

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2011

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-11 RM '000	PRECEDING YEAR QUARTER 31-Dec-10 RM '000	CURRENT YEAR TO DATE 31-Dec-11 RM '000	PRECEDING YEAR TO DATE 31-Dec-10 RM '000
Revenue	57,363	84,725	256,309	404,250
Operating expenses	<u>(40,788)</u>	<u>(48,067)</u>	<u>(172,260)</u>	<u>(209,461)</u>
	16,575	36,658	84,049	194,789
Other operating income/(loss), net	(4,791)	35,871	(3,392)	37,969
Administrative expenses	<u>(836)</u>	<u>(6,187)</u>	<u>(13,495)</u>	<u>(19,843)</u>
Profit from operations	10,948	66,342	67,162	212,915
Finance costs	(486)	(636)	(1,876)	(6,987)
Share of results of associate	3,524	490	17,023	18,172
Share of results of jointly controlled entities	<u>3,257</u>	<u>3,258</u>	<u>12,494</u>	<u>20,268</u>
Profit before taxation	17,243	69,454	94,803	244,368
Income tax expense	<u>(437)</u>	<u>(743)</u>	<u>(1,430)</u>	<u>(1,696)</u>
Profit for the period	<u>16,806</u>	<u>68,711</u>	<u>93,373</u>	<u>242,672</u>
Attributable to:				
Equity holders of the parent	16,393	67,702	91,309	238,368
Minority interests	<u>413</u>	<u>1,009</u>	<u>2,064</u>	<u>4,304</u>
	<u>16,806</u>	<u>68,711</u>	<u>93,373</u>	<u>242,672</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	1.64	6.77	9.13	23.84

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-11 RM '000	PRECEDING YEAR QUARTER 31-Dec-10 RM '000	CURRENT YEAR TO DATE 31-Dec-11 RM '000	PRECEDING YEAR TO DATE 31-Dec-10 RM '000
Profit for the year	16,806	68,711	93,373	242,672
Other comprehensive income:				
Currency translation differences	77,223	(35,786)	47,885	(196,865)
Realisation of reserves on liquidation of subsidiaries	<u>16,691</u>	<u>0</u>	<u>16,691</u>	<u>0</u>
Total comprehensive income for the year	<u><u>110,720</u></u>	<u><u>32,925</u></u>	<u><u>157,949</u></u>	<u><u>45,807</u></u>
Total comprehensive income attributable to:				
Equity holders of the parent	107,871	32,539	154,348	48,711
Minority interests	<u>2,849</u>	<u>386</u>	<u>3,601</u>	<u>(2,904)</u>
	<u><u>110,720</u></u>	<u><u>32,925</u></u>	<u><u>157,949</u></u>	<u><u>45,807</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-11 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-10 RM '000
ASSETS		
Non-current assets		
Fixed assets	549,743	562,391
Associate	781,743	746,052
Jointly controlled entities	188,910	136,921
	<u>1,520,396</u>	<u>1,445,364</u>
Current Assets		
Consumable stores	6,975	10,699
Trade receivables	23,027	27,213
Other receivables and prepayments	14,092	16,947
Investments	121,826	127,476
Short term deposits	148,928	297,477
Cash and bank balances	149,945	19,215
	<u>464,793</u>	<u>499,027</u>
Non-current assets classified as held for sale	2,526	52,863
	<u>467,319</u>	<u>551,890</u>
TOTAL ASSETS	<u><u>1,987,715</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	1,490,133	1,435,785
	<u>1,740,133</u>	<u>1,685,785</u>
Minority interest	55,717	56,634
Total equity	<u>1,795,850</u>	<u>1,742,419</u>
Non-current liabilities		
Bank and other borrowings	108,523	107,013
	<u>108,523</u>	<u>107,013</u>
Current liabilities		
Bank and other borrowings	47,834	43,148
Trade and other payables	35,188	104,050
Provision for Taxation	320	624
	<u>83,342</u>	<u>147,822</u>
Total liabilities	<u>191,865</u>	<u>254,835</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,987,715</u></u>	<u><u>1,997,254</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to Equity Holders of the Parent						Minority Interest	Total Equity	
	Non-distributable					Distributable			
	Share Capital	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Retained profits			Total
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
12 MONTHS ENDED 31 DECEMBER 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 year	-	-	-	-	(189,657)	238,368	48,711	(2,904)	45,807
Dividends paid	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(14,463)	(14,463)
At 31 DECEMBER 2010	250,000	48,791	13,209	40,000	(247,008)	1,580,793	1,685,785	56,634	1,742,419
12 MONTHS ENDED 31 DECEMBER 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 year	-	-	-	-	63,039	91,309	154,348	3,601	157,949
Dividends paid	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(4,518)	(4,518)
At 31 DECEMBER 2011	250,000	48,791	13,209	40,000	(183,969)	1,572,102	1,740,133	55,717	1,795,850

