

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2003.  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2003**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-03 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-02 RM '000	CURRENT YEAR TO DATE 30-Sep-03 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-02 RM '000
Revenue	50,076	41,186	146,044	150,133
Operating expenses	<u>(26,714)</u>	<u>(33,649)</u>	<u>(77,454)</u>	<u>(117,675)</u>
	23,362	7,537	68,590	32,458
Other operating income	5,184	16,453	34,089	38,791
Administrative expenses	<u>(544)</u>	<u>(2,144)</u>	<u>(3,336)</u>	<u>(4,827)</u>
Profit from operations	28,002	21,846	99,343	66,422
Finance cost	<u>(913)</u>	<u>(1,433)</u>	<u>(3,113)</u>	<u>(5,222)</u>
Profit before taxation	27,089	20,413	96,230	61,200
Taxation	<u>101</u>	<u>9</u>	<u>153</u>	<u>(444)</u>
Profit after taxation	27,190	20,422	96,383	60,756
Less minority interests	<u>(1,063)</u>	<u>(207)</u>	<u>(2,144)</u>	<u>(1,035)</u>
Net profit attributable to shareholders of the company	<u><u>26,127</u></u>	<u><u>20,215</u></u>	<u><u>94,239</u></u>	<u><u>59,721</u></u>
Earnings per share				
(i) Basic (based on 700,000,000 ordinary shares) (sen)	3.73	2.89	13.46	8.53
(ii) Diluted (based on 700,000,000 ordinary shares) (sen)	3.73	2.89	13.46	8.53

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2003**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Sep-03 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-02 RM '000
FIXED ASSETS	1,024,942	784,558
	<u>1,024,942</u>	<u>784,558</u>
CURRENT ASSETS		
<i>Consumable stores</i>	3,962	3,408
<i>Trade receivables</i>	13,268	15,098
<i>Other receivables and prepayments</i>	6,540	6,528
<i>Investments</i>	54,905	40,218 *
<i>Short term deposits</i>	58,439	252,074
<i>Cash and bank balances</i>	2,838	1,057
	<u>139,952</u>	<u>318,383</u>
CURRENT LIABILITIES		
<i>Other payables</i>	23,975	28,126
<i>Bank borrowings</i>	14,414	14,413
<i>Provision for Taxation</i>	398	426
<i>Dividend payable</i>	-	19,500
	<u>38,787</u>	<u>62,465</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>101,165</u>	<u>255,918</u>
	<u><u>1,126,107</u></u>	<u><u>1,040,476</u></u>
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	162,500	162,500
RESERVES	781,105	688,195
	<u>943,605</u>	<u>850,695</u>
MINORITY INTEREST	22,671	20,142
NON-CURRENT LIABILITIES		
<i>Long Term Loans</i>	159,831	169,639
	<u>1,126,107</u>	<u>1,040,476</u>

\* Note last year's figure recategorised for comparative purposes

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2003**

	CURRENT YEAR QUARTER 30-Sep-03 RM '000	CUMULATIVE PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-02 RM '000
Cash Flow from Operating Activities	87,495	78,903
Cash Flow from Investing Activities	(246,206)	135,511
Cash Flow from Financing Activities	(33,143)	(100,711)
Net Change in Cash & Cash Equivalents	<u>(191,854)</u>	<u>113,703</u>
Cash & Cash Equivalents at the beginning of the year	253,131	169,741
Cash & Cash Equivalent at the end of the period	<u><u>61,277</u></u>	<u><u>283,444</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2003**

	Share Capital	Distributable	Non-distributable		Exchange	Total
	Ordinary shares RM '000	Retained profits RM '000	Share premium RM '000	Capital reserve RM '000	translation reserve RM '000	
<b>3 MONTHS ENDED 30 SEPTEMBER 2003</b>						
At 1 July 2003	162,500	309,264	407,952	34,159	9,009	922,884
Currency translation differences	-	-	-	-	(4,449)	(4,449)
Net profit	-	26,127	-	-	-	26,127
Listing expenses	-	-	(957)	-	-	(957)
At 30 September 2003	162,500 *	335,391	406,995	34,159	4,560	943,605
<b>3 MONTHS ENDED 30 SEPTEMBER 2002</b>						
At 1 July 2002	162,500	248,683	407,952	34,159	(1,986)	851,308
Currency translation differences	-	-	-	-	2,156	2,156
Net profit	-	20,215	-	-	-	20,215
At 30 September 2002	162,500	268,898	407,952	34,159	170	873,679

\* Note par value of Ordinary Shares split to RM0.25 each on 11th September 2003

**NOTES TO THE FINANCIAL REPORT**

A1. ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with Malaysian Accounting Standards Board ("MASB") 26 - "Interim Financial Reporting" and Chapter 9 Part K of the Listing Requirements of the Kuala Lumpur Stock Exchange ("KLSE").

