

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2004

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-04 RM '000	PRECEDING YEAR QUARTER 31-Dec-03 RM '000	CURRENT YEAR TO DATE 31-Dec-04 RM '000	PRECEDING YEAR TO DATE 31-Dec-03 RM '000
Revenue	105,458	66,965	382,288	213,009
Operating expenses	<u>(28,643)</u>	<u>(26,802)</u>	<u>(118,834)</u>	<u>(104,256)</u>
	76,815	40,163	263,454	108,753
Other operating income	12,956	6,666	54,373	40,755
Administrative expenses	<u>(5,150)</u>	<u>(7,533)</u>	<u>(13,872)</u>	<u>(10,869)</u>
Profit from operations	84,621	39,296	303,955	138,639
Finance cost	<u>(3,768)</u>	<u>(5,549)</u>	<u>(19,402)</u>	<u>(8,662)</u>
	80,853	33,747	284,553	129,977
Share of results of associate	<u>(20)</u>	<u>0</u>	<u>(16)</u>	<u>0</u>
Profit before taxation	80,833	33,747	284,537	129,977
Taxation	<u>(215)</u>	<u>(272)</u>	<u>(722)</u>	<u>(119)</u>
Profit after taxation	80,618	33,475	283,815	129,858
Less minority interests	<u>(2,517)</u>	<u>(1,443)</u>	<u>(9,736)</u>	<u>(3,587)</u>
Net profit attributable to shareholders of the company	<u><u>78,101</u></u>	<u><u>32,032</u></u>	<u><u>274,079</u></u>	<u><u>126,271</u></u>
Earnings per share (sen)				
(i) Basic	9.76	4.48	34.26	17.68
(ii) Diluted	9.76	4.48	34.26	17.68

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-04 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-03 RM '000
FIXED ASSETS	1,061,383	1,066,574
ASSOCIATE COMPANY	11,412	-
	<u>1,072,795</u>	<u>1,066,574</u>
CURRENT ASSETS		
<i>Consumable stores</i>	4,284	5,131
<i>Trade receivables</i>	16,438	16,221
<i>Other receivables and prepayments</i>	11,767	9,720
<i>Investments</i>	94,069	61,716
<i>Short term deposits</i>	54,474	74,334
<i>Cash and bank balances</i>	1,617	4,925
	<u>182,649</u>	<u>172,047</u>
CURRENT LIABILITIES		
<i>Other payables</i>	43,621	37,628
<i>Current portion of term loans</i>	11,654	14,407
<i>Provision for Taxation</i>	474	349
	<u>55,749</u>	<u>52,384</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>126,900</u>	<u>119,663</u>
	<u>1,199,695</u>	<u>1,186,237</u>
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	200,000	200,000
RESERVES	716,075	507,269
	<u>916,075</u>	<u>707,269</u>
MINORITY INTEREST	32,553	23,729
NON-CURRENT LIABILITIES		
<i>Redeemable preference shares</i>	150,000	300,000
<i>Long Term Loans</i>	100,637	155,165
<i>Deferred taxation</i>	430	74
	<u>1,199,695</u>	<u>1,186,237</u>
	<u>1,199,695</u>	<u>1,186,237</u>

