

INTEGRAX BERHAD
QUARTERLY REPORT
30 JUNE 2007

Activity Highlights

Port Throughput

2Q2007	1,399,735 MT
2Q2006	2,023,022 MT
Change (%)	-30.8%
YTD2007	3,097,028 MT
YTD2006	3,652,659 MT
Change (%)	-15.2 %

Land Sales

2Q2007	7.57 acres
1Q2007	1.21 acres
YTD2007	8.78 acres
YTD2006	91.62 acres

Nickel Ore Export Shipments (DMT)

Qtr 1	Nil
Qtr 2	150,807

Nickel Prices USD/ MT USD/Pound

1 Jan 2007	33,545	16.56
31 March 2007	45,450	22.44
30 June 2007	35,848	17.70

Capital

Capital Base

Ordinary Shares in issue	300,805,917
Convertibles etc	Nil
Share Price at 29.6.2007	RM1.22
Market Capitalization	RM366,983,219

Distribution

< 10,000	3.80%
10,001 - 100,000	6.01%
100,001 - 1,000,000	6.43%
> 1,000,001	83.76%

Local Ownership	73.17%
Foreign Ownership	26.83%

Top 5 Shareholders

Halim Rasip Holdings Sdn Bhd	33.03%
Utilico Emerging Markets Ltd	12.80%
Kuda Sejati Sdn Bhd	8.41%
HSBC Nominees (Asing) Sdn Bhd	8.07%
ECM Libra Avenue Nomiees (Asing) Sdn Bhd	3.32%

INDX

Capital Base

Ordinary Shares in issue	122,665,000
Convertibles etc	Nil
Share Price at 29.6.2007	Rph280
Market Capitalization	Rph34 billion

Substantial Shareholders

Integrax Berhad	32.98%
Yayasan Masyarakat Pasar Modal Indonesia	5.18%

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KEY POINTS

- ✓ **PROFIT AFTER TAX FOR 2Q2007 INCREASED BY 7.6% OVER 2Q2006 AND INCREASED BY 11.7% OVER 1Q2007**
- ✓ **LBT CARGO DOWN IN 2Q2007 BUT RECOVERING IN 3Q2007 WITH REVENUES RESILIENT**
- ✓ **LMT ASSOCIATE CONTRIBUTION DOWN ON LOWER CARGO AND REDUCED LAND SALE RECOGNITION**
- ✓ **SHARE OF ASSOCIATES PROFIT UP OVERALL WITH FIRST TIME EQUITY ACCOUNTING FOR ONE MONTH RESOURCES CONTRIBUTION**
- ✓ **RESOURCE PROSPECTS ON TRACK WITH FIRST TEST PRODUCTION OF FERRO-NICKEL FROM SMELTER IN AUGUST 2007 AND INCREASED ORE PRODUCTION EXPECTED BY END 2007**

OVERVIEW

Lumut Port Development

- Northern Piperack System for LMT completed in 3Q2007 for use by liquid bulk exporters and importers under a revised tariff. Plans being finalized for tender and award of construction of a new liquid berth at LMT for dangerous liquid cargoes for expected completion before end 2008.
- LBT concept engineering works for a high volume loading capability are now in advanced stages. Such expansion of LBT, currently expected to be undertaken for completion before end 2008, is being implemented with a view to taking advantage of LBT's existing infrastructure backbone for a rationalization of facilities within Lumut Port and to meet with expressed shipper needs and interest. Announcements will be made in relation to this, where and as appropriate, in due course.
- Cargo throughput down on quarterly and YTD basis due to less energy sector related imports and agriculture sector exports. Import throughput seeing a reversal of trend in 3Q2007 to date with such increased volumes in the months after 2Q2007 that appear to making up for earlier drops.

New Ports Development

- Further to announcement in 3Q2007 to date Company has two (2) port possibilities in Aceh Nanggroe Darussalam, Sumatra, Republic of Indonesia at Kuala Langsa (greenfield port) and at Krueng Guekeh (existing port) in partnership with Pemerintah Kabupaten and acknowledged by Provincial Governor.
- Assessment works and negotiations have commenced in 3Q2007.
- Two other Sumatra ports and Java ports remain in early negotiation and in land acquisition negotiation.

Resources

- PGMC has made export shipments of nickel ore to date of 220,302 DMT with nickel grading of 1% to 2.24% in the months May through August 2007. Much of earlier shipments from Palawan and later shipments from Surigao. Isabela is preparing to ship ore in 4Q2007 and Surigao will see greater ore production going forward to meet export commitments and smelter needs.
- Smelter has seen commissioning activities undertaken in 2Q2007 successfully result in the first test production of ferro-nickel on 12 August 2007 and the expected annual production target of up to 7.4 Million pounds remains on track.
- Prices of nickel has been seen to rise above USD50,000/MT (or approx. USD 22.67 per pound) and fall to the mid-USD20,000/MT range where it currently remains as at date of this report. This range is still significantly higher than at the time of the Company's entry in the business.

Corporate

- The Company has increased its equity stake in P.T Indoexchange Tbk ("INDX") with minor purchases ahead of a pending acquisition and re-capitalization exercise to be undertaken when market conditions settle down. The Company has secured management control further to INDX's Annual General Meeting in May 2007 and has shifted its offices to the 12th Floor, World Trade Center, Jl Jenderal Sudirman, Jakarta. The Company has extended a modest amount of financial assistance to INDX pending the aforementioned exercises. It is intended that INDX will be a partner with the Company for ventures in port and terminal infrastructure, resources and services within Indonesia.
- The Company has formed P.T Integrax Indonesia, as a foreign owned company, to facilitate its investment plans in Indonesia.
- The Company will pay the dividend, approved by the shareholders at the AGM for 2006, to shareholders entitled to such as at 6 August 2007, on the 27 August 2007.

