

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2007
 The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-07 RM '000	PRECEDING YEAR QUARTER 30-Sep-06 RM '000 (restated)	CURRENT YEAR TO DATE 30-Sep-07 RM '000	PRECEDING YEAR TO DATE 30-Sep-06 RM '000 (restated)
Revenue	163,676	117,884	417,231	333,611
Operating expenses	<u>(66,935)</u>	<u>(51,584)</u>	<u>(150,223)</u>	<u>(137,015)</u>
Other operating income	96,741	66,300	267,008	196,596
Administrative expenses	<u>44,761</u>	<u>11,139</u>	<u>176,518</u>	<u>34,175</u>
	<u>(7,411)</u>	<u>(4,895)</u>	<u>(20,389)</u>	<u>(14,667)</u>
Profit from operations	134,091	72,544	423,137	216,104
Finance cost	(6,379)	(3,210)	(14,519)	(11,151)
Share of results of associate	<u>3,915</u>	<u>3,939</u>	<u>11,580</u>	<u>11,661</u>
Profit before taxation	131,627	73,273	420,198	216,614
Income tax expense	<u>(315)</u>	<u>(712)</u>	<u>(2,290)</u>	<u>(1,031)</u>
Profit for the period	<u>131,312</u>	<u>72,561</u>	<u>417,908</u>	<u>215,583</u>
Attributable to:				
Equity holders of the parent	115,467	69,568	388,586	206,683
Minority interests	<u>15,845</u>	<u>2,993</u>	<u>29,322</u>	<u>8,900</u>
	<u>131,312</u>	<u>72,561</u>	<u>417,908</u>	<u>215,583</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	11.55	6.96	38.86	20.67

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Sep-07 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-06 RM '000
ASSETS		
Non-current assets		
Fixed assets	952,670	1,021,312
Associate	47,835	36,397
	<u>1,000,505</u>	<u>1,057,709</u>
Current Assets		
Consumable stores	6,624	6,216
Trade receivables	47,036	33,148
Other receivables and prepayments	132,416	84,231
Financial assets (comprising club membership & quoted investments)	143,517	178,235
Short term deposits	725,577	676,671
Cash and bank balances	49,425	16,123
	<u>1,104,595</u>	<u>994,624</u>
Non-current asset classified as held for sale	-	36,062
	<u>1,104,595</u>	<u>1,030,686</u>
TOTAL ASSETS	<u>2,105,100</u>	<u>2,088,395</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	200,000
Reserves	1,360,967	1,354,117
	<u>1,610,967</u>	<u>1,554,117</u>
Minority interest	79,675	53,034
Total equity	<u>1,690,642</u>	<u>1,607,151</u>
Non-current liabilities		
Bank and other borrowings	344,738	336,014
Deferred taxation	514	-
	<u>345,252</u>	<u>336,014</u>
Current liabilities		
Bank and other borrowings	17,631	73,302
Other payables	50,818	71,451
Provision for Taxation	757	477
	<u>69,206</u>	<u>145,230</u>
Total liabilities	<u>414,458</u>	<u>481,244</u>
TOTAL EQUITY AND LIABILITIES	<u>2,105,100</u>	<u>2,088,395</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	CUMULATIVE	
	CURRENT YEAR 30-Sep-07 RM '000	PRECEDING YEAR 30-Sep-06 RM '000 (Restated)
Cash Flow From Operating Activities		
Profit before taxation	420,198	216,614
Adjustments for:		
Depreciation	28,038	30,487
(Gain) / loss on disposal of quoted investments	(6,109)	(2,243)
Gain on disposal of vessels	(133,470)	-
Gain on disposal of fixed assets	-	2
Provision for doubtful debts	124	-
Provision for claims	3,659	-
Unrealised exchange (gain)/loss	6,946	-
Share of results of associate	(11,580)	(11,661)
Unrealised loss / (gain) on quoted investments	2,386	1,249
Dividend income	(1,176)	(988)
Movement in foreign exchange translation	2,311	(4,155)
Interest income	(28,053)	(28,159)
Interest expense	14,519	11,151
Operating profit before working capital changes	297,793	212,297
Working capital changes:		
Consumable stores	(408)	2,286
Receivables	(31,430)	(47,296)
Payables	(24,292)	(16,630)
Cash generated from operating activities	241,663	150,657
Tax (paid)/recovered	(649)	(715)
Net cash generated from operating activities	241,014	149,942
Cash Flows From Investing Activities		
Construction / purchase cost incurred for fixed assets	(183,589)	(116,087)
Purchase of new equipment and capitalisation of dry docking cost	(3,198)	(1,330)
Purchase of other fixed assets	(75)	(430)
Purchase of quoted investments	(226,593)	(31,187)
Dividend received	1,176	988
Interest received	28,053	28,159
Proceeds from disposal of quoted investments	264,133	26,355
Proceeds from sale of vessels	388,173	-
Proceeds from disposal of fixed assets	-	57
Net cash generated from/(used in) investing activities	268,080	(93,475)
Cash Flows From Financing Activities		
Interest paid	(14,519)	(11,151)
Repayment of loans	(3,400)	(2,528)
Repayment of lease financing	(60,406)	(8,920)
Repayment of loan from minority shareholder	(25,971)	-
Dividend paid to shareholders	(320,000)	(136,000)
Loan from a minority shareholder of a subsidiary company	8,636	-
Loan repayment from associate company	-	3,754
Net cash generated from/(used in) financing activities	(415,660)	(154,845)
Net Change in Cash & Cash Equivalents	93,434	(98,378)
Effects of Foreign Exchange Rate Changes	(11,226)	-
Cash & Cash Equivalents at the beginning of the period	692,794	775,093
Cash & Cash Equivalents at the end of the period	775,002	676,715
Cash & Cash equivalents comprise:		
Short term deposits	725,577	610,026
Cash and bank balances	49,425	66,689
	775,002	676,715

