

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 31 March 2005  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2005**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-05 RM '000	PRECEDING YEAR QUARTER 31-Mar-04 RM '000	CURRENT YEAR TO DATE 31-Mar-05 RM '000	PRECEDING YEAR TO DATE 31-Mar-04 RM '000
Revenue	103,733	101,107	103,733	101,107
Operating expenses	<u>(27,751)</u>	<u>(28,865)</u>	<u>(27,751)</u>	<u>(28,865)</u>
	75,982	72,242	75,982	72,242
Other operating income	294,806	39,046	294,806	39,046
Administrative expenses	<u>(3,744)</u>	<u>(2,204)</u>	<u>(3,744)</u>	<u>(2,204)</u>
Profit from operations	367,044	109,084	367,044	109,084
Finance cost	<u>(3,167)</u>	<u>(5,227)</u>	<u>(3,167)</u>	<u>(5,227)</u>
	363,877	103,857	363,877	103,857
Share of results of associate	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>0</u>
Profit before taxation	363,876	103,857	363,876	103,857
Taxation	<u>925</u>	<u>(24)</u>	<u>925</u>	<u>(24)</u>
Profit after taxation	364,801	103,833	364,801	103,833
Less minority interests	<u>(2,765)</u>	<u>(2,357)</u>	<u>(2,765)</u>	<u>(2,357)</u>
Net profit attributable to shareholders of the company	<u><u>362,036</u></u>	<u><u>101,476</u></u>	<u><u>362,036</u></u>	<u><u>101,476</u></u>
Earnings per share (sen)				
(i) Basic	45.25	12.68	45.25	12.68
(ii) Diluted	45.25	12.68	45.25	12.68

Please refer to Note B13 for number of shares

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-05 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-04 RM '000
FIXED ASSETS	865,638	1,061,383
ASSOCIATE COMPANY	11,424	11,412
	<u>877,062</u>	<u>1,072,795</u>
<b>CURRENT ASSETS</b>		
<i>Consumable stores</i>	5,880	4,284
<i>Trade receivables</i>	15,571	16,437
<i>Proceeds from disposal of vessels</i>	388,593	-
<i>Other receivables and prepayments</i>	12,879	11,769
<i>Investments</i>	100,294	94,068
<i>Short term deposits</i>	207,778	54,474
<i>Cash and bank balances</i>	8,161	1,617
	<u>739,156</u>	<u>182,649</u>
<b>CURRENT LIABILITIES</b>		
<i>Other payables</i>	42,008	43,621
<i>Current portion of term loans</i>	11,654	11,654
<i>Provision for Taxation</i>	172	474
	<u>53,834</u>	<u>55,749</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<u>685,322</u>	<u>126,900</u>
	<u>1,562,384</u>	<u>1,199,695</u>
<b>SHAREHOLDERS' FUNDS</b>		
<b>SHARE CAPITAL</b>	200,000	200,000
<b>RESERVES</b>	1,078,402	716,075
	<u>1,278,402</u>	<u>916,075</u>
<b>MINORITY INTEREST</b>	35,318	32,553
<b>NON-CURRENT LIABILITIES</b>		
<i>Redeemable preference shares</i>	150,000	150,000
<i>Long Term Loans</i>	98,573	100,637
<i>Deferred taxation</i>	91	430
	<u>150,664</u>	<u>251,067</u>
	<u>1,562,384</u>	<u>1,199,695</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2005**