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

	CUMULATIVE	
	CURRENT	PRECEDING YEAR
	YEAR 31-Dec-04 RM '000	CORRESPONDING 31-Dec-03 RM '000
Cash Flow From Operating Activities		
Profit before taxation	284,537	129,977
Adjustments for:		
Depreciation	35,893	31,254
Gain on disposal of fixed assets	(38,359)	(20,471)
Gain on disposal of quoted investments	(559)	(42)
Share of results of associate	16	-
Unrealised (gain)/loss on quoted investments	(10,776)	(18,332)
Dividend income	(524)	(140)
Movement in foreign exchange translation	(214)	4,636
Interest income	(3,894)	(1,541)
Interest expense	3,502	4,162
Redeemable preference shares dividend	15,900	4,500
Operating profit/(loss) before working capital changes	<u>285,522</u>	<u>134,003</u>
Working capital changes:		
Consumable stores	847	(1,723)
Receivables	(2,264)	(4,316)
Payables	<u>8,693</u>	<u>5,630</u>
Cash generated from operating activities	292,798	133,594
Tax (paid)/recovered	(241)	(326)
Net cash generated from operating activities	<u>292,557</u>	<u>133,268</u>
Cash Flows From Investing Activities		
Construction cost incurred for fixed assets	(276,437)	(308,260)
Purchase of fixed assets	(1,155)	(1,324)
Purchase of quoted investments	(35,570)	(5,586)
Acquisition of new subsidiaries	-	(14,216)
Dividend received	524	140
Interest received	3,894	1,702
Proceeds from disposal of quoted investments	14,481	2,438
Investment in associated company	(1,900)	-
Loan to associated company	(9,527)	-
Proceeds from disposal of fixed assets	<u>276,643</u>	<u>32,835</u>
Net cash generated from/(used in) investing activities	<u>(29,047)</u>	<u>(292,271)</u>
Cash Flows From Financing Activities		
Interest paid	(3,502)	(5,063)
Redeemable preference shares dividend paid	(18,600)	-
Redemption of redeemable preference shares	(150,000)	(100,000)
Proceeds from issuance of share capital	-	127,157
Repayment of term loans	(57,339)	(14,479)
Dividend paid to shareholders	(56,000)	(19,500)
Dividend paid to minority shareholder of a subsidiary company	(912)	-
Loan from minority shareholder of a subsidiary company	58	-
Withdrawal of deposits pledged	5,699	-
Listing expenses paid	<u>(383)</u>	<u>(2,983)</u>
Net cash generated from/(used in) financing activities	<u>(280,979)</u>	<u>(14,868)</u>
Net Change in Cash & Cash Equivalents	(17,469)	(173,871)
Cash & Cash Equivalents at the beginning of the period	<u>73,560</u>	<u>247,431</u>
Cash & Cash Equivalents at the end of the period	<u>56,091</u>	<u>73,560</u>
Cash & Cash equivalents comprise:		
Short term deposits	54,474	74,334
Cash and bank balances	<u>1,617</u>	<u>4,925</u>
	56,091	79,259
Less: Short term deposits pledged as security for a guarantee facility provided by a foreign licensed bank to a third party	-	(5,699)
	<u>56,091</u>	<u>73,560</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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	
12 MONTHS ENDED 31 DECEMBER 2003							
At 1 January 2003	162,500 *	241,151	407,952	34,159	-	4,932	850,694
Issue of shares:-							
-Bonus issue	12,500	-	(12,500)	-	-	-	-
-Public issue	25,000	-	102,157	-	-	-	127,157
Listing expenses	-	-	(2,983)	-	-	-	(2,983)
Bonus issue of Redeemable Preference Shares	-	(4,548)	(395,452)	-	-	-	(400,000)
Transfer to Capital Redemption Reserve	-	(10,000)	-	-	10,000	-	-
Profit after taxation and minority interest	-	126,271	-	-	-	-	126,271
Currency translation differences	-	-	-	-	-	6,130	6,130
At 31 December 2003	200,000	352,874	99,174	34,159	10,000	11,062	707,269
12 MONTHS ENDED 31 DECEMBER 2004							
At 1 January 2004	200,000	352,874	99,174	34,159	10,000	11,062	707,269
Listing expenses	-	-	(383)	-	-	-	(383)
Transfer to Capital Redemption Reserve	-	(15,000)	-	-	15,000	-	-
Profit after taxation and minority interest	-	274,079	-	-	-	-	274,079
Dividend	-	(56,000)	-	-	-	-	(56,000)
Currency translation differences	-	-	-	-	-	(8,890)	(8,890)
At 31 December 2004	200,000	555,953	98,791	34,159	25,000	2,172	916,075

* 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 amounting to RM38.4 million.

A5. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in prior financial years that may have a material effect in the current year.

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 year 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.

The company proposes a first and final dividend of 12 sen per share, tax exempt, amounting to RM96 million for the financial year ended 31 December 2004.

A8. SEGMENT REPORT

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

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management & others RM '000	Elimination RM '000	Group RM '000
REVENUE AND RESULT					
Revenue					
External sales	261,627	117,564	3,097	-	382,288
Inter-segment sales	(2,170)	-	4,329	(2,159)	-
Total revenue	<u>259,457</u>	<u>117,564</u>	<u>7,426</u>	<u>(2,159)</u>	<u>382,288</u>
Segment results	176,088	113,991	9,982	-	300,061
Interest income					3,894
Finance cost					(19,402)
Share of results of associate					(16)
Taxation					(722)
Profit after taxation					<u>283,815</u>
Minority Interest					<u>(9,736)</u>
Profit for the period					<u><u>274,079</u></u>

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The fixed assets are stated at cost less accumulated depreciation.

A10. SUBSEQUENT MATERIAL EVENTS

On 25 January 2005, the Company entered into a Share Purchase Agreement to dispose of its wholly owned subsidiary, Brodsworth Enterprises Limited and all its subsidiaries ("Brodsworth Group") for a total consideration of approximately US\$82 million (RM311.6 million). Brodsworth Group owns four Panamax Tankers, of which three tankers are presently under construction.

On 28 January 2005, two subsidiaries of the Group, MBC Maju Sdn Bhd and MBC Mutiara Sdn Bhd entered into a Memorandum of Agreement respectively to sell two 50,296 dwt Handymax Bulk Carriers, for a cash consideration of US\$34 million (RM129.2 million) each.

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. The investment was subsequently sold to Lightwell Shipping Inc., a subsidiary of the Group.

On 30 November 2004, the Group acquired the entire issued share capital of 1 ordinary share of USD1 each in New Johnson Holdings Limited, Novel Bright Assets Limited, Ethiopian Assets Limited, Smart Windsor Assets Limited, Everspeed Enterprises Limited and Towertime Holdings Limited for a consideration of USD1 each.

