

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2011

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-11 RM '000	PRECEDING YEAR QUARTER 31-Mar-10 RM '000	CURRENT YEAR TO DATE 31-Mar-11 RM '000	PRECEDING YEAR TO DATE 31-Mar-10 RM '000
Revenue	84,914	114,431	84,914	114,431
Operating expenses	<u>(45,593)</u>	<u>(60,220)</u>	<u>(45,593)</u>	<u>(60,220)</u>
	39,321	54,211	39,321	54,211
Other operating income/(loss), net	13,441	(3,825)	13,441	(3,825)
Administrative expenses	<u>(4,096)</u>	<u>(4,308)</u>	<u>(4,096)</u>	<u>(4,308)</u>
Profit from operations	48,666	46,078	48,666	46,078
Finance costs	(513)	(5,241)	(513)	(5,241)
Share of results of associate	1,848	4,664	1,848	4,664
Share of results of jointly controlled entities	<u>3,479</u>	<u>7,975</u>	<u>3,479</u>	<u>7,975</u>
Profit before taxation	53,480	53,476	53,480	53,476
Income tax expense	<u>(388)</u>	<u>(478)</u>	<u>(388)</u>	<u>(478)</u>
Profit for the period	<u>53,092</u>	<u>52,998</u>	<u>53,092</u>	<u>52,998</u>
Attributable to:				
Equity holders of the parent	52,658	51,361	52,658	51,361
Minority interests	<u>434</u>	<u>1,637</u>	<u>434</u>	<u>1,637</u>
	<u>53,092</u>	<u>52,998</u>	<u>53,092</u>	<u>52,998</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	5.27	5.14	5.27	5.14

Please refer to Note B14 for number of shares

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31 MARCH 2011**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-11 RM '000	PRECEDING YEAR QUARTER 31-Mar-10 RM '000	CURRENT YEAR TO DATE 31-Mar-11 RM '000	PRECEDING YEAR TO DATE 31-Mar-10 RM '000
Profit for the period	53,092	52,998	53,092	52,998
Other comprehensive loss:				
Currency translation differences	<u>(25,347)</u>	<u>(47,906)</u>	<u>(25,347)</u>	<u>(47,906)</u>
Total comprehensive income for the period	<u>27,745</u>	<u>5,092</u>	<u>27,745</u>	<u>5,092</u>
Total comprehensive income attributable to:				
Equity holders of the parent	28,125	5,517	28,125	5,517
Minority interests	<u>(380)</u>	<u>(425)</u>	<u>(380)</u>	<u>(425)</u>
	<u>27,745</u>	<u>5,092</u>	<u>27,745</u>	<u>5,092</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-11 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-10 RM '000
ASSETS		
Non-current assets		
Fixed assets	548,514	562,391
Associate	737,221	746,052
Jointly controlled entities	137,747	136,921
	<u>1,423,482</u>	<u>1,445,364</u>
Current Assets		
Consumable stores	10,661	10,699
Trade receivables	32,812	27,213
Other receivables and prepayments	15,743	16,947
Investments	129,832	127,476
Short term deposits	286,767	297,477
Cash and bank balances	67,459	19,215
	<u>543,274</u>	<u>499,027</u>
Non-current assets classified as held for sale	-	52,863
	<u>543,274</u>	<u>551,890</u>
TOTAL ASSETS	<u><u>1,966,756</u></u>	<u><u>1,997,254</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	1,463,910	1,435,785
	<u>1,713,910</u>	<u>1,685,785</u>
Minority interest	56,254	56,634
Total equity	<u>1,770,164</u>	<u>1,742,419</u>
Non-current liability		
Bank and other borrowings	95,062	107,013
	<u>95,062</u>	<u>107,013</u>
Current liabilities		
Bank and other borrowings	42,532	43,148
Other payables	58,309	104,050
Provision for Taxation	689	624
	<u>101,530</u>	<u>147,822</u>
Total liabilities	<u>196,592</u>	<u>254,835</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,966,756</u></u>	<u><u>1,997,254</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2011

