

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2012

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-12 RM '000	PRECEDING YEAR QUARTER 30-Sep-11 RM '000	CURRENT YEAR TO DATE 30-Sep-12 RM '000	PRECEDING YEAR TO DATE 30-Sep-11 RM '000
Revenue	64,453	85,189	201,229	300,146
Voyage expenses	<u>(26,843)</u>	<u>(40,810)</u>	<u>(77,064)</u>	<u>(101,200)</u>
Operating expenses	<u>37,610</u> <u>(40,549)</u>	<u>44,379</u> <u>(36,087)</u>	<u>124,165</u> <u>(123,400)</u>	<u>198,946</u> <u>(131,472)</u>
Other operating income/(loss), net	(2,939)	8,292	765	67,474
Administrative expenses	<u>12,442</u> <u>(3,471)</u>	<u>(17,841)</u> <u>(3,885)</u>	<u>29,552</u> <u>(10,244)</u>	<u>1,399</u> <u>(12,659)</u>
Profit from operations	6,032	(13,434)	20,073	56,214
Finance costs	(458)	(427)	(1,586)	(1,390)
Share of results of associate	9,619	11,387	21,463	13,499
Share of results of jointly controlled entities	<u>1,753</u>	<u>3,534</u>	<u>9,121</u>	<u>9,237</u>
Profit before taxation	16,946	1,060	49,071	77,560
Income tax expense	<u>87</u>	<u>(139)</u>	<u>(543)</u>	<u>(993)</u>
Profit for the period	<u>17,033</u>	<u>921</u>	<u>48,528</u>	<u>76,567</u>
Attributable to:				
Equity holders of the parent	17,093	371	48,911	74,916
Non-controlling interests	<u>(60)</u>	<u>550</u>	<u>(383)</u>	<u>1,651</u>
	<u>17,033</u>	<u>921</u>	<u>48,528</u>	<u>76,567</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	1.71	0.04	4.89	7.49

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2012

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-12 RM '000	PRECEDING YEAR QUARTER 30-Sep-11 RM '000	CURRENT YEAR TO DATE 30-Sep-12 RM '000	PRECEDING YEAR TO DATE 30-Sep-11 RM '000
Profit for the period	17,033	921	48,528	76,567
Other comprehensive income/(loss):				
Currency translation differences	<u>(41,775)</u>	<u>4,837</u>	<u>(38,769)</u>	<u>(29,338)</u>
Total comprehensive income for the period	<u><u>(24,742)</u></u>	<u><u>5,758</u></u>	<u><u>9,759</u></u>	<u><u>47,229</u></u>
Total comprehensive income attributable to:				
Equity holders of the parent	(18,301)	5,065	11,538	46,477
Minority interests	<u>(6,441)</u>	<u>693</u>	<u>(1,779)</u>	<u>752</u>
	<u><u>(24,742)</u></u>	<u><u>5,758</u></u>	<u><u>9,759</u></u>	<u><u>47,229</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012**

