

MALAYSIAN MERCHANT MARINE BHD (259253-X)

SUMMARY OF KEY FINANCIAL INFORMATION

29-Feb-08

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	29-Feb-08	28-Feb-07	29-Feb-08	28-Feb-07
	RM'000	RM'000	RM'000	RM'000
1 Revenue	12,433	19,802	24,218	42,782
2 Profit/(Loss) before taxation	(610)	(14,512)	(7,997)	(15,446)
3 Profit/(Loss) for the period	5,672	(17,822)	477	(22,743)
4 Profit/(Loss) attributable to ordinary equity holders of the parent	5,672	(17,822)	477	(22,743)
5 Basic earnings/(loss) per share (sen)	3.38	(10.62)	0.28	(13.55)
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
6 Net assets per share attributable to ordinary equity holders of the parent (RM)			(0.0192)	(0.0353)
7 Shareholders' equity per share (RM) including Islamic preference shares			0.2838	0.2725

MALAYSIAN MERCHANT MARINE BHD (259253-X)

Condensed Consolidated Income Statements
For the Quarter Ended 29 February 2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 29-Feb-08	PRECEDING YEAR CORRESPONDING 28-Feb-07	CURRENT YEAR TO DATE 29-Feb-08	PRECEDING YEAR CORRESPONDING 28-Feb-07
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	12,433	19,802	24,218	42,782
Operating expenses	<u>(15,930)</u>	<u>(19,011)</u>	<u>(27,103)</u>	<u>(38,428)</u>
Gross (loss)/profit	(3,497)	791	(2,885)	4,354
Other income	15,739	362	16,701	943
Administrative expenses	(3,017)	(10,295)	(4,998)	(12,988)
Other expenses	<u>(8,402)</u>	<u>(3,184)</u>	<u>(13,447)</u>	<u>(3,290)</u>
Profit/(Loss) from continuing operations	823	(12,326)	(4,629)	(10,981)
Finance costs	<u>(1,433)</u>	<u>(2,186)</u>	<u>(3,368)</u>	<u>(4,465)</u>
Profit/(Loss) before taxation	(610)	(14,512)	(7,997)	(15,446)
Taxation	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(11)</u>
Profit/(Loss) after taxation from continuing operations	(610)	(14,520)	(7,997)	(15,457)
Profit for the period from discontinued operations	6,282	(3,302)	8,474	(7,286)
Profit/(Loss) for the period	<u><u>5,672</u></u>	<u><u>(17,822)</u></u>	<u><u>477</u></u>	<u><u>(22,743)</u></u>
Attributable to:				
Equity holders of the parent	<u><u>5,672</u></u>	<u><u>(17,822)</u></u>	<u><u>477</u></u>	<u><u>(22,743)</u></u>
Earnings/(Loss) per share attributable to shareholders of the parent:-				
(i) Basic (based on 167,807,203 ordinary shares) (sen)	3.38	(10.62)	0.28	(13.55)
(ii) Diluted (based on 167,807,203 ordinary shares) sen	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 August 2007)

MALAYSIAN MERCHANT MARINE BHD (259253-X)

**Condensed Consolidated Balance Sheets
As at 29 February 2008**

	UNAUDITED As at 29-Feb-08 RM'000	AUDITED As at 31-Aug-07 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	58,696	84,081
Current Assets		
Inventories	418	954
Trade debtors	3,491	1,569
Other debtors, deposits and prepayments	13,133	9,935
Fixed deposits	73,025	78,530
Cash and bank balances	2,777	4,952
	<u>92,844</u>	<u>95,940</u>
Non-current asset held for sale	15,324	30,579
	<u>108,168</u>	<u>126,519</u>
TOTAL ASSETS	<u><u>166,864</u></u>	<u><u>210,600</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		
Ordinary shares	175,722	175,722
Islamic Preference shares	70,988	70,988
Treasury shares	(3,731)	(3,731)
Foreign translation reserve	1,409	(1,000)
Accumulated losses	(176,615)	(176,911)
Total equity	<u>67,773</u>	<u>65,068</u>
Non-current liabilities		
Long term borrowings	39,420	39,346
Islamic bonds	49,835	49,805
	<u>89,255</u>	<u>89,151</u>
Current Liabilities		
Trade creditors	1,860	2,402
Other creditors and accruals	7,974	12,253
Short term borrowings	-	40,000
Provision for taxation	2	1,726
	<u>9,836</u>	<u>56,381</u>
Total liabilities	<u>99,091</u>	<u>145,532</u>
TOTAL EQUITY AND LIABILITIES	<u><u>166,864</u></u>	<u><u>210,600</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	(1.92)	(3.53)
Shareholders' equity per share (sen) including Islamic Preference shares	28.38	27.25

