

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2010

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-10 RM '000	PRECEDING YEAR QUARTER 31-Mar-09 RM '000	CURRENT YEAR TO DATE 31-Mar-10 RM '000	PRECEDING YEAR TO DATE 31-Mar-09 RM '000
Revenue	114,431	52,676	114,431	52,676
Operating expenses	<u>(60,220)</u>	<u>(50,516)</u>	<u>(60,220)</u>	<u>(50,516)</u>
Other operating income/(loss), net	54,211	2,160	54,211	2,160
Administrative expenses	<u>(3,825)</u>	<u>(3,608)</u>	<u>(3,825)</u>	<u>(3,608)</u>
Profit/(loss) from operations	46,078	(5,767)	46,078	(5,767)
Finance cost	(5,241)	(4,055)	(5,241)	(4,055)
Share of results of associate	4,664	15,467	4,664	15,467
Share of results of jointly controlled entities	<u>7,975</u>	<u>8,612</u>	<u>7,975</u>	<u>8,612</u>
Profit before taxation	53,476	14,257	53,476	14,257
Income tax expense	<u>(478)</u>	<u>1,794</u>	<u>(478)</u>	<u>1,794</u>
Profit for the period	<u>52,998</u>	<u>16,051</u>	<u>52,998</u>	<u>16,051</u>
Attributable to:				
Equity holders of the parent	51,361	14,703	51,361	14,703
Minority interests	<u>1,637</u>	<u>1,348</u>	<u>1,637</u>	<u>1,348</u>
	<u>52,998</u>	<u>16,051</u>	<u>52,998</u>	<u>16,051</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	5.14	1.47	5.14	1.47

Please refer to Note B13 for number of shares

QUARTERLY REPORT

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2010**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-10 RM '000	PRECEDING YEAR QUARTER 31-Mar-09 RM '000	CURRENT YEAR TO DATE 31-Mar-10 RM '000	PRECEDING YEAR TO DATE 31-Mar-09 RM '000
Profit for the period	52,998	16,051	52,998	16,051
Other comprehensive income:				
Currency translation differences	## (47,906)	67,789	(47,906)	67,789
Total comprehensive income for the period	<u>5,092</u>	<u>83,840</u>	<u>5,092</u>	<u>83,840</u>
Total comprehensive income attributable to:				
Equity holders of the parent	5,517	74,368	5,517	74,368
Minority interests	<u>(425)</u>	<u>9,472</u>	<u>(425)</u>	<u>9,472</u>
	<u>5,092</u>	<u>83,840</u>	<u>5,092</u>	<u>83,840</u>

Previously disclosed in the Statement of Changes in Equity

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-10 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-09 RM '000
ASSETS		
Non-current assets		
Fixed assets	604,857	627,554
Leasehold property	18,187	18,421
Associates	799,506	815,654
Jointly controlled entities	146,758	139,948
	<u>1,569,308</u>	<u>1,601,577</u>
Current Assets		
Consumable stores	8,464	6,797
Trade receivables	21,248	28,861
Other receivables and prepayments	41,720	48,025
Investments	153,510	150,497
Short term deposits	365,100	406,718
Cash and bank balances	106,646	53,711
	<u>696,688</u>	<u>694,609</u>
TOTAL ASSETS	<u><u>2,265,996</u></u>	<u><u>2,296,186</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	1,542,591	1,537,074
	<u>1,792,591</u>	<u>1,787,074</u>
Minority interest	73,576	74,001
Total equity	<u>1,866,167</u>	<u>1,861,075</u>
Non-current liabilities		
Bank and other borrowings	325,170	344,968
	<u>325,170</u>	<u>344,968</u>
Current liabilities		
Bank and other borrowings	6,876	7,695
Other payables	66,998	81,546
Provision for Taxation	785	902
	<u>74,659</u>	<u>90,143</u>
Total liabilities	<u>399,829</u>	<u>435,111</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,265,996</u></u>	<u><u>2,296,186</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010

