

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2004
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2004

| | INDIVIDUAL QUARTER | | CUMULATIVE | |
|---|--|--|--|--|
| | CURRENT YEAR QUARTER 31-Mar-04 RM '000 | PRECEDING YEAR QUARTER 31-Mar-03 RM '000 | CURRENT YEAR TO DATE 31-Mar-04 RM '000 | PRECEDING YEAR TO DATE 31-Mar-03 RM '000 |
| Revenue | 101,107 | 48,399 | 101,107 | 48,399 |
| Operating expenses | <u>(28,865)</u> | <u>(29,341)</u> | <u>(28,865)</u> | <u>(29,341)</u> |
| Other operating income | 72,242 | 19,058 | 72,242 | 19,058 |
| Administrative expenses | <u>39,046</u> | <u>20,884</u> | <u>39,046</u> | <u>20,884</u> |
| | <u>(2,204)</u> | <u>(1,498)</u> | <u>(2,204)</u> | <u>(1,498)</u> |
| Profit from operations | 109,084 | 38,444 | 109,084 | 38,444 |
| Finance cost | <u>(5,227)</u> | <u>(1,163)</u> | <u>(5,227)</u> | <u>(1,163)</u> |
| Profit before taxation | 103,857 | 37,281 | 103,857 | 37,281 |
| Taxation | <u>(24)</u> | <u>12</u> | <u>(24)</u> | <u>13</u> |
| Profit after taxation | 103,833 | 37,293 | 103,833 | 37,294 |
| Less minority interests | <u>(2,357)</u> | <u>(412)</u> | <u>(2,357)</u> | <u>(413)</u> |
| Net profit attributable to shareholders of the company | <u><u>101,476</u></u> | <u><u>36,881</u></u> | <u><u>101,476</u></u> | <u><u>36,881</u></u> |
| Earnings per share (sen) | | | | |
| (i) Basic | 12.68 | 5.27 | 12.68 | 5.27 |
| (ii) Diluted | 12.68 | 5.27 | 12.68 | 5.27 |

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004

| | UNAUDITED | AUDITED |
|--|---|---|
| | AS AT END OF CURRENT QUARTER 31-Mar-04 RM '000 | AS AT PRECEDING FINANCIAL YEAR END 31-Dec-03 RM '000 |
| FIXED ASSETS | 880,495 | 1,066,574 |
| | <u>880,495</u> | <u>1,066,574</u> |
| CURRENT ASSETS | | |
| <i>Consumable stores</i> | 4,531 | 5,131 |
| <i>Trade receivables</i> | 20,485 | 16,221 |
| <i>Other receivables and prepayments</i> | 10,728 | 9,720 |
| <i>Investments</i> | 72,130 | 61,716 |
| <i>Short term deposits</i> | 359,358 | 74,334 |
| <i>Cash and bank balances</i> | 1,340 | 4,925 |
| | <u>468,572</u> | <u>172,047</u> |
| CURRENT LIABILITIES | | |
| <i>Other payables</i> | 54,935 | 37,628 |
| <i>Bank borrowings</i> | 14,413 | 14,407 |
| <i>Provision for Taxation</i> | 335 | 349 |
| | <u>69,683</u> | <u>52,384</u> |
| NET CURRENT ASSETS/(LIABILITIES) | <u>398,889</u> | <u>119,663</u> |
| | <u>1,279,384</u> | <u>1,186,237</u> |
| SHAREHOLDERS' FUNDS | | |
| SHARE CAPITAL | 200,000 | 200,000 |
| RESERVES | 600,212 | 507,269 |
| | <u>800,212</u> | <u>707,269</u> |
| MINORITY INTEREST | 26,086 | 23,729 |
| NON-CURRENT LIABILITIES | | |
| <i>Redeemable preference shares</i> | 300,000 | 300,000 |
| <i>Long Term Loans</i> | 153,012 | 155,165 |
| <i>Deferred taxation</i> | 74 | 74 |
| | <u>1,279,384</u> | <u>1,186,237</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2004

