

SUMMARY OF KEY FINANCIAL INFORMATION
31-Dec-08

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-Dec-08 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-07 RM'000	CURRENT YEAR TO DATE 31-Dec-08 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-07 RM'000
1 Revenue	10,000	-	76,043	-
2 Profit/(Loss) before taxation	(409)	-	(13,040)	-
3 Profit/(Loss) for the period	(241)	-	(4,482)	-
4 Profit/(Loss) attributable to ordinary equity holders of the parent	(241)	-	(4,482)	-
5 Basic earnings/(loss) per share (sen)	(0.14)	-	(2.67)	-
			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)			(0.0631)	(0.0353)
7 Shareholders' equity per share (RM) including Islamic preference shares			0.2529	0.2725

MALAYSIAN MERCHANT MARINE BHD (259253-X)

Condensed Consolidated Income Statements
For the Period Ended 31 December 2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-Dec-08 RM'000	PRECEDING YEAR CORRESPONDING 31-Dec-07 RM'000	CURRENT YEAR TO DATE 31-Dec-08 (16 months) RM'000	PRECEDING YEAR CORRESPONDING 31-Dec-07 RM'000
Continuing operations				
Revenue	10,000	-	76,043	-
Operating expenses	(11,226)	-	(83,895)	-
Gross (loss)/profit	(1,226)	-	(7,852)	-
Other income	621	-	18,596	-
Other expenses	3,394	-	(4,098)	-
Administrative expenses	(2,096)	-	(12,397)	-
Profit/(Loss) from continuing operations	693	-	(5,751)	-
Finance costs	(1,102)	-	(7,289)	-
Profit/(Loss) before taxation	(409)	-	(13,040)	-
Taxation	-	-	1	-
Profit/(Loss) after taxation from continuing operations	(409)	-	(13,039)	-
Profit for the period from discontinued operations	168	-	8,557	-
Profit/(Loss) for the period	(241)	-	(4,482)	-
Attributable to:				
Equity holders of the parent	(241)	-	(4,482)	-
Earnings/(Loss) per share attributable to shareholders of the parent:-				
(i) Basic (based on 167,807,203 ordinary shares) (sen)	(0.14)	-	(2.67)	-
(ii) Diluted (based on 167,807,203 ordinary shares) sen	N/A	N/A	N/A	N/A

(The Group has changed its financial year end from 31 August to 31 March. The current financial period is from 1 September 2007 to 31 March 2009. The financial period ended 31 December 2008 is a 16 month period. Thus, there are no applicable comparative figures.)

(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 31 December 2008**

	UNAUDITED	AUDITED
	As at 31-Dec-08	As at 31-Aug-07
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	39,419	84,081
Current Assets		
Inventories	372	954
Trade debtors	5,498	1,569
Other debtors, deposits and prepayments	15,830	9,935
Fixed deposits	43,452	78,530
Cash and bank balances	1,348	4,952
	<u>66,500</u>	<u>95,940</u>
Non-current asset held for sale	39,686	30,579
	<u>106,186</u>	<u>126,519</u>
TOTAL ASSETS	<u><u>145,605</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	(1,183)	(1,000)
Accumulated losses	(181,393)	(176,911)
Total equity	<u>60,403</u>	<u>65,068</u>
Non-current liabilities		
Long term borrowings	39,543	39,346
Islamic bonds	23,885	49,805
	<u>63,428</u>	<u>89,151</u>
Current Liabilities		
Trade creditors	4,027	2,402
Other creditors and accruals	7,839	12,253
Short term borrowings	-	40,000
Provision for taxation	-	1,726
Bank overdraft	9,908	-
	<u>21,774</u>	<u>56,381</u>
Total liabilities	<u>85,202</u>	<u>145,532</u>
TOTAL EQUITY AND LIABILITIES	<u><u>145,605</u></u>	<u><u>210,600</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	(6.31)	(3.53)
Shareholders' equity per share (sen) including Islamic Preference Shares	25.29	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 31 December 2008