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	CUMULATIVE	
	CURRENT YEAR 31-Dec-11 RM '000	PRECEDING YEAR 31-Dec-10 RM '000
Cash Flow From Operating Activities		
Profit before taxation	94,803	244,368
Adjustments for:		
Depreciation and amortisation	28,791	31,893
Loss on disposal of quoted investments	13	3,980
Unrealised loss/(gain) on quoted investments	13,219	(4,354)
Gain on disposal of vessels	(4,629)	(22,590)
Unrealised exchange loss	2,420	189
Writeback of provision for doubtful debts	(2)	(132)
Dividend income	-	(465)
Interest income	(1,301)	(3,773)
Finance costs	1,876	6,987
Surplus arising from liquidation of a subsidiary	-	(156)
Reversal of accrual on lease structure	(15,667)	-
Realisation of reserves on liquidation of subsidiaries	16,691	-
Share of results of associate	(17,023)	(18,172)
Share of results of jointly controlled entities	(12,494)	(20,268)
Operating profit before working capital changes	106,697	217,507
Working capital changes:		
Consumable stores	4,166	(3,987)
Receivables	12,813	7,114
Payables	(56,162)	2,668
Cash generated from operating activities	67,514	223,302
Tax paid	(1,667)	(1,542)
Net cash generated from operating activities	65,847	221,760
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	-	(78,137)
Purchase of new equipment and capitalisation of dry docking cost	(3,313)	(9,221)
Purchase of other fixed assets	(228)	(70)
Purchase of quoted investments	-	(40,175)
Purchase of other investments	(4,242)	(126,591)
Dividend received	-	465
Dividend from associate company	3,734	5,518
Dividend from jointly controlled entities	16,491	30,950
Interest received	1,301	3,773
Proceeds from disposal of quoted investments	28	42,347
Proceeds from disposal of other investments	-	136,701
Proceeds from disposal of vessels	57,492	44,876
Capital distribution from liquidation of subsidiaries	-	156
Proportionate shareholder's advance to jointly controlled entities	(53,194)	(26,598)
Investment in jointly controlled entity	-	(771)
Advance to jointly controlled entity	(821)	-
Repayment of shareholder's advance from a jointly controlled entities	2,303	4,040
Net cash generated from/(used in) investing activities	19,551	(12,737)
Cash Flows From Financing Activities		
Finance costs paid	(1,876)	(6,987)
Repayment of loans	(47,037)	(292,336)
Drawdown of loans	48,325	192,486
Repayment of lease financing	-	(35,568)
Dividends paid to shareholders	(100,000)	(150,000)
Dividend paid to minority shareholder of a subsidiary	(4,518)	(14,463)
Net cash used in financing activities	(105,106)	(306,868)
Net Change in Cash & Cash Equivalents	(19,708)	(97,845)
Effects of Foreign Exchange Rate Changes	1,889	(45,892)
Cash & Cash Equivalents at the beginning of the year	316,692	460,429
Cash & Cash Equivalents at the end of the year	298,873	316,692
Cash & Cash equivalents comprise:		
Short term deposits	148,928	297,477
Cash and bank balances	149,945	19,215
	298,873	316,692

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 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 for the current quarter ended 31 December 2011.

