

9. FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

9.1.1 Proforma Consolidated Income Statements

The table below sets out a summary of the proforma consolidated income statements of MBC Group for the past 5 financial years ended 31 December 2002 and the 6 months financial period ended 30 June 2003 prepared based on the assumption that the current structure of MBC Group has been in existence throughout the financial period under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions in the Accountants' Report set out in Section 11 of this Prospectus:

	Financial year/period ended					(6 months)
	31.12.1998 (adjusted) RM 000	31.12.1999 (adjusted) RM 000	31.12.2000 (adjusted) RM 000	31.12.2001 (adjusted) RM 000	31.12.2002 (adjusted) RM 000	30.06.2003 RM 000
Revenue	166,990	158,979	204,794	252,552	197,803	96,806
Earnings before finance costs, depreciation, and taxation*	104,373	81,846	165,461	151,795	135,954	86,985
Finance cost	(138)	(3,942)	(7,809)	(12,326)	(6,510)	(2,200)
Depreciation	(50,555)	(55,636)	(54,463)	(65,815)	(61,297)	(15,420)
Profit before taxation	53,680	22,268	103,189	73,654	68,147	69,365
Taxation	(3,142)	(60)	(1,417)	(1,155)	(578)	(150)
Profit after taxation	50,538	22,208	101,772	72,499	67,569	69,215
Minority interest	-	-	312	(2,121)	(1,223)	(1,081)
Net profit for the period	50,538	22,208	102,084	70,378	66,346	68,134
On the basis of no. of ordinary shares of RM0.25 par value each (000)	650,000	650,000	650,000	650,000	650,000	650,000
EPS (sen)	7.78	3.42	15.71	10.83	10.21	10.48

9. FINANCIAL INFORMATION (Cont'd)

- * The earnings before finance costs, depreciation and taxation included the gain on disposal of vessels as follows:

	Financial year/period ended					(6 months)
	31.12.1998 RM 000	31.12.1999 RM 000	31.12.2000 RM 000	31.12.2001 RM 000	31.12.2002 RM 000	30.06.2003 RM 000
Gain on disposal of vessels	12,209	3,167	43,533	1,392	34,671	20,471

The proforma consolidated income statements for the years 1998 to 2002 include the following adjustments:

Revenue

Revenue is adjusted to exclude sale proceeds from the disposal of marketable securities.

Profit before taxation

- (a) Dry docking expenses previously provided for based on an estimate of expenses to be incurred, are adjusted and now recognised on an incurred basis. Dry docking costs which enhance the useful life of the vessel are capitalised and amortised to the next dry docking while costs which represent replacement and repair expenses are written off in the income statement.
- (b) Short term compensated absences previously accounted for when utilised, are now recognised in the year in which the related employee services were rendered.

Notes:

- (a) *There were no extraordinary items in all the financial periods under review.*
- (b) *The earnings per share has been calculated based on the profit after taxation and minority interest divided by the number of issued and paid-up capital of 650,000,000 ordinary shares of RM0.25 par value each on the assumption that these shares have been in issue since 1998.*

9.1.2 Segmental Analysis for five financial years ended 31 December 2002 and the 6 months financial period ended 30 June 2003

The table below sets out the segmental analysis for the past 5 financial years ended 31 December 1998 to 2002 and the 6 months financial period ended 30 June 2003 prepared based on the proforma consolidated results of MBC Group on the assumption that the current structure of MBC Group has been in existence throughout the period under review. The proforma consolidated results are based on the audited financial statements of AWNPR and PSM Group.

9. FINANCIAL INFORMATION (Cont'd)

Analysis of Group Revenue by segment

	< ----- Financial years/period ended ----- >					
	31.12.1998 (adjusted) RM 000	31.12.1999 (adjusted) RM 000	31.12.2000 (adjusted) RM 000	31.12.2001 RM 000	31.12.2002 RM 000	6 months 30.06.2003 RM 000
Bulk Carriers	132,448	113,325	136,332	140,747	122,305	62,597
Product Tankers	34,455	45,590	68,400	111,734	75,297	33,925
Others	87	64	62	71	201	284
Total Group	166,990	158,979	204,794	252,552	197,803	96,806

Analysis of PBT by segment

	< ----- Financial years/period ended ----- >					
	31.12.1998 (adjusted) RM 000	31.12.1999 (adjusted) RM 000	31.12.2000 (adjusted) RM 000	31.12.2001 (adjusted) RM 000	31.12.2002 (adjusted) RM 000	6 months 30.06.2003 RM 000
Bulk Carriers	13,968	12,794	32,533	12,870	18,414	43,068
Product Tankers	30,911	1,140	63,467	53,700	48,640	19,469
Others	8,801	8,334	7,189	7,084	1,093	6,828
Total Group	53,680	22,268	103,189	73,654	68,147	69,365

The profits of the respective bulk carriers and product tankers segments includes gains and losses from sale of vessels.

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9. FINANCIAL INFORMATION (Cont'd)

9.2 WORKING CAPITAL, CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND INDEBTEDNESS

9.2.1 Working Capital

The Directors are of opinion that, after taking into account the estimated and forecasted consolidated cashflows, banking facilities available and the gross proceeds from the Public Issue, the Group will have sufficient working capital for a period of 12 months from the date of this Prospectus.