	<u>Share capital</u>			<u>Non-distributable</u>			Retained profit / Accumulated loss	Total
	Ordinary shares RM'000	Islamic preference shares RM'000	Treasury shares RM'000	Foreign translation reserve RM'000		RM'000		
For the 16 months ended 31 December 2008								
At 1 September 2007	175,722	70,988	(3,731)	(1,000)		(176,911)	65,068	
Currency translation differences	-	-	-	(183)		-	(183)	
Loss for the period	-	-	-	-		(4,482)	(4,482)	
At 31 December 2008	175,722	70,988	(3,731)	(1,183)		(181,393)	60,403	

(The Group has changed its financial year end from 31 August to 31 March. The current financial period shall be from 1 September 2007 to 31 March 2009. The financial period ended 31 December 2008 is a 16 month periods. Thus, there are no applicable comparative figures.)

(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 Period Ended 31 December 2008**

	16 months ended 31-Dec-08 RM'000	31-Dec-07 RM'000
Cash Flows From Operating Activities		
Receipts from customers	108,361	-
Payment to suppliers	(114,026)	-
Payment for operating expenses	(16,558)	-
Other receipts	2,194	-
Net cash used in operation	<u>(20,029)</u>	<u>-</u>
Interest received	3,812	-
Tax refund	17	-
Tax paid	(3,090)	-
Net cash used in operating activities	<u>(19,290)</u>	<u>-</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(21,234)	-
Deposit paid for acquisition of a ship	(11,121)	-
Deposit received for disposal of a ship	4,550	-
Proceeds from sale of property, plant and equipment	59,044	-
Proceeds from disposal of subsidiary company	12,166	-
Proceeds from recovery from other investment written off	1,640	-
Acquisition of other investment	-	-
Proceeds from disposal of other investment	-	-
Net cash generated from investing activities	<u>45,045</u>	<u>-</u>
Cash Flows From Financing Activities		
Advances to associates	(130)	-
Upliftment of deposits	50,732	-
Drawdown of bank borrowings	-	-
Repayment of bank borrowings	(66,000)	-
Interest paid	(7,419)	-
Net cash used in financing activities	<u>(22,817)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	2,938	-
Effects of exchange rate changes	(796)	-
Cash and cash equivalents at beginning of period	14,856	-
Cash and cash equivalents at end of period *	<u>16,998</u>	<u>-</u>
* This comprises		
Cash and bank balances	1,348	-
Fixed deposits and other investment	43,452	-
Bank Overdraft	(9,908)	-
	<u>34,892</u>	<u>-</u>
Less fixed deposit pledged as security for credit facility	(17,894)	-
	<u>16,998</u>	<u>-</u>

(The Group has changed its financial year end from 31 August to 31 March. The current financial period shall be from 1 September 2007 to 31 March 2009. The financial period ended 31 December 2008 is a 16 month periods. Thus, there are no applicable comparative figures.)

(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 31
DECEMBER 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 except for the adoption of the following new/revised FRSs:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 107	Cash flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The adoption of the new/revised FRSs and amendment to FRS does not have significant impact on the Group.

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
Gain on disposal of vessels	-	4,289
Foreign exchange gain /(loss)	1,554	(165)
Net loss on disposal of associated company	-	(1,695)
Net impairment gain	2,155	1,942

The above foreign exchange gain in this quarter arose due to the appreciation of the US Dollar against Malaysia Ringgit.

A5. Changes in Accounting Estimates

There were no changes in the basis of accounting estimates for the quarter ended 31 December 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	37,263	58,233	17,811	-	-	113,307
Results						
Segment results	9,989	(2,868)	37,426	14,898	(57,837)	1,608
Interest income	44	-	53	2,578	-	2,675
Finance cost	-	-	-	(7,289)	-	(7,289)
Income tax expense	(1,476)	-	-	-	-	(1,476)
Profit for the year						<u>(4,482)</u>
Other information						
Segment assets	-	-	82,242	155,036	(91,672)	145,606
Segment liabilities	-	-	114,776	79,415	(108,989)	85,202

A9. Valuations of Property, Plant and Equipment

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

A10. Subsequent Events

None.