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	← 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		
9 MONTHS ENDED 30 SEPTEMBER 2006									
At 1 January 2006									
As previously stated	200,000	98,791	34,159	40,000	1,473	1,089,657	1,464,080	45,082	1,509,162
Effects of adopting FRS 121	-	-	-	-	91,678	(56,061)	35,617	-	35,617
At 1 January 2006 (restated)	200,000	98,791	34,159	40,000	93,151	1,033,596	1,499,697	45,082	1,544,779
Currency translation differences	-	-	-	-	(29,045)	-	(29,045)	(1,153)	(30,198)
Profit for the period	-	-	-	-	-	206,683	206,683	8,900	215,583
Dividends	-	-	-	-	-	(136,000)	(136,000)	-	(136,000)
At 30 September 2006 (restated)	200,000	98,791	34,159	40,000	64,106	1,104,279	1,541,335	52,829	1,594,164
9 MONTHS ENDED 30 SEPTEMBER 2007									
At 1 January 2007	200,000	98,791	34,159	40,000	(16,995)	1,198,162	1,554,117	53,034	1,607,151
Currency translation differences	-	-	-	-	(11,736)	-	(11,736)	(2,681)	(14,417)
Profit for the period	-	-	-	-	-	388,586	388,586	29,322	417,908
Dividends	-	-	-	-	-	(320,000)	(320,000)	-	(320,000)
Bonus issue	50,000	(50,000)	-	-	-	-	-	-	-
At 30 September 2007	250,000	48,791	34,159	40,000	(28,731)	1,266,748	1,610,967	79,675	1,690,642

NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention.

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. The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2006 with the exception for 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 (RM27.8million as at 30 September 07) will only be recognised at the year end.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2006 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

During the nine months ended 30 September 2007, the first and final dividend of 12 sen per share and a special dividend of 18 sen per share, tax exempt, in respect of the financial year ended 31 December 2006, amounting to RM240 million was paid on 10 May 2007.

An interim dividend of 8 sen per share, tax exempt, in respect of the financial year ending 31 December 2007, amounting to RM80 million was paid on 24 September 2007.

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					
External sales	320,827	91,449	4,955	-	417,231
Inter-segment sales	(1,546)	-	2,516	(970)	-
Total revenue	<u>319,281</u>	<u>91,449</u>	<u>7,471</u>	<u>(970)</u>	<u>417,231</u>
Segment results	275,849	108,291	10,944	-	395,084
Interest income					28,053
Finance cost					(14,519)
Share of results of associate					11,580
Taxation					(2,290)
Profit for the period					<u>417,908</u>

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

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

A10. SUBSEQUENT MATERIAL EVENTS

In November 2007, a subsidiary, Towertime Holdings Ltd had entered into a Memorandum of Agreement for the disposal of a product tanker for cash consideration of US\$43.06 million. The disposal is expected to be completed in December 2007.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

A12. CONTINGENT LIABILITIES

	As at 30-Sep-07 RM '000	As at 31-Dec-06 RM '000
Corporate guarantee given to a 3rd party in respect of a claim arising from charter party dispute	3,415	-

B1. REVIEW OF PERFORMANCE

Group revenue for the nine months to September 2007 is RM417.2million. This is a 25% increase compared to the previous year's nine month revenue of RM333.6million.

On a segmental basis, revenue from the dry bulk segment for the period ending 30 September 2007 is up RM59.8 million showing a 23% improvement against the corresponding period in 2006. Whilst total hire days are reduced due to disposal of vessels, the strong freight market has more than compensated for the reduced hire days. The revenue for the tanker segment is up RM21.7million reflecting a 31% improvement compared to that of September 2006 boosted by increased hire days due to the delivery of 3 new tankers in 2007.

The table below summarizes the average time charter equivalent (TCE) rates achieved for the group's fleet of dry bulk and tankers. Average TCE for the fleet's drybulk segment is still up despite low returns from TNB's contracts of affreightment.