9.2.2 Contingent Liabilities

Save as disclosed in Section 2.11.2 of the Prospectus, the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

9.2.3 Capital Commitments

Save as disclosed below, as at the Latest Practicable Date, the Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM 000
<i>Authorised and contracted for:</i>	
Construction of newbuildings	*770,334
Construction of depot	184
	770,518
<i>Authorised but not contracted for:</i>	
	-
	770,518

Note:

* *newbuildings are contracted in US\$ and the total contracted sum has been converted to RM at the exchange rate of US\$1.00 to RM3.80.*

9.2.4 Indebtedness

The total outstanding bank borrowings and facilities utilised by the Group as at the Latest Practicable Date are as follows:

i. RM Bank Guarantee

Banks	RM Facility Type / Limit	Principal Outstanding		Interest Rate	Security
		Within 12 months	After 12 months		
OCBC Bank (M) Bhd (Kuala Lumpur)	Bankers' Guarantee/ RM0.5m	N.A.	N.A.	N.A.	Nil

9. FINANCIAL INFORMATION (Cont'd)

ii. US\$ Bank Guarantee

Banks	US\$ Facility Type / Limit	Principal Outstanding		Interest Rate	Security
		Within 12 months	After 12 months		
Citibank NA (Singapore)	Bankers' Guarantee / US\$1.5m (equivalent to RM5.7m)	N.A	N.A	N.A.	Pledge of US\$1.5 million fixed deposit.

iii. Short Term US\$ Facility

Banks	US\$ Facility Type / Limit	Principal Outstanding		Interest Rate	Security
		Within 12 months	After 12 months		
Citibank NA (Singapore)	Overdraft / US\$0.45m (equivalent to RM1.71m)	N.A	N.A	N.A	Nil

iv. Long Term US\$ Facilities

Banks	US\$ Facility Type / Limit	Principal Outstanding		Interest Rate	Security
		Within 12 months	After 12 months		
ING Bank N.V. (Labuan)	Term loan / US\$16.579m (equivalent to RM63m)	US\$1,170,318 (RM4,447,208)	US\$13,068,547 (RM49,660,479)	1.99% to 2.66%	<ol style="list-style-type: none"> 1) First Malaysian statutory mortgage over MT Alam Budi. 2) Assignment of earnings derived from MT Alam Budi. 3) Assignment of marine insurance on MT Alam Budi.
ING Bank N.V. (Labuan)	Term Loan / US\$16.579m (equivalent to RM63m)	US\$1,170,318 (RM4,447,208)	US\$13,653,706 (RM51,884,083)	1.91% to 2.68%	<ol style="list-style-type: none"> 1) First Malaysian statutory mortgage over MT Alam Bistari. 2) Assignment of earnings derived from MT Alam Bistari. 3) Assignment of marine insurance on MT Alam Bistari.

9. FINANCIAL INFORMATION (Cont'd)

		Principal Outstanding			
ING Bank N.V. (Singapore)	Term Loan / US\$23m (equivalent to RM87.4m) paid in 2 advances: i. First Advance of US\$11.5m to part finance MV Alam Mesra; and ii. Second Advance of US\$11.5m to part finance MV Alam Makmur	US\$1,452,632 (RM5,520,002)	US\$14,978,946 (RM56,919,995)	1.91% to 2.53% for First Advance 1.92% to 2.62% for Second Advance	1) First Singaporean statutory mortgage over MV Alam Mesra and MV Alam Makmur. 2) Assignment of earnings derived from MV Alam Mesra and MV Alam Makmur. 3) Assignment of marine insurance on MV Alam Mesra and MV Alam Makmur 4) Letter of awareness from LWL and MBC.

Unless otherwise stated, all the aforesaid borrowings are interest-bearing. Save as disclosed above, the Group does not have any other loan capital outstanding.

MBC Group has not defaulted in either principal or interest throughout the past one financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

9.3 MATERIAL LITIGATION AND ARBITRATION

Save for the claims against MSK by Golden Seagull Maritime Inc. and Golden Seabird Maritime Inc. for the sum of US\$1,950,000.00, details of which is set out in Section 14.7 of this Prospectus, as at Latest Practicable Date, neither MBC nor its subsidiaries are engaged in any litigation and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of MBC Group or its subsidiaries and the Board does not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of MBC or its subsidiaries.

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9. FINANCIAL INFORMATION *(Cont'd)*

9.4 CONSOLIDATED PROFIT ESTIMATE AND FORECAST

The Board of Directors of MBC Group estimate and forecast that, barring unforeseen circumstances, the consolidated profit after tax and minority interests of MBC for the financial years ending 31 December 2003 and 31 December 2004 will be as follows:

	For the financial year ending 31 December 2003 (RM 000)	For the financial year ending 31 December 2004 (RM 000)
Revenue	190,567	212,154
Consolidated PBT before dividend on RPS	101,936	126,208
Less: Dividend on RPS	(4,500)	(18,000)
Consolidated PBT	97,436	108,208
Less: Taxation	(78)	(78)
Consolidated PAT	97,358	108,130
Less: MI	(2,462)	(3,587)
Consolidated profit attributable to shareholders	94,896	104,543
EPS (sen)	13.3 ⁽¹⁾	13.1
Prospective PE multiple ⁽²⁾	8.9	9.1

Notes:

(1) Computed based on the weighted average number of ordinary shares in issue of RM0.25 par value each on the assumption that the Restructuring Exercise stated in Section 5.2 of this Prospectus and the Initial Public Offering will be completed by mid of November 2003.