	CUMULATIVE	
	CURRENT YEAR 31-Mar-05 RM '000	PRECEDING YEAR CORRESPONDING 31-Mar-04 RM '000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	363,876	103,857
Adjustments for:		
Depreciation	8,298	8,721
Gain on disposal of fixed assets	-	(38,401)
Gain on disposal of quoted investments	(44)	(10)
Gain on disposal of subsidiaries	(294,432)	-
Share of results of associate	1	-
Unrealised loss on quoted investments	1,528	-
Dividend income	(132)	(43)
Movement in foreign exchange translation	(564)	(65)
Interest income	(1,273)	(542)
Interest expense	948	728
Provision for redeemable preference shares dividend	2,219	4,500
Operating profit/(loss) before working capital changes	80,425	78,745
Working capital changes:		
Consumable stores	(1,596)	600
Receivables	386,533	(9,772)
Payables	(3,832)	17,307
Cash generated from operating activities	461,530	86,880
Tax (paid)/recovered	(125)	(38)
Net cash generated from operating activities	461,405	86,842
<b>Cash Flows From Investing Activities</b>		
Construction cost incurred for fixed assets	(89,581)	(59,011)
Purchase of fixed assets	(238)	(847)
Purchase of quoted investments	(12,634)	(10,489)
Dividend received	132	43
Interest received	1,273	542
Proceeds from disposal of quoted investments	5,027	109
Proceeds from disposal of fixed assets	-	267,143
Proceeds from disposal of subsidiaries	186,070	-
Net cash generated from/(used in) investing activities	90,049	197,490
<b>Cash Flows From Financing Activities</b>		
Interest paid	(948)	(728)
Repayment of term loans	(2,064)	(2,148)
Listing expenses paid	-	(17)
Net cash generated from/(used in) financing activities	(3,012)	(2,893)
Net Change in Cash & Cash Equivalents	548,442	281,439
Cash & Cash Equivalents at the beginning of the period	56,091	73,560
Cash & Cash Equivalents at the end of the period	604,533	354,999
<b>Cash &amp; Cash equivalents comprise:</b>		
Short term deposits	207,778	359,358
Cash and bank balances	8,161	1,340
	215,939	360,698
Less: Short term deposits pledged as security for a guarantee facility provided by a foreign licensed bank to a third party	-	(5,699)
	215,939	354,999

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2005**

	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>3 MONTHS ENDED 31 MARCH 2005</b>							
At 1 January 2005	200,000	555,953	98,791	34,159	25,000	2,172	916,075
Profit after taxation and minority interest	-	362,036	-	-	-	-	362,036
Currency translation differences	-	-	-	-	-	291	291
At 31 March 2005	200,000	917,989	98,791	34,159	25,000	2,463	1,278,402
<b>3 MONTHS ENDED 31 MARCH 2004</b>							
At 1 January 2004	200,000	352,874	99,174	34,159	10,000	11,062	707,269
Listing expenses	-	-	(17)	-	-	-	(17)
Profit after taxation and minority interest	-	101,476	-	-	-	-	101,476
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

**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 2004. 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 2004 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 quarter, save that the Group recognised a gain on the disposal of subsidiaries amounting to RM294 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 quarter.

**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**

There were no dividends paid or declared during the current quarter.

In respect of the financial year ended 31 December 2004, a first and final dividend of 12 sen per share, tax exempt, amounting to RM96 million will be paid on 25 May 2005.

**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
<b>REVENUE AND RESULT</b>					
Revenue					
External sales	67,696	34,996	1,041	-	103,733
Inter-segment sales	(481)	-	1,023	(542)	-
Total revenue	<u>67,215</u>	<u>34,996</u>	<u>2,064</u>	<u>(542)</u>	<u>103,733</u>
Segment results	45,753	321,284	(1,266)	-	365,771
Interest income					1,273
Finance cost					(3,167)
Share of results of associate					(1)
Taxation					925
Profit after taxation					<u>364,801</u>
Minority Interest					<u>(2,765)</u>
Profit for the period					<u><u>362,036</u></u>

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

The fixed assets are stated at cost less accumulated depreciation.

#### A10. SUBSEQUENT MATERIAL EVENTS

In April 2005, three subsidiaries of the Group, Amatklasik Sdn Bhd, MBC Mutiara Sdn Bhd and MBC Maju Sdn Bhd, disposed a vessel each to third parties for a total consideration of approximately RM322 million. Of the three, one vessel Alam Sentosa, which was owned by Amatklasik Sdn Bhd will be time chartered into the Group for a period of seven years. The MBC Group has a purchase option at any time after year 3. In the event the option is not exercised, the Group has a purchase obligation at the end of the charter period for a price of Yen455 million.

On 13 May 2005, the company redeemed its remaining 60 million RPS for a total value of RM150 million. The RPS was removed from the Official List of the Bursa Malaysia Securities Berhad with effect from 16 May 2005.

#### A11. CHANGES IN THE COMPOSITION OF THE GROUP

On 3 February 2005, the Group disposed of five subsidiaries, namely Brodsworth Enterprises Ltd, Penyu Agar Shipping Pte Ltd, Leadworld Pte Ltd, Penyu Daun Shipping Pte Ltd and Penyu Pipih Shipping Pte Ltd.

