

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 30 September 2004  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-04 RM '000	PRECEDING YEAR QUARTER 30-Sep-03 RM '000	CURRENT YEAR TO DATE 30-Sep-04 RM '000	PRECEDING YEAR TO DATE 30-Sep-03 RM '000
Revenue	84,588	50,076	276,830	146,044
Operating expenses	<u>(28,975)</u>	<u>(26,714)</u>	<u>(90,191)</u>	<u>(77,454)</u>
Other operating income	55,613	23,362	186,639	68,590
Administrative expenses	<u>(4,410)</u>	<u>(544)</u>	<u>(8,722)</u>	<u>(3,336)</u>
Profit from operations	53,369	28,002	219,334	99,343
Finance cost	<u>(5,203)</u>	<u>(913)</u>	<u>(15,634)</u>	<u>(3,113)</u>
Share of results of associate	<u>48,166</u> 4	<u>27,089</u> 0	<u>203,700</u> 4	<u>96,230</u> 0
Profit before taxation	48,170	27,089	203,704	96,230
Taxation	<u>65</u>	<u>101</u>	<u>(507)</u>	<u>153</u>
Profit after taxation	48,235	27,190	203,197	96,383
Less minority interests	<u>(2,464)</u>	<u>(1,063)</u>	<u>(7,219)</u>	<u>(2,144)</u>
Net profit attributable to shareholders of the company	<u><u>45,771</u></u>	<u><u>26,127</u></u>	<u><u>195,978</u></u>	<u><u>94,239</u></u>
Earnings per share (sen)				
(i) Basic	5.72	3.73	24.50	13.46
(ii) Diluted	5.72	3.73	24.50	13.46

Please refer to Note B13 for number of shares

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2004**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Sep-04 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-03 RM '000
FIXED ASSETS	898,564	1,066,574
ASSOCIATE COMPANY	6,674	-
	<u>905,238</u>	<u>1,066,574</u>
<b>CURRENT ASSETS</b>		
<i>Consumable stores</i>	4,930	5,131
<i>Trade receivables</i>	14,815	16,221
<i>Other receivables and prepayments</i>	12,704	9,720
<i>Investments</i>	69,085	61,716
<i>Short term deposits</i>	380,339	74,334
<i>Cash and bank balances</i>	1,668	4,925
	<u>483,541</u>	<u>172,047</u>
<b>CURRENT LIABILITIES</b>		
<i>Other payables</i>	58,161	37,628
<i>Current portion of term loans</i>	14,414	14,407
<i>Provision for Taxation</i>	525	349
	<u>73,100</u>	<u>52,384</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<u>410,441</u>	<u>119,663</u>
	<u>1,315,679</u>	<u>1,186,237</u>
<b>SHAREHOLDERS' FUNDS</b>		
<b>SHARE CAPITAL</b>	200,000	200,000
<b>RESERVES</b>	638,645	507,269
	<u>838,645</u>	<u>707,269</u>
<b>MINORITY INTEREST</b>	30,947	23,729
<b>NON-CURRENT LIABILITIES</b>		
<i>Redeemable preference shares</i>	300,000	300,000
<i>Long Term Loans</i>	145,854	155,165
<i>Deferred taxation</i>	233	74
	<u>1,315,679</u>	<u>1,186,237</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

	CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-04 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-03 RM '000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	203,704	96,230
Adjustments for:		
Depreciation	26,750	22,744
Gain on disposal of fixed assets	(38,359)	(20,471)
Gain on disposal of quoted investments	(408)	(45)
Share of results of associate	(4)	-
Unrealised (gain)/loss on quoted investments	766	(9,529)
Dividend income	(283)	(74)
Movement in foreign exchange translation	(137)	735
Interest income	(2,950)	(1,377)
Interest expense	2,644	3,113
Provision for redeemable preference shares dividend	12,990	-
Operating profit/(loss) before working capital changes	204,713	91,326
Working capital changes:		
Consumable stores	201	(554)
Receivables	(1,578)	1,818
Payables	7,543	(4,152)
Cash generated from operating activities	210,879	88,438
Tax (paid)/recovered	(172)	125
Net cash generated from operating activities	210,707	88,563
<b>Cash Flows From Investing Activities</b>		
Construction cost incurred for fixed assets	(95,260)	(275,455)
Purchase of fixed assets	(1,041)	(1,142)
Purchase of quoted investments	(19,343)	(7,520)
Dividend received	283	74
Interest received	2,950	1,377
Proceeds from disposal of quoted investments	11,637	2,407
Subscription of shares in associate company	(1,900)	-
Loan to associate company	(4,770)	-
Proceeds from disposal of fixed assets	267,524	32,834
Net cash generated from/(used in) investing activities	160,080	(247,425)
<b>Cash Flows From Financing Activities</b>		
Interest paid	(2,644)	(3,113)
Repayment of term loans	(9,363)	(9,421)
Dividend paid	(56,000)	(19,500)
Loan from minority shareholder of a subsidiary company	58	-
Listing expenses paid	(90)	(957)
Net cash generated from/(used in) financing activities	(68,039)	(32,991)
Net Change in Cash & Cash Equivalents	302,748	(191,853)
Cash & Cash Equivalents at the beginning of the period	73,560	247,431
Cash & Cash Equivalents at the end of the period	376,308	55,578
<b>Cash &amp; Cash equivalents comprise:</b>		
Short term deposits	380,339	58,439
Cash and bank balances	1,668	2,838
	382,007	61,277
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)
	376,308	55,578

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 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	
<b>9 MONTHS ENDED 30 SEPTEMBER 2004</b>							
At 1 January 2004	200,000	352,874	99,174	34,159	10,000	11,062	707,269
Profit after taxation and minority interest	-	195,978	-	-	-	-	195,978
Dividends	-	(56,000)	-	-	-	-	(56,000)
Listing expenses	-	-	(90)	-	-	-	(90)
Currency translation differences	-	-	-	-	-	(8,512)	(8,512)
At 30 September 2004	200,000	492,852	99,084	34,159	10,000	2,550	838,645
<b>9 MONTHS ENDED 30 SEPTEMBER 2003</b>							
At 1 January 2003	162,500 *	241,151	407,952	34,159	-	4,932	850,694
Profit after taxation and minority interest	-	94,239	-	-	-	-	94,239
Listing expenses	-	-	(957)	-	-	-	(957)
Currency translation differences	-	-	-	-	-	(371)	(371)
At 30 September 2003	162,500	335,390	406,995	34,159	-	4,561	943,605

\* 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 Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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**

The financial statements for the year ended 31 December 2003 was not qualified.

**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, save that the Group recognised a gain on the disposal of two vessels in the current financial year to date 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**

In respect of the financial year ended 31 December 2003, a first and final dividend of 7 sen per share, tax exempt, amounting to RM56 million was paid on 20 May 2004.

**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
<b>REVENUE AND RESULT</b>					
Revenue					
External sales	192,391	82,216	2,223	-	276,830
Inter-segment sales	(1,578)	-	3,195	(1,617)	-
Total revenue	<u>190,813</u>	<u>82,216</u>	<u>5,418</u>	<u>(1,617)</u>	<u>276,830</u>
Segment results	129,373	87,985	(974)	-	216,384
Interest income					2,950
Finance cost					(15,634)
Share of results of associate					4
Taxation					(507)
Profit after taxation					<u>203,197</u>
Minority Interest					(7,219)
Profit for the period					<u><u>195,978</u></u>

**A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT**

The fixed assets are stated at cost less accumulated depreciation.

## A10. SUBSEQUENT MATERIAL EVENTS

Subsequent to the financial period end, on 26 October 2004, the Company effected an early partial redemption of its 60,000,000 Redeemable Preference Shares ("RPS") for a total redemption sum of RM150,000,000 at a redemption price of RM2.50 each, leaving a balance of 60,000,000 RPS in issue.

Other than disclosed above, there were no items of an exceptional or unusual nature which affect the assets, liabilities, equity, net income or cash flows of the Group.

## A11. CHANGES IN THE COMPOSITION OF THE GROUP

On 9 July 2004, a subsidiary, Brodsworth Enterprises Limited, subscribed for 50% of the issued share capital of Eminence Bulk Carriers Pte Ltd comprising 1,000,000 shares of US\$1.00 each, at par.

Saved as disclosed above, there have been no changes in the composition of the Group during the period under review.

## 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

Group revenue of RM276.83 million for the nine months ended 30 September 2004 outperformed that of the previous comparative period of RM146.04 million. This is despite the drydocking of three tankers and four dry bulkcarriers in the nine months up to September 2004 as opposed to three dry bulkcarriers for the comparative period last year.