(2) Computed based on the Retail Price of RM1.19.

The assumptions upon which the forecast of consolidated profit after taxation and minority interests have been prepared are as follows:

- (a) There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of MBC Group.
- (b) The shipping industry in Malaysia will continue to enjoy tax-exempt status and there will be no material change in the present legislation and Government regulations including taxation, which will adversely affect MBC Group's operations.
- (c) There will be no significant fluctuations in the rates of exchange in major trading currencies vis-à-vis the Malaysian Ringgit and US Dollar. There will be no change in capital controls in Malaysia which will affect adversely the ability of MBC Group to manage its global business.
- (d) There will be no change to legislation, regulations and conditions relating to the maritime industry which will adversely affect the MBC Group's operations.

9. FINANCIAL INFORMATION (Cont'd)

- (e) MBC will complete the Restructuring Exercise stated in Section 5.2 of this Prospectus and the Initial Public Offering by mid of November 2003.
- (f) The average daily time charter rate during the forecast period do not fluctuate significantly from the prevailing market rates.
- (g) Inflation, interest rates and local and foreign income tax rates will not change materially from those presently prevailing.
- (h) Existing financing facilities will remain available to MBC Group and the interest rates applicable will not change materially from those presently prevailing.
- (i) There will be no significant changes in the present principal activities, management structure, operating and accounting policies adopted by MBC Group other than those taken into consideration in the forecast, which will materially affect the activities or performance of the Group.
- (j) There will be no major industrial disputes or other abnormal factors or changes that will adversely affect operations of MBC Group.
- (k) There will be no material increase in wages, cost of bunker, insurance premiums maintenance and repairs, spares and supplies and other operating costs other than those taken into consideration in the forecast.
- (l) The business of MBC Group and its principal sources of income will remain materially unchanged and there will be no material change to freight rates.
- (m) There will be no exceptional occurrences of bad debts.
- (n) MBC Group's capital expenditure will be implemented in accordance with budget. There will be no major addition or disposal of fixed assets or acquisition and disposal of quoted investments, investments in marketable securities and investments in subsidiaries other than those planned.
- (o) The existing terms and conditions for contracts and agreements entered into by MBC Group will remain in force without any major defaults.
- (p) The recent SARS problem will not recur and develop into a situation that affects the economic growth of the world.
- (q) The gross proceeds receivable by MBC from the Public Issue will be used as follows:

	RM000
To part finance the construction of newbuildings*	113,000
Estimated share issue and listing expenses	6,000
	<u>119,000</u>

Note:

* *The proceeds will be utilised within 6 months from Listing and Quotation to replenish working capital which had been earlier used to part finance the construction of newbuildings.*

- (r) The share premium account of MBC will be utilised to defray the estimated Initial Public Offering expenses of RM6 million.

9. FINANCIAL INFORMATION (Cont'd)

- (s) The vessels have an useful life of 25 years.
- (t) Drydocking of vessels will take place as scheduled.
- (u) There will be no significant changes in the current demand and in the prevailing market conditions in Malaysia and overseas which will adversely affect MBC Group's performance.
- (v) There will be no substantial fluctuation in the market values of MBC Group's fixed assets.
- (w) There will be no significant changes in the credit terms granted and received by MBC Group.

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9. FINANCIAL INFORMATION (Cont'd)

9.5 CONSOLIDATED CASHFLOW ESTIMATE AND FORECAST

The Board of Directors of MBC Group estimate and forecast that, barring unforeseen circumstances, the consolidated cashflow statement of MBC for the financial years ending 31 December 2003 and 31 December 2004 will be as follows:

	<u>For the financial year ending 31 December 2003 (RM 000)</u>	<u>For the financial year ending 31 December 2004 (RM 000)</u>
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from charter hire and depot income	190,157	210,219
Receipts from rental income	198	198
Payments of vessel operating and other expenses	(72,827)	(75,420)
Payment of tax	(78)	(78)
Net cash generated from operating activities	<u>117,450</u>	<u>134,919</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of PSM Group net of cash acquired	(1,723)	-
Acquisition of Awnpr net of cash acquired	(12,827)	-
Proceeds from disposal of vessels	32,832	267,140
Construction cost incurred for fixed assets	(304,466)	(179,643)
Payment of dry docking costs	(4,788)	(10,336)
Interest income	3,075	2,241
Net cash (used in)/generated from investing activities	<u>(287,897)</u>	<u>79,402</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	100,000	178,959
Repayment of bank borrowings	(114,414)	(18,873)
Proceeds from issue of shares	119,000	-
Payment of share issue and listing expenses	(6,000)	-
Redemption of preference shares	(100,000)	-
Interest expense	(4,957)	(6,438)
Dividend paid	(19,500)	(66,000)
Net cash (used in)/generated from financing activities	<u>(25,871)</u>	<u>87,648</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(196,318)	301,969
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	247,431	51,113
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>51,113</u>	<u>353,082</u>
Cash and cash equivalents comprise:		
Cash, bank balances and short term deposits	56,812	358,781
Less: Short term deposits pledged as security for a guarantee facility provided by a foreign licensed bank to a third party	(5,699)	(5,699)
	<u>51,113</u>	<u>353,082</u>