	← Attributable to Equity Holders of the Parent →						Total	Minority Interest	Total Equity
	Non-distributable					Distributable			
	Share Capital RM '000	Share premium RM '000	Capital reserve RM '000	Capital redemption reserve RM '000	Exchange translation reserve RM '000	Retained profits RM '000			
3 MONTHS ENDED 31 MARCH 2010									
At 1 JANUARY 2010	250,000	48,791	13,209	40,000	(57,351)	1,492,425	1,787,074	74,001	1,861,075
Total comprehensive income for the period	-	-	-	-	(45,844)	51,361	5,517	(425)	5,092
At 31 MARCH 2010	250,000	48,791	13,209	40,000	(103,195)	1,543,786	1,792,591	73,576	1,866,167
3 MONTHS ENDED 31 MARCH 2011									
At 1 JANUARY 2011	250,000	48,791	13,209	40,000	(247,008)	1,580,793	1,685,785	56,634	1,742,419
Total comprehensive income for the period	-	-	-	-	(24,533)	52,658	28,125	(380)	27,745
At 31 MARCH 2011	250,000	48,791	13,209	40,000	(271,541)	1,633,451	1,713,910	56,254	1,770,164

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011

	CUMULATIVE	
	CURRENT YEAR 31-Mar-11 RM '000	PRECEDING YEAR 31-Mar-10 RM '000
Cash Flows From Operating Activities		
Profit before taxation	53,480	53,476
Adjustments for:		
Depreciation and amortisation	7,088	8,168
Loss/(gain) on disposal of quoted investments	13	(684)
Unrealised loss on quoted investments	-	1,514
Gain on disposal of vessels	(4,629)	-
Unrealised exchange (gain)/loss	(2,608)	365
Dividend income	-	(44)
Interest income	(363)	(876)
Finance costs	513	5,241
Share of results of associate	(1,848)	(4,664)
Share of results of jointly controlled entities	(3,479)	(7,975)
Operating profit before working capital changes	48,167	54,521
Working capital changes:		
Consumable stores	64	(1,868)
Receivables	(2,534)	12,450
Payables	(45,332)	(13,552)
Cash generated from operating activities	365	51,551
Tax paid	(323)	(671)
Net cash generated from operating activities	42	50,880
Cash Flows From Investing Activities		
Purchase of new equipment and capitalisation of dry docking cost	(866)	(3,034)
Purchase of other fixed assets	(107)	(17)
Purchase of quoted investments	-	(8,812)
Purchase of other investments	(4,283)	(33,797)
Dividend received	-	44
Dividend from jointly controlled entities	730	-
Interest received	363	876
Proceeds from disposal of quoted investments	28	11,210
Proceeds from disposal of other investments	-	23,249
Proceeds from disposal of vessels	57,492	-
Net cash generated from/(used in) investing activities	53,357	(10,281)
Cash Flows From Financing Activities		
Finance costs paid	(513)	(3,288)
Repayment of loans	(10,423)	-
Repayment of lease financing	-	(12,846)
Net cash used in financing activities	(10,936)	(16,134)
Net Change in Cash & Cash Equivalents	42,463	24,465
Effects of Foreign Exchange Rate Changes	(4,929)	(13,148)
Cash & Cash Equivalents at the beginning of the period	316,692	460,429
Cash & Cash Equivalents at the end of the period	354,226	471,746
Cash & Cash equivalents comprise:		
Short term deposits	286,767	365,100
Cash and bank balances	67,459	106,646
	354,226	471,746

NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

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

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

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

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

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

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2010 were not qualified.

A3. SEASONAL OR CYCLICAL FACTORS

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

A4. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter.

A5. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares for the current quarter.

A7. DIVIDENDS PAID

No dividends have been paid or declared for the current quarter ended 31 March 2011.