A11. Changes in the Composition of the Group

i) Sale of MMM Ventures Ltd

On 15 January 2008, the Company disposed 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 Company does not have any interest whatsoever in Quayside Enterprise Pte Ltd nor its operations. The profit of RM13.2 million arising from this disposal has been recognised in the quarter ended 31 May 2008.

Had the Company not have disposed this broker chartering business then, given the sharp drop in bulk rates, the Company would have suffered exposure to a significant loss now. The Company does not engage in this type of business anymore.

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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:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-08	31-Dec-07	31-Dec-08 (16 months)	31-Dec-07
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	37,263	-
Profit before taxation	168	-	10,033	-
Taxation	-	-	(1,476)	-
Profit for the period from discontinued operations	168	-	8,557	-
Cash flow from operating activities	-	-	(412)	-
Cash flow from investing activities	-	-	35,889	-
Cash flow from financing activities	-	-	(39,224)	-
Total cash flows	-	-	(3,747)	-

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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	<u>13,246</u>
Satisfied by:	
Cash	3,312
Deferred consideration	9,934
Total consideration	<u>13,246</u>
Net cash inflow arising on disposal:	
Cash consideration received	3,312
Cash & cash equivalent disposed of	-
	<u>3,312</u>

A13. Contingent Liabilities

None.

A14. Capital Commitments

None.

A15. Change of Financial Year End

The Group has changed its financial year end from 31 August to 31 March. The current financial period is from 1 September 2007 to 31 March 2009 covering a period of nineteen months.

Explanatory Notes Required by Bursa Malaysia Revised Listing Requirements

B1. Review of Performance

For the 16 months period ended 31 December 2008, the Group recorded a loss before tax of RM13.04 million from continuing operations. In accordance with FRS 5, the charter broking business and the RORO business which recorded a total net profit of RM8.56 million has been shown separately in Note A12.

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The net loss of RM4.48 million for the 16 months period ended 31 December 2008 was derived as follows:

	CURRENT YEAR QUARTER 31-Dec-08 RM' mil	PRECEDING YEAR CORRESPONDING 31-Dec-07 RM' mil	CURRENT YEAR TO DATE 31-Dec-08 RM' mil (16 months)	PRECEDING YEAR TO DATE 31-Dec-07 RM' mil
Operating loss	(3.01)	-	(23.35)	-
Gain on disposal of subsidiary company	-	-	13.24	-
Gain/(Loss) from disposal of vessels	-	-	4.29	-
Net loss on disposal of associated company	-	-	(1.70)	-
Provision for doubtful debts	-	-	-	-
Allowance for foreseeable loss	-	-	-	-
Foreign exchange gain/(loss)	1.55	-	(0.17)	-
Gain on early redemption of BAIDS	-	-	-	-
Recovery from Impairment of other investment	0.24	-	1.64	-
Reversal for provision on claim of vessel disposed	-	-	1.90	-
Net impairment	1.91	-	(1.60)	-
Finance costs	(1.10)	-	(7.29)	-
Taxation	-	-	-	-
Net profit/(loss) from continuing operations	(0.41)	-	(13.04)	-
Net profit/(loss) from discontinued operation	0.17	-	8.56	-
Profit/(loss) for the period	(0.24)	-	(4.48)	-

B2. Comparison of Current Quarter Results Against Immediate Preceding Quarter

There are no comparative figures for the preceding quarter due to the change in financial year end from 31 August to 31 March.