9. FINANCIAL INFORMATION (Cont'd)

The principal bases and assumptions upon which the consolidated cashflow estimate and forecast have been prepared are as follows:

1. The cashflow estimate and forecast has been prepared based on the consolidated profit estimate and forecast, and the related assumptions for the years ending 31 December 2003 and 31 December 2004 respectively.
2. There will be no material changes in the contract terms granted to or received by the companies in the Group.
3. There will be no dividend income from quoted investments and investments in marketable securities.
4. All revenue earned and expenses incurred are to be received and paid respectively in the same year.
5. Taxes on chargeable income of the Group are to be paid in the same year in which they are incurred.
6. The RPS dividend of 60% per annum on 120,000,000 RPS of RM0.25 par value each, will be declared for the years ending 31 December 2003 and 31 December 2004 and paid on each anniversary date from the date of issue.
7. Interim dividend of 6 sen per ordinary share, tax exempt, will be declared during the year ending 31 December 2003 based on the enlarged share capital of 800,000,000 ordinary shares of RM0.25 par value each and paid in 2004.

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9. FINANCIAL INFORMATION (Cont'd)



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9.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST

(Prepared for inclusion in the Prospectus to be dated 28 October 2003)

20 October 2003

The Board of Directors
Malaysian Bulk Carriers Berhad
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

MALAYSIAN BULK CARRIERS BERHAD ("MBC" or the "Company") CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDING 31 DECEMBER 2003 AND FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004

We have reviewed the consolidated profit estimate and forecast of MBC and its subsidiary companies (collectively referred to as "the Group"), for the years ending 31 December 2003 and 31 December 2004 respectively as set out in Section 9.4 of the Prospectus to be dated 28 October 2003 in accordance with International Standards on Auditing Standard 810 applicable to the review of estimates and forecasts. The estimate and forecast have been prepared for inclusion in this Prospectus in connection with the following proposals ("proposals"):

a) Initial Public Offering

Proposed public issue of 100,000,000 new MBC ordinary shares of RM0.25 par value each representing 12.5% of the enlarged issued and paid-up ordinary share capital at a proposed issue price of RM1.19 per new MBC ordinary share of RM0.25 par value each.

Together with the proposed public issue, the shareholders of MBC propose to offer for sale 140,000,000 existing ordinary shares of RM0.25 par value each, in proportion to their shareholdings in MBC, at an offer price of RM1.19 each, representing 17.5% of the enlarged issued and paid-up ordinary share capital;

b) Listing and Quotation

The listing of and quotation for the entire enlarged issued and paid-up share capital of MBC comprising 800,000,000 ordinary shares of RM0.25 par value each and 120,000,000 Redeemable Preference Shares ("RPS") of RM0.25 par value each on the Main Board of the Kuala Lumpur Stock Exchange.

9. FINANCIAL INFORMATION (*Cont'd*)



AF: 0039

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 June 2003. The Directors of MBC are solely responsible for the preparation and presentation of the estimate and forecast, and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which an estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

In particular, the estimate and forecast of consolidated profit after taxation and minority interests are substantially dependent on the achievability of the Specific Assumptions set out in the accompanying statement.

Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in this letter, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast; and
- (ii) in our opinion, the estimate and forecast of the consolidated profit after taxation and minority interests for the years ending 31 December 2003 and 31 December 2004 respectively, so far as the calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors, as set out in this letter, and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 June 2003.

9. FINANCIAL INFORMATION *(Cont'd)*



AF: 0039

The accompanying estimate and forecast, and this letter have been prepared solely for inclusion in this Prospectus in connection with the abovementioned proposals and should not be relied on for any other purpose. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Ernst & Young'.

ERNST & YOUNG
AF: 0039
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Choong Mei Ling'.

Choong Mei Ling
1918/09/04 (J)
Partner

Kuala Lumpur, Malaysia

Signed copies of this document have been prepared in English and Bahasa Malaysia versions. In the event of any inconsistency between these, the English version shall prevail.

9. FINANCIAL INFORMATION (Cont'd)



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9.7 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED CASH FLOW ESTIMATE AND FORECAST

(Prepared for inclusion in the Prospectus to be dated 28 October 2003)

20 October 2003

The Board of Directors
Malaysian Bulk Carriers Berhad
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

MALAYSIAN BULK CARRIERS BERHAD ("MBC" or "the Company") CONSOLIDATED CASH FLOW ESTIMATE FOR THE YEAR ENDING 31 DECEMBER 2003 AND FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004

We have reviewed the consolidated cash flow estimate and forecast of MBC and its subsidiary companies (collectively referred to as "the Group"), for the years ending 31 December 2003 and 31 December 2004 as set out in Section 9.5 of the Prospectus to be dated 28 October 2003 in accordance with International Standards on Auditing Standard 810 applicable to the review of estimates and forecasts. The estimate and forecast have been prepared for inclusion in this Prospectus in connection with the following proposals ("proposals"):

a) Initial Public Offering

Proposed public issue of 100,000,000 new MBC ordinary shares of RM0.25 par value each representing 12.5% of the enlarged issued and paid-up ordinary share capital at a proposed issue price of RM1.19 per new MBC ordinary share of RM0.25 par value each.

