

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 June 2011

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Jun-11 RM '000	PRECEDING YEAR QUARTER 30-Jun-10 RM '000	CURRENT YEAR TO DATE 30-Jun-11 RM '000	PRECEDING YEAR TO DATE 30-Jun-10 RM '000
Revenue	69,653	96,067	154,567	210,498
Operating expenses	<u>(49,792)</u>	<u>(51,946)</u>	<u>(95,385)</u>	<u>(112,166)</u>
	19,861	44,121	59,182	98,332
Other operating income/(loss), net	5,799	(19,374)	19,240	(23,199)
Administrative expenses	<u>(4,678)</u>	<u>(4,092)</u>	<u>(8,774)</u>	<u>(8,400)</u>
Profit from operations	20,982	20,655	69,648	66,733
Finance costs	(450)	286	(963)	(4,955)
Share of results of associate	264	4,244	2,112	8,908
Share of results of jointly controlled entities	<u>2,224</u>	<u>8,184</u>	<u>5,703</u>	<u>16,159</u>
Profit before taxation	23,020	33,369	76,500	86,845
Income tax expense	<u>(466)</u>	<u>(528)</u>	<u>(854)</u>	<u>(1,006)</u>
Profit for the period	<u>22,554</u>	<u>32,841</u>	<u>75,646</u>	<u>85,839</u>
Attributable to:				
Equity holders of the parent	21,887	31,560	74,545	82,921
Minority interests	<u>667</u>	<u>1,281</u>	<u>1,101</u>	<u>2,918</u>
	<u>22,554</u>	<u>32,841</u>	<u>75,646</u>	<u>85,839</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	2.19	3.16	7.45	8.29

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2011**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Jun-11 RM '000	PRECEDING YEAR QUARTER 30-Jun-10 RM '000	CURRENT YEAR TO DATE 30-Jun-11 RM '000	PRECEDING YEAR TO DATE 30-Jun-10 RM '000
Profit for the period	22,554	32,841	75,646	85,839
Other comprehensive income:				
Currency translation differences	<u>(8,828)</u>	<u>(32,883)</u>	<u>(34,175)</u>	<u>(80,789)</u>
Total comprehensive income for the period	<u>13,726</u>	<u>(42)</u>	<u>41,471</u>	<u>5,050</u>
Total comprehensive income attributable to:				
Equity holders of the parent	13,287	(33)	41,412	5,484
Minority interests	<u>439</u>	<u>(9)</u>	<u>59</u>	<u>(434)</u>
	<u>13,726</u>	<u>(42)</u>	<u>41,471</u>	<u>5,050</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Jun-11 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-10 RM '000
ASSETS		
Non-current assets		
Fixed assets	540,565	562,391
Associate	734,590	746,052
Jointly controlled entities	172,941	136,921
	<u>1,448,096</u>	<u>1,445,364</u>
Current Assets		
Consumable stores	7,183	10,699
Trade receivables	39,705	27,213
Other receivables and prepayments	13,356	16,947
Investments	129,319	127,476
Short term deposits	149,315	297,477
Cash and bank balances	82,412	19,215
	<u>421,290</u>	<u>499,027</u>
Non-current assets classified as held for sale	-	52,863
	<u>421,290</u>	<u>551,890</u>
TOTAL ASSETS	<u><u>1,869,386</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	1,377,197	1,435,785
	<u>1,627,197</u>	<u>1,685,785</u>
Minority interest	56,693	56,634
Total equity	<u>1,683,890</u>	<u>1,742,419</u>
Non-current liabilities		
Bank and other borrowings	83,363	107,013
	<u>83,363</u>	<u>107,013</u>
Current liabilities		
Bank and other borrowings	42,364	43,148
Other payables	58,777	104,050
Provision for Taxation	992	624
	<u>102,133</u>	<u>147,822</u>
Total liabilities	<u>185,496</u>	<u>254,835</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,869,386</u></u>	<u><u>1,997,254</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

	Attributable to Equity Holders of the Parent						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			Total RM '000
6 MONTHS ENDED 30 JUNE 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	-	-	-	-	(77,437)	82,921	5,484	(434)	5,050
Dividends paid	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
At 30 JUNE 2010	250,000	48,791	13,209	40,000	(134,788)	1,425,346	1,642,558	73,567	1,716,125
6 MONTHS ENDED 30 JUNE 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	-	-	-	-	(33,133)	74,545	41,412	59	41,471
Dividends paid	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
At 30 JUNE 2011	250,000	48,791	13,209	40,000	(280,141)	1,555,338	1,627,197	56,693	1,683,890