A8. SEGMENT REPORT

Segmental analysis for the current financial year 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	213,902	34,993	8,462	-	(1,048)	256,309
Inter-segment	509	-	(1,557)	-	1,048	-
External revenue	<u>214,411</u>	<u>34,993</u>	<u>6,905</u>	<u>-</u>	<u>-</u>	<u>256,309</u>
Segment results	76,731	(721)	2,018	(12,167)	-	65,861
Interest income						1,301
Finance costs						(1,876)
Share of results of associate						17,023
Share of results of jointly controlled entities						12,494
Taxation						<u>(1,430)</u>
Profit for the year						<u><u>93,373</u></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 December 2011 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

Five wholly owned dormant subsidiaries (MBC Mutiara Sdn Bhd, Serba Pasifik Sdn Bhd, Kohing Investments Ltd, South Pasadena Ltd and Libertos International Ltd) were liquidated during the current quarter.

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 the financial year ended December 2011 dropped 37% to RM256.3 million, from RM404.3 million achieved in 2010.

Revenue from dry bulk segment fell 39% to RM214.4 million from the previous year's RM349.2 million as a result of the lower charter rates earned. Average charter rates earned by our dry bulk carriers were down by 36% to USD16,519/day, in line with the falling BDI (average of 1549 points in 2011 versus 2010's 2758 points) due to overcapacity. Revenue days from dry bulk segment was 113 days higher due to lesser docking days compared to 2010.

The tanker market remained stagnant in 2011 with BCTI (Baltic Clean Tanker Index) averaging at 720 points, down 2% from 2010's average of 732 points. Although our tankers' average charter rates improved 2% to USD12,269/day in 2011, tanker segment's revenue declined 24% to RM35.0 million due to lower revenue days. Factors contributing to the lower revenue days are the disposal of a tanker in February 2011, the scheduled docking for 3 tankers and downtime awaiting employment.

The table below summarizes the average time charter equivalent (TCE) for MBC's dry bulk and tanker fleet.

	Ave. TCE/Day		Hire Days	
	2011 (USD)	2010 (USD)	2011 (Day)	2010 (Day)
Dry Bulk	16,519	25,993	4,304	4,191
Product Tankers	12,269	11,993	970	1,215
Fleet Average	15,737	22,846	5,274	5,406

Due to the lower charter rates earned, the Group's operating profit fell 57% (RM110.7 million) from RM194.8 million reported last year to RM84.0 million in 2011.

Current year's "other operating income/(loss)" of RM3.4 million loss, comprises gains on foreign exchange and disposal of vessel totaling RM9.1 million, mark-to market losses on investments of RM13.2 million, an accounting adjustment for foreign exchange to comply with MFRS 121 and the reversal of a provision for a UK lease.

Administrative costs decreased by RM6.3 million, whilst finance cost reduced by RM5.1 million due to the effect of refinancing a UK structured lease last year at lower cost.

Our share of profit in associate (POSH Group) dropped 6% to RM17.0 million in 2011, from RM18.2 million last year. The results of our jointly controlled entities in the dry bulk sector dropped 38% as a result of the lower charter rates earned and our profit share was reduced by RM8.4 million this year.

Attributable profit for 2011 was RM91.3 million, 61% (RM147.1 million) lower as compared to RM238.4 million achieved in 2010.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue rose from RM44.4 million to RM57.4 million in the fourth quarter of 2011. Charter rates improved 9% to USD13,379/day whilst revenue days increased by 119 days. Operating profit doubled to RM16.6 million in the fourth quarter of 2011, from RM8.3 million reported in Q3 2011.

"Other operating loss" decreased from RM17.8 million to RM4.8 million in Q4 2011 mainly due to reduced losses on foreign exchange and lower mark-to-market losses on investment. The fourth quarter 2011 "other operating loss" figure also includes reversal of a provision for a UK lease and an accounting adjustment for foreign exchange to comply with MFRS 121.