INTEGRAX BERHAD (49317-W)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	Note	As at 30.06.2007 RM'000	As at 31.12.2006 (Restated) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		353,390	356,505
Prepaid land lease payments		17,653	17,653
Investment in associates	A 4.2	126,230	75,591
Other Investment	A 4.3	10,030	45,355
Goodwill on consolidation		128,030	128,030
		<u>635,333</u>	<u>623,134</u>
Current assets			
Prepaid land lease payments		95	189
Trade and other receivables		22,107	25,358
Cash and cash equivalents		115,376	112,298
		<u>137,578</u>	<u>137,845</u>
TOTAL ASSETS		<u>772,911</u>	<u>760,979</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	A 4.4	300,806	300,806
Reserves		44,206	45,406
Retained earnings		116,972	102,057
Equity attributable to shareholders of the Company		<u>461,984</u>	<u>448,269</u>
Minority interest		<u>39,416</u>	<u>36,786</u>
Total equity		<u>501,400</u>	<u>485,055</u>
Non-current liabilities			
Preference share capital	A 4.5	40	40
Preference share capital premium account	A 4.5	3,960	3,960
Other payables		69,553	71,271
Deferred taxation	A 4.6	46,215	41,657
LBT serial bonds (secured)	A 4.7	96,165	108,377
		<u>215,933</u>	<u>225,305</u>
Current liabilities			
Trade and other payables		30,633	24,603
Taxation		33	107
LBT serial bonds (secured)	A 4.7	24,912	25,909
Total liabilities		<u>55,578</u>	<u>50,619</u>
TOTAL EQUITY AND LIABILITIES		<u>772,911</u>	<u>760,979</u>
Net assets per share attributable to shareholders of the Company (RM)		1.54	1.49

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2006 and the explanatory notes attached to the interim financial statements.

INTEGRAX BERHAD (49317-W)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2007 RM'000	30.06.2006 (Restated) RM'000	30.06.2007 RM'000	30.06.2006 (Restated) RM'000
Revenue		21,458	23,129	43,325	44,755
Cost of sales		(6,479)	(7,260)	(13,145)	(13,758)
Gross profit		<u>14,979</u>	<u>15,869</u>	<u>30,180</u>	<u>30,997</u>
Other income		192	191	383	724
Depreciation		(1,368)	(1,352)	(3,131)	(2,297)
Administrative expenses		(764)	(771)	(1,605)	(1,564)
Operating profit		<u>13,039</u>	<u>13,937</u>	<u>25,827</u>	<u>27,860</u>
Interest income		895	1,059	1,764	1,720
Finance costs		(4,109)	(4,691)	(8,258)	(9,381)
Share of profit after tax of associates		4,643	3,927	8,400	7,443
Profit before taxation		<u>14,468</u>	<u>14,232</u>	<u>27,733</u>	<u>27,642</u>
Tax expense	A 4.8	(2,552)	(3,157)	(5,146)	(6,061)
Profit for the period		<u><u>11,916</u></u>	<u><u>11,075</u></u>	<u><u>22,587</u></u>	<u><u>21,581</u></u>
Attributable to:					
Shareholders of the Company		10,567	9,828	19,957	19,094
Minority interest		1,349	1,247	2,630	2,487
Profit for the period		<u><u>11,916</u></u>	<u><u>11,075</u></u>	<u><u>22,587</u></u>	<u><u>21,581</u></u>
Earnings per share (sen)	B 13	<u><u>3.51</u></u>	<u><u>3.27</u></u>	<u><u>6.63</u></u>	<u><u>6.35</u></u>

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2006 and the explanatory notes attached to the interim financial statements.

INTEGRAX BERHAD (49317-W)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	30.06.2007	30.06.2006 (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	27,733	27,642
Adjustments for :-		
Non-cash items	3,131	2,297
Non-operating items	(1,037)	142
Operating profit before working capital changes	<u>29,827</u>	<u>30,081</u>
Changes in working capital	3,164	797
Cash generated from operations	<u>32,991</u>	<u>30,878</u>
Income tax paid (net)	(685)	(534)
Net cash flow from operating activities	<u>32,306</u>	<u>30,344</u>
Investing activities		
Interest income received	895	1,567
Purchase of investment	(7,694)	-
Purchase of property, plant and equipment	(16)	(5)
Proceeds from disposal of property, plant and equipment	-	2,826
Net cash from investing activities	<u>(6,815)</u>	<u>4,388</u>
Financing activities		
Decrease in Debt Service Reserve Account	21,665	(22,472)
Repayment of serial bonds	(22,000)	(25,000)
Net cash used in financing activities	<u>(335)</u>	<u>(47,472)</u>
Net increase/(decrease) in cash and cash equivalent	25,156	(12,740)
Cash and cash equivalents at beginning of the period	68,218	111,069
Effects of foreign currency translation in consolidation	(414)	-
Cash and cash equivalents at end of the period (Note 1)	<u>92,960</u>	<u>98,329</u>

Note 1: Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following balance sheet amounts:-

	30.06.2007	30.06.2006
	RM'000	RM'000
Cash and bank balances	13,222	18,955
Fixed deposits and repos with licensed banks (excluding deposits pledged)	79,738	79,374
Net cash and cash equivalents	<u>92,960</u>	<u>98,329</u>

Cash and cash equivalents stated in the balance sheet include the amounts stated above and the amounts stated below :-

- i) RM 22.411 million (2006 - RM 47.91 million) held by way of deposits in the Debt Service Reserve Account which is required to be maintained by LBT for its serial bond obligations.
- ii) RM5,000 (2006 - RM 5,000) pledged by LBT as security for the purposes of a bond required for its dry bulk terminal's customs legal landing point status.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2006 and the explanatory notes attached to the interim financial statements.