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 August 2007)

MALAYSIAN MERCHANT MARINE BHD (259253-X)

Condensed Consolidated Statement of Changes in Equity for the Period Ended 29 February 2008

	<u>Share capital</u>		<u>Non-distributable</u>			Retained profit / Accumulated loss	Total RM'000
	Ordinary shares RM'000	Islamic preference shares RM'000	Treasury shares RM'000	Foreign translation reserve RM'000			
For the 6 months ended 29 February 2008							
At 1 September 2007	175,722	70,988	(3,731)	(1,000)	(176,911)	65,068	
Currency translation differences	-	-	-	2,410	(182)	2,228	
Profit for the period	-	-	-	-	477	477	
At 29 February 2008	175,722	70,988	(3,731)	1,410	(176,616)	67,773	

For the 6 months ended 28 February 2007

At 1 September 2006	175,722	70,988	(3,731)	12	(129,857)	113,134
Foreign currency translation, representing net expense recognised directly in equity	-	-	-	(16)	-	(16)
Loss for the period	-	-	-	-	(22,743)	(22,743)
At 28 February 2007	175,722	70,988	(3,731)	(4)	(152,600)	90,375

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 August 2007)

MALAYSIAN MERCHANT MARINE BHD (259253-X)

**Condensed Consolidated Cash Flow Statement
For the year ended 29 February 2008**

	6 months ended 29-Feb-08 RM'000	6 months ended 28-Feb-07 RM'000
Cash Flows From Operating Activities		
Receipts from customers	58,708	46,590
Payment to suppliers	(62,331)	(44,173)
Payment for operating expenses	(8,124)	(9,241)
Other receipts	1,524	179
Net cash used in operation	<u>(10,223)</u>	<u>(6,645)</u>
Interest received	2,554	677
Tax refund	17	-
Tax paid	(3,087)	(32)
Net cash used in operating activities	<u>(10,739)</u>	<u>(6,000)</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(20,650)	(572)
Deposit paid for acquisition of a ship	-	(2,052)
Deposit received for disposal of a ship	4,550	-
Proceeds from sale of property, plant and equipment	58,718	36,685
Proceeds from disposal of subsidiary company	3,312	-
Proceeds from recovery from other investment written off	1,400	-
Acquisition of other investment	-	(4,000)
Proceeds from disposal of other investment	-	60
Net cash generated from investing activities	<u>47,330</u>	<u>30,121</u>
Cash Flows From Financing Activities		
Advances to associates	(130)	-
Upliftment of deposits	38,622	21,305
Drawdown of bank borrowings	-	40,000
Repayment of bank borrowings	(40,000)	(26,810)
Interest paid	(3,869)	(4,497)
Net cash used in financing activities	<u>(5,377)</u>	<u>29,998</u>
Net increase/(decrease) in cash and cash equivalents	31,214	54,119
Effects of exchange rate changes	(273)	(16)
Cash and cash equivalents at beginning of period	14,855	28,020
Cash and cash equivalents at end of period *	<u>45,796</u>	<u>82,123</u>
* This comprises		
Cash and bank balances	2,777	6,557
Fixed deposits and other investment	73,025	81,318
	<u>75,802</u>	<u>87,875</u>
Less fixed deposit pledged as security for credit facility	(30,006)	(5,752)
	<u>45,796</u>	<u>82,123</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 August 2007)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29
FEBRUARY 2008**

A1. Basis of Preparation

The interim financial report has been prepared under the historical cost convention.

The interim financial report is not audited and has 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 interim financial report are consistent with those of the audited financial statements for the year ended 31 August 2007.

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

A2. Qualification of Auditors' Report

The audited financial statements for the financial year ended 31 August 2007 were not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Nature and Amounts of Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

	Current year Quarter RM'000	Current year Todate RM'000
Gain on disposal of subsidiary company	13,246	13,246
Gain on disposal of vessels	4,289	4,289
Foreign exchange loss (net)	(2,992)	(7,737)
Net loss on disposal of associated company	(1,695)	(1,695)
Net impairment	(213)	(213)

The above foreign exchange loss arose due to the continued depreciation of the US Dollar against the Malaysian Ringgit.

