

**SUMMARY OF KEY FINANCIAL INFORMATION**  
31-Aug-07

	<b>INDIVIDUAL PERIOD</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT YEAR QUARTER</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER</b>	<b>CURRENT YEAR TO DATE</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD</b>
	<b>31-Aug-07</b>	<b>31-Aug-06 Restated</b>	<b>31-Aug-07</b>	<b>31-Aug-06 Restated</b>
	RM'000	RM'000	RM'000	RM'000
1 Revenue	41,847	24,316	123,989	97,403
2 Loss before tax	(17,144)	(118,448)	(47,186)	(148,514)
3 Loss after tax and minority interest	(18,876)	(118,451)	(48,956)	(148,605)
4 Loss for the period	(18,876)	(118,451)	(48,956)	(148,605)
5 Basic loss per shares (sen)	(11.25)	(70.49)	(29.17)	(85.70)
			<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>
6 Net assets per share attributable to ordinary equity holders of the parent (RM)			(0.0354)	0.2737
7 Shareholders' equity per share (RM) including Islamic preference share			0.2724	0.4896

**MALAYSIAN MERCHANT MARINE BHD (259253-X)**

**Condensed Consolidated Income Statements  
For the Quarter Ended 31 August 2007**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-Aug-07 RM'000	PRECEDING YEAR CORRESPONDING 31-Aug-06 Restated RM'000	CURRENT YEAR TO DATE 31-Aug-07 RM'000	PRECEDING YEAR CORRESPONDING 31-Aug-06 Restated RM'000
Revenue	41,847	24,316	123,989	97,403
Operating expenses	<u>(39,481)</u>	<u>(26,259)</u>	<u>(116,529)</u>	<u>(112,262)</u>
Gross profit/(loss)	2,366	(1,943)	7,460	(14,859)
Other income	3,251	1,454	8,236	5,210
Administrative expenses	5,073	(17,061)	(13,624)	(27,131)
Other expenses	<u>(25,598)</u>	<u>(98,481)</u>	<u>(39,905)</u>	<u>(101,531)</u>
Loss from operations	(14,908)	(116,031)	(37,833)	(138,311)
Finance costs	(2,236)	(2,417)	(9,353)	(10,203)
Share of results of associated company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before taxation	(17,144)	(118,448)	(47,186)	(148,514)
Taxation	<u>(1,732)</u>	<u>(3)</u>	<u>(1,770)</u>	<u>(91)</u>
Loss after taxation	<u>(18,876)</u>	<u>(118,451)</u>	<u>(48,956)</u>	<u>(148,605)</u>
Attributable to:				
Equity holders of the parent	<u>(18,876)</u>	<u>(118,451)</u>	<u>(48,956)</u>	<u>(148,605)</u>
Loss per share attributable to shareholders of the parent:-				
(i) Basic (based on 167,807,203 ordinary shares) (sen)	(11.25)	(70.49)	(29.17)	(85.70)
(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 2006)

**MALAYSIAN MERCHANT MARINE BHD (259253-X)**

**Condensed Consolidated Balance Sheets**  
As at 31 August 2007

	<b>UNAUDITED</b>	<b>RESTATED</b>
	<b>As at</b>	<b>As at</b>
	<b>31-Aug-07</b>	<b>31-Aug-06</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	84,063	227,063
Interest in associates	-	840
Other investment	-	592
	<u>84,063</u>	<u>228,495</u>
<b>Current Assets</b>		
Inventories	954	4,251
Trade debtors	1,569	10,740
Other debtors, deposits and prepayments	10,784	1,834
Other investment	-	60
Fixed deposits	78,530	52,234
Cash and bank balances	4,952	2,845
	<u>96,789</u>	<u>71,964</u>
Non-current asset held for sale	28,679	-
	<u>125,468</u>	<u>71,964</u>
<b>TOTAL ASSETS</b>	<u><u>209,531</u></u>	<u><u>300,459</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital		
Ordinary shares	175,722	175,722
Islamic Preference shares	70,988	70,988
Treasury shares	(3,731)	(3,731)
Foreign translation reserve	(1,019)	1,894
Accumulated losses	(176,911)	(127,955)
Total equity	<u>65,049</u>	<u>116,918</u>
<b>Non-current liabilities</b>		
Long term borrowings	40,000	44,601
Islamic bonds	50,000	100,000
	<u>90,000</u>	<u>144,601</u>
<b>Current Liabilities</b>		
Trade creditors	2,402	10,980
Other creditors and accruals	10,354	5,730
Short term borrowings	40,000	22,209
Provision for taxation	1,726	21
	<u>54,482</u>	<u>38,940</u>
<b>Total liabilities</b>	<u>144,482</u>	<u>183,541</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>209,531</u></u>	<u><u>300,459</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	(3.54)	27.37
Shareholders' equity per share (sen) including Islamic Preference shares	27.24	48.96

