

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-05 RM '000	PRECEDING YEAR QUARTER 31-Dec-04 RM '000	CURRENT YEAR TO DATE 31-Dec-05 RM '000	PRECEDING YEAR TO DATE 31-Dec-04 RM '000
Revenue	101,140	105,458	395,783	382,288
Operating expenses	<u>(44,103)</u>	<u>(28,643)</u>	<u>(139,835)</u>	<u>(118,834)</u>
	57,037	76,815	255,948	263,454
Other operating income	19,810	12,956	435,504	54,373
Administrative expenses	<u>(12,747)</u>	<u>(5,150)</u>	<u>(25,495)</u>	<u>(13,872)</u>
Profit from operations	64,100	84,621	665,957	303,955
Finance cost	<u>(8,342)</u>	<u>(3,768)</u>	<u>(16,946)</u>	<u>(19,402)</u>
	55,758	80,853	649,011	284,553
Share of results of associate	<u>4,038</u>	<u>(20)</u>	<u>6,709</u>	<u>(16)</u>
Profit before taxation	59,796	80,833	655,720	284,537
Taxation	<u>60</u>	<u>(215)</u>	<u>(26)</u>	<u>(722)</u>
Profit after taxation	59,856	80,618	655,694	283,815
Less minority interests	<u>(1,327)</u>	<u>(2,517)</u>	<u>(10,990)</u>	<u>(9,736)</u>
Net profit attributable to shareholders of the company	<u><u>58,529</u></u>	<u><u>78,101</u></u>	<u><u>644,704</u></u>	<u><u>274,079</u></u>
Earnings per share (sen)				
(i) Basic	7.32	9.76	80.59	34.26
(ii) Diluted	7.32	9.76	80.59	34.26

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-05 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-04 RM '000
FIXED ASSETS	972,324	1,061,383
ASSOCIATE COMPANY	25,461	11,412
	997,785	1,072,795
CURRENT ASSETS		
<i>Consumable stores</i>	7,882	4,284
<i>Trade receivables</i>	27,327	16,437
<i>Other receivables and prepayments</i>	23,892	11,769
<i>Investments</i>	150,338	94,068
<i>Short term deposits</i>	772,310	54,474
<i>Cash and bank balances</i>	2,783	1,617
	984,532	182,649
CURRENT LIABILITIES		
<i>Other payables</i>	60,238	43,621
<i>Borrowings</i>	23,201	11,654
<i>Provision for Taxation</i>	102	474
	83,541	55,749
NET CURRENT ASSETS	900,991	126,900
	1,898,776	1,199,695
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	200,000	200,000
RESERVES	1,264,080	716,075
	1,464,080	916,075
MINORITY INTEREST	45,082	32,553
NON-CURRENT LIABILITIES		
<i>Redeemable preference shares</i>	-	150,000
<i>Borrowings</i>	389,540	100,637
<i>Deferred taxation</i>	74	430
	1,898,776	1,199,695

