

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2005
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Sep-05 RM '000	PRECEDING YEAR QUARTER 30-Sep-04 RM '000	CURRENT YEAR TO DATE 30-Sep-05 RM '000	PRECEDING YEAR TO DATE 30-Sep-04 RM '000
Revenue	94,552	84,588	294,643	276,830
Operating expenses	<u>(35,965)</u>	<u>(28,975)</u>	<u>(95,732)</u>	<u>(90,191)</u>
Other operating income	58,587	55,613	198,911	186,639
Administrative expenses	<u>281</u> <u>(4,701)</u>	<u>2,166</u> <u>(4,410)</u>	<u>415,694</u> <u>(12,748)</u>	<u>41,417</u> <u>(8,722)</u>
Profit from operations	54,167	53,369	601,857	219,334
Finance cost	<u>(3,460)</u>	<u>(5,203)</u>	<u>(8,604)</u>	<u>(15,634)</u>
Share of results of associate	<u>50,707</u> <u>2,671</u>	<u>48,166</u> <u>4</u>	<u>593,253</u> <u>2,671</u>	<u>203,700</u> <u>4</u>
Profit before taxation	53,378	48,170	595,924	203,704
Taxation	<u>(558)</u>	<u>65</u>	<u>(86)</u>	<u>(507)</u>
Profit after taxation	52,820	48,235	595,838	203,197
Less minority interests	<u>(2,914)</u>	<u>(2,464)</u>	<u>(9,663)</u>	<u>(7,219)</u>
Net profit attributable to shareholders of the company	<u>49,906</u>	<u>45,771</u>	<u>586,175</u>	<u>195,978</u>
Earnings per share (sen)				
(i) Basic	6.24	5.72	73.27	24.50
(ii) Diluted	6.24	5.72	73.27	24.50