The strong freight market more than compensated the days lost for drydocking. The average time charter earnings achieved for the 9 months showed an increase for dry bulk and tankers of 102% and 30% respectively over that of the corresponding period ended 30 September 2003.

Fleet operating expense continues to remain stable.

Profits attributable to the shareholders for the nine months ended 30 September 2004 increased by 108% to RM195.98 million when compared to the corresponding period in 2003.

## B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Baltic Dry Index (BDI) reached a peak in February 2004 when it hit 5,681. Following on concerns regarding China's efforts to cool its economy in the second quarter, the BDI retreated to 2,622 in June but has since recovered considerable grounds closing the third quarter at 4,105 (a 57% rebound from June level).

As much as the second quarter benefitted from the high first quarter rates, the third quarter results were affected by the relatively weaker second quarter freight market in the dry bulk sector.

The almost similar tanker rates in the second quarter and third quarter is significant in that the third quarter rates are normally at their lowest for the year. This signals an early recovery from the quiet summer period indicating stronger than normal tanker demand.

Net Group profit before tax for third quarter is a healthy RM48.2 million, albeit slightly lower than that earned in the second quarter of RM51.7 million.

## B3. PROSPECTS

As at 19 November 2004, the BDI was 5,393 representing a 106% rise from the low for the year of 2,622 in June 2004, and a 31% increase from the September closing figure of 4,105.

The tanker market is similarly buoyant. The second half of October saw a significant shift in the supply demand fundamentals for product tankers causing freight rates to increase sharply. Delays to vessels due to typhoons and hurricanes, continued high U.S. and Chinese demand, increasing long haul trades, approaching winter months and high demand for modern double hull tankers in "dirty" petroleum trades (in place of older single hull vessels which are no longer permitted into EU countries) all contributed towards higher demand for modern double hull tankers and improving market sentiments.

IMF in their recent review of economic prospects expects global GDP for 2004 to average 5% - its strongest pace in almost 3 decades. World trade volume is forecasted to grow globally by 8.8% in 2005 and 7.2% for 2006. Efforts initiated by the Chinese government earlier this year to cool its economy was largely targeted to rein in specific investments in industries such as steel and cement. Existing emphasis on infra-structure developments and energy needs will ensure the continued dominance of China as a substantial importer and consumer of raw materials, thereby contributing to a sustainable demand for ships in the coming years.

The last quarter of the year promises to be another strong quarter for both the dry bulk and tanker markets. The Board expects the fourth quarter results to be as good, if not better than that of the third quarter.

## B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

There were no profit forecast or profit guarantee for the nine month period ending 30 September 2004.

## B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge/(credit)		
-current year	156	388
-prior year	(1)	(40)
Deferred tax expense	(220)	159
	<u>(65)</u>	<u>507</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	5,377	19,343
Sale proceeds	4,031	11,637
Profit/(loss) on disposal of quoted securities	(35)	408

ii) Investments in quoted securities as at 30 September 2004 are as follows:-

Marketable Securities	RM '000
At cost	52,909
At carrying value	69,085
At market value	72,527

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 30 September 2004.

## B9. GROUP BORROWINGS

i) The Group borrowings as at 30 September 2004 are as follows:

	RM '000
Long Term Borrowings	
- Secured	
Repayable within 12 months	14,414
Repayable after 12 months	145,410
	<u>159,824</u>
- Unsecured loan	444
Total	<u><u>160,268</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. 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.

## 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 30-Sep-04	PRECEDING YEAR QUARTER 30-Sep-03	CURRENT YEAR TO DATE 30-Sep-04	PRECEDING YEAR TO DATE 30-Sep-03
Net profit (RM'000)	45,771	26,127	195,978	94,239
Weighted average number of ordinary shares in issue('000)	800,000	700,000	800,000	700,000
Earnings per share(sen)	<u>5.72</u>	<u>3.73</u>	<u>24.50</u>	<u>13.46</u>

The effect of the share split and bonus shares issued have been adjusted for the quarter ended 30 September, 2003.

## B14. CAPITAL COMMITMENTS

Capital commitments on new shipbuildings net of instalments paid, as at 30 September 2004, in USD and its equivalent in RM are as follows:

	USD'000	RM'000
Approved and contracted for - new shipbuildings	158,881	603,748
	<u>158,881</u>	<u>603,748</u>