Together with the proposed public issue, the shareholders of MBC propose to offer for sale 140,000,000 existing ordinary shares of RM0.25 par value each, in proportion to their shareholdings in MBC, at an offer price of RM1.19 each, representing 17.5% of the enlarged issued and paid-up ordinary share capital;

b) Listing and Quotation

The listing of and quotation for the entire enlarged issued and paid-up share capital of MBC comprising 800,000,000 ordinary shares of RM0.25 par value each and 120,000,000 Redeemable Preference Shares ("RPS") of RM0.25 par value each on the Main Board of the Kuala Lumpur Stock Exchange.

A Member of Ernst & Young Global

9. FINANCIAL INFORMATION (*Cont'd*)



AF: 0039

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 June 2003. The Directors of MBC are solely responsible for the preparation and presentation of the estimate and forecast, and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which an estimate and forecast is based, such information are generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

In particular, the cash flow estimate and forecast are substantially dependent on the achievability of the Special Assumptions on which the consolidated profit estimate and forecast for the years ending 31 December 2003 and 31 December 2004 respectively, have been prepared.

Subject to the matters stated in the preceding paragraphs:

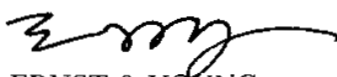
- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in this letter, do not provide a reasonable basis for the preparation of the consolidated cash flow estimate and forecast; and
- (ii) in our opinion, the consolidated cash flow estimate and forecast for the years ending 31 December 2003 and 31 December 2004 respectively, so far as the calculations are concerned, are properly compiled on the basis of the assumptions made by the Directors.

9. FINANCIAL INFORMATION (*Cont'd*)

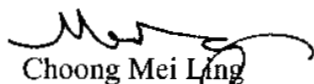


The accompanying estimate and forecast, and this letter have been prepared solely for inclusion in this Prospectus in connection with the abovementioned proposals and should not be relied on for any other purpose. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



ERNST & YOUNG
AF: 0039
Chartered Accountants



Choong Mei Ling
1918/09/04 (J)
Partner

Kuala Lumpur, Malaysia

Signed copies of this document have been prepared in English and Bahasa Malaysia versions. In the event of any inconsistency between these, the English version shall prevail.

9. FINANCIAL INFORMATION (Cont'd)

9.8 DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST

The Directors have reviewed the consolidated profit estimate for the financial year ending 31 December 2003 and forecast for the financial year ending 31 December 2004 of MBC based on the assumptions referred to in Section 9.4 of this Prospectus and are of the opinion that the consolidated profit estimate and forecast is fair and reasonable in light of the prospects of the shipping industry in which it operates and the future plans, strategies and prospects of MBC Group as set out in Section 5.8 of this Prospectus.

9.9 SENSITIVITY ANALYSIS

The principal assumptions upon which the sensitivity analysis on MBC Group profit estimate and forecast for the financial years ending 31 December 2003 and 2004 have been made are as follows:

- (a) the selected variable item will in respect of freight rates and vessel operating expense per day (excluding drydocking) vary $\pm 5\%$, $\pm 10\%$ and $\pm 20\%$, and in respect of hire days vary $\pm 2\%$, $\pm 4\%$ and $\pm 6\%$ from the base case (and other variable cost items to vary in correlation to the selected variable item); and
- (b) except for the selected variable items, the same assumptions for the other items as for the base case shall apply.

The following scenarios illustrate the impact of changes in freight rates, hire days and vessel operating expense per day (excluding drydocking), on the forecasted consolidated PBT and PAT.

(i) Changes in freight rates

	<-----Financial Year Ending 31 December 2003----->						
	-20%	-10%	-5%	0%	5%	10%	20%
	RM 00	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PBT	59,551	78,493	87,965	97,436	106,907	116,379	135,321
% change	-39	-19	-10	0	10	19	39
PAT	59,473	78,415	87,887	97,358	106,829	116,301	135,243
% change	-39	-19	-10	0	10	19	39

All other factors remaining equal, an increase in freight rates by 5%, 10% and 20% will result in an increase in the PBT of MBC Group by 10%, 19% and 39% and the PAT by 10%, 19% and 39% respectively.

9. FINANCIAL INFORMATION (Cont'd)

Similarly a decrease in freight rates by 5%, 10% and 20% will result in a decrease in the PBT of MBC Group by 10%, 19% and 39% and the PAT by 10%, 19% and 39% respectively.

<-----Financial Year Ending 31 December 2004----->							
	-20%	-10%	-5%	0%	5%	10%	20%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PBT	66,671	87,439	97,824	108,208	118,592	128,977	149,745
% change	-38	-19	-10	0	10	19	38
PAT	66,593	87,361	97,746	108,130	118,514	128,899	149,667
% change	-38	-19	-10	0	10	19	38

All other factors remaining equal, an increase in freight rates by 5%, 10% and 20% will result in an increase in the PBT of MBC Group by 10%, 19% and 38% and the PAT by 10%, 19% and 38% respectively.

Similarly a decrease in freight rates by 5%, 10% and 20% will result in a decrease in the PBT of MBC Group by 10%, 19% and 38% and the PAT by 10%, 19% and 38% respectively.