	UNAUDITED	AUDITED	AUDITED
	AS AT	AS AT	AS AT
	END OF	PRECEDING	PRECEDING
	CURRENT	FINANCIAL	FINANCIAL
	QUARTER	YEAR END	YEAR
	30-Sep-12	31-Dec-11	01-Jan-11
	RM '000	RM '000	RM '000
		(Restated)	(Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	500,068	549,743	562,391
Associate	787,433	781,743	746,052
Jointly controlled entities	192,562	188,910	136,921
	<u>1,480,063</u>	<u>1,520,396</u>	<u>1,445,364</u>
<b>Current Assets</b>			
Consumable stores	6,042	6,975	10,699
Trade receivables	40,341	23,027	27,213
Other receivables and prepayments	14,171	14,092	16,947
Investments	85,998	121,826	127,476
Short term deposits	46,866	148,928	297,477
Cash and bank balances	251,444	149,945	19,215
	<u>444,862</u>	<u>464,793</u>	<u>499,027</u>
Non-current assets classified as held for sale	3,832	2,526	52,863
	<u>448,694</u>	<u>467,319</u>	<u>551,890</u>
<b>TOTAL ASSETS</b>	<u><u>1,928,757</u></u>	<u><u>1,987,715</u></u>	<u><u>1,997,254</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	250,000	250,000	250,000
Reserves	1,471,671	1,490,133	1,435,785
	<u>1,721,671</u>	<u>1,740,133</u>	<u>1,685,785</u>
Non-controlling interests	53,938	55,717	56,634
<b>Total equity</b>	<u>1,775,609</u>	<u>1,795,850</u>	<u>1,742,419</u>
<b>Non-current liabilities</b>			
Bank and other borrowings	40,885	108,523	107,013
	<u>40,885</u>	<u>108,523</u>	<u>107,013</u>
<b>Current liabilities</b>			
Bank and other borrowings	75,576	47,834	43,148
Trade and other payables	36,350	35,188	104,050
Provision for Taxation	337	320	624
	<u>112,263</u>	<u>83,342</u>	<u>147,822</u>
<b>Total liabilities</b>	<u>153,148</u>	<u>191,865</u>	<u>254,835</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,928,757</u></u>	<u><u>1,987,715</u></u>	<u><u>1,997,254</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Attributable to Equity Holders of the Parent						Non-controlling Interests	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
<b>9 MONTHS ENDED 30 SEPTEMBER 2011</b>									
<b>At 1 January 2011 (restated)</b>	250,000	48,791	13,209	40,000	-	1,333,785	1,685,785	56,634	1,742,419
Total comprehensive income for the period	-	-	-	-	(28,439)	74,916	46,477	752	47,229
Dividends paid	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(4,518)	(4,518)
<b>At 30 September 2011 (restated)</b>	<b>250,000</b>	<b>48,791</b>	<b>13,209</b>	<b>40,000</b>	<b>(28,439)</b>	<b>1,308,701</b>	<b>1,632,262</b>	<b>52,868</b>	<b>1,685,130</b>
<b>9 MONTHS ENDED 30 SEPTEMBER 2012</b>									
<b>At 1 January 2012 (restated)</b>	250,000	48,791	13,209	40,000	46,348	1,341,785	1,740,133	55,717	1,795,850
Total comprehensive income for the period	-	-	-	-	(37,373)	48,911	11,538	(1,779)	9,759
Dividends paid	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
<b>At 30 September 2012</b>	<b>250,000</b>	<b>48,791</b>	<b>13,209</b>	<b>40,000</b>	<b>8,975</b>	<b>1,360,696</b>	<b>1,721,671</b>	<b>53,938</b>	<b>1,775,609</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	CUMULATIVE	
	CURRENT YEAR 30-Sep-12 RM '000	PRECEDING YEAR 30-Sep-11 RM '000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	49,071	77,560
Adjustments for:		
Depreciation and amortisation	21,572	21,283
(Gain)/loss on disposal of investments	(3,066)	13
Fair value (gain)/loss on investments	(8,729)	11,962
Gain on disposal of assets	(11,204)	(4,629)
Unrealised exchange loss/(gain)	(1,775)	6,492
Provision/(writeback of provision) for doubtful debts	6	(2)
Interest income	(1,748)	(860)
Finance costs	1,586	1,390
Share of results of associate	(21,463)	(13,499)
Share of results of jointly controlled entities	(9,121)	(9,237)
Operating profit before working capital changes	15,129	90,473
Working capital changes:		
Consumable stores	403	1,669
Receivables	(16,116)	13,305
Payables	777	(46,663)
Cash generated from / (used in) operating activities	193	58,784
Tax paid	(769)	(1,202)
Net cash generated from / (used in) operating activities	(576)	57,582
<b>Cash Flows From Investing Activities</b>		
Purchase of new equipment and capitalisation of dry docking	(3,411)	(2,515)
Purchase of other fixed assets	(268)	(182)
Purchase of investments	-	(4,239)
Dividend from jointly controlled entity	856	730
Interest received	1,748	860
Proceeds from disposal of investments	45,466	28
Proceeds from disposal of assets	28,180	57,492
Proportionate shareholder's advance to jointly controlled entities	-	(34,026)
Repayment of shareholder's advance from a jointly controlled entity	-	1,126
Net cash generated from investing activities	72,571	19,274
<b>Cash Flows From Financing Activities</b>		
Finance costs paid	(1,586)	(1,390)
Repayment of loans	(35,765)	(33,337)
Advances from jointly controlled entities	91	-
Dividends paid to shareholders	(30,000)	(100,000)
Dividend paid to minority shareholder of a subsidiary	-	(4,518)
Net cash used in financing activities	(67,260)	(139,245)
<b>Net change in cash and cash equivalents</b>	4,735	(62,389)
<b>Effects of foreign exchange rate changes</b>	(5,298)	(9,128)
<b>Cash and cash equivalents at the beginning of the period</b>	298,873	316,692
<b>Cash and cash equivalents at the end of the period</b>	298,310	245,175
Cash and cash equivalents comprise:		
Short term deposits	46,866	142,870
Cash and bank balances	251,444	102,305
	298,310	245,175

**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 MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This condensed report is the Group's first MFRS compliant Condensed Report and hence MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The date of transition to MFRS is 1 January 2011. The impact of the transition from FRS to MFRS is described in Note (2) below.