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	CUMULATIVE	
	CURRENT YEAR 31-Dec-05 RM '000	PRECEDING YEAR 31-Dec-04 RM '000
Cash Flow From Operating Activities		
Profit before taxation	655,720	284,537
Adjustments for:		
Depreciation	35,578	35,893
Gain on disposal of fixed assets	(118,148)	(38,359)
(Gain) / loss on disposal of quoted investments	(291)	(559)
Gain on disposal of subsidiaries	(294,013)	-
Unrealised gain / (loss)	1,358	-
Share of results of associate	(6,709)	16
Unrealised loss / (gain) on quoted investments	(7,935)	(10,776)
Dividend income	(951)	(524)
Movement in foreign exchange translation	455	(214)
Interest income	(14,011)	(3,894)
Interest expense	13,667	3,502
Fixed assets written off	20	-
Dividend on RPS	3,279	15,900
Operating profit before working capital changes	268,019	285,522
Working capital changes:		
Consumable stores	(1,975)	847
Receivables	(25,889)	(2,264)
Payables	20,652	8,693
Cash generated from operating activities	260,807	292,798
Tax (paid)/recovered	(1,471)	(241)
Net cash generated from operating activities	259,336	292,557
Cash Flows From Investing Activities		
Construction / purchase cost incurred for fixed assets	(494,687)	(265,567)
Purchase of new equipment and capitalisation of dry docking cost	(8,386)	(10,870)
Purchase of other fixed assets	(1,340)	(1,155)
Purchase of quoted investments	(70,737)	(35,570)
Dividend received	951	524
Interest received	14,011	3,894
Proceeds from disposal of quoted investments	22,355	14,481
Proceeds from disposal of fixed assets	395,576	276,643
Proceeds from disposal of subsidiaries	572,020	-
Subscription of shares in associate company	-	(1,900)
Loan to associate company	(7,340)	(9,527)
Net cash generated from/(used in) investing activities	422,423	(29,047)
Cash Flows From Financing Activities		
Interest paid	(13,667)	(3,502)
Redeemable preference shares dividend paid	(5,079)	(18,600)
Redemption of redeemable preference shares	(150,000)	(150,000)
Proceeds from issuance of shares to minority shareholder of a subsidiary company	1,520	-
Repayment of loans	(115,667)	(57,339)
Dividend paid to shareholders	(96,000)	(56,000)
Dividend paid to minority shareholder of a subsidiary company	-	(912)
Drawdown of loans and finance leases	414,448	-
Repayment of lease financing	(7,822)	-
Loan from minority shareholders of subsidiary companies	9,510	58
Withdrawal of deposits pledged	-	5,699
Listing expenses paid	-	(383)
Net cash generated from/(used in) financing activities	37,243	(280,979)
Net Change in Cash & Cash Equivalents	719,002	(17,469)
Cash & Cash Equivalents at the beginning of the period	56,091	73,560
Cash & Cash Equivalents at the end of the period	775,093	56,091
Cash & Cash equivalents comprise:		
Short term deposits	772,310	54,474
Cash and bank balances	2,783	1,617
	775,093	56,091

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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	
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	-	644,704	-	-	-	-	644,704
Dividends	-	(96,000)	-	-	-	-	(96,000)
Currency translation differences	-	-	-	-	-	(699)	(699)
At 31 December 2005	200,000	1,089,657	98,791	34,159	40,000	1,473	1,464,080
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 upon redemption of RPS	-	(15,000)	-	-	15,000	-	-
Profit after taxation and minority interest	-	274,079	-	-	-	-	274,079
Dividends	-	(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

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

The Board recommends a first and final dividend of 12 sen per share, and a special dividend of 5 sen per share, tax exempt, amounting to RM136 million for the financial year ended 31 December 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	286,326	105,177	4,280	-	395,783
Inter-segment sales	(2,077)	-	3,947	(1,870)	-
Total revenue	<u>284,249</u>	<u>105,177</u>	<u>8,227</u>	<u>(1,870)</u>	<u>395,783</u>
Segment results	278,261	361,819	11,866	-	651,946
Interest income					14,011
Finance cost					(16,946)
Share of results of associate					6,709
Taxation					(26)
Profit after taxation					<u>655,694</u>
Minority Interest					<u>(10,990)</u>
Profit for the year					<u><u>644,704</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 2005, the company acquired the entire issued share capital of 1 ordinary share of USD1 par value in Kohing Investments Limited, a company incorporated in the British Virgin Islands, for a consideration of USD1.

Mousaka Inc., a subsidiary of the Company, was liquidated during the year.

Save as disclosed above, there have been no changes in the composition of the Group during the financial year 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 RM395.8m for the year ended 31 December 2005 is a 3.5% increase over the previous year's revenue of RM382.3m.

The Baltic Dry Index (BDI) opened the year at 4456 points and was volatile over the year, closing at 2407 points, a 46% decline from the start of 2005. However, in the Tanker segment, the Baltic Clean Tanker Index (BCTI) opened the year at 1588 points, and whilst it was similarly volatile, it closed the year at the same level as the start, i.e. 1587 points.

Notwithstanding the index's performance, MBC's average