(ii) Changes in hire days

<-----Financial Year Ending 31 December 2003----->							
	-6%	-4%	-2%	0%	2%	4%	6%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PBT	86,070	89,859	93,647	97,436	99,306	100,134	100,298
% change	-12	-8	-4	0	2	3	3
PAT	85,992	89,781	93,569	97,358	99,228	100,056	100,220
% change	-12	-8	-4	0	2	3	3

All other factors remaining equal, an increase in the number of hire days by 2%, 4% and 6% will result in an increase in the PBT of MBC Group by 2%, 3% and 3% and the PAT by 2%, 3% and 3% respectively.

Similarly a decrease in the number of hire days by 2%, 4% and 6% will result in a decrease in the PBT of MBC Group by 4%, 8% and 12% and the PAT by 4%, 8% and 12% respectively.

9. FINANCIAL INFORMATION (Cont'd)

-----Financial Year Ending 31 December 2004----->

	-6%	-4%	-2%	0%	2%	4%	6%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PBT	95,747	99,901	104,054	108,208	111,626	113,125	114,093
% change	-12	-8	-4	0	3	5	5
PAT	95,669	99,823	103,976	108,130	111,548	113,047	114,015
% change	-12	-8	-4	0	3	5	5

All other factors remaining equal, an increase in the number of hire days by 2%, 4% and 6% will result in an increase in the PBT of MBC Group by 3%, 5% and 5% and the PAT by 3%, 5% and 5% respectively.

Similarly a decrease in the number of hire days by 2%, 4% and 6% will result in a decrease in the PBT of MBC Group by 4%, 8% and 12% and the PAT by 4%, 8% and 12% respectively.

(iii) Changes in vessel operating expense per day (excluding drydocking)

-----Financial Year Ending 31 December 2003----->

	-20%	-10%	-5%	0%	5%	10%	20%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PBT	110,927	104,182	100,809	97,436	94,063	90,690	83,945
% change	14	7	3	0	-3	-7	-14
PAT	110,849	104,104	100,731	97,358	93,985	90,612	83,867
% change	14	7	3	0	-3	-7	-14

All other factors remaining equal, an increase in the vessel operating expense per day by 5%, 10% and 20% will result in a decrease in the PBT of MBC Group by 3%, 7% and 14% and the PAT by 3%, 7% and 14% respectively.

Similarly a decrease in the vessel operating expense per day by 5%, 10% and 20% will result in an increase in the PBT of MBC Group by 3%, 7% and 14% and the PAT by 3%, 7% and 14% respectively.

-----Financial Year Ending 31 December 2004----->

	-20%	-10%	-5%	0%	5%	10%	20%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PBT	122,519	115,365	111,787	108,208	104,632	101,055	93,900
% change	13	7	3	0	-3	-7	-13
PAT	122,441	115,287	111,709	108,130	104,554	100,977	93,822
% change	13	7	3	0	-3	-7	-13

9. FINANCIAL INFORMATION (Cont'd)

All other factors remaining equal, an increase in the vessel operating expense per day by 5%, 10% and 20% will result in a decrease in the PBT of MBC Group by 3%, 7% and 13% and the PAT by 3%, 7% and 13% respectively.

Similarly a decrease in the vessel operating expense per day by 5%, 10% and 20% will result in an increase in the PBT of MBC Group by 3%, 7% and 13% and the PAT by 3%, 7% and 13% respectively.

9.10 DIVIDEND ESTIMATE AND FORECAST

MBC Group will endeavour to pay reasonable dividends to allow shareholders to participate in the profits of the Group whilst ensuring that there are adequate reserves for the future growth of the Group.

Based on the estimated and forecasted consolidated profit after tax and minority interests net of RPS dividend of RM4.5 million for the financial year ending 31 December 2003 and RM18 million for the financial year ending 31 December 2004, the Directors of MBC will, in the absence of unforeseen circumstances, propose a tax exempt dividend of 6 sen for the financial years ending 31 December 2003 and 2004, based on the enlarged issued and paid-up share capital of 800,000,000 ordinary shares of RM0.25 par value each.

The intended appropriation of the estimated and forecasted consolidated profit after tax and minority interests for the financial years ending 31 December 2003 and 2004 will be as follows:

	Financial year ending 31 December 2003 RM' 000	Financial year ending 31 December 2004 RM 000
Consolidated profit after tax and minority interests	94,896	104,543
Less : Proposed dividend on ordinary shares	(48,000)	(48,000)
Consolidated retained profits	46,896	56,543
Tax exempt dividend per ordinary share	6 sen	6 sen
Tax exempt dividend rate	24%	24%
Forecast dividend yield (based on Retail Price of RM1.19)	5%	5%
Forecast dividend cover	2.0 times	2.2 times

Future dividends may be waived in the event of the following circumstances:

- (i) insufficient retained profits to declare as dividends;
- (ii) insufficient tax exempt profits to declare as dividends and/or insufficient tax credits to franks its dividends; or
- (iii) insufficient cashflow to pay dividends.

9. FINANCIAL INFORMATION (Cont'd)

9.11 PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of MBC as at 30 June 2003 as set out below is for illustrative purposes. It takes into account the following:

- a) the Acquisitions;
- b) the Issue of RPS and Partial Redemption of RPS;
- c) the Initial Public Offering; and
- d) the utilisation of proceeds

as if they had been completed on that date.