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**(1) FRS 139 - Financial instruments: recognition and measurement**

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.

**(2) Foreign currency translation reserve**

(a) Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM247,008,000 (30 September 2011: RM247,008,000; 31 December 2011: RM247,008,000) were adjusted to retained earnings.

(b) Due to the above adjustment, a transfer of part of the foreign currency translation reserves brought forward from 1 January 2011 (RM16,691,000) to income statement (upon liquidation of subsidiaries) in 4th Quarter 2011 was reversed. Profit for the financial year ended 31 December 2011 was accordingly increased by RM16,691,000 .

The reconciliation of equity and total comprehensive income for comparatives periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	Under FRS RM'000	Note (a) RM'000	Under MFRS RM'000
<u>Equity as at 1 January 2011</u>			
Exchange translation reserve	(247,008)	247,008	-
Retained profits	<u>1,580,793</u>	<u>(247,008)</u>	<u>1,333,785</u>

(ii) Reconciliation of equity as at 30 September 2011

	Under FRS RM'000	Note (a) RM'000	Under MFRS RM'000
<u>Equity as at 30 September 2011</u>			
Exchange translation reserve	(275,447)	247,008	(28,439)
Retained profits	<u>1,555,709</u>	<u>(247,008)</u>	<u>1,308,701</u>

(iii) Reconciliation of equity as at 31 December 2011

	Under FRS RM'000	Note (a) RM'000	Note (b) RM'000	Under MFRS RM'000
<u>Equity as at 31 December 2011</u>				
Exchange translation reserve	(183,969)	247,008	(16,691)	46,348
Retained profits	<u>1,572,102</u>	<u>(247,008)</u>	<u>16,691</u>	<u>1,341,785</u>

**A1. BASIS OF PREPARATION (Contd)**

(iv) Reconciliation of total comprehensive income for the year ended 31 December 2011

	Under FRS RM'000	Note (b) RM'000	Under MFRS RM'000
Other operating income/(loss), net	(3,392)	16,691	13,299
Profit before taxation	94,803	16,691	111,494
Profit for the year	93,373	16,691	110,064
Other comprehensive income:			
Realisation of reserves on liquidation of subsidiaries	16,691	(16,691)	-
Total comprehensive income for the year	<u>157,949</u>	<u>-</u>	<u>157,949</u>

**A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The financial statements for the year ended 31 December 2011 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 30 September 2012.

**A8. SEGMENT REPORT**

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management RM '000	Investment holding & others RM '000	Elimination RM '000	Group RM '000
<u>9 months ended 30 September 2012</u>						
Revenue						
Group	151,660	44,744	5,416	-	(591)	201,229
Inter-segment	115	-	(706)	-	591	-
External revenue	<u>151,775</u>	<u>44,744</u>	<u>4,710</u>	<u>-</u>	<u>-</u>	<u>201,229</u>
TCE earnings	<u>95,231</u>	<u>24,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,455</u>
Segment results	1,779	(1,274)	1,141	16,679	-	18,325
Interest income	110	-	23	1,615	-	1,748
Finance costs	(951)	(617)	(18)	-	-	(1,586)
Share of results of associate	-	-	-	21,463	-	21,463
Share of results of jointly controlled entities	-	-	-	9,121	-	9,121
Profit before tax	<u>938</u>	<u>(1,891)</u>	<u>1,146</u>	<u>48,878</u>	<u>-</u>	<u>49,071</u>

9 months ended 30 September 2011

Revenue						
Group	250,943	43,588	6,396	-	(781)	300,146
Inter-segment	370	-	(1,151)	-	781	-
External revenue	<u>251,313</u>	<u>43,588</u>	<u>5,245</u>	<u>-</u>	<u>-</u>	<u>300,146</u>
TCE earnings	<u>168,590</u>	<u>25,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,700</u>
Segment results	64,710	(3,069)	1,480	(7,767)	-	55,354
Interest income	321	-	21	518	-	860
Finance costs	(1,388)	-	(2)	-	-	(1,390)
Share of results of associate	-	-	-	13,499	-	13,499
Share of results of jointly controlled entities	-	-	-	9,237	-	9,237
Profit before tax	<u>63,643</u>	<u>(3,069)</u>	<u>1,499</u>	<u>15,487</u>	<u>-</u>	<u>77,560</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**

Subscription of Redeemable Convertible Preference Shares (RCPS) in PACC Offshore Services Holdings Pte Ltd (POSH), an associate company of the Group

A subsidiary, Lightwell Shipping Inc. (Lightwell) had, via a letter dated 30 October 2012 issued by POSH, been informed of POSH's intention to undertake a rights issue of RCPS at an issue price of USD4.00 per RCPS. The number of RCPS being offered to all shareholders of POSH on a pro-rata basis.