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 for the year ended 31 December 2004 ended on a positive note with the last quarter surge pushing the year's revenue to a new high of RM382.3 million -- a 79% increase over the previous year's RM213.0 million. The freight market was generally strong in 2004 with average Time Charter Equivalents for the dry bulk and the tankers segment reflecting increases of about of 88% and 38% respectively over that of the previous year.

The total income days for 2004 were 5,300 days, comprising 3,910 days for dry bulk and 1,390 days for tankers, which in total compared favorably against 2003's 5,158 days. The increase in income days, despite the scheduled dockings for some of the MBC vessels, was due to the addition of a newbuilding Panamax tanker; the MT "Penyu Agar" that MBC took delivery of towards the end of 2003.

Fleet operating expenses increased on account of additional dry dockings cost, however generally the overall cost is consistent with its fleet size.

Other operating income arising from ship sales, interest income, dividends and gains from quoted investments increased by RM13.6 million compared against 2003. The increase in the finance cost is due to a full year charge on the Redeemable Preference Shares, which were issued in October 2003.

Profit attributable to shareholders for the year ended 31 December 2004 increased by 117% to RM274.0 million against 2003's RM126.3 million.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The increase in revenue and profit from operations of 25% and 38% respectively for the last quarter of the year, compared to the previous quarter showed the strength of the market recovery from the low in the middle of this year. Coupled with gains from revaluation of quoted investments and other income, the attributable profit for the quarter is a 71% increase against the third quarter of 2004.

The market improvement in the third quarter, which saw the Baltic Dry Index (BDI) rebound from the lows in June when it hit bottom at 2,622 points continued into the fourth quarter. This improvement enabled the BDI to average 5,106 points for the fourth quarter as compared to the third quarter BDI average of 4,027 points.

Similarly, the tanker sector, which also saw the market improve in the third quarter experienced further strength into the fourth quarter as demand for tonnage increased both in the dirty (crude oil) and clean products trade. The expansion in the clean and dirty trades boosted demand for modern double hull ships due to the ban on old, single hull units from EU ports.

China's robust growth and energy requirements continue to support freight rates. The Baltic Clean Tanker Index (BCTI) which reached the year's lows of 843 points in April saw sharp increases in the third quarter with the BCTI averaging 1,042 points pushing to an average 1,590 points by fourth quarter 2004.

B3. PROSPECTS

High oil prices, the upward trend of interest rate, the weak dollar and concerns about the growing US twin deficits are factors which will slow the pace of growth for 2005. Although global economic growth is slated to decline to 3.2%, Asia is expected to enjoy solid growth, with China and India taking the lead. The G7 finance ministers and central bank governor's meeting in London in early February said that global growth has moderated since October 2004 but is still expected to remain robust in 2005.

China, the world's fastest growing economy registered a 9.5% growth for 2004 and is expected to expand at a slower but still healthy 8% in 2005. The World Bank reported that the risk of China's economy overheating has declined, as domestic demand growth and consumer price inflation have slackened in the wake of measures taken to cool the economy.

Going forward, your Board is cautiously optimistic. Although we have taken steps to realign our strategy, we remain constantly alert to the changes in the demand and supply dynamics and will not hesitate to seize upon opportunities when they arise.

In early 2005, MBC sold six of its vessels realizing capital gains which will put the MBC Group on track for an exceptional year.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

There were no profit forecast or profit guarantee for the year under review.

B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge/(credit)		
-current year	56	444
-prior year	(38)	(78)
Deferred tax expense	197	356
	<u>215</u>	<u>722</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	16,227	35,570
Sale proceeds	2,844	14,481
Profit/(loss) on disposal of quoted securities	151	559

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

Marketable Securities	RM '000
At cost	66,643
At carrying value	94,069
At market value	94,069

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 December 2004.

B9. GROUP BORROWINGS

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

	RM '000
Long Term Borrowings	
- Secured	
Repayable within 12 months	11,654
Repayable after 12 months	100,193
	<u>111,847</u>
- Unsecured loan	444
Total	<u><u>112,291</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 company proposes a first and final dividend of 12 sen per share, tax exempt, amounting to RM96 million for the financial year ended 31 December 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-Dec-04	PRECEDING YEAR QUARTER 31-Dec-03	CURRENT YEAR TO DATE 31-Dec-04	PRECEDING YEAR TO DATE 31-Dec-03
Net profit (RM'000)	78,101	32,032	274,079	126,271
Weighted average number of ordinary shares in issue('000)	800,000	714,247	800,000	714,247
Earnings per share(sen)	<u>9.76</u>	<u>4.48</u>	<u>34.26</u>	<u>17.68</u>

The effect of the share split and bonus shares issued have been adjusted for the financial year ended 31 December 2003.

B14. CAPITAL COMMITMENTS

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

	USD'000	RM'000
Approved and contracted for - new shipbuildings	192,691	732,225
	<u>192,691</u>	<u>732,225</u>