Save for the revision of expected useful life of the vessels from 20 years to 25 years, the accounting policies and methods of computation used in the preparation of the Group's annual financial statements for the year ended 31 December 2002 have been consistently applied in the preparation of the financial statement for the nine months ended 30 September 2003. The effect of the change is to lower depreciation charge for the period under review by RM13.852 million.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified report issued by the auditors in the annual financial statements for the year ended 31 December 2002.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. EXCEPTIONAL ITEMS

There are no exceptional items during the current financial year to date.

A5. CHANGES IN ESTIMATES

There were no estimates provided in respect of the financial period under review.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Save for the disclosure in Note B8(v), 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 financial period under review.

A7. DIVIDENDS

An interim dividend of RM19.5m was paid on 10 January 2003 in respect of Financial Year 2002. There was no final dividend declared or paid for Financial Year 2002.

A8. SEGMENT REPORT

Segmental analysis for the current financial year to date is as follows:

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Non-shipping RM '000	Group RM '000
<b>REVENUE AND RESULT</b>				
Revenue				
External sales	96,075	49,572	397	146,044
Profit/(Loss) before taxation	<u>58,547</u>	<u>26,370</u>	<u>11,313</u>	<u>96,230</u>

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The fixed assets are stated at cost less accumulated depreciation.

A10. SUBSEQUENT MATERIAL EVENTS

No events have arisen subsequent to 30 September 2003 other than the Restructuring Scheme as disclosed in Note B8 of this report.

## A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter other than the Restructuring Scheme as disclosed in Note B8 of this report.

## A12. CONTINGENT LIABILITIES

Contingent liabilities of the Group comprise the following :-

	RM '000
Indemnity provided to a foreign bank for a guarantee given to a third party (USD1.5 million)	<u>5,700</u>

The contingent liability is in respect of a claim on the sale of two vessels via two Memorandum of Agreement dated 28 August 1997 as disclosed in detail in the Company's prospectus issued on 28th October 2003.

## B1. REVIEW OF PERFORMANCE

Turnover was lower due to the reduced fleet size. The Group's unaudited profit before taxation and minority interest for the nine months ended 30 September 2003 amounted to RM96.230 million on a lower turnover of RM146.044 million. The strong performance was supported by a firming freight market coupled with gains from sale of two 17,000 dwt tweendeck vessels. Management continues to exercise a tight control over vessel operating expenses, which remain consistent with the fleet size. Administrative expenses are materially lower compared with the previous year because of lower legal costs associated with the legal claim as disclosed in Note A12.

## B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

There is no preceding quarter comparative as this is the Company's first quarterly report as a public company listed on the KLSE.

## B3. CURRENT YEAR PROSPECTS

The freight market in the last three months has seen unprecedented increase in freight rates in the dry bulk market. However on the tanker segment, freight rates softened in October 2003 but have since regained some strength. Notwithstanding the recent weak tanker situation, the Company expects that its attributable profit for the financial year ending 31 December 2003 will surpass the RM94.896 million forecasted in its prospectus of October 28th, 2003.

## B4. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECASTED RESULTS AND SHORTFALL IN PROFIT GUARANTEE

The Company did not provide any profit forecast or profit guarantee in any public document for the nine month period ended 30 September 2003. However, a profit forecast was provided for the 12 months ending 31 December 2003 and 31 December 2004 in connection with the Company's Initial Public Offering launched on 28 October 2003.

## B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge/(credit)		
-current period	29	67
-prior year	(130)	(220)
	<u>(101)</u>	<u>(153)</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 investments and/or properties for the current financial year to date.