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 August 2006)

MALAYSIAN MERCHANT MARINE BHD (259253-X)

Condensed Consolidated Statement of Changes in Equity  
For the 12 months ended 31 August 2007

	Note	Share capital		Non-distributable			Retained profit / Accumulated loss	Total
		Ordinary shares	Islamic preference shares	Treasury shares	Foreign translation reserve	RM'000		
At 1 September 2006								
As previously stated		175,722	70,988	(3,731)	12	(129,857)	113,134	
Effects of adopting FRS 3		-	-	-	-	328	328	
Effects of adopting FRS 121		-	-	-	1,882	1,574	3,456	
At 1 September 2006 (restated)		175,722	70,988	(3,731)	1,894	(127,955)	116,918	
Currency translation differences		-	-	-	(2,913)	-	(2,913)	
Loss for the year		-	-	-	-	(48,956)	(48,956)	
At 31 August 2007		175,722	70,988	(3,731)	(1,019)	(176,911)	65,049	

**Condensed Consolidated Statement of Changes in Equity**  
**For the 12 months ended 31 August 2006**

	Note	<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		
<b>At 1 September 2005</b>								
As previously stated		175,722	70,988	-	12	-	17,073	263,795
Effects of adopting FRS 121		-	-	-	2,040	-	3,577	5,617
<b>At 1 September 2005 (restated)</b>		<b>175,722</b>	<b>70,988</b>	<b>-</b>	<b>2,052</b>	<b>-</b>	<b>20,650</b>	<b>269,412</b>
Purchase of treasury shares		-	-	(3,731)	-	-	-	(3,731)
Currency translation differences		-	-	-	(158)	-	-	(158)
Loss for the year		-	-	-	-	-	(148,605)	(148,605)
<b>At 31 August 2006 (restated)</b>		<b>175,722</b>	<b>70,988</b>	<b>(3,731)</b>	<b>1,894</b>	<b>-</b>	<b>(127,955)</b>	<b>116,918</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 August 2006 )

**MALAYSIAN MERCHANT MARINE BHD (259253-X)**

**Condensed Consolidated Cash Flow Statement  
For the year ended 31 August 2007**

	<b>12 months ended 31-Aug-07 RM'000</b>	<b>12 months ended 31-Aug-06 RM'000 Restated</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	128,659	116,565
Payment to suppliers	(114,290)	(88,362)
Payment for operating expenses	(16,709)	(17,798)
Other receipts	26,029	2,351
Net cash (used in)/generated from operation	<u>23,689</u>	<u>12,756</u>
Interest received	1,517	4,456
Tax refund	47	11
Tax paid	(61)	(117)
Net cash (used in)/generated from operating activities	<u>25,192</u>	<u>17,106</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment	(589)	(92,775)
Deposit (paid)/refund for acquisition of a ship	(2,746)	11,020
Proceeds from sale of property, plant and equipment	56,104	11,708
Acquisition of other investment	(4,000)	(592)
Proceeds from disposal of other investment	60	6,577
Net cash generated from/(used in) investing activities	<u>48,829</u>	<u>(64,062)</u>
<b>Cash Flows From Financing Activities</b>		
Advances to associated companies	(2,422)	-
Placement of deposits	(41,570)	(27,057)
Drawdown of bank borrowings	40,000	-
Repayment of bank borrowings	(75,047)	(21,025)
Purchase of treasury shares	-	(3,731)
Interest paid	(10,051)	(10,270)
Net cash generated from/(used in) financing activities	<u>(89,090)</u>	<u>(62,083)</u>
Net increase/(decrease) in cash and cash equivalents	(15,069)	(109,039)
Effects of exchange rate changes	1,902	3,761
Cash and cash equivalents at beginning of period	28,022	133,300
Cash and cash equivalents at end of period *	<u>14,855</u>	<u>28,022</u>
* This comprises		
Cash and bank balances	4,952	2,845
Fixed deposits and other investment	78,530	52,294
	<u>83,482</u>	<u>55,139</u>
Less fixed deposit pledged as security for credit facility	(68,627)	(27,117)
	<u>14,855</u>	<u>28,022</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 August 2006)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2007**

**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 interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2006.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the year ended 31 August 2006 which includes the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006.

FRS 2	Share-Based Payment
FRS 3	Business Combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 102, 108, 110, 116, 127, 131, 132, 133, 136, 138 and 140 does not have significant financial impact to the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 3 – Business Combination

The "negative goodwill" which represents the excess of fair value of the net assets acquired over the consideration paid in business combination, after reassessment, is now recognised immediately in the income statement as it arises. Previously, this was taken up as reserve on consolidation.