A8. SEGMENT REPORT

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

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management RM '000	Investment holding & others RM '000	Elimination RM '000	Group RM '000
REVENUE AND RESULT						
Revenue						
Group	72,517	10,385	2,277	-	(265)	84,914
Inter-segment	119	-	(384)	-	265	-
External revenue	<u>72,636</u>	<u>10,385</u>	<u>1,893</u>	<u>-</u>	<u>-</u>	<u>84,914</u>
Segment results	36,477	5,750	698	5,378	-	48,303
Interest income						363
Finance costs						(513)
Share of results of associate						1,848
Share of results of jointly controlled entities						3,479
Taxation						(388)
Profit for the period						<u>53,092</u>

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

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

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the current quarter ended 31 March 2011 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

Springbright Holdings Limited, a wholly owned subsidiary, commenced its members' voluntary winding-up on 28 January 2011.

A12. CONTINGENT LIABILITIES

In respect of the Company's tax case with the Inland Revenue Board on the tax assessment of RM58.4 million raised on deemed interest income, the Company is currently contesting this assessment and no provision has been made in the accounts.

B1. REVIEW OF PERFORMANCE

The Group's revenue for this first quarter 2011 declined 26% to RM84.9 million, from RM114.4 million posted for the same period last year. The drop is attributed to a 28% fall in the hire rates.

The BDI averaged 1365 in the current quarter, a 54% decline from the 2984 average in the comparative quarter last year. The weaker market is reflected in the lower TCE/day achieved by dry bulk segment for Q1 2011 of US\$21,398/day compared to Q1 last year's US\$30,260. The tanker market continued to remain weak and this has resulted in a 21% lower tanker TCE average of US\$12,610/day against last year's comparative average of US\$15,938/day.

The table below summarizes the fleet's average time charter equivalent (TCE) for bulkers and tankers.

	Ave. TCE/Day		Hire Days	
	Q1 2011 (USD)	Q1 2010 (USD)	Q1 2011 (Day)	Q1 2010 (Day)
Dry Bulk	21,398	30,260	1,104	949
Product Tankers	12,610	15,938	280	265
Fleet Average	19,620	27,134	1,384	1,214

Operating expenses fell 24%.

The Group's operating results (revenue less operating expenses) for Q1 this year of RM39.3 million, representing a 27% decline from RM54.2 million in the Q1 of last year.

Other operating income increased by RM17.3 million year-on-year, primarily due to a RM8.4 million foreign exchange gain and RM4.6 million gain from the disposal of a tanker. Administrative expenses and finance cost reduced by RM0.2 million and RM4.7 million respectively compared to the previous quarter under review. The higher finance cost in Q1 2010 was due to provisions for early termination of a tax structured lease. Save for that, lower interest in Q1 2011 is due to the substantial loan repayments over the period.

The Group's 21%-owned associate, PACC Offshore Services Holdings Pte Ltd (POSH), providers of offshore marine and support services, posted a 57% decline in its profits due to the weak offshore services market, and this has in turn resulted in a RM2.8 million fall in its contribution to the Group. The jointly controlled entities, all of which are operators of dry bulk carriers, also reported lower profits. The Group's share of jointly controlled entities' profits, as a result, declined by RM4.5 million year-on-year to RM3.5 million in this first quarter of 2011.

Summing up the above, profit attributable to shareholders for the first quarter of 2011 was RM52.7 million, improved marginally from the attributable profit of RM51.4 million in the same period last year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group reported a marginal increase in its revenue for this quarter at RM84.9 million, from RM84.7 million achieved in the preceding quarter. The marginal increase in revenue is attributed to the increased revenue days from ship-chartering segment.

Lower operating expenses along with lower charter-in cost for ship-chartering segment led to a RM2.5 million reduction in the operating expenses. This resulted in an improved Q1 2011 operating profit of RM39.3 million, compared to RM36.7 million in the fourth quarter of 2010.