| | CURRENT YEAR QUARTER 31-Mar-04 RM '000 | CUMULATIVE PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-03 RM '000 |
|---|--|--|
| Cash Flow From Operating Activities | | |
| Profit before taxation | 103,857 | 37,281 |
| Adjustments for: | | |
| Depreciation | 8,721 | 12,233 |
| Gain on disposal of fixed assets | (38,401) | (20,471) |
| Gain on disposal of quoted investments | (10) | (1) |
| Unrealised (gain)/loss on quoted investments | - | 516 |
| Dividend income | (43) | (31) |
| Movement in foreign exchange translation | (65) | (789) |
| Interest income | (542) | (701) |
| Interest expense | 728 | 1,163 |
| Provision for redeemable preference shares dividend | 4,500 | - |
| Operating profit/(loss) before working capital changes | <u>78,745</u> | <u>29,200</u> |
| Working capital changes: | | |
| Consumable stores | 600 | 1,368 |
| Receivables | (9,772) | (2,062) |
| Payables | 17,307 | (8,275) |
| Cash generated from operating activities | 86,880 | 20,231 |
| Tax paid | <u>(38)</u> | <u>(103)</u> |
| Net cash generated from operating activities | <u>86,842</u> | <u>20,128</u> |
| Cash Flows From Investing Activities | | |
| Construction cost incurred for fixed assets | (59,011) | (66,522) |
| Purchase of fixed assets | (847) | - |
| Purchase of quoted investments | (10,489) | (2,527) |
| Dividend received | 43 | 31 |
| Interest received | 542 | 701 |
| Proceeds from disposal of quoted investments | 109 | 1,844 |
| Proceeds from disposal of fixed assets | <u>267,143</u> | <u>32,834</u> |
| Net cash generated from/(used in) investing activities | <u>197,490</u> | <u>(33,639)</u> |
| Cash Flows From Financing Activities | | |
| Interest paid | (728) | (1,163) |
| Repayment of term loans | (2,148) | (2,204) |
| Dividend paid | - | (19,500) |
| Listing expenses paid | <u>(17)</u> | <u>-</u> |
| Net cash generated from/(used in) financing activities | <u>(2,893)</u> | <u>(22,867)</u> |
| Net Change in Cash & Cash Equivalents | 281,439 | (36,378) |
| Cash & Cash Equivalents at the beginning of the period | 73,560 | 247,431 |
| Cash & Cash Equivalents at the end of the period | <u>354,999</u> | <u>211,053</u> |
| Cash & Cash equivalents comprise: | | |
| Short term deposits | 359,358 | 215,619 |
| Cash and bank balances | 1,340 | 1,133 |
| | <u>360,698</u> | <u>216,752</u> |
| 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>354,999</u> | <u>211,053</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

| | Share Capital | Distributable | Non-distributable | | | | Total RM '000 |
|---|-------------------------------|--------------------------------|-----------------------------|-------------------------------|---|---|------------------|
| | Ordinary shares RM '000 | Retained profits RM '000 | Share premium RM '000 | Capital reserve RM '000 | Capital redemption reserve RM '000 | Exchange translation reserve RM '000 | |
| 3 MONTHS ENDED 31 MARCH 2004 | | | | | | | |
| At 1 January 2004 | 200,000 | 352,874 | 99,174 | 34,159 | 10,000 | 11,062 | 707,269 |
| Profit after taxation and minority interest | - | 101,476 | - | - | - | - | 101,476 |
| Listing expenses | - | - | (17) | - | - | - | (17) |
| Currency translation differences | - | - | - | - | - | (8,516) | (8,516) |
| At 31 March 2004 | 200,000 | 454,350 | 99,157 | 34,159 | 10,000 | 2,546 | 800,212 |
| 3 MONTHS ENDED 31 MARCH 2003 | | | | | | | |
| At 1 January 2003 | 162,500 * | 241,151 | 407,952 | 34,159 | - | 4,932 | 850,694 |
| Profit after taxation and minority interest | - | 36,881 | - | - | - | - | 36,881 |
| Currency translation differences | - | - | - | - | - | (2,196) | (2,196) |
| At 31 March 2003 | 162,500 | 278,032 | 407,952 | 34,159 | - | 2,736 | 885,379 |

* 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").