Administrative costs were RM3.0 million lower as the current quarter's figure includes an overprovision in the previous quarters.

Profit share from our associate and jointly controlled entities decreased by RM7.9 million and RM0.3 million q-o-q respectively.

The Group reported an attributable profit of RM16.4 million in the fourth quarter of 2011, an improvement of RM16.0 million over the preceding quarter's RM0.4 million.

B3. PROSPECTS

In its January 2012 update, the IMF cut its forecast for 2012 global economic growth to 3.3%, down from its September forecast of 4%. IMF predicts the euro area to enter a mild recession in 2012 as a result of the sovereign debt crisis and the impact of austerity measures. Growth in the emerging and developing economies is also expected to be slow due to the worsening global conditions and a weakening of local demand.

The BDI on 3rd February 2012 plunged to an all time low of 647 points, 16 points below the 663 points seen in 2008 global financial crisis. The fall is largely due to the poor weather conditions which disrupted shipments and the slowdown in Chinese demand as a result of the Chinese Lunar New Year celebrations. BDI has since recovered to 731 points on 15th February 2012.

Against a forecast 3.3% world GDP growth in 2012, the 12% growth predicted for dry bulk fleet will widen the gap between supply and demand. The imbalance is expected to remain significant throughout 2012 and will likely hinder a rebound in freight rates although higher scrapping, vessel lay-ups and newbuilding cancellations/deferments could help the supply-demand balance. Strong demand for thermal coal from China and India, the improving US economy and resolution of the crisis in the euro area could result in a better freight market.

In 2011, the Group took delivery of two new handysizes (2 x 32,500 DWT) under our jointly controlled entities, and chartered in a newbuilding 29,000 DWT handysize under long term charter arrangement. In addition, the Group is scheduled to take delivery of 3 more new vessels in 2012 – one 29,000 DWT handysize and two supramaxes, all of which are under long term charters.

The current depressed freight market if it continues will result in many bankruptcies. The Board is confident that it will weather through these turbulent times and be able to benefit from this challenging situation in the medium to long term.

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	423	1,305
-prior year	14	125
	<u>437</u>	<u>1,430</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-Dec-11 RM'000	As at 31-Dec-10 RM'000
Realised	1,572,102	1,602,059
Unrealised	-	(21,266)
	<u>1,572,102</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
Gain / (loss) on disposal of quoted securities	-	(13)

ii) Details of investments in quoted securities:

	As at 31-Dec-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 December 2011.

B10. GROUP BORROWINGS

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

	<u>Currency</u>	<u>Current RM '000</u>	<u>Non-current RM '000</u>
Secured loans	USD	47,834	108,523

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments outstanding as at 31 December 2011:

	<u>Notional Value RM '000</u>	<u>Fair Value RM '000</u>
<u>Less than 1 year</u>		
Forward currency contracts	139,887	137,610

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 Board recommends a final single tier dividend of 3 sen per ordinary share, amounting to RM30 million for the current financial year ended 31 December 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-Dec-11	PRECEDING YEAR QUARTER 31-Dec-10	CURRENT YEAR TO DATE 31-Dec-11	PRECEDING YEAR TO DATE 31-Dec-10
Profit attributable to ordinary equity holders of the parent (RM'000)	16,393	67,702	91,309	238,368
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>1.64</u>	<u>6.77</u>	<u>9.13</u>	<u>23.84</u>

B15. COMMITMENTS

Commitments as at 31 December 2011 are as follows:

	RM'000
(i) The Group	
Non-cancellable charter-in commitments	
Due within 1 year	47,530
Due later than 1 year and not later than 5 years	282,252
Due later than 5 years	351,616
	<u>681,398</u>
(ii) Share of jointly controlled entity's commitments	
Non-cancellable charter-in commitment	25,616
	<u>25,616</u>
	<u>707,014</u>