The Group sold a tanker in February 2011 registering a gain of RM4.6 million, as compared to a gain of RM22.6 million posted in preceding quarter. This has resulted in a RM18.0 million q-o-q drop in the other operating income. Both the administrative expenses and finance costs are lower compared to the preceding quarter.

Contribution from the associate (POSH group) improved by RM1.4 million q-o-q and profits from the jointly controlled entities also improved slightly.

Overall, the Group posted a profit attributable to shareholders of RM52.7 million, a 22% (or RM15.0 million) decline against the fourth quarter of 2010's attributable profit of RM67.7 million. This is mainly attributed to a lower gain from the sale of a vessel.

B3. PROSPECTS

The IMF, in its April 2011 World Economic Outlook (WEO) update, projected that the world economy will grow by 4 ½ percent in 2011 and 2012, down modestly from 5 percent in 2010. World trade volume grew by 12.4 percent in 2010 and is forecasted to grow by 7.1% in 2011 and 6.8% in 2012.

China and India's economies are expected to grow at 9.6% and 8.2% respectively in 2011. Demand for coal is increasing in China and India driven by the economic development in these countries as their economies have been relatively unscathed by the economic turmoil that developed economies faced. The dry bulk market has maintained a declining trend since the earthquake and tsunami disaster in Japan with the BDI retreating from 1562 to 1250 on 26 April 2011, and finally reporting small gains by closing at 1302 on 4 May 2011. In the short term, the dry bulk sector will be adversely affected by the Japanese disaster as cargo volumes are taken off the market due to plant shutdowns and logistical slowdowns. This should be resolved over time with steaming coal imports likely to increase in place of decommissioned nuclear power generation and also from reconstruction of Japan's devastated areas - but concerns of an over tonnage market remain as newbuildings continue to flow into the market.

Managing overcapacity will remain a challenge in coming years. Whilst the board remains cautious, it believes that the Group will continue to be profitable in 2011.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge		
-current period	345	345
-prior year	43	43
	<u>388</u>	<u>388</u>

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge for the Group is attributable to tax in respect of non-tax exempt activities of the Group.

B6. RETAINED PROFITS

	As at 31-Mar-11 RM'000	As at 31-Dec-10 RM'000
Realised	1,633,451	1,602,059
Unrealised	-	(21,266)
	<u>1,633,451</u>	<u>1,580,793</u>

B7. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

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

B8. QUOTED SECURITIES

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

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

ii) Details of investments in quoted securities:

	As at 31-Mar-11 RM '000
Marketable securities	
At cost	-
At book value	-
At market value	-

B9. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals submitted by the Group as at 31 March 2011.

B10. GROUP BORROWINGS

The Group borrowings as at 31 March 2011 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	USD	42,532	95,062

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments outstanding as at 31 March 2011:

	Notional Value RM '000	Fair Value RM '000
<u>Less than 1 year</u>		
Forward currency contracts	297,766	303,101

B12. MATERIAL LITIGATION

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

B13. DIVIDENDS

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2011.

B14. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the parent by the number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Mar-11	PRECEDING YEAR QUARTER 31-Mar-10	CURRENT YEAR TO DATE 31-Mar-11	PRECEDING YEAR TO DATE 31-Mar-10
Profit attributable to ordinary equity holders of the parent (RM'000)	52,658	51,361	52,658	51,361
Number of ordinary shares in issue('000)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share attributable to equity holders of the parent (sen)	<u>5.27</u>	<u>5.14</u>	<u>5.27</u>	<u>5.14</u>

B15. COMMITMENTS

Commitments as at 31 March 2011 are as follows:

	RM'000
(i) The Group	
Non-cancellable charter-in commitments	
Due within 1 year	32,641
Due later than 1 year and not later than 5 years	246,737
Due later than 5 years	385,235
	<hr/>
	664,613
(ii) Share of jointly controlled entity's capital commitments	48,912
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	713,525