	← Attributable to Equity Holders of the Parent →						Minority Interest	Total Equity		
	Non-distributable					Distributable			RM '000	RM '000
	Share Capital	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Retained profits				
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000			
3 MONTHS ENDED 31 MARCH 2009										
At 1 JANUARY 2009	250,000	48,791	34,159	40,000	7,872	1,503,116	1,883,938	141,945	2,025,883	
Profit for the period	-	-	-	-	-	14,703	14,703	1,348	16,051	
Other comprehensive income	-	-	-	-	59,665	-	59,665	8,124	67,789	
Total comprehensive income for the period	-	-	-	-	59,665	14,703	74,368	9,472	83,840	
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	(11,578)	(11,578)	
At 31 MARCH 2009	250,000	48,791	34,159	40,000	67,537	1,517,819	1,958,306	139,839	2,098,145	
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	
Profit for the period	-	-	-	-	-	51,361	51,361	1,637	52,998	
Other comprehensive income	-	-	-	-	(45,844)	-	(45,844)	(2,062)	(47,906)	
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	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2010

	CUMULATIVE	
	CURRENT YEAR 31-Mar-10 RM '000	PRECEDING YEAR 31-Mar-09 RM '000
Cash Flow From Operating Activities		
Profit before taxation	53,476	14,257
Adjustments for:		
Depreciation and amortisation	8,119	7,633
Amortisation of leasehold property	49	106
(Gain) / loss on disposal of quoted investments	(684)	(3,551)
Unrealised loss on quoted investments	1,514	6,305
Gain on disposal of vessels	-	(7,966)
Unrealised exchange (gain) / loss	365	(77)
Dividend income	(44)	(402)
Interest income	(876)	(2,089)
Interest expense	5,241	4,055
Share of results of associate	(4,664)	(15,467)
Share of results of jointly controlled entities	(7,975)	(8,612)
Operating profit before working capital changes	54,521	(5,808)
Working capital changes:		
Consumable stores	(1,868)	479
Receivables	12,450	4,933
Payables	(13,552)	(44,791)
Cash generated from operating activities	51,551	(45,187)
Tax paid	(671)	(528)
Net cash (used in) / generated from operating activities	50,880	(45,715)
Cash Flows From Investing Activities		
Purchase of new equipment and capitalisation of dry docking cost	(3,034)	(1,450)
Purchase of other fixed assets	(17)	(101)
Purchase of quoted investments	(8,812)	(4,089)
Purchase of other investments	(33,797)	(15,354)
Dividend received	44	402
Interest received	876	2,089
Proceeds from disposal of quoted investments	11,210	9,469
Proceeds from disposal of other investments	23,249	31,551
Proceeds from disposal of vessels	-	13,561
Net cash outflow from deemed disposal of a subsidiary	-	(23,234)
Loan repayment from associates	-	704
Net cash (used in) / generated from investing activities	(10,281)	13,548
Cash Flows From Financing Activities		
Interest paid	(3,288)	(3,303)
Repayment of lease financing	(12,846)	(1,735)
Net cash used in financing activities	(16,134)	(5,038)
Net Change in Cash & Cash Equivalents	24,465	(37,205)
Effects of Foreign Exchange Rate Changes	(13,148)	47,232
Cash & Cash Equivalents at the beginning of the period	460,429	805,571
Cash & Cash Equivalents at the end of the period	471,746	815,598
Cash & Cash equivalents comprise:		
Short term deposits	365,100	781,506
Cash and bank balances	106,646	34,092
	471,746	815,598

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 2009.

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 2009 with the exception for

- i) FRS 139, whereby unrealised gains on quoted investments are not recognised in the financial statements until year end. Unrealised losses on quoted investments are recognised immediately whilst unrealised gains will only be recognised at the year end; and
- ii) the adoption of the following Financial Reporting Standards (FRS), amendments to FRSs, and IC Interpretations:

FRS 8	Operating Segments
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132 Financial Instruments: Presentation and FRS 101 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives
Improvement to FRSs (2009)

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did 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 2009 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 2010.

