br>YEAR<br>QUARTER<br>30-Sep-10 | CURRENT<br>YEAR<br>TO DATE<br>30-Sep-11 | PRECEDING<br>YEAR<br>TO DATE<br>30-Sep-10 |
|---|---|---|---|---|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 371                                     | 87,745                                    | 74,916                                  | 170,666                                   |
| 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>0.04</u>                             | <u>8.77</u>                               | <u>7.49</u>                             | <u>17.07</u>                              |

**B15. COMMITMENTS**

Commitments as at 30 September 2011 are as follows:

|   | RM'000         |
|---|----------------|
| (i) The Group   |                |
| Non-cancellable charter-in commitments                |                |
| Due within 1 year                                     | 39,752         |
| Due later than 1 year and not later than 5 years      | 258,901        |
| Due later than 5 years                                | 348,895        |
|   | <u>647,548</u> |
| (ii) Share of jointly controlled entity's commitments |                |
| Non-cancellable charter-in commitment                 | 24,501         |
| Capital commitment                                    | 14,806         |
|   | <u>39,307</u>  |
|   | <u>686,855</u> |