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2005

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Sep-05 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-04 RM '000
FIXED ASSETS	860,730	1,061,383
ASSOCIATE COMPANY	21,389	11,412
	<u>882,119</u>	<u>1,072,795</u>
CURRENT ASSETS		
<i>Consumable stores</i>	6,750	4,284
<i>Trade receivables</i>	26,154	16,437
<i>Other receivables and prepayments</i>	14,808	11,769
<i>Investments</i>	115,564	94,068
<i>Short term deposits</i>	770,303	54,474
<i>Cash and bank balances</i>	3,487	1,617
	<u>937,066</u>	<u>182,649</u>
CURRENT LIABILITIES		
<i>Other payables</i>	58,703	43,621
<i>Current portion of term loans</i>	7,068	11,654
<i>Provision for Taxation</i>	463	474
	<u>66,234</u>	<u>55,749</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>870,832</u>	<u>126,900</u>
	<u>1,752,951</u>	<u>1,199,695</u>
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	200,000	200,000
RESERVES	1,204,591	716,075
	<u>1,404,591</u>	<u>916,075</u>
MINORITY INTEREST	43,735	32,553
NON-CURRENT LIABILITIES		
<i>Redeemable preference shares</i>	-	150,000
<i>Long Term Loans</i>	218,108	100,637
<i>Deferred credit</i>	86,443	-
<i>Deferred taxation</i>	74	430
	<u>1,752,951</u>	<u>1,199,695</u>
	<u>1,752,951</u>	<u>1,199,695</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	CUMULATIVE	
	CURRENT YEAR 30-Sep-05 RM '000	PRECEDING YEAR CORRESPONDING 30-Sep-04 RM '000
Cash Flow From Operating Activities		
Profit before taxation	595,924	203,704
Adjustments for:		
Depreciation	24,331	26,750
Amortisation of deferred credit	(2,960)	-
Gain on disposal of fixed assets	(118,148)	(38,359)
(Gain) / loss on disposal of quoted investments	(262)	(408)
Gain on disposal of subsidiaries	(292,087)	-
Share of results of associate	(2,671)	(4)
Unrealised loss on quoted investments	2,794	766
Dividend income	(788)	(283)
Movement in foreign exchange translation	36	(137)
Interest income	(6,707)	(2,950)
Finance cost	8,604	15,634
Operating profit/(loss) before working capital changes	<u>208,066</u>	<u>204,713</u>
Working capital changes:		
Consumable stores	(843)	201
Receivables	(18,933)	(1,578)
Payables	<u>21,190</u>	<u>7,543</u>
Cash generated from operating activities	<u>209,480</u>	<u>210,879</u>
Tax (paid)/recovered	(419)	(172)
Net cash generated from operating activities	<u>209,061</u>	<u>210,707</u>
Cash Flows From Investing Activities		
Construction cost incurred for fixed assets	(291,572)	(95,260)
Purchase of fixed assets	(981)	(1,041)
Purchase of quoted investments	(44,994)	(19,343)
Dividend received	788	283
Interest received	6,707	2,950
Proceeds from disposal of quoted investments	20,490	11,637
Proceeds from disposal of fixed assets	395,576	267,524
Proceeds from disposal of subsidiaries	570,129	-
Subscription of shares in associate company	-	(1,900)
Loan to associate company	(7,306)	(4,770)
Net cash generated from/(used in) investing activities	<u>648,837</u>	<u>160,080</u>
Cash Flows From Financing Activities		
Finance cost paid	(8,604)	(15,634)
Redemption of redeemable preference shares	(150,000)	-
Proceeds from issuance of share to minority shareholder of subsidiary company	1,520	-
Repayment of term loans	(111,847)	(9,363)
Dividend paid to shareholders	(96,000)	(56,000)
Drawdown of loans	215,241	-
Loan from minority shareholder of subsidiary companies	9,491	58
Listing expenses paid	-	(90)
Net cash generated from/(used in) financing activities	<u>(140,199)</u>	<u>(81,029)</u>
Net Change in Cash & Cash Equivalents	717,699	289,758
Cash & Cash Equivalents at the beginning of the period	<u>56,091</u>	<u>73,560</u>
Cash & Cash Equivalents at the end of the period	<u><u>773,790</u></u>	<u><u>363,318</u></u>
Cash & Cash equivalents comprise:		
Short term deposits	770,303	380,339
Cash and bank balances	<u>3,487</u>	<u>1,668</u>
	<u>773,790</u>	<u>382,007</u>
Less: Short term deposits pledged as security for a guarantee facility provided by a foreign licensed bank to a third party	-	(5,699)
	<u><u>773,790</u></u>	<u><u>376,308</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	
9 MONTHS ENDED 30 SEPTEMBER 2005							
At 1 January 2005	200,000	555,953	98,791	34,159	25,000	2,172	916,075
Transfer to Capital Redemption Reserve upon redemption of RPS	-	(15,000)	-	-	15,000	-	-
Profit after taxation and minority interest	-	586,175	-	-	-	-	586,175
Dividends	-	(96,000)	-	-	-	-	(96,000)
Currency translation differences	-	-	-	-	-	(1,659)	(1,659)
At 30 September 2005	200,000	1,031,128	98,791	34,159	40,000	513	1,404,591
9 MONTHS ENDED 30 SEPTEMBER 2004							
At 1 January 2004	200,000	352,874	99,174	34,159	10,000	11,062	707,269
Listing expenses	-	-	(90)	-	-	-	(90)
Profit after taxation and minority interest	-	195,978	-	-	-	-	195,978
Dividends	-	(56,000)	-	-	-	-	(56,000)
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

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 were 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 RM292 million and gain on disposal of vessels of RM118 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 was 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
REVENUE AND RESULT					
Revenue					
External sales	210,826	80,605	3,212	-	294,643
Inter-segment sales	(1,688)	-	3,161	(1,473)	-
Total revenue	<u>209,138</u>	<u>80,605</u>	<u>6,373</u>	<u>(1,473)</u>	<u>294,643</u>
Segment results	250,114	350,335	(5,299)	-	595,150
Interest income					6,707
Finance cost					(8,604)
Share of results of associate					2,671
Taxation					(86)
Profit after taxation					<u>595,838</u>
Minority Interest					<u>(9,663)</u>
Profit for the period					<u><u>586,175</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 which affect the assets, liabilities, equity, net income or cash flows of the Group.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

On 26 September 2006, the company acquired the entire issued share capital of 1 ordinary share of USD1 each in Kohing Investments Limited, a company incorporated in the British Virgin Islands, for a consideration of USD1 each.

Save as disclosed above, there have been no changes in the composition of the Group during the current quarter 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 RM294.6 million for the nine months ended 2005 reported a 6.4% increase against the corresponding period of 2004. The average Time Charter Equivalents (TCE) achieved for the nine months is higher by 8.5% than that for the nine months average in 2004, with the dry bulk registering an increase of 6.6% while the tanker recording an increase of 17%. The hire days were marginally lower (1.9%) compared to last year due to a net decline in MBC's total fleet.