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A5. Changes in Accounting Estimates

There were no changes in the basis of accounting estimates for the quarter ended 29 February 2008.

A6. Debt and Equity Securities

There were no debt and equity securities issued during the quarter under review.

A7. Dividend

There was no payment of dividend for the quarter under review.

A8. Segmental Reporting

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

	Discontinued Operations	Bulkers	Tankers	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External customers	37,211	17,406	6,812	-	-	61,429
Results						
Segment results	9,915	928	(12,942)	14,708	(8,739)	3,870
Interest income	44	-	53	1,365	-	1,462
Finance cost	-	-	-	(3,368)	-	(3,368)
Income tax expense	(1,487)	-	-	-	-	(1,487)
Profit for the year						477
Other information						
Segment assets	1,268	520	76,124	176,642	(87,690)	166,864
Segment liabilities	31,081	117	156,600	101,107	(189,814)	99,091

A9. Valuations of Property, Plant and Equipment

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

A10. Subsequent Events

None.

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A11. Changes in the Composition of the Group

i) Sale of MMM Ventures Ltd

On 15 January 2008, the Company announced the proposed disposal of the entire issued and paid up capital of its wholly-owned subsidiary i.e. MMM Ventures Ltd to Quayside Enterprise Pte Ltd for a total cash consideration of USD4 million. The profit of RM13.2 million arising from this disposal has been recognised in the current quarter.

ii) Sale of Aviva Pacific Corporation

On 11 February 2008, the Company announced the disposal of the entire interest in an associate company i.e. Aviva Pacific Marine Corporation (formerly known as Manila Merchant Marine Shipping Corporation Ltd. for a total cash consideration of RM133,320. The disposal was deemed completed on 6 February 2008. As a result of this disposal, a loss of RM1.7 million was recorded resulting from the writing off of debts which was due from Aviva Pacific Marine Corporation

A12. Discontinued Operations

- a) Pursuant to the disposal of MMM Ventures Ltd on 15 January 2008, the Group disposed of its entire charter broking business which was previously included in the bulkers segment.
- b) The Group disposed of the remaining two vessels which were included in the RORO business segment

The revenue, results and cash flows from the discontinued operations were as follows:

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	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING QUARTER	TO DATE	CORRESPONDING PERIOD
	29-Feb-08	28-Feb-07	29-Feb-08	28-Feb-07
	RM'000	RM'000	RM'000	RM'000
Revenue	9,148	3,273	37,211	7,084
Profit before taxation	6,661	(3,283)	9,961	(7,265)
Taxation	(379)	(19)	(1,487)	(21)
Profit for the period from discontinued operations	6,282	(3,302)	8,474	(7,286)
Cash flow from operating activities	(3,249)	4	(820)	(252)
Cash flow from investing activities	19,718	8,015	35,889	8,015
Cash flow from financing activities	(20,063)	(2,980)	(38,781)	(3,329)
Total cash flows	(3,594)	5,039	(3,712)	4,434

The disposal of MMM Ventures Ltd. had the following effects on the financial position of the Group as follows:

	As at date of disposal RM'000
Net asset disposed	-
Gain on disposal	13,246
Total consideration	13,246
Satisfied by:	
Cash	3,312
Deferred consideration	9,934
Total consideration	13,246
Net cash inflow arising on disposal:	
Cash consideration received	3,312
Cash & cash equivalent disposed of	-
	3,312

The deferred consideration is payable in six equal installments commencing 31 January 2008.

The major classes of assets and liabilities of the discontinued RORO business as at 29 February 2008 are as follows:

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Assets	RM'000
Other debtors	578
Amount due from related companies	654
Cash and bank balances	35
Total assets	<u>1,267</u>
Liabilities	
Amount due to holding company	(29,052)
Amount due to related companies	(567)
Trade creditors	(61)
Other creditors	(1,404)
	<u>(31,084)</u>
Net liabilities attributable to discontinued operation	<u>(29,817)</u>

A13. Contingent Liabilities

None.

A14. Capital Commitments

None.

Explanatory Notes Required by Bursa Malaysia Revised Listing Requirements

B1. Review of Performance

For the 6 months period ended 29 February 2008, the Group recorded a loss before tax of RM8.00 million from continuing operations as compared to a loss before tax of RM15.45 million recorded for 6 months period ended 28 February 2007. In accordance with FRS 5, the charter broking business and the RORO business which recorded a total net profit of RM8.47 million has been shown separately in Note A12.