Lightwell has on 15 November 2012 subscribed to 7,961,286 RCPS at an issue price of USD4.00 per RCPS for a total cash consideration of USD31,845,144. Lightwell's shareholding in POSH remains unchanged at 21.23% after the subscription.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There is no change in the composition of the Group during the current quarter under review.

**A12. CONTINGENT LIABILITIES**

No provision has been made in the accounts 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 latest updated status of this case is disclosed under note B11.

**B1. REVIEW OF PERFORMANCE**

The Group's profit before tax (PBT) dropped 37% to RM49.1 million in the 9 months ended September 2012 due to continuing weakness in dry bulk and tanker rates.

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

	Ave TCE/day		Hire days	
	9 months ended Sep-12	9 months ended Sep-11	9 months ended Sep-12	9 months ended Sep-11
	USD	USD	Days	Days
Dry bulk	10,115	17,491	3,101	3,217
Tanker	10,698	12,257	793	703
<b>Total Fleet</b>	<b>10,234</b>	<b>16,552</b>	<b>3,894</b>	<b>3,920</b>

The performance of the respective segments for the first 9 months of 2012 as compared to the corresponding period last year is analysed as follows:-

1) Dry bulk segment

The dry bulk market is weaker compared to the same period last year. The Baltic Dry Index declined 36% y-o-y in the first 9 months of 2012. Rates for Panamax vessels have crashed to a record low as large number of new buildings were delivered at a time of reduced grain shipments due to the drought in the US and Black Sea region. Earnings for the smaller Handysize and Handymax vessels were supported by minor bulk cargo flows and the fleet growth in this segment was much more modest.

Our core dry bulk segment posted a meagre profit of RM0.9 million in the 9 months ended September 2012, against RM63.6 million in the same period last year. The poor result was a consequence of a deteriorating shipping market, lower margins on Tenaga COA and losses on 3 new vessels delivered under long term charter contracts.

2) Tanker segment

Tanker segment reported a loss of RM1.9 million for the first 9 months of 2012, compared to a loss of RM3.1 million a year earlier. On a like comparative basis (i.e. excluding last year's docking cost and gain on disposal of vessel), tanker fleet results was RM1.0 million lower owing to lower rates earned.

3) Ship brokerage and management

PBT from this segment decreased marginally by RM0.4 million due to reduced brokerage commission earned.

4) Investment holding and othersi) Other operating income

Other operating income mainly comprises gain on equities (RM11.8 million), profit on disposal of assets (RM11.2 million) and foreign exchange gains (RM3.8 million).

ii) Share of associate results

Our associate, PACC Offshore Services Holdings Pte Ltd (POSH)'s pre-tax profit increased 56% to USD32.6 million, from USD20.9 million a year ago. Our share of associate results increased by RM8.0 million y-o-y to RM21.5 million.

All in all, profit attributable to shareholders was RM48.9 million, a 35% decline compared to RM74.9 million achieved last year.

**B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

After two consecutive quarters of profit decline this year, the Group turned in an operating loss of RM2.9 million for the third quarter. Average TCE rate earned dropped further to USD9,490/day in the third quarter, from USD10,475/day in second quarter and USD10,665/day in first quarter. Average Panamax charter rates in the market reached another low point in September due to a combination of decreased cargo volume and an increase in new building tonnage.

Other operating income for the third quarter 2012 of RM12.4 million mainly comprised of gains from disposal of assets, equities and foreign exchange. Administrative expenses and finance costs increased marginally q-o-q.

Our associate (POSH) reported a third consecutive quarterly increase in its operating profit due to the improved offshore market. POSH Group recorded an operating profit of USD21.8 million for third quarter 2012, a 22% increase q-o-q. POSH's after-tax profit increased nearly 1.5 times q-o-q to USD14.4 million. Contribution from our associate increased RM5.9 million q-o-q to RM9.6 million in the third quarter 2012.

Overall, MBC Group's third quarter attributable profit increased to RM17.1 million, compared to RM0.9 million in the preceding quarter.

**B3. PROSPECTS**

The International Monetary Fund's October 2012 World Economic Outlook (WEO) predicts 3.3 percent growth in world GDP this year and 3.6 percent next year. Both years have been revised downward since the earlier forecast 3 months ago. "The continuing euro area crisis is dampening global confidence, weakening trade and employment and slowing economic growth", OECD said in its latest Interim Economic Assessment.