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 RM103.7 million for the first quarter ended 2005 recorded a marginal 2.6% increase against 2004's first quarter's RM101.1 million. This increase in revenue is despite a reduction in its fleet from 15 vessels in Q1 04 to 14 vessels in Q1 05.

The average Time Charter Equivalent (TCE) achieved for the current first quarter was higher than that for the first quarter of 2004, with the dry bulk registering a 3.6% increase and the tanker, a strong 23%. In the first quarter of 2005 revenue did not benefit significantly from the higher TCE as only three tankers were deployed versus 4 tankers in the first quarter of 2004.

Profit before tax for the first quarter of 2005 amounted to RM363.9 million, a 250% increase from the first quarter profits of RM103.9 for the same period last year.

The substantial jump in profit is primarily due to gains arising from the disposal of four panamax tankers. This contributed RM294 million to the results of the Group. In comparison, gains on disposal was RM38.4 million for the first quarter of 2004.

Operating profits from ship operations increased by 5% or a marginal RM3.7 million when compared with the first quarter 2004 operating profits.

Administrative and personnel expenses have increased due to the increase in activities and personnel cost.

It is however significant to note that first quarter profits of RM363.9 million have already exceeded 2004 full year's profit of RM284.5 million.

#### B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The market softened in early 2005 when compared to the last market peak in December 2004. However measures taken to lock in period cover at attractive levels have minimised the negative impact of such a decline with operating revenue and profit each dropping a mere 1% for Q1 2005 when compared to the preceding quarter 2004 performance.

The sale of the four panamax-tankers and the resulting capital gains boosted the first quarter's attributable profit to RM362 million. This is 4.6 times the preceding quarter's attributable profit of RM78.1 million.

## B3. PROSPECTS

The International Monetary Fund in its April World Economic Outlook forecasted that global growth would slow to 4.3 percent this year from 5.1 percent in 2004. Interest rate increases, high energy costs and the massive U.S trade deficits are amongst the key risks that the global economy faces. IMF forecast that the growth in world trade volume (goods and services) will ease from 9.9% in 2004 to 7.4% in 2005.

Reflecting the softening market since the last quarter of 2004, the Baltic Dry Index ("BDI") has trended downwards taking the average for the last quarter of 2004 at 5,107 points to the first quarter's average of 4,572 points.

Mindful of the easing trends, your Board has taken various measures to safeguard MBC's earnings and performance for the year.

In the first quarter we contracted to sell four panamax tankers generating attractive capital gains on the sale. Subsequently a further 3 handymax bulk carriers were sold in April this year. All in all, sale of vessels will contribute a total capital gain of about RM 450 million (RM294 million recognised in first quarter of 2005) to the Group's current financial year's profit.

## B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

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

## B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge/(credit)		
-current year	18	18
-prior year	(604)	(604)
Deferred tax expense	(339)	(339)
	<u>(925)</u>	<u>(925)</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-to-date RM'000
Purchase consideration	12,634	12,634
Sale proceeds	5,027	5,027
Profit/(loss) on disposal of quoted securities	44	44

ii) Investments in quoted securities as at 31 March 2005 are as follows:-

Marketable Securities	RM '000
At cost	74,817
At carrying value	100,294
At market value	103,346

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 2005.

## B9. GROUP BORROWINGS

i) The Group borrowings as at 31 March 2005 are as follows:

	RM '000
Long Term Borrowings	
- Secured	
Repayable within 12 months	11,654
Repayable after 12 months	98,129
	<u>109,783</u>
- Unsecured loan	444
Total	<u><u>110,227</u></u>

The secured borrowings are denominated in USD and 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

There were no dividends paid or declared during the current quarter.

## 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-05	PRECEDING YEAR QUARTER 31-Mar-04	CURRENT YEAR TO DATE 31-Mar-05	PRECEDING YEAR TO DATE 31-Mar-04
Net profit (RM'000)	362,036	101,476	362,036	101,476
Weighted average number of ordinary shares in issue('000)	800,000	800,000	800,000	800,000
Earnings per share(sen)	<u>45.25</u>	<u>12.68</u>	<u>45.25</u>	<u>12.68</u>

## B14. CAPITAL COMMITMENTS

Capital commitments on new shipbuildings net of instalments paid, as at 31 March 2005, in USD and its equivalent in RM are as follows:

	USD'000	RM'000
Approved and contracted for - new shipbuildings	170,306	647,163
	<u>170,306</u>	<u>647,163</u>