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011

	CUMULATIVE	
	CURRENT YEAR 30-Jun-11 RM '000	PRECEDING YEAR 30-Jun-10 RM '000
Cash Flow From Operating Activities		
Profit before taxation	76,500	86,845
Adjustments for:		
Depreciation and amortisation	14,140	15,867
Loss/(gain) on disposal of quoted investments	13	(71)
Unrealised loss on quoted investments	-	13,344
Gain on disposal of vessels	(4,629)	-
Unrealised exchange gain	(1,793)	(1,025)
Writeback of provision for doubtful debts	(2)	(130)
Dividend income	-	(263)
Interest income	(610)	(2,458)
Finance costs	963	4,955
Share of results of associate	(2,112)	(8,908)
Share of results of jointly controlled entities	(5,703)	(16,159)
Operating profit before working capital changes	<u>76,767</u>	<u>91,997</u>
Working capital changes:		
Consumable stores	3,643	278
Receivables	(5,969)	4,168
Payables	<u>(46,048)</u>	<u>103,106</u>
Cash generated from operating activities	28,393	199,549
Tax paid	<u>(486)</u>	<u>(1,160)</u>
Net cash generated from operating activities	<u>27,907</u>	<u>198,389</u>
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	-	(78,077)
Purchase of new equipment and capitalisation of dry docking cost	(2,023)	(3,520)
Purchase of other fixed assets	(175)	(35)
Purchase of quoted investments	-	(16,243)
Purchase of other investments	(4,239)	(52,645)
Dividend received	-	263
Dividend from jointly controlled entities	730	-
Interest received	610	2,458
Proceeds from disposal of quoted investments	28	22,327
Proceeds from disposal of other investments	-	49,643
Proceeds from disposal of vessels	57,492	-
Proportionate shareholder's advance to jointly controlled entities	(33,937)	-
Repayment of shareholder's advance from a jointly controlled entity	1,126	2,876
Net cash used in investing activities	<u>19,612</u>	<u>(72,953)</u>
Cash Flows From Financing Activities		
Finance costs paid	(963)	(4,955)
Repayment of loans	(21,705)	(197,079)
Drawdown of loans	-	192,486
Repayment of lease financing	-	(14,511)
Dividends paid to shareholders	(100,000)	(150,000)
Net cash used in financing activities	<u>(122,668)</u>	<u>(174,059)</u>
Net Change in Cash & Cash Equivalents	(75,149)	(48,623)
Effects of Foreign Exchange Rate Changes	(9,816)	(24,373)
Cash & Cash Equivalents at the beginning of the period	<u>316,692</u>	<u>460,429</u>
Cash & Cash Equivalents at the end of the period	<u>231,727</u>	<u>387,433</u>
Cash & Cash equivalents comprise:		
Short term deposits	149,315	332,088
Cash and bank balances	<u>82,412</u>	<u>55,345</u>
	<u>231,727</u>	<u>387,433</u>

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

The final single tier dividend of 10 sen per share, amounting to RM100 million for the financial year ended 31 December 2010 was paid on 6 May 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	132,037	18,423	4,631	-	(524)	154,567
Inter-segment	262	-	(786)	-	524	-
External revenue	<u>132,299</u>	<u>18,423</u>	<u>3,845</u>	<u>-</u>	<u>-</u>	<u>154,567</u>
Segment results	57,855	234	1,308	9,641	-	69,038
Interest income						610
Finance costs						(963)
Share of results of associate						2,112
Share of results of jointly controlled entities						5,703
Taxation						(854)
Profit for the period						<u>75,646</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 30 June 2011 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

Springbright Holdings Limited, a wholly owned subsidiary, was dissolved on 6 May 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 the first half 2011 declined 27% to RM154.6 million (in spite of higher revenue days), from RM210.5 million posted for the same period last year. The drop is attributed to a 27% fall in the hire rates.

The BDI started the year at 1,693 and ended the first half 2011 at 1,413. For first half 2011, the BDI averaged 1,372 points reflecting a 57% decline from the average of 3,165 registered in the first half of last year. TCE/day for dry bulk carriers in 1H2011 was US\$19,604/day compared to 1H2010's TCE/day of US\$28,387. The tanker market continued to remain weak with MBC's tankers' earning US\$12,952/day in 1H2011, against last year's comparative average of US\$13,059/day.