The net profit of RM0.48 million for the 6 months period ended 29 February 2008 was derived as follows:

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	CURRENT YEAR QUARTER 29-Feb-08 RM' mil	PRECEDING YEAR CORRESPONDING 28-Feb-07 RM' mil	CURRENT YEAR TO DATE 29-Feb-08 RM' mil	PRECEDING YEAR TO DATE 28-Feb-07 RM' mil
Operating loss	(11.84)	2.72	(12.47)	3.96
Gain on disposal of subsidiary company	13.24	-	13.24	-
Gain/(Loss) from disposal of vessels	4.29	(6.48)	4.29	(6.29)
Net loss on disposal of associated company	(1.70)	-	(1.70)	
Provision for doubtful debts	-	(7.49)	-	(7.49)
Allowance for foreseeable loss	-	(1.03)	-	(1.03)
Foreign exchange loss (net)	(2.99)	(0.02)	(7.74)	(0.10)
Net impairment	(0.21)	-	(0.21)	-
Finance costs	(1.40)	(2.19)	(3.40)	(4.47)
Taxation	-	(0.03)	-	(0.03)
Net profit/(loss) from continuing operations	(0.61)	(14.52)	(7.99)	(15.45)
Net profit/(loss) from discontinued operation	6.28	(3.30)	8.47	(7.29)
Profit/(loss) for the period	5.67	(17.82)	0.48	(22.74)

B2. Comparison of Current Quarter Results Against Immediate Preceding Quarter

The Group registered a profit of RM5.67 million in the current financial quarter as compared to a loss of RM5.20 million in the preceding quarter.

The profit in the current quarter was mainly due to gain on disposal of subsidiary company, gain on disposal of vessels, which is set off against foreign exchange loss and loss on disposal of associated company, as explained on Note B1 above.

B3. Prospects for the Current Financial Year

The Group is continuously prospecting for strategic businesses and acquisitions especially in areas which have synergistic values with the current business.

Barring any unforeseen circumstances, the Directors are reasonably confident that the Group's results for the financial year ending 31 August 2008 will be an improvement over the prior financial year, as part of the management turnaround programme.

The Group is also looking at means of addressing its equity structure.

B4. Variance Between Actual Profit and Forecast Profit

Not applicable as the Group did not issue any profit forecast.

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B5. Taxation

The income of the Group derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax, 1967. The provision for taxation relates to other income.

B6. Sale of Unquoted Investments and/or Properties

The Group did not engage in any sale of unquoted investments and/or properties for the current quarter under review.

B7. Purchase or Disposal of Quoted Investments

There was no purchase or disposal of quoted investments for the quarter under review.

B8. Status of Corporate Proposals

No corporate exercise was undertaken by the Company during the reporting quarter.

B9. Group Borrowings and Debt Securities

The Group borrowings as at 29 February 2008 are as follows:

	Note	RM'000
Unsecured term loan	(a)	40,000
Islamic bonds	(b)	50,000
		<hr/>
		90,000
Less: Arrangement fees paid in advanced		(745)
		<hr/>
		<u>89,255</u>

(a) An unsecured fixed rate term loan of RM40.0 million which is payable in January 2012.

(b) The BaIDS of principal sum of RM50.0 million. The BaIDS are repayable as follows:

<u>Tenure (Years)</u>	<u>Profit Rate (%)</u>	<u>Face Amount (RM'000)</u>	<u>Maturity Date</u>
7	5.85	<u>50,000</u>	28 November 2010

A sum of RM3.1 million fixed deposit has been placed with the Trustee to cover more than 12 months interest.

In addition, a sum of RM26.9 million arising from insurance proceeds has been placed with the Trustee against the RM50 million fund.

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B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risks at the date of this quarterly report.

B11. Material Litigation

There is no material litigation against the Group which is not in the ordinary course of business as at the date of this report.

B12. Dividend

The Board does not propose any dividend for the quarter ended 29 February 2008.

B13. Earnings Per Share

	Current Year Quarter	Current Year To date
Net profit for the current quarter/year to date in RM'000	5,672	477
Weighted average number of ordinary shares outstanding	167,807,203	167,807,203
Basic earnings per share in RM	<u>0.034</u>	<u>0.003</u>

No adjustment has been made to the weighted average number of ordinary shares in issue in the calculation of diluted earnings per share for the reporting period due to the anti-dilutive effect of warrants.

By order of the Board
Kuan Hui Fang (MIA 16876)
Tham Wai Ying (MAICSA 7016123)
Company Secretaries

28 April 2008