Tanker TCE average rates are flat when compared against the comparative nine months to September last year. The Group took delivery of 3 new product tankers during this nine month period and these added hire days to the tanker segment. However 2 of these have since been sold and delivered

	Ave. TCE/Day		Hire Days	
	Sep-07 (USD)	Sep-06 (USD)	Sep-07 (Day)	Sep-06 (Day)
Dry Bulk	26,717	17,914	3,460	3,961
Product Tankers	21,468	21,125	1,249	917
Fleet Average	25,325	18,517	4,709	4,878

Profit after tax for the nine months to September 2007 is RM417.9 million - a 94% increase compared to the nine months of September 2006. This is due to strong dry bulk market, the addition of the new tankers and the RM133.5 million gains (last year none) on disposal of vessels.

Administrative expenses increased by RM5.7 million due to higher cost of doing business and legal cost incurred in restructuring of a finance lease and in the arbitration concerning a charterparty dispute.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The 3rd quarter 2007's revenue increased by 12% to RM163.7 million from 2nd quarter's RM146.1 million. This is largely attributable to the strong dry bulk rates with TCE averaging US\$31,075 per day for the segment versus US\$26,543 per day for the previous quarter. This is notwithstanding the lower Q3 TCE for our tankers. The quarter's average for our tankers of US\$21,302 per day is 8% lower than that of the 2nd quarter of US\$23,068.

Whilst revenue has increased, operating profit for the 3rd Quarter 2007 of RM96.7 million is down 4% against the preceding 2nd quarter's operating profit of RM100.4million. This is due to higher cost of chartered-in tonnages to perform the Tenaga's coal contract of affreightment.

Administrative expenses and finance costs are higher reflecting an increase in cost of borrowing as well as legal fees on restructuring of loans.

B3. PROSPECTS

The Baltic Dry Index (BDI) started the year at 4,421. Continued strong demand, limited vessel supply aggravated by longer tonne miles and port congestions all contributed to push the BDI to a fresh record of 11,039 points on 13th November 2007. This is a 2.5 times increase since the start of the year. In particular, China's strong demand for raw materials supported by the strong Indian economy have pushed freight rates to new and record heights. With the world drybulk fleet at close to full utilisation; this supports the general expectation that rates will remain firm through 2008.

On the tankers front the Baltic Clean Tanker Index (BCTI) has had more of a bumpy ride over the year. The BCTI opened the year at 1,185, touched 1,125 and 1,145 in March and June of this year and has since been on a downward trend.

The IMF in their latest report forecasts world growth to slow down in 2008 but still maintaining a solid 4.75% growth. This is largely underpinned by the emerging economies lead by China and India. The Chinese economy is expected to only slow down slightly to a 10% growth in 2008. However, the adverse impact on world economic growth stemming from the US subprime mortgage market and the current high oil prices is a threat. A November report released from China's Commerce Ministry's policy research department warned that a slowing US economy would trigger a drop in Chinese exports.

The MBC Group recently concluded the sale of its 3rd product tanker with delivery to buyer slated before the year's end. This will add approximately RM28.0 million to the Group's bottom line. The Group's nine-month's performance for 2007 has already exceeded that of Year 2006, and therefore the Board is confident of reporting sterling results for 2007.

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 year	315	1,435
-prior year	-	342
Deferred tax	-	513
	<u>315</u>	<u>2,290</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	19,593	226,593
Sale proceeds	177,708	264,133
Profit/(loss) on disposal of quoted securities	2,680	6,109

ii) Details of investments in quoted securities:

	As at 30-Sep-07 RM '000
Marketable securities	
At cost	102,339
At book value	143,345
At market value	171,162

B8. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals submitted by the Group as at 30 September 2007.

B9. GROUP BORROWINGS

i) The Group borrowings as at 30 September 2007 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	11,106	297,066
Unsecured loan	RM	-	544
Finance lease payables	USD	6,525	47,128
		<u>17,631</u>	<u>344,738</u>

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

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any contracts involving off balance sheet financial instruments as at the date of this report.

B11. MATERIAL LITIGATION

There is no material litigation involving the Group since the last annual balance sheet date to the date of this report.

B12. DIVIDENDS

No dividend has been proposed or declared for the 3rd quarter ended 30 September 2007.

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 weighted average number of ordinary shares in issue.

	CURRENT YEAR QUARTER 30-Sep-07	PRECEDING YEAR QUARTER 30-Sep-06	CURRENT YEAR TO DATE 30-Sep-07	PRECEDING YEAR TO DATE 30-Sep-06
Profit attributable to ordinary equity holders of the parent (RM'000)	115,467	69,568	388,586	206,683
Weighted average 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>11.55</u>	<u>6.96</u>	<u>38.86</u>	<u>20.67</u>

B14. COMMITMENTS

Commitments as at 30 September 2007 are as follows:

	RM'000
(i) Approved and contracted for Capital commitments (USD8.3million)	28,790
(ii) Non-cancellable time charter commitments	
Due within 1 year	60,029
Due later than 1 year and not later than 5 years	199,553
Due later than 5 years	186,333
	<u>474,705</u>