The reserve on consolidation of RM328,000 as at 1 September 2006 has been recognised with a corresponding adjustments to the accumulated loss.

## MALAYSIAN MERCHANT MARINE BERHAD (259253-X)

(b) FRS 5 – Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) and are stated at the lower of carrying amount and fair value less costs to sell.

(c) FRS 101 – Presentation of Financial Statements

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101.

(d) FRS 121 – The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, as stipulated by FRS 121 for financial statements presented in Malaysia.

Certain subsidiaries have identified United States Dollar as their functional currency and have measured their results and financial position for the current year in United States Dollar. The results and financial position of these companies were subsequently translated into Ringgit Malaysia in accordance with paragraphs 38-50 of FRS 121.

(e) FRS 128 – Investments in Associates

Under the revised FRS 128, the carrying amount of the investment in associate under the equity method is to include any long term interests such as long term receivables of non-trade nature. The balance sheet item has also been renamed from "Investment in Associates" to "Interest in Associates" to comply with this revised accounting standard.

(f) The financial statements as at 31 August 2006 has been restated in accordance with the adoption of new/revised FRSs as follows:



**MALAYSIAN MERCHANT MARINE BERHAD (259253-X)**

	As previously reported RM'000	Effect of adoption of new/revised FRSs RM'000	As restated RM'000
<b>At 31 August 2006</b>			
Properties, plant & equipment	223,726	3,337	227,063
Interest in associates	-	840	840
Inventories	4,244	7	4,251
Trade receivables	10,726	14	10,740
Other receivables	2,671	(1,677)	994
Cash and bank balances	2,843	2	2,845
Trade creditors	10,963	17	10,980
Other creditors and accruals	5,840	(110)	5,730
Foreign translation reserve	12	1,882	1,894
Accumulated loss	(129,857)	1,902	(127,955)
Reserve on consolidation	328	(328)	-
<b>Total</b>	<b>131,496</b>	<b>5,886</b>	<b>137,382</b>
<b>12 months ended 31 August 2006</b>			
Revenue	97,653	(250)	97,403
Operating expenses	(110,145)	(2,117)	(112,262)
Other operating income	5,214	(4)	5,210
Administrative expenses	(26,929)	(202)	(27,131)
Other operating income	(102,422)	891	(101,531)
Finance costs	(10,210)	7	(10,203)
Loss for the year	(146,930)	(2,815)	(149,745)
Loss per share (basic) - sen	(84.74)	(0.96)	(85.70)

**A2. Qualification of Auditors' Report**

The audited financial statements for the financial year ended 31 August 2006 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.

**MALAYSIAN MERCHANT MARINE BERHAD (259253-X)****A4. Nature and Amounts of Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

	<b>Current year Quarter RM'000</b>	<b>Current year Todate RM'000</b>
Allowance for doubtful debts:		
- amount owing by an associated company	(2,297)	(12,592)
- external	(222)	(608)
Net adjustment for /(loss on) disposal of vessels	76	(3,936)
Change in depreciation policies	(3,298)	(3,298)
Investment in subordinated bonds written off	(4,000)	(4,000)
Net impairment reversal/(loss) on vessels	(2,583)	(7,896)
Gain on early redemption of Islamic Bonds	740	1,284
Gain on a vessel's insurance claim	1,653	1,201

**A5. Changes in Accounting Estimates**

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and the remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised residual value and the estimated useful lives of certain vessels with effect from 1 September 2006. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge of the Group for the current financial year has been increased by RM3.3 million.

**A6. Debt and Equity Securities**

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

During the quarter, the Company made an early redemption of the Al-Bai Bithaman Ajil Serial Islamic Bonds ("BaIDS") amounting to RM20 million, nominal value bonds with a coupon rate of 5.85% per annum maturing on 28 November 2008. The rationale for the early redemption is to improve the debt to equity structure and the earnings of the Company from reduced finance cost. The early redemption is funded by internally generated funds.

**A7. Dividend**

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

**A8. Segmental Reporting**

There is no disclosure of segmental information as the Group is solely involved in shipping industry and operates principally in Malaysia.

**A9. Valuations of Property, Plant and Equipment**

## **MALAYSIAN MERCHANT MARINE BERHAD (259253-X)**

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

### **A10. Subsequent Events**

On 25 May 2007, Pan Asia Ocean Line Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Memorandum of Agreement with Abou Merhi Lines for the disposal of its only vessel known as MMM Colorado for a total consideration of USD4.73 million. The disposal was completed on 20 September 2007.

### **A11. Changes in the Composition of the Group**

There was no change in the composition of the Group during the quarter ended 31 August 2007.