These condensed interim financial statements are prepared using the same accounting policies and methods of computations as those applied to the most recent annual financial report of the Group for the financial year ended 31 December 2003. There have been no significant changes to those policies.

The Group's revenue mainly comprises charter hire income from various ship chartering activities which are recognised on a time proportion basis.

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 2003.

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 quarter, save that the Group recognised a gain on the disposal of two vessels in the current financial quarter amounting to RM38.4 million.

A5. CHANGES IN ESTIMATES

There were no changes in accounting estimates that would have any impact on the current financial results.

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 financial period under review.

A7. DIVIDENDS

There were no dividends paid in the current financial quarter.

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 | Elimination RM '000 | Group RM '000 |
|---------------------------|--------------------------------|--------------------------------|-------------------------|------------------------|-----------------------|
| REVENUE AND RESULT | | | | | |
| Revenue | | | | | |
| External sales | 67,511 | 32,735 | 861 | - | 101,107 |
| Inter-segment sales | 501 | - | (933) | 432 | - |
| Total revenue | <u>67,010</u> | <u>32,735</u> | <u>1,794</u> | <u>432</u> | <u>101,107</u> |
| Segment results | 47,366 | 60,976 | 200 | - | 108,542 |
| Interest income | | | | | 542 |
| Finance cost | | | | | (5,227) |
| Taxation | | | | | (24) |
| Profit after taxation | | | | | <u>103,833</u> |
| Minority Interest | | | | | (2,357) |
| Profit for the period | | | | | <u><u>101,476</u></u> |

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The fixed assets are stated at cost less accumulated depreciation.

A10. SUBSEQUENT MATERIAL EVENTS

There were no items of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the period under review including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the last annual balance sheet date to the date of this report.

B1. REVIEW OF PERFORMANCE

With the increase in freight rates, Group's revenue saw a huge jump from the preceding year's first quarter of RM48.4 million to the current year's quarter of RM101.1 million. Average time charter rates achieved for both the dry bulk carriers and tankers in the first quarter were 138% and 39% higher respectively, than the levels achieved for the comparative quarter last year.

Operating profit escalated to a high of RM72.2 million. Coupled with gains from the sale of two of the Group's newbuildings (Hull 1450 and 1469), attributable profits to shareholders for the quarter ended 31 March 2004 is RM101.5 million, an improvement of 175% compared to the first quarter of last year.

Fleet operating expenses are at levels commensurate with fleet size and together with administrative expenses remained stable.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group operating largely in the spot market was able to benefit from the high freight rates in both dry bulk and tanker sectors. The Baltic Dry Index continued to strengthen into the first quarter, reflecting the surging demand for ships. Operating profit of RM72.2 million is 180% higher against the preceding quarter, i.e. 4th quarter 2003. Coupled with gains on disposal of vessels in the first quarter, profits attributable to shareholders increased by 3.1 times to RM101.5 million, compared to the preceding quarter's RM32.0 million.

B3. PROSPECTS

The Baltic Dry Index (BDI) opened the year at 4761 and has declined 30.1% to 3327 as at 25 May 2004. The decline is mainly attributed to the weakness in the larger sized vessels, ie capesize and panamax. Quota restrictions in Australia to relieve port congestion and land based supply disruptions in India, South Africa and Australia in respect of coal and iron ore have largely contributed towards the recent easing in the demand for ships. Furthermore, the measures taken by the Chinese Government recently to cool its economy has added to the easing of rates.