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

	Ave. TCE/Day		Hire Days	
	1H2011 (USD)	1H2010 (USD)	1H2011 (Day)	1H2010 (Day)
Dry Bulk	19,604	28,387	2,240	1,956
Product Tankers	12,952	13,059	485	524
Fleet Average	18,420	25,151	2,725	2,480

Operating profit (revenue less operating expenses) declined 40% to RM59.2 million in 1H2011, from RM98.3 million in the corresponding period last year mainly due to the lower charter rates.

Other operating income was a RM19.2 million profit versus a loss of RM23.2 million in the same period last year. The net increase of RM42.4 million comprises of gains from foreign exchange, investment activities and disposal of a tanker. Finance cost decreased by 81% (or RM3.99 million) y-o-y as last year's comparative includes provisions for early termination of a tax structured lease.

Contribution from associate (POSH) declined 76% to RM2.1 million in 1H2011 due to the continued weakness in the offshore service sector. Contribution from the jointly controlled entities in the dry bulk sector declined 65% to RM5.7 million in 1H2011, from RM16.2 million in 1H2010.

Overall, net profit attributable to shareholders declined 10% to RM74.5 million in 1H2011, from RM82.9 million in 1H2010.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue declined 18% to RM69.7 million in Q2 2011, from RM84.9 million in Q1 2011 mainly due to the lower charter rates and reduced revenue days from charter-in segment.

Operating profit declined 49% to RM19.9 million in Q2 2011, from RM39.3 million in Q1 2011 as a result of the lower margins from charter-in activities.

Excluding the one-off capital gain on disposal of vessel of RM4.6 million registered in Q1 2011, other operating income in Q2 2011 is RM3.01 million lower than Q1 2011 due to lower foreign exchange gain.

Contribution from associate (POSH group) and jointly controlled entities declined RM1.6 million and RM1.3 million q-o-q respectively.

Overall, the Group posted a profit attributable to shareholders of RM21.9 million, a 58% (or RM30.8 million) decline against the preceding quarter's attributable profit of RM52.7 million.

B3. PROSPECTS

IMF, in their June 2011 update of World Economic Outlook, concluded that the downside risks have again increased. Growth in many advanced economies remains weak whilst growth in most emerging and developing economies continues to be positive. Overall, the global economy grew at an annual rate of 4.3% in the first quarter and forecasts for 2011 and 2012 are being maintained. However, weakness in US economy and renewed financial unease over the Euro debt issues pose greater downside risks.

IMF revised 2011 world trade flow forecast upwards (from 7.4% in April 2011) to 8.2%. The prime driver for the dry bulk shipping industry continue to be the sustained demand for commodities in China and also the increasing growth in India. However, BIMCO forecasts inflow of new dry bulk tonnage in 2011 to be higher than 2010. Net of demolitions, the world fleet is forecast to grow by 13.8% in 2011. On balance, the growing demand for almost all commodities averted a meltdown in freight rates.

The Group maintains a cautious outlook and sees a challenging second half year. Overall the Group will continue to be profitable.

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	472	817
-prior year	(6)	37
	<u>466</u>	<u>854</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 30-Jun-11 RM'000	As at 31-Dec-10 RM'000
Realised	1,555,338	1,602,059
Unrealised	-	(21,266)
	<u>1,555,338</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 30-Jun-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 30 June 2011.

B10. GROUP BORROWINGS

The Group borrowings as at 30 June 2011 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	USD	42,364	83,363

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments outstanding as at 30 June 2011:

	Notional Value RM '000	Fair Value RM '000
<u>Less than 1 year</u>		
Forward currency contracts	136,446	136,607

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 30 June 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 30-Jun-11	PRECEDING YEAR QUARTER 30-Jun-10	CURRENT YEAR TO DATE 30-Jun-11	PRECEDING YEAR TO DATE 30-Jun-10
Profit attributable to ordinary equity holders of the parent (RM'000)	21,887	31,560	74,545	82,921
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>2.19</u>	<u>3.16</u>	<u>7.45</u>	<u>8.29</u>

B15. COMMITMENTS

Commitments as at 30 June 2011 are as follows:

	RM'000
(i) The Group	
Non-cancellable charter-in commitments	
Due within 1 year	39,056
Due later than 1 year and not later than 5 years	300,033
Due later than 5 years	367,396
	<hr/>
	706,485
(ii) Share of jointly controlled entity's capital commitments	14,858
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	721,343