Profit before tax and minority interest for the nine months ended 2005 amounted to RM595.9 million, about a 3 fold increase compared to 2004's nine months' profits of RM203.7 million. The gains realized on disposal which included four panamax-tankers and two handymax bulk carriers, contributed RM410.0 million (as compared to RM38.4 million for period up till September 2004) to the results of the Group. Profits from ship operations increased by RM12.3 million in comparison with the corresponding period in 2004.

As reported in the preceding quarters, the increase in administrative expenses is attributable to the increasing personnel costs to meet the needs of an expanding business.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The shipping market for both dry bulk carriers and tankers peaked towards the last quarter of 2004 with markets easing into the third quarter of 2005. Consequently, revenue for the third quarter, in tandem with the market trend, reported a decline, albeit a marginal 1.9%, against the second quarter of 2005.

There were no disposal of ships, whereas in the second quarter there were disposals resulting in gains of RM119 million and consequently the comparative profit before tax and minority interest was 70% lower when compared against the second quarter's results for 2005.

B3. PROSPECTS

In September this year, the IMF warned that rising energy prices raise the risk of higher inflation, leading to higher interest rates and slower growth. Notwithstanding the caution, the IMF stuck with its spring projection of 4.3% for 2005 global growth, but trimmed its forecast for growth in 2006 to 4.3% from 4.4%. The U.S. economy is projected to remain strong and China's economic expansion continues unabated, with growth of 9% expected for 2005, and a moderate easing to 8.2% for 2006.

The Baltic Dry Index declined to a low of 1747 in August 2005, largely the result of a slackening in China's imports, the easing of port congestions and the escalating newbuilding deliveries. However, the index has since retraced to 2988 in early November, reflecting a 71% recovery. Whilst it is some way from its height of 6208 points achieved in December last year, it is nonetheless a positive sign arresting the market negativity of mid 2005. The strength of recovery will largely depend on the pace of China's import and the health of the global economies. The Ministry for Communications in China commented on October 26, that as the biggest consumer of steel and coal, China may move 250 million metric tons of imported iron ore this year, 18% more than a year earlier and in total China would handle 15% more imports in 2005, compared to 2004.

Whilst such expectations are most encouraging, your Board would caution that rising energy cost and increasing interest rates could affect the global economy. Should the H5N1 virus become pandemic, the outlook could be further dampened. At the same time the impact of new vessels joining the world's fleet of ships cannot be taken lightly.

Such concerns and the decline in rates, have recently resulted in a lower orderbook, which should help curtail the amount of newbuilding deliveries in the future.

As ship prices are expected to ease further in the near future, the MBC Group is in a good financial position to look at acquisition opportunities. Furthermore, your Board continues to take measures, in the form of contracts of affreightment and period charters, to safeguard the Group's earnings.

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	financial year-to-date RM'000
Income tax charge/(credit)		
-current year	563	1,094
-prior year	(5)	(652)
Deferred tax	(0)	(356)
	<u>558</u>	<u>86</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	26,880	44,994
Sale proceeds	7,310	20,490
Profit/(loss) on disposal of quoted securities	454	262

ii) Investments in quoted securities as at 30 September 2005 are as follows:-

Marketable Securities	RM '000
At cost	92,375
At carrying value	115,564
At market value	121,820

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 2005.

B9. GROUP BORROWINGS

i) The Group borrowings as at 30 September 2005 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loan	GBP	7,068	208,172
Unsecured loan	USD	-	9,391
Unsecured loan	RM	-	544
		<u>7,068</u>	<u>218,107</u>

The secured borrowings are denominated in Sterling Pound and these have been swapped into US Dollars.

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 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 30-Sep-05	PRECEDING YEAR QUARTER 30-Sep-04	CURRENT YEAR TO DATE 30-Sep-05	PRECEDING YEAR TO DATE 30-Sep-04
Net profit (RM'000)	49,906	45,771	586,175	195,978
Weighted average number of ordinary shares in issue('000)	800,000	800,000	800,000	800,000
Earnings per share(sen)	<u>6.24</u>	<u>5.72</u>	<u>73.27</u>	<u>24.50</u>

B14. COMMITMENTS

Commitments as at 30 September 2005, in foreign currency and its equivalent in RM are as follows:

Approved and contracted for			RM'000
Capital commitments			
- new shipbuildings	USD'000	108,015	407,076
- vessel purchase obligation	JPY'000	1,005,000	34,318
			<u>441,394</u>
Time charter commitments in US dollars	USD'000	57,559	216,923
Time charter commitments in Japanese Yen	JPY'000	4,657,150	159,028
			<u>658,317</u>