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9. FINANCIAL INFORMATION (Cont'd)

Proforma Consolidated Balance Sheets at at 30 June 2003

	Audited Consolidated Balance Sheet as at 30 June 2003	RM'000	1,303	981,077	13,060	994,137	After Proforma I and the Acquisition of AWNPR	Adjustment II	RM'000	994,137	After Proforma II and the Bonus Issue of Ordinary Shares	Adjustment III	RM'000	994,137	After Proforma III and the Issue of RFS	Adjustment IV	RM'000	994,137	After Proforma IV and the proposed Public Issue of Ordinary Shares	Adjustment V	RM'000	994,137	After Proforma V and the proposed Partial Redemption of RFS	Adjustment VI	RM'000	994,137	
FIXED ASSETS	979,774																										
CURRENT ASSETS																											
Consumable Stores	4,563																										
Trade Receivables	13,479																										
Other Receivables and Prepayments	4,714	9,571		49																							
Investments	48,767																										
Short Term Deposits	93,378	(1,938)		(12,867)																							
Cash and Bank Balances	2,137	232		9																							
	167,038	7,865		174,903	(12,809)		162,094			162,094				113,000					113,000							275,094	

9. FINANCIAL INFORMATION (Cont'd)

Proforma Consolidated Balance Sheets at at 30 June 2003 (Cont'd)

Audited Consolidated Balance Sheet as at 30 June 2003 RM'000	Proforma I		Proforma II		Proforma III		Proforma IV		Proforma V		Proforma VI	
	Adjustment I RM'000	After the Acquisition of PSM Group RM'000	Adjustment II RM'000	After Proforma I and the Acquisition of AWNPR RM'000	Adjustment III RM'000	After Proforma II Bonus Issue of Ordinary Shares RM'000	Adjustment IV RM'000	After Proforma III and the Issue of RPS RM'000	Adjustment V RM'000	After Proforma IV and the proposed Public Issue of Ordinary Shares RM'000	Adjustment VI RM'000	After Proforma V and the proposed Partial Redemption of RPS RM'000
25,184	9,084	34,268	358	34,626	34,626	34,626	34,626	34,626	34,626	34,626	34,626	34,626
14,414		14,414		14,414	14,414	100,000	114,414	114,414	114,414	114,414	114,414	114,414
662	84	746	6	752	752	752	752	752	752	752	752	752
40,260	9,168	49,428	364	49,792	49,792	100,000	149,792	149,792	149,792	149,792	149,792	149,792
126,778	(1,303)	125,475	(13,173)	112,302	112,302	(100,000)	12,302	113,000	125,302	125,302	-	125,302
1,106,552	-	1,106,552	(113)	1,106,439	1,106,439	(100,000)	1,006,439	1,006,439	1,119,439	1,119,439	-	1,119,439

CURRENT LIABILITIES

Other Payables
Short Term Borrowings
Provision for Taxation

NET CURRENT ASSETS

9. FINANCIAL INFORMATION (Cont'd)

Proforma Consolidated Balance Sheets at at 30 June 2003 (Cont'd)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI
	After the Adjustment I RM'000	After Proforma I and the Acquisition of AWNPR RM'000	After Proforma II and the Bonus Issue of Ordinary Shares RM'000	After Proforma III and the Issue of RPS RM'000	After Proforma IV and the proposed Public Issue of Ordinary Shares RM'000	After Proforma V and the proposed Partial Redemption of RPS RM'000
Audited Consolidated Balance Sheet as at 30 June 2003 RM'000	162,500	162,500	175,000	175,000	200,000	200,000
SHARE CAPITAL Ordinary Shares	162,500	162,500	175,000	175,000	200,000	200,000
RESERVES						
Retained Profit	309,264	309,151	309,151	(4,548)	304,603	294,603
Share Premium	407,952	407,952	395,452	(395,452)	88,000	88,000
Capital Reserve	34,159	34,159	34,159	34,159	34,159	34,159
Capital						
Redemption Reserve						10,000
Exchange						
Translation Reserve	9,009	9,009	9,009	9,009	9,009	9,009
	760,384	760,384	747,771	347,771	435,771	435,771
SHAREHOLDERS FUNDS	922,884	922,771	922,771	(400,000)	113,000	635,771
MINORITY INTEREST	21,222	21,222	21,222	21,222	21,222	21,222
LONG TERM LIABILITIES	162,446	162,446	162,446	300,000	462,446	462,446
	1,106,552	1,106,439	1,106,439	1,006,439	1,119,439	1,119,439
NTA per ordinary share of RM0.25 per value each (RM)	1.42	1.42	1.32	0.75	0.79	0.79

9. FINANCIAL INFORMATION (Cont'd)

Notes to Proforma Balance Sheets

The Proforma Consolidated Balance Sheets of MBC, for which the Directors are solely responsible, have been prepared based on the audited consolidated balance sheet of MBC as at 30 June 2003 and accounting principles and bases consistent with those previously adopted by the Group in the preparation of audited financial statements.

The Proforma Consolidated Balance Sheets are provided for illustrative purposes only and incorporate adjustments to show the effects of the following events on the assumption that they were completed on 30 June 2003:

1. PROFORMA I**After incorporating the Acquisition of PSM Group**

The carrying amounts of the identifiable assets and liabilities acquired are based on the management financial statements of PSM Group at 30 September 2003.