INTEGRAX BERHAD (49317-W)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	<-----Equity attributable to shareholders of the Company----->						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Ordinary Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	<---Distributable--->			
At 1 January 2007	300,806	46,706	185	(1,485)	102,057	448,269	36,786	485,055	
Foreign exchange translation differences	-	-	-	(1,200)	-	(1,200)	-	(1,200)	
Profit for the period	-	-	-	-	19,957	19,957	2,630	22,587	
Dividend declared	-	-	-	-	(5,042)	(5,042)	-	(5,042)	
At 30 June 2007	300,806	46,706	185	(2,685)	116,972	461,984	39,416	501,400	
At 1 January 2006	300,806	46,706	185	-	72,296	419,993	31,259	451,252	
Profit for the period	-	-	-	-	19,094	19,094	2,487	21,581	
Dividend declared	-	-	-	-	(6,016)	(6,016)	-	(6,016)	
At 30 June 2006	300,806	46,706	185	-	85,374	433,071	33,746	466,817	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2006 and the explanatory notes attached to the interim financial statements.

INTEGRAX BERHAD
Company No. : 49317 - W
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2007

ABBREVIATIONS

In these interim financial statements, unless otherwise stated, the following abbreviations shall have the following meanings:-

“Act”	:	Companies Act, 1965
“DMT”	:	Dry Metric Tonnes of Nickel ore
“EBIT”	:	Earnings before interest and tax
“EPS”	:	Earnings per share
“FRS”	:	Financial Reporting Standards
“Group”	:	Integrax and its subsidiaries
“Integrax” or the “Company”	:	Integrax Berhad (<i>Company No. 49317-W</i>)
“ICPS”	:	Irredeemable convertible preference shares of RM0.10 each in Integrax
“ICULS”	:	3% Irredeemable convertible unsecured loan stocks 2003/2005 which were converted into ordinary shares in 4Q 2005
“INDX”	:	P.T. Indoexchange Tbk, a limited company listed on the Jakarta Stock Exchange and Surabaya Stock Exchange in the Republic of Indonesia
“HRH”	:	Halim Rasip Holdings Sdn. Bhd. (<i>Company No. 64655-T</i>)
“LBT”	:	Lekir Bulk Terminal
“LBTSB”	:	Lekir Bulk Terminal Sdn. Bhd. (<i>Company No. 414060-T</i>), an 80% owned subsidiary of PLSB
“LBT Serial Bonds”	:	12½ years zero coupon Serial Bonds of RM445 million issued by LBTSB
“LBT RCCPS”	:	Redeemable cumulative convertible preference share(s) of RM0.01 each in LBTSB
“LMT”	:	Lumut Maritime Terminal
“LMTSB”	:	Lumut Maritime Terminal Sdn. Bhd. (<i>Company No. 180480-D</i>)
“LMT RPS”	:	Redeemable preference share(s) of RM0.01 each in LMTSB which is convertible to ordinary shares of RM1.00 each in LMTSB as per the Memorandum and Articles of Association
“LMT C”	:	LMT Capital Sdn. Bhd. (<i>Company No. 488241-T</i>), a wholly-owned subsidiary of LMTSB
“LPIP”	:	Lumut Port Industrial Park, the industrial properties division in LMTSB
“Lumut Port”	:	Lekir Bulk Terminal and Lumut Maritime Terminal collectively
“NAD”	:	Nanggroe Aceh Darussalam, Indonesia
“PLSB”	:	Pelabuhan Lumut Sdn. Bhd. (<i>Company No. 168205-M</i>), a wholly owned subsidiary of Integrax
“PATSC”	:	Profit attributable to shareholders of the Company
“PBT”	:	Profit Before Tax

- “PKS” : Petrokapal Sdn. Bhd. (*Company No. 30921-D*), a wholly owned subsidiary of HRH
- “PGMC” : Platinum Group Metals Corporation, an investment by the Company in the Republic of the Philippines
- “RAM” : Rating Agency Malaysia Berhad
- “RM” and “sen” : Ringgit Malaysia and sen respectively
- “RRSB” : Radikal Rancak Sdn Bhd (*Company No. 576210-X*), a wholly owned subsidiary of Integrax
- “Number Q ” : The relevant quarter in a financial year stated

A1 COMMENTS ON FINANCIAL RESULTS, PERFORMANCE AND PROSPECTS

A1.1 FINANCIAL RESULTS FOR THE PERIOD

	2 Q 2007 RM	2 Q 2006 RM	% Change
Revenue	21,458	23,129	(7.2)
Operating Profit	13,039	13,937	(6.4)
Share of Profit after Tax of Associates	4,643	3,927	18.2
PBT	14,468	14,232	1.7
PATSC	11,916	11,075	7.6
EPS (sen)	3.51	3.27	7.3

- (a) Revenues, which comprised contractual revenues for the provision of port facilities, cargo handling and vessel services under term arrangements, contracted by 7.2% on a quarter-on-quarter basis and by 3.2% on a year-on-year basis. This is due to the decrease in cargo throughput at LBT for the 2Q 2007. Please refer to Note A1.2(a).
- (b) Operating Profit for 2Q 2007 decreased by 6.4% on a quarter-on-quarter basis and by 7.3% on a year-on-year basis primarily due to the reasons in A1.1(a) above.
- (c) Share of Profit after Tax of Associate for 2Q 2007 increased by 18.2% against 2Q 2006 due to the Company equity accounting the results of PGMC for the first time for the month of June 2007 within 2Q 2007.
- (d) PBT for 2Q 2007 increased by 1.7% against 2Q 2006 due to a combination of reasons stated in A1.1(a) and A1.1(c) above mitigated by decreased finance costs.
- (e) PATSC for 2Q 2007 increased by 7.6% against 2Q 2006, aided by the decrease in income tax rate from 28% to 27% for the Year of Assessment 2007.