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B3. Prospects for the Current Financial Period

On 31 December 2007, at the previous Annual General Meeting (“AGM”), the Board described several initiatives to revamp the Company’s fortunes. In that AGM briefing, the Board explained that one of the initiatives was the capital reorganization of the Company to reflect a Balance Sheet that is more acceptable to the lending community. Towards this, the Board had commissioned external consultants to review the capital structure and make the necessary recommendations to the Board. Following that exercise, the Board announced its intention to undertake a proposed capital reduction of its issued and paid-up share capital via the cancellation of RM0.65 of the par value of each existing ordinary shares of RM1.00 each and irredeemable non-convertible Islamic preference shares of RM1.00 each (‘Proposed Par Value Reduction’) on 19 January 2009. The capital reorganization proposal is expected to contribute positively to the Company’s efforts to expand as the revised Balance Sheet, post capital reorganization, is expected to eliminate substantially the brought forward losses and to make the Balance Sheet neater.

In addition, the Group is continuously prospecting for strategic businesses and acquisitions especially in areas which have synergistic values with the current business. Towards this, four (4) new vessels have been ordered by the Company and announced. These vessels were expected to come on board in the middle of 2009 but the earthquake in Sichuan province, China, had disrupted the shipbuilder’s operations somewhat. The shipbuilder has advised the Company’s management that the delivery date will be pushed back by a few months as a result of that incident. As a result, the Group’s revenue generation capability will also be deferred somewhat. The management is currently looking at several ship related deals and appropriate announcements will be made when the details have been finalised.

The recent worldwide economic crisis has impacted the Group’s expansion plans significantly in that credit facilities are extremely difficult to obtain anywhere. The Company has applied for facilities in various countries including but not limited to Singapore, Australia, Hong Kong, Dubai and the United Kingdom but in almost all these territories, the credit availability was difficult. Nevertheless, with the Company’s positive net tangible assets position, the Group is fairly neutral in its gearing position and will rely on this to continue the search for new facilities to fund its expansion plans.

Barring any unforeseen circumstances, although expansion plans are being currently reviewed downwards to conserve cash, the Directors are reasonably confident that the Group’s results for the financial period ending 31 March 2009 could be an improvement over the prior financial year’s, as part of the management turnaround programme.

B4. Variance Between Actual Profit and Forecast Profit

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

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.

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

On 19 January 2009, the Company announced its intention to undertake a proposed capital reduction of its issued and paid-up share capital via the cancellation of RM0.65 of the par value of each existing ordinary shares of RM1.00 each and irredeemable non-convertible Islamic preference shares of RM1.00 each ('Proposed Par Value Reduction').

In order to facilitate the Proposed Par Value Reduction, the Company also proposes to amend its Memorandum and Articles of Association. Towards this, the Company also proposes to increase its authorised share capital from RM500,000,000 divided into 300,000,000 Ordinary Shares of RM1.00 each and 200,000,000 IPS of RM1.00 each to RM700,000,000 divided into 1,200,000,000 Ordinary Shares of RM0.35 each and 800,000,000 IPS of RM0.35 each.

B9. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2008 are as follows:

	Note	RM'000
Unsecured term loan	(a)	40,000
Islamic bonds ("BaIDS")	(b)	24,000
		64,000
Less: Arrangement fees paid in advanced		(572)
		63,428

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

(b) The BaIDS of principal sum of RM24.0 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	24,000	28 November 2010

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In February 2008, one vessel was contracted for sale to the amount of USD11 million. The proceeds from this disposal will be used to settle the BaIDS of RM24 million. The Company was informed by the Buyer that they estimate fully settling the outstanding balance by 31 March 2009. Pending the settlement, the Buyer is paying the Company compensation in the form of ship charter fees.

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 confirmed 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 31 December 2008.

B13. Loss Per Share

	Current Year Quarter	Current Year To date
Net profit/(loss) for the current quarter/year to date in RM'000	(240)	(4,482)
Weighted average number of ordinary shares outstanding	167,807,203	167,807,203
Basic loss per share in RM	<u>(0.001)</u>	<u>(0.027)</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)
Fam Chai Hing (MAICSA 7025279)
Company Secretaries

23 February 2009