The carrying values of the assets and liabilities are assumed to approximate their fair values.

The acquisition was financed by short term deposits of the Group.

2. PROFORMA II**After incorporating Proforma I and the Acquisition of AWNPR**

The carrying amounts of the identifiable assets and liabilities acquired are based on the management financial statements of AWNPR at 30 September 2003, and include the following adjustments:

- (a) revaluation of the long leasehold land, giving rise to a surplus of RM1,571,572. The carrying value of the leasehold land was adjusted to fair value based on an independent valuation carried out by Messrs. CH Williams Talhar & Wong Sdn Bhd using the comparison method on 15 June 2003;
- b) capitalisation of shareholder loan of RM143,602 to share capital; and
- c) write off of goodwill of RM112,652 arising from consolidation in the income statement.

The carrying values of other assets and liabilities are assumed to approximate their fair values.

The acquisition was financed by short term deposits of the Group.

3. PROFORMA III**After incorporating Proforma I and II and the Bonus Issue**

Bonus issue of 50,000,000 new ordinary shares of RM0.25 par value each to the current shareholders of MBC on the basis of 1 new ordinary share of RM0.25 par value each for 13 ordinary share of RM0.25 par value each by way of capitalisation of RM12,500,000 from MBC's audited share premium account.

9. FINANCIAL INFORMATION (Cont'd)

4. PROFORMA IV**After incorporating Proforma I to III and the Issue of RPS**

Bonus issue of 160,000,000 RPS of RM0.25 par value each at a redemption price of RM2.50 to the current shareholders of MBC by way of capitalisation of amounts of RM395,452,000 and RM4,548,000 from the Company's audited share premium and retained profit accounts respectively.

5. PROFORMA V**After incorporating Proforma I to IV and the Public Issue**

Assumes that the public issue of 100,000,000 new MBC ordinary shares of RM0.25 par value each to the Malaysian public at a proposed issue price of RM1.19 per new MBC ordinary share is fully subscribed.

Expenses in connection with the listing exercise, estimated at RM6,000,000 is debited to the share premium account.

The cash proceeds to be received from the Public Issue of RM119,000,000 will be utilised as follows:

	RM 000
To part finance the construction of newbuildings	113,000
Estimated share issue and listing expenses	6,000
	<u>119,000</u>

6. PROFORMA VI**After incorporating Proforma I to V and the Partial Redemption of RPS**

Assumes 40,000,000 RPS of RM0.25 par value each will be redeemed immediately upon the Initial Public Offering, at the redemption price of RM2.50 each. The redemption will be financed by bank borrowings.

The nominal amount of the RPS redeemed is transferred from retained profit to a capital redemption reserve account.

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9. FINANCIAL INFORMATION (Cont'd)



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9.12 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for inclusion in the Prospectus to be dated 28 October 2003)

20 October 2003

The Board of Directors
Malaysian Bulk Carriers Berhad
Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

MALAYSIAN BULK CARRIERS BERHAD ("MBC" or the "Company") PROFORMA CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2003

We report on the proforma consolidated balance sheets set out in Section 9.11 of the Prospectus to be dated 28 October 2003, which have been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of MBC and its subsidiary companies (collectively referred to as "the Group") as at 30 June 2003 that has been presented might have been affected by the following proposals ("proposals") had the proposals been completed on that date:

a) Initial Public Offering

Proposed public issue of 100,000,000 new MBC ordinary shares of RM0.25 par value each representing 12.5% of the enlarged issued and paid-up ordinary share capital at a proposed issue price of RM1.19 per new MBC ordinary share of RM0.25 par value each.

Together with the proposed public issue, the shareholders of MBC propose to offer for sale 140,000,000 existing ordinary shares of RM0.25 par value each, in proportion to their shareholdings in MBC, at an offer price of RM1.19 each, representing 17.5% of the enlarged issued and paid-up ordinary share capital;

b) Listing and Quotation

The listing of and quotation for the entire enlarged issued and paid-up share capital of MBC comprising 800,000,000 ordinary shares of RM0.25 par value each and 120,000,000 Redeemable Preference Shares ("RPS") of RM0.25 par value each on the Main Board of the Kuala Lumpur Stock Exchange.

9. FINANCIAL INFORMATION (Cont'd)



AF: 0039

It is the responsibility solely of the Directors of MBC to prepare the proforma consolidated balance sheets in accordance with paragraphs 19 to 21, Chapter 13, of the Securities Commission Prospectus Guidelines (Revised 1 April 2003) in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by paragraph 22, Chapter 13 of the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with responsible officers of MBC. Our work involved no independent examination of any of the underlying financial information.

In our opinion:

- a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and
- b) within the context of the assumed date of the proposals:
 - (i) such bases are consistent with the accounting policies of MBC; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to paragraphs 19 to 21, Chapter 13 of the Guidelines.

The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ernst & Young'.

ERNST & YOUNG
AF:0039
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Choong Mei Ling'.

Choong Mei Ling
1918/09/04 (J)
Partner

Kuala Lumpur, Malaysia

Signed copies of this document have been prepared in English and Bahasa Malaysia versions. In the event of any inconsistency between these, the English version shall prevail.