## B7. PURCHASES AND SALES OF QUOTED SECURITIES

- i) The total purchase consideration, sale proceeds and profit/loss on disposal of quoted securities for the current quarter and financial year-to-date are as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Purchase consideration	1,415	5,520
Sale proceeds	-	2,407
Profit/loss on disposal of quoted securities	-	45

- ii) Investments in quoted securities as at 30 September 2003 are as follows:-

Marketable Securities	RM '000
At cost	43,922
At carrying value	54,905
At market value	54,905

## B8. STATUS OF CORPORATE PROPOSALS

In conjunction with, and as an integral exercise prior to the listing of and quotation for the entire enlarged issued and paid up share capital of the Company on the Main Board of the KLSE, the Company undertook a restructuring scheme as follows:

- i) Sub-division of par value for every existing ordinary share from RM1.00 to RM0.25 on 11 September 2003.
- ii) Bonus issue of 50,000,000 new ordinary shares of RM0.25 each credited as fully paid up on the basis of 1 new share for every 13 existing shares held. The bonus issue was completed on 1 October 2003.

- iii) Acquisition of Pacific Ship Managers Sdn Bhd("PSM")

Acquisition on 1 October 2003, of the entire issued and paid up share capital of PSM comprising 200,000 ordinary shares of RM1.00 each for a total consideration of RM1,938,000 which was satisfied by cash on completion.

- iv) Acquisition of Awanapuri Sdn Bhd("AWNPR")

Acquisition on 1 October 2003, of the entire issued and paid up share capital of AWNPR comprising 143,604 ordinary shares of RM1.00 each for a total consideration of RM2.00 which was satisfied by cash on completion.

- v) Bonus Issue of Redeemable Preference Shares(RPS) and partial redemption of RPS

On 20 October 2003, 160,000,000 RPS of RM0.25 each were issued as bonus shares at RM2.50 each to the shareholders of the Company on a proportionate basis according to their respective shareholdings in the Company and 40,000,000 RPS was redeemed on 14 November 2003 at the issue price of RM2.50 each. The redemption was financed from bank borrowings.

- vi) Initial public offering

On 28 October 2003, the Company launched a public issue of 100,000,000 new ordinary shares in conjunction with the proportionate offer for sale by the shareholders of the Company of 140,000,000 existing shares.

- vii) Private placement of RPS

The private placement of 50,000 RPS to Commerce International Merchant Bankers Berhad as placement agent at the placement price of RM2.50 for each RPS on 28 October 2003 to facilitate the listing and quotation of the RPS on the KLSE.

- viii) Listing and Quotation

The listing and quotation, tentatively scheduled for 2 December 2003, is for the entire enlarged and paid up share capital of the Company comprising 800,000,000 ordinary shares of RM0.25 each and 120,000,000 RPS of RM0.25 each on the Main Board of KLSE.

## B9. GROUP BORROWINGS

i) The Group borrowings as at 30 September 2003 are as follows:

	RM '000
Short Term Borrowings	
Secured	14,414
Long Term Borrowings	
Secured	159,831
Total	<u>174,245</u>

The above borrowings are denominated in USD.

## 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. CHANGES IN MATERIAL LITIGATION

There is no material litigation involving the Group save other than as disclosed in Note A12.

## B12. DIVIDENDS

No dividend has been proposed or paid for the quarter under review.

## B13. EARNINGS PER SHARE

In respect of earnings per share :-

- i) The amount used as numerator for the calculation of basic earnings per share is RM26.127million for the quarter ended 30 September 2003 and RM94.239 million for the financial year to date which are the same as the net profits shown in the condensed consolidated income statement.
- ii) The number of ordinary shares used as the denominator in calculating the earnings per share is 700,000,000 calculated as follows:-

	Current quarter ' 000	Current financial year-todate ' 000
Issued ordinary shares at beginning of the period	162,500	162,500
Sub-division of shares from RM1.00 each to RM0.25 each on 11 September 2003	487,500	487,500
Bonus issue on 1 October 2003	50,000	50,000
	<u>700,000</u>	<u>700,000</u>

## B14. CAPITAL COMMITMENTS

Capital commitments on new shipbuildings net of instalments paid, as at 30 September 2003, in USD and its equivalent in RM are as follows:

	USD'000	RM'000
Approved and contracted for - new shipbuildings	202,720	770,334
	<u>202,720</u>	<u>770,334</u>