Latest forecast by both the IMF and the World Bank indicates strong global growth for 2004 improving from 3.9% in 2003 to 4.6%, despite factoring for a possible slowdown in China's GDP from 9.1 % in 2003 to 8.5% for 2004. World trade volume (goods & services) is forecasted to grow by 6.8% in 2004 and this is lead by a robust 10.2% attributable to the "Emerging Asia" - a new name for China, India and several smaller Asian countries.

These positive forecasts coupled with tightening of port and safety regulations have resulted in considerable interest in both newbuildings and in second hand vessels, particularly double hull tankers. However with shipyards full until 2006/2007, escalating steel prices and restricted availability of major equipment, newbuilding prices have increased. Hence the slowdown in the contracting of new orders for ships.

Your Board remains confident in their convictions and maintains that the results of Financial Year 2004 will outperform that of 2003.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

There were no profit forecast or profit guarantee for the three month period ending 31 March 2004.

B5. TAXATION

| | Current quarter RM'000 | Current financial year-to-date RM'000 |
|----------------------------|------------------------------|--|
| Income tax charge/(credit) | | |
| -current year | 63 | 63 |
| -prior year | (39) | (39) |
| | <u>24</u> | <u>24</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. 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 RM'000 |
|--|------------------------------|--|
| Purchase consideration | 10,489 | 10,489 |
| Sale proceeds | 109 | 109 |
| Profit/(loss) on disposal of quoted securities | 10 | 10 |

ii) Investments in quoted securities as at 31 March 2004 are as follows:-

| Marketable Securities | RM '000 |
|-----------------------|---------|
| At cost | 54,345 |
| At carrying value | 72,130 |
| At market value | 78,234 |

The Group's policy on quoted securities does not recognise unrealised gains (if any) until the financial year end.

B8. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals submitted by the Group as at 31 March 2004.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 March 2004 are as follows:

| | RM '000 |
|-----------------------|-----------------------|
| Short Term Borrowings | |
| Secured | 14,413 |
| Long Term Borrowings | |
| Secured | <u>152,626</u> |
| | 167,039 |
| Unsecured loan | 386 |
| Total | <u><u>167,425</u></u> |

The secured borrowings are denominated in USD & the unsecured loan is denominated in RM.

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 since the last annual balance sheet date to the date of this report.

B12. DIVIDENDS

The Directors do not recommend any dividend for the current financial period.

A first and final dividend of 7 sen per share, tax exempt, amounting to RM56 million in respect of the financial year 2003, has been declared and was approved by the shareholders on 28 April 2004 to be paid on 20 May 2004.

B13. EARNINGS PER SHARE

Earnings per share of the Group are calculated by dividing the net profit by the weighted average number of ordinary shares in issue.

| | CURRENT YEAR QUARTER 31-Mar-04 | PRECEDING YEAR QUARTER 31-Mar-03 | CURRENT YEAR TO DATE 31-Mar-04 | PRECEDING YEAR TO DATE 31-Mar-03 |
|--|---|---|---|---|
| Net profit (RM'000) | 101,476 | 36,881 | 101,476 | 36,881 |
| Weighted average number of ordinary shares in issue('000) | 800,000 | 700,000 | 800,000 | 700,000 |
| Earnings per share(sen) | <u>12.68</u> | <u>5.27</u> | <u>12.68</u> | <u>5.27</u> |

The effect of the share split and bonus shares issued have been adjusted for the quarter ended 31 March, 2003.

B14. CAPITAL COMMITMENTS

Capital commitments on new shipbuildings net of instalments paid, as at 31 March 2004, in USD and its equivalents in RM are as follows:

| | USD'000 | RM'000 |
|--|----------------|----------------|
| Approved and contracted for - new shipbuildings | 180,220 | 684,834 |
| | <u>180,220</u> | <u>684,834</u> |