### **A12. Contingent Liabilities**

None.

### **A13. Capital Commitments**

Authorised capital commitments not provided for in the financial statements as at 31 August 2007 are as follows:

	31 August 2007 RM'000	31 August 2006 RM'000
Property, plant and equipment		
- contracted	22,059	-
- not contracted	-	374,152
	<hr/>	<hr/>

## **Explanatory Notes Required by Bursa Malaysia Revised Listing Requirements**

### **B1. Review of Performance**

For the 12 months period ended 31 August 2007, the Group recorded a loss before tax of RM47.2 million as compared to a loss before tax of RM148.5 million recorded for 12 months period ended 31 August 2006.

The loss for the 12 months period ended 31 August 2007 was mainly due to provision for doubtful debts on amount owing by an associated company of RM13.6 million, net loss on disposal of vessels totalling RM3.9 million, additional depreciation of RM3.3 million due to change in depreciation policies, investment in subordinated bonds written off RM1.7 million and net impairment loss on vessels of RM7.9 million, which are set off against gain on early redemption of Islamic Bonds of RM1.3 million and gain on a vessel's insurance claim of RM1.2 million as shown below.

**MALAYSIAN MERCHANT MARINE BERHAD (259253-X)**

	CURRENT YEAR QUARTER 31-Aug-07 RM' mil	PRECEDING YEAR CORRESPONDING 31-Aug-06 RM' mil	CURRENT YEAR TO DATE 31-Aug-07 RM' mil	PRECEDING YEAR TO DATE 31-Aug-06 RM' mil
Operating loss	(4.8)	(9.6)	(7.9)	(28.2)
Allowance for doubtful debts & bad debts written off	(2.5)	(6.0)	(13.2)	(6.0)
Net impairment loss on vessels	(2.6)	(70.8)	(7.9)	(70.8)
Dry-docking expenditure written off	-	(21.8)	-	(21.8)
Deposit written off	-	(3.8)	-	(3.8)
Investment in subordinated bonds written off	(4.0)	(4.0)	(4.0)	(4.0)
Net loss on disposal of vessels	(0.1)	-	(3.9)	(3.7)
Change in depreciation policies	(3.3)	-	(3.3)	-
Gain on a vessel's insurance claim	1.7	-	1.1	-
Gain on early redemption of BAIDS	0.7	-	1.3	-
Finance costs	(2.2)	(2.4)	(9.4)	(10.2)
Loss before taxation	<u>(17.1)</u>	<u>(118.4)</u>	<u>(47.2)</u>	<u>(148.5)</u>

**B2. Comparison of Loss Before Taxation with the Immediate Preceding Quarter**

The Group registered a loss before taxation of RM17.1 million in the current financial quarter as compared to a loss of RM7.3 million in the preceding quarter.

In the current quarter, the Group recorded a gross profit of RM2.4 million as compared to a gross profit of RM3.4 million in the preceding quarter.

The loss before taxation in the current quarter was mainly attributable to due to provision for doubtful debts on amount owing by an associated company, additional depreciation due to change in depreciation policies, investment in subordinated bonds written off and net impairment loss on vessels as explained in note B1 above.

**B3. Prospects for the Current Financial Year**

The Group is on a look-out for strategic businesses and acquisitions especially in areas which have synergistic values with the current business.

The Directors are confident that the Group will turn around in the financial year ending 31 August 2008.

**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. The provision for taxation relates to other income and provision for Malaysian tax on the chartering business and does not contain any deferred tax.

**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 31 August 2007 are as follows:

	Note	RM'000
Short term borrowings	(a)	40,000
Long term borrowings	(b)	90,000
		<u>130,000</u>

## MALAYSIAN MERCHANT MARINE BERHAD (259253-X)

- (a) Consists of an unsecured fixed rate term loan of RM40.0 million which is payable in November 2007.
- (b) Consists of the following:-
- i) An unsecured fixed rate term loan of RM40.0 million which is payable in January 2012.
  - ii) 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 RM5.8 million fixed deposit has been placed with the trustee to cover more than 12 months interest.

### 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 31 August 2007.

### B13. Loss Per Share

	<b>Current Year Quarter RM'000</b>	<b>Current Year Todate RM'000</b>
Net loss for the current quarter/year todate	(18,876)	(48,956)
Weighted average number of ordinary shares outstanding	167,807	167,807
Basic loss per share (sen)	<u>(11.25)</u>	<u>(29.17)</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 employees' share option and warrants.

**MALAYSIAN MERCHANT MARINE BERHAD (259253-X)**

By order of the Board  
Lily Yin Kam May (MAICSA NO. 0878038)  
Company Secretary

31 October 2007