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 & others RM '000	Elimination RM '000	Group RM '000
REVENUE AND RESULT					
Revenue					
Group	97,716	13,968	3,038	(291)	114,431
Inter-segment	128	-	(419)	291	-
External revenue	<u>97,844</u>	<u>13,968</u>	<u>2,619</u>	<u>-</u>	<u>114,431</u>
Segment results	45,644	5,305	(5,747) *	-	45,202
Interest income					876
Finance cost					(5,241)
Share of results of associate					4,664
Share of results of jointly controlled entities					7,975
Taxation					(478)
Profit for the period					<u>52,998</u>

*Included in "others" segment are attributable foreign exchange loss of RM3.5 million and mark-to-market provisions on quoted investments of RM1.5 million.

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 2010 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

- i) Four dormant wholly owned subsidiaries, Alam Tenggara Sdn Bhd, MBC Berkat Sdn Bhd, Kenagamas Sdn Bhd and Alam Selaras Sdn Bhd, were dissolved during the current quarter under review.
- ii) Lightwell Shipping Inc, a wholly owned subsidiary of the Company, has on 9 March 2010 acquired a 100% equity interest in Libertos International Ltd and South Pasadena Ltd for cash consideration of USD1 each.

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 Court of the Special Commissioners of Income Tax has fixed the dates for hearing on 1st to 3rd September 2010. No provision has been made in the accounts and the Company is contesting this assessment.

B1. REVIEW OF PERFORMANCE

The Group's revenue for this first quarter 2010 of RM114.4 million is a significant increase (+117%) against revenue for the same period last year. This is due to both the increase in hire days as well improved hire rates for the dry bulk fleet.

The BDI started the year at 3140 and closed the quarter at 2998 averaging 3026 throughout the quarter. This compared favorably to 2009's BDI which was much lower, starting at 773 and closing at 1615. The better market is reflected in the higher TCE/day achieved for Q1 2010 of US\$30,263/day compared to last year's US\$11,807. The tanker market however is relatively flat and the TCE rate averaged at US\$18,171/day which is about 5% lower against the comparative period last year.

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

	Ave. TCE/Day		Hire Days	
	Q1 2010 (USD)	Q1 2009 (USD)	Q1 2010 (Day)	Q1 2009 (Day)
Dry Bulk	30,263	11,807	949	888
Product Tankers	18,171	19,138	233	230
Fleet Average	27,879	13,315	1,182	1,118

Operating expenses increased by RM9.7 million for this current quarter compared to Q1 2009 reflecting the increase in charter-in activities. All in, operating profit, (revenue less operating expenses) increased from RM2.2 million in Q1 last year, to RM54.2 million for this current quarter; a 25 fold improvement.

B1. REVIEW OF PERFORMANCE (Cont'd)

Compared against Q1 2009, there were no major variances in other operating income/loss and administrative expenses for this quarter. Finance cost for Q1 2010 is RM1.2 million higher than Q1 2009 last year due to higher cost incurred.

The Group's share of results from associates – namely PACC Offshore Services Holdings Pte Ltd (POSH) declined from RM15.5 million in Q1 2009 to RM4.7 million this year. This is attributed to the soft offshore services market where rates and utilization fell for the POSH Group's fleet.

The MBC Group closed the current quarter with profit attributable to shareholders of RM51.4 million, an increase of 249% compared to attributable profit for Q1 2009 of RM14.7million.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The average dry bulk TCE achieved for Q1 2010 is US\$30,263/day which is an increase from TCE achieved last quarter 2009 of US\$22,093/day. The increased TCE rate is a reflection of the improved freight market over the last six months.

Operating expenses this quarter of RM60.2 million are also up compared to Q4 2009 amount of RM43.2 million reflecting the increase charter-in activities and higher TCE rates. The current quarter's operating profit (i.e. revenue less operating expense) for this current Q1 2010 of RM54.2 million is higher compared to Q4 2009 of RM39.4million.