Dry bulk trade is projected to grow at 5% in 2012 and 4% in 2013. Iron ore and coal trade is expected to grow, primarily driven by the rising demand in India, China and Brazil as their economies and industries continue to grow, whereas world grain trade is expected to decrease by 7% y-o-y in the 2012/2013 crop year due to poor production outlook in the US and Black Sea region. China has announced a trillion yuan of infrastructure projects in September 2012 to revive economic growth.

On the supply side, the fleet growth is likely to slow significantly from 12% in 2012 to 6% in 2013. Notwithstanding that, recovery in dry bulk rates in the coming months will likely be precluded as fleet growth remains at higher pace than demand growth despite accelerated scrapping and delivery cancellations. Rates and ship values will continue to be under pressure. Deliveries into the Panamax fleet have remained at historically high levels and by the end of 2012 the Panamax fleet is expected to be almost 15% larger than it was at end of 2011.

The outlook for offshore industry is optimistic as the oil and gas sector has remained healthy. Growth in exploration and production activity is expected given the rising energy demand in the world, primarily driven by China and India. Our associate in offshore service sector should continue to boost the Group's earnings for the rest of the year.

Save for the offshore market, the outlook will be challenging.

**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	29	658
-prior year	(116)	(115)
	<u>(87)</u>	<u>543</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-Sep-12 RM'000	As at 31-Dec-11 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,079,840	1,071,112
- Unrealised	1,186	-
	<u>1,081,026</u>	<u>1,071,112</u>
Total share of retained profits from associate:		
- Realised	104,061	81,308
- Unrealised	11	1,301
	<u>104,072</u>	<u>82,609</u>
Total share of retained profits from jointly controlled entities:		
- Realised	91,026	82,762
- Unrealised	-	-
	<u>91,026</u>	<u>82,762</u>
Add: Consolidation adjustments	84,572	105,302
Total Group retained profits as per consolidated accounts	<u>1,360,696</u>	<u>1,341,785</u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**B7. NOTES TO CONDENSED CONSOLIDATED INCOME STATEMENT**

	Current quarter RM'000	Current financial year-to-date RM'000
Interest income	646	1,748
Finance costs	(458)	(1,586)
Depreciation and amortisation	(7,257)	(21,572)
Gain on disposal of investments	-	3,066
Fair value gain/(loss) on investments	3,302	8,729
Unrealised exchange gain	456	1,775

**B8. STATUS OF CORPORATE PROPOSALS**

There were no other outstanding corporate proposals submitted by the Group as at 30 September 2012.

**B9. GROUP BORROWINGS**

The Group borrowings as at 30 September 2012 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	USD	75,576	40,885

**B10. MATERIAL LITIGATION**

Tax case with the Inland Revenue Board (IRB) on a tax assessment of RM58.4 million which IRB deemed interest income for all interest-free loans which the Company provided to its subsidiaries.

On August 13, 2012, the Court of Special Commissioner of Income Tax (SCIT) delivered its decision on the above case. It is the SCIT's view that the assessments raised by the Inland Revenue Board (IRB) for the years of assessment 2003, 2004 and 2005 are incorrect in law as IRB has wrongly invoked Section 140 of the Income Tax Act, 1967; and no penalty under Section 113(2) of the said Act should be imposed for the relevant years of assessment.

The Company has been informed that IRB has filed a Notice of Appeal against the decision of SCIT and requested that the case be stated for the opinion of the High Court.

**B11. DIVIDENDS**

The Directors do not recommend any dividend for the current financial quarter ended 30 September 2012.

**B12. 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-Sep-12	PRECEDING YEAR QUARTER 30-Sep-11	CURRENT YEAR TO DATE 30-Sep-12	PRECEDING YEAR TO DATE 30-Sep-11
Profit attributable to ordinary equity holders of the parent (RM'000)	17,093	371	48,911	74,916
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>1.71</u>	<u>0.04</u>	<u>4.89</u>	<u>7.49</u>

**B13. COMMITMENTS**

Commitments as at 30 September 2012 are as follows:

	RM'000
(i) The Group	
Non-cancellable charter-in commitments	
Due within 1 year	59,452
Due later than 1 year and not later than 5 years	277,339
Due later than 5 years	291,742
	<u>628,533</u>
(ii) Share of jointly controlled entity's commitments	
Non-cancellable charter-in commitment	23,389
	<u>23,389</u>
	<u>651,922</u>