A1.2 GROUP PERFORMANCE

(a) **Port Operations**

Set out below are cargo statistics for Lumut Port in Freight Weight Tonnes (FWT) analyzed by Type of Cargo and by the Industry Sectors.

BY CARGO TYPE

FWT	2 Q		% change
	2007	2006	
Conventional / breakbulk	14,834	14,331	3.5
Liquid bulk	105,762	141,577	(25.3)
LMT Dry bulk	415,405	311,400	33.3
LMT Sub-Total	536,001	467,308	14.7
LBT Dry Bulk	863,734	1,555,714	(44.5)
Total	1,399,735	2,023,022	(30.8)

FWT	YTD 2 Q		% change
	2007	2006	
Conventional / breakbulk	38,260	26,503	44.4
Liquid bulk	212,296	289,216	(26.7)
LMT Dry bulk	861,223	709,479	21.4
LMT Sub-Total	1,111,779	1,025,198	8.5
LBT Dry Bulk	1,985,249	2,627,461	(24.4)
Total	3,097,028	3,652,659	(15.2)

BY INDUSTRY SECTOR

FWT	2 Q		% change
	2007	2006	
Chemicals	30,163	20,707	45.7
Mining	132,567	121,617	9.0
Agriculture	156,549	209,272	(25.2)
Construction Materials	214,047	106,087	1.8
Energy	863,734	1,555,714	(44.5)
Others	2,675	9,625	(72.2)
Total	1,399,735	2,023,022	(30.8)

FWT	YTD 2 Q		% change
	2007	2006	
Chemicals	82,045	54,263	51.2
Mining	269,339	236,975	13.7
Agriculture	299,999	373,837	(19.8)
Construction Materials	453,581	342,692	32.4
Energy	1,985,249	2,627,461	(24.4)
Others	6,815	17,431	(60.9)
Total	3,097,028	3,652,659	(15.2)

6 months ended	6 M 2007	6 M 2006	% change
Percentage Import	72%	80%	(10.0)
Percentage Export	28%	20%	40.0

- (i) Cargo throughput at LBT contracted 22.9% on a 2Q to 1Q 2007 basis, 44.5% on a 2Q2007 to 2Q 2006 basis and 24.4% on a 2QYTD 2007 to 2QYTD 2006 basis. We however remain sanguine about this for two reasons, the first being that as long as throughput variations solely relates to the Energy Sector at LBT the impact is marginal due to our mix of fixed and variable revenue streams. The second reason is that such shortfall has begun to be remedied as an increased number of import shipments were received in July 2007 as opposed to the normal number of shipments so a reversal of the earlier decline is already underway. The apparent reason for the slower imports was a re-direction of coal imports to support the early generation of power by the Tanjung Bin Power Plant.
- (ii) Other cargo changes of note is that of liquid bulk emerging from the Agriculture Sector decreased 25.3% on 2Q 2007 to 2Q 2006 basis and 26.7% on a 2QYTD 2007 to 2QYTD 2006 basis. The apparent reason lies in supply shortages emerging from low plant yields following previous early harvesting to take advantage of high prices.
- (iii) Fortunately other dry bulk sectors experienced an increase to offset the abovementioned decreases.
- (iv) Port operations continued to maintain its gross operational margins notwithstanding recent increases in sub-contractor service rates. LBT's margins remained intact while LMT's margins are being supported by gradual and acceptable tariff increases where appropriate.

(b) **Marine Services**

Vessel/ Barge Calls	2Q 2007		1Q 2007		2Q 2006	
	Ships	Barges	Ships	Barges	Ships	Barges
LMT	60	20	42	35	53	16
LBT	12	-	15	-	22	-
Total	72	20	57	35	75	16

Marine service revenues and costs are controlled by contracts and the level of activities is a direct reflection of vessel calls.

(c) **Industrial Properties**

	2Q 2007	1Q 2007	2Q 2006
Acres committed to sale by agreements in quarter	7.57	1.21	51.71

The abovestated give an indication of land sales with revenue and cost recognition consistent with Sale and Purchase agreement terms agreed. 2Q 2007 has seen a general decline in interest by land buyers consistent with domestic investment trends and the biodiesel sector pausing on account of palm oil prices.

(d) **Investment Holdings**

The investment is that of the LMT RPS at Group level, which returns are determined by LMTSB. To date no redemption nor preference dividends have been made.

(e) **Resource Activities**

(i) Resource activities currently only exist via the Company's 20.01% equity interest in PGMC where results are now equity accounted as from 1 June 2007.

Included in Share of Profit After Tax of Associates is the Company's share of profit before tax arising from :

Mining operations :

Nickel Ore Shipments	37,120 DMT
	USD
Nickel Price / Pound	16.26
EBIT	3,693,553
PBT	3,360,446
Tax Expense	1,293,109
PAT	2,067,336

An exchange rate of RM 3.4545 to USD 1.00 was utilized for translation purposes.

- (ii) By way of information, the YTD 2007 results indicated the following :-

Mining operations :

Nickel Ore Shipments	150,307 DMT
	USD
Average Nickel Price / Pound	23.09
EBIT	6,931,938
PBT	5,779,057
PAT	3,756,387

- (iii) As at the end of 2Q 2007, Smelter Operations have yet to commence. Please refer to Note A1.3.
- (iv) Readers are cautioned that the above results are unaudited and are subject to such adjustments as may be required at year end by International Accounting Standards applicable in the Philippines.

A1.3 PROSPECTS GOING FORWARD

(a) **Forward Looking Statements Disclaimer**

Comments set out in this Quarterly Report may include forward looking statements which are statements that cannot be sustained merely on historical facts. A forward looking statement predicts, projects or sees future events as expectations or possibilities. A forward looking statement contains words such as “believe, estimate, anticipate, plan, predict, may, hope, can, will, should, expect, intend, is designed to, with the intent, potential”, the negative of such words or such other variations or comparable word, may indicate forward looking statements, but their absence does not mean a statement is not forward looking.

(b) **Port Operations**

- (i) In 1Q 2007, we indicated some softening in cargo throughput with some improvement in margins. This has occurred.
- (ii) Notwithstanding this, the prospects for increased cargo throughput over the next two (2) years remain on track. The first phase of a piperack system at LMT, being the Northern Piperack System, to serve liquid bulk exporters / importers has been completed in 3Q 2007 and improvement in margins for liquid bulk are anticipated to be realized over the next few years. In addition, plans for an expansion of liquid bulk facilities at LMT to deal with dangerous liquid cargo are underway so as to commence construction in the 4Q 2007 upon full agreement of appropriate contracts with contractors and the intended user.
- (iii) At LBT, the concept engineering design works for the installation of a loading capability and high density storage facilities are in an advanced stage. Negotiations with potential users are also proceeding to their closing stages.

(c) **Marine Services**

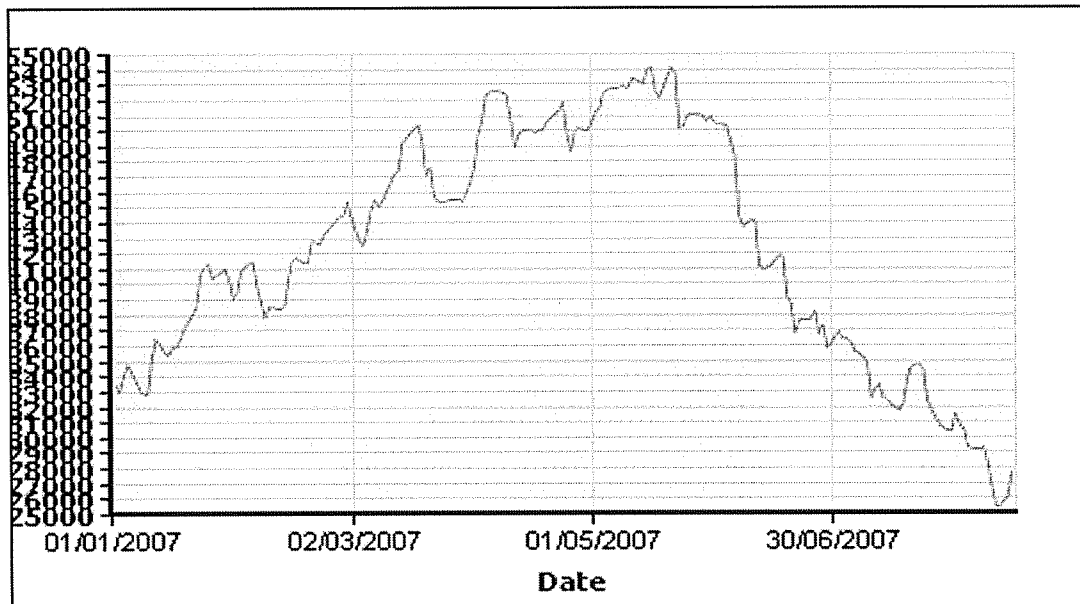
- (i) Efforts continue to expand our marine services in support of cargo throughput prospects for LBT and LMT.
- (ii) Newbuilding prices for tugs and barges are high. Existing units to purchase are in short supply. This behoves us to move warily with a preference for term business opportunities.

(d) **Industrial Properties**

- (i) There exists a lull at present for land sale prospects especially for the bio – diesel sector which has paused in the current high palm oil price environment.
- (ii) While the outlook is uncertain, LMTSB continues to book sales revenue stemming from the completion stages of previous sales now coming to final title stages.

(e) **Resources**

- (i) Nickel mining operations and shipments are expected to increase over the remaining quarters of 2007 with the objective of reaching a shipment target of 100,000 DMT per month by year end. While mining in Palawan has stopped, pending resolution of certain spurious claims by other parties, mining activities at Surigao will see improved grades and values as the phase of removing top soil layers containing low nickel grades comes to an end. This will be further supplemented by the commencement of mining activities at Isabela as soon as mobilization of mining equipment completes over the next few months to meet weather windows.
- (ii) Ongoing drilling programmes at Surigao have indicated potential additions to the existing resource measurements for Surigao of up to 15% at this stage. More works are being conducted as part of a programme to fill out a resource determination for the entire Surigao deposit.
- (iii) On 12th August 2007, management reported that commissioning works at the smelters was in their final stages with the production of the first ferro-nickel ingot. PGMC is therefore on track to achieving its current planned capacity of 7.4 million pounds per annum. This will add considerable value to the ore mined and supplied by PGMC to its own smelter for ferro-nickel production.
- (iv) Nickel prices: an attached chart of nickel prices indicate the extreme highs achieved by nickel over the year to date. The volatility was also a reflection of changes in short selling rules by the London Metal Exchange. Industry observers advise that nickel prices should stabilize around the mid USD 20,000 – USD 30,000 per metric ton range in the medium term. Naturally this assumes that the Sub-Prime mess is absorbed well enough in the near term. We remain convinced that Asia and its growth prospects continue to provide the underpinning for strength in commodity prices.



Primary Nickel Price Graph

A1.4 DEVELOPMENTS

Port Projects

The Company continues to make efforts to establish, participate in and / or operate and manage specialized and multi purpose / bulk port facilities outside Malaysia. Please note, however, that projects of this nature can take a considerable time to develop, promote, fund and build, assuming such are deemed viable propositions after due investigation.

(a) **INDIA**

No active developments.

(b) INDONESIA

(i) Province of Jawa Timur

As advised in 4Q 2006, the Company has an agreement with Petrogas Jatim Utama (“PJU”) to establish a liquid and gas terminal in the Province of Jawa Timur. In the previous quarter, we completed a site identification study and are still in negotiation for the acquisition of land suitable for our purposes.

(ii) Nanggroe Aceh Darussalam (“NAD”)

On 10 May 2007, the Company entered into an agreement with the Walikota Langsa, NAD, to undertake, as a first phase, a pre-feasibility study and concept master plan for a port and related 800 hectare industrial zone at Kuala Langsa, NAD. Investigation works have commenced in 3Q 2007.

On 31 July 2007, the Company entered into an agreement with the Pemerintah Kabupaten Aceh Utara, NAD to undertake, as a first phase, the preparation of a business plan, with the intent of forming a cooperative arrangement between the parties for the to-be-negotiated assumption of commercial, operational and management responsibilities of Pelabuhan Krueng Geukeh, Lhokseumawe from Pelindo I and to intensify the port’s activities and to upgrade and enhance the port’s facilities. Negotiations and investigation works have commenced in 3Q 2007.

(iii) Other Provinces

Efforts continue to negotiate mutually beneficial agreements with two other Provinces in respect of the establishment of a port and related industrial / mixed zone in three phases and with private parties in respect of the expansion of their existing terminals.

(c) OTHER REGIONS

No active developments.

A 2 INTERIM FINANCIAL STATEMENTS – BASIS OF PREPARATION

A2.1 These interim financial statements are **unaudited**, have been prepared in compliance with FRS 134: Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006. These explanatory notes attached to the interim financial statement provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since year ended 31 December 2006.

A2.2 Changes In Accounting Policies

The accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2006, except for the adoption of the revised FRS 117: Leases and FRS 124: Related Party Transactions effective for the financial period beginning 1 January 2007.

The adoption of revised FRS 124 does not result in any significant change in the accounting policies of the Group.

The changes in accounting policies resulting from the adoption of the revised FRS 117 are as follows:-

FRS 117: Leases

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for leasehold land represents the prepaid lease payments and are amortised on a straight-line basis over the lease term.

Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. Upon the adoption of FRS 117 at 1 January 2007, the unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and, as disclosed in Note A 2.3, certain comparative amounts as at 31 December 2006 have been restated.

A2.3 Comparatives

The following amounts have been restated due to the adoption of the revised FRS 117:-

	Previously Stated RM '000	Adjustments RM '000	Restated RM '000
As at 31 December 2006			
Property, plant and equipment	374,347	(17,842)	356,505
Prepaid lease payments – non current portion	-	17,653	17,653
Prepaid lease payments – current portion	-	189	189
<hr/>			
3 months ended 30 June 2006			
Depreciation	(1,399)	47	(1,352)
Administrative expenses	(724)	(47)	(771)
<hr/>			
6 months ended 30 June 2006			
Depreciation	(2,391)	94	(2,297)
Administrative expenses	(1,470)	(94)	(1,564)
<hr/>			

A2.4 Comments on Impact of Revised FRS 116 : Property, Plant and Equipment

The attention of the reader should be drawn to the impact of FRS 116: Property, Plant and Equipment on the depreciation charge for 1Q 2007.

Such changes are based on what estimate of future cargo throughputs of LBT over 30 and 50 years as prepared by management are assessed as being reasonable by our auditors. These estimates will be reviewed every financial year and therefore could change in any year. Accordingly the depreciation charge may change with consequential impact on results.

A2.5 Foreign Currency Translation Rates

The principal closing rates as at 30 June 2007 used in the translation of foreign currency amounts to RM are as follows :-

1 US Dollar	RM 3.4545
1 Pound Sterling	RM 6.9160
1 Indonesian Rupiah	RM 0.000375

A3 PRECEDING ANNUAL FINANCIAL STATEMENTS' AUDIT REPORT

The audit report of the preceding annual financial statements of the Group was not subject to any qualification.

A4 COMMENTS ON ASSETS, LIABILITIES, EQUITY AND CASH FLOWS

A4.1 GENERAL COMMENTS

The Group's cash position remains solid with all LBT Serial Bonds commitments more than adequately covered and with cash available to move quickly in response to sound opportunities and projects of long term benefit to the Group and its shareholders.

A4.2 INVESTMENT IN ASSOCIATES

This now represents the carrying value of the Group's investment in its associates LMTSB, PGMC and INDX. PGMC was previously disclosed as forming part of Other Investments pending completion of the investment process.

A4.2.1 PGMC

The Company's second nominee was appointed to the Board of Directors of PGMC on 28 May 2007, and therefore PGMC has been treated as an associated company with effect from 1 June 2007.

A4.2.2 INDX

(a) During the current quarter, the following shares of INDX were purchased:-

Date Purchased	No. of shares purchased	Price per share
4 April 2007	9,290,000	100 rupiah
5 April 2007	30,650,000	100 rupiah
18 June 2007	520,126	250 rupiah
Total	40,460,126	

These purchases resulted in an increase in the Company's shareholding in INDX to 40,460,126 shares or 32.98%.

- (b) The Company has continued to purchase shares on the Jakarta Stock Exchange subsequent to the lack of response to its earlier mandatory general offer. Refer Note A.6(a).
- (c) INDX is to serve as the Indonesian partner for the Company in the Company's drive to develop Indonesian port and terminal, resource based and service projects.
- (d) INDX is in a net capital deficit position as at 2Q 2007 and plans to put INDX on a sound financial footing will occur via acquisition and recapitalization exercises when market conditions are favourable in 2007. In the interim, the Company has provided financial assistance to INDX in the form of temporary advances on 20 April 2007.
- (e) On 24 May 2007, the Annual General Meeting of INDX was held resulting in the election to the Board of Commissioners and the Board of Directors of the following individuals :-

Board of Commissioners

President Commissioner
 Independent Commissioner
 Independent Commissioner

Dato' Ir Onn bin Hamzah
 RM Tommy Wikutomojati
 Ch'ng Chin Hon

Board of Directors

President Director
 Director

Harun bin Halim Rasip
 Mohd Sofian bin Jaafar

A4.2.3 By way of additional information, we also set out the following :-

(a) **Unaudited Income Statements for YTD 2Q 2007**

	LMTSB RM'000	PGMC RM'000	INDX RM'000
Gross Revenue - Port Operations	23,956		
- Industrial Property	17,994		
- Mining		50,340	
- Web site hosting services			16
Gross Profit - Port Operations	16,405		
- Industrial Property	8,600		
- Mining		25,007	
- Web site hosting services			3
Gross Profit % - Port Operations	68%		
- Industrial Property	48%		
- Mining		50%	
- Web site hosting services			19%
Depreciation & amortization	893	182	2
Operating Profit / (Loss)	21,384	22,604	(89)
Finance Costs	2,262	415	-
Profit / (Loss) Before Tax	19,122	22,189	(133)
Profit / (Loss) After Tax	13,976	14,423	(1,534)

(b) **Unaudited Balance Sheets as at 30 June 2007**

	LMTSB RM'000	PGMC RM'000	INDX RM'000
Fixed Assets (Net Book Value)	75,432	81,143	4
Land held for resale	12,206	-	-
Other non current assets	-	46,083	53
Cash and cash equivalents	42,923	7,678	397
Other current assets net of liabilities	46,220	(23,698)	(688)
	176,781	111,206	(234)
Shareholders Funds	109,333	68,202	(234)
Non current liabilities	12,448	43,004	-
Non current bonds (Refer (iii) below)	55,000	-	-
	176,781	111,206	(234)

LMTSB has in issue RM 60 million BaIDS which comprises of 10 series, with the first series maturing on 3 December 2007. In June 2007, RAM reaffirmed its AA3 rating of LMTSB BaIDs. The BaIDs have the following maturities:-

	As at 30.06.07 RM'000
Less than one year	5,000
Between one and five years	15,000
More than five years	40,000
Total	60,000

A4.3 OTHER INVESTMENT

This represents the Group's investment in LMT RPS of RM 10.03 million which is redeemable and dividend bearing at the option of LMTSB.

A4.4 EQUITY AND CONVERTIBLE DEBT SECURITIES

There were no cancellations, repurchases, resale and repayments of equity and debt securities during the current quarter other than those shown in these interim financial statements.

A4.5 PREFERENCE SHARE CAPITAL AND PREMIUM

No LBT RCCPS of RM 0.01 each issued with a premium of RM0.99 each and held by Minority Interests in LBTBSB were redeemed by LBTBSB during the current quarter.

A4.6 DEFERRED TAXATION

	As at 30.06.07 RM'000
Balance at 1 January 2007	41,657
Transfer from income statement	4,558
Total	46,215

A4.7 LBT SERIAL BONDS

	As at 30.06.07 Current RM'000	As at 30.06.07 Non - Current RM'000	As at 30.06.07 Total RM'000
Bond liability	44,000	212,000	256,000
Less : Interest in suspense	(19,088)	(115,835)	(134,923)
Total (exclusive of interest)	24,912	96,165	121,077

The balance of LBT Serial Bonds as at 30.06.2007 comprises 11 series (i.e. series no. 9 to 19) of zero coupon bonds with an aggregate nominal value of RM 256 million (inclusive of interest) issued by LBTBSB. The ninth series of bonds of RM 22 million was paid on its maturity date on 6 July 2007.

The bonds are secured by a charge over the assets and project agreements of LBTBSB and bear the following maturities:-

	As at 30.06.07 RM'000
Less than one year	44,000
Between one and five years	172,000
More than five years	40,000
Total	256,000

In June 2007, RAM reaffirmed its AA1 rating of LBT's Serial Bonds.

A4.8 TAX EXPENSE

	2Q2007 RM'000	YTD 2Q2007 RM'000
Current year - Malaysian tax	294	567
Current year - Foreign tax	4	21
Deferred tax	2,254	4,558
Total	2,552	5,146

A5 SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business. No segment information on the basis of geographical segments is presented as all operations and segment assets are located in Malaysia. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms broadly based on market conditions and circumstances.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest revenue and financing costs.

Business segments

- | | |
|-----------------------|--|
| Port operations | - Ownership and operation of two port facilities, the LMT (dry and liquid bulk, breakbulk and containers) and the LBT (dry and liquid bulk) comprising Lumut Port. |
| Marine services | - Provision of tuggage and related services |
| Investment holding | - Investment in LBT RCCPS, LBT RNCPS (which were fully redeemed in 2005), LMT RPS, and shares in INDX |
| Industrial Properties | - Sale of industrial property by LMTSB |
| Resources | - Mining and Smelting activities via current investment in PGMC |

A5 SEGMENTAL INFORMATION – GROUP (continued)

6 Months Ended 30.06.07 RM'000	Port Operations	Marine Services	Investment Holding	Industrial Properties	Resources	Eliminations	Consolidated
Business segments							
Revenue from external customers	40,285	3,040	-	-	-	-	43,325
Inter-segment revenue	-	-	800	-	-	(800)	-
Share of revenue of associate	11,719	-	-	7,357	4,738	-	23,814
Total gross revenue	52,004	3,040	800	7,357	4,738	(800)	67,139
Share of revenue of associate	(11,719)	-	-	(7,357)	(4,738)	-	(23,814)
Total revenue	40,285	3,040	800	-	-	(800)	43,325
Segment result	26,297	329	1	-	-	(800)	25,827
Operating profit							25,827
Financing costs							(8,258)
Interest income							1,764
Share of profit after tax of associate							8,400
Profit before taxation							27,733
Tax expense							(5,146)
Minority interests							(2,630)
Profit for the period attributable to shareholders							19,957

A5 SEGMENTAL INFORMATION – GROUP (continued)

6 Months Ended 30.06.06 RM'000	Port Operations	Marine Services	Investment Holding	Industrial Properties	Resources	Eliminations	Consolidated
Business segments							
Revenue from external customers	41,602	3,153	-	-	-	-	44,755
Inter-segment revenue	-	-	800	-	-	(800)	-
Share of revenue of associate	11,326	-	-	8,082	-	-	19,408
Total gross revenue	52,928	3,153	800	8,082	-	(800)	64,163
Share of revenue of associate	(11,326)	-	-	(8,082)	-	-	(19,408)
Total revenue	41,602	3,153	800	-	-	(800)	44,755
Segment result	27,046	739	875	-	-	(800)	27,860
Operating profit							27,860
Financing costs							(9,381)
Interest income							1,720
Share of profit after tax of associate							7,443
Profit before taxation							27,642
Tax expense							(6,061)
Minority interests							(2,487)
Profit for the period attributable to shareholders							19,094

A6 SUBSEQUENT MATERIAL EVENTS

- (a) Subsequent to the current quarter, the Company entered into several contracts to purchase additional shares in INDX as follows:-

Contract Date	Payment Date	No. of shares	Price per share
16 July 2007	19 July 2007	47,500	307.4 rupiah
30 July 2007	02 August 2007	686,123	335 rupiah
09 August 2007	14 August 2007	520,126	335 rupiah
Total		1,253,749	

The purchase of these shares will increase the Company's total shareholding in INDX to 41,713,875 shares or 34.01% of the total shares of INDX.

On 29 June 2007, the last done closing price for INDX on the Jakarta Stock Exchange was 280 rupiah.

- (b) On 30 July 2007, the Company established a wholly-owned subsidiary named PT Integrax Indonesia ("PT Integrax"). PT Integrax obtained the approval from the Ministry of Law and Human Rights to be a foreign investment company limited by shares with a capital of 1,000 shares of USD 100 each. The intended principal activity of PT Integrax is to serve as an investment entity of the Company for its future investments in the Republic of Indonesia.

A7 CHANGES IN GROUP COMPOSITION

Other than the purchase of additional shares in INDX disclosed in Notes A4.2(b), A6(a) and A6(b), there were no other changes in Group composition during the current quarter and subsequent to the quarter.

A8 CHANGES IN CONTINGENT ASSETS AND LIABILITIES

There were no changes in contingent assets and liabilities during the quarter.

A9 CAPITAL COMMITMENTS

No capital commitments were contracted for by the Company during the current quarter.

A10 RELATED PARTY TRANSACTIONS

Set out below are the significant related party transactions occurring in the normal course of business for the financial year and which were carried out on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

	YTD 2Q 2007 RM'000	YTD 2Q 2006 RM'000
Operations and maintenance fees payable to LMTSB	10,767	11,351
Management fees receivable from LMTSB.	300	300
Tuggage services receivable from LMTSB.	3,040	3,153
Office facilities fees receivable from PKS, a company wholly owned by HRH.	83	83

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

Refer to Notes A1.1 and A1.2.

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Refer to Note A1.1.

B3 PROSPECTS

Refer to Note A1.3.

B4 PROFIT FORECAST

No profit forecast has been made in a public document.

B5 TAX EXPENSE

Refer to Note A4.8.

B6 DISPOSAL OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposals of unquoted investments and properties during the current quarter.

B7 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

Refer to Notes A 4.3 and A6. There were no other purchases or disposals of quoted securities during the current quarter.

B8 STATUS OF COPORATE PROPOSALS

Refer to Notes A6 and A7. No other corporate proposals are in existence at this time.

B9 BORROWING AND DEBT SECURITIES

Refer to Notes A4.5 and A4.7.

B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group has not entered into any financial instruments with off balance sheet risk to the date of this announcement.

B11 CHANGES IN MATERIAL LITIGATION

The Group is not involved in any material litigation.

B12 DIVIDENDS

The Board of Directors' recommendation of a final tax exempt dividend of 0.8 sen per share and taxable gross dividend of 1.2 sen per share amounting to a total gross dividend of 2 sen per share in respect of the financial year ended 31 December 2006 was approved by the shareholders at the Company's 21st Annual General Meeting held on 29 June 2007. The dividend entitlement date is 6 August 2007 and the payment date of the dividends is on 27 August 2007.

B13 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share is calculated by dividing the PATSC for the period by the weighted average number of ordinary shares in issue during the period.

	2 Q 2007 RM'000	YTD 2 Q 2007 RM'000
PATSC for the period	10,567	19,957
Weighted average number of ordinary shares in issue	300,806	300,806
Earnings per share (sen)	3.51	6.63

B14 CAPITAL COMMITMENTS

Refer to note A 9.