Other operating income reported a substantial drop for this current quarter from RM39.2 million for Q4 2009 to RM3.8 million loss this current quarter. The substantial decline is due to mark-to-market gains on quoted investments of RM32.2 million recognized at the end of FY2009. Comparatively for Q1 2010, a mark-to-market loss of RM1.5 million has been provided. As a matter of prudence and policy, the Group does not recognize mark -to-market gains until end of the year.

As reported in B1 above, the weaker POSH group results were due to a soft offshore market coupled with lower vessel utilization. Thus current quarter's share of results from POSH of RM4.7million is lower than that of Q4 2009 of RM11.5 million, a drop of RM6.8 million.

The Group closed the quarter with a profit attributable to shareholders of RM51.4 million; a 42% decline against Q4 2009's attributable profit of RM88.4 million. As explained above, the substantial variance is due to mark-to-market gains on quoted equities which were recognized in Q4 2009. It is nonetheless, a credible performance for this first quarter.

B3. PROSPECTS

The World Trade Organization ("WTO") in their latest outlook dated April 2010 has forecasted a global growth rate of 4.25%, which compares positively to last year's contraction of ½%. It is also higher than their earlier growth forecast for 2010 of 3.9%. China is expected to have a growth rate of 10% and 9.9% for 2010 and 2011 respectively, and India's growth is projected at 8.8% and 8.4% for 2010 and 2011 respectively. The advanced economies of US and Euro countries are however expected to recover with growth rates of 3.1% and 1.0% only for 2010 respectively.

The global freight market firmed in the last few weeks, stimulated by increased activities in the market on the back of increased trade from China. According to statistics released by the General Administration of Customs on the 11th of May, China's import export value for periods ending April, reported a year-on-year gain of 42.7%. We expect the freight market to remain robust.

Whilst the global economic outlook may have improved, the Group still expects 2010 to be a challenging year with some of the European countries showing uncertainties in resolving their national debts. Despite this, your board continues to believe that the Group will remain profitable as reported in the previous quarter.

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	581	581
-prior year	(103)	(103)
	<u>478</u>	<u>478</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. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

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

B7. 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	8,812	8,812
Sale proceeds	11,210	11,210
Gain / (loss) on disposal of quoted securities	684	684

ii) Details of investments in quoted securities:

	As at 31-Mar-10 RM '000
Marketable securities	
At cost	107,289
At book value	153,422
At market value	154,259

B8. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals submitted by the Group as at 31 March 2010.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 March 2010 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	287	307,817
Finance lease payables	USD	6,589	17,353
		<u>6,876</u>	<u>325,170</u>

The secured loans are denominated in Sterling Pound and these have been swapped into US Dollars.

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments outstanding as at 31 March 2010:

	Notional Value RM '000	Fair Value RM '000
<i>Less than 1 year</i>		
Currency forward contracts	126,562	125,325

B11. MATERIAL LITIGATION

Save for those previously disclosed, there is no significant development in our material litigations at the date of this announcement.

B12. DIVIDENDS

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2010.

B13. 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-10	PRECEDING YEAR QUARTER 31-Mar-09	CURRENT YEAR TO DATE 31-Mar-10	PRECEDING YEAR TO DATE 31-Mar-09
Profit attributable to ordinary equity holders of the parent (RM'000)	51,361	14,703	51,361	14,703
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>5.14</u>	<u>1.47</u>	<u>5.14</u>	<u>1.47</u>

B14. COMMITMENTS

Commitments as at 31 March 2010 are as follows:

	RM'000
(i) Approved and contracted for	
Capital commitments	7,367
(ii) Non-cancellable charter-in commitments	
Due within 1 year	19,810
Due later than 1 year and not later than 5 years	227,414
Due later than 5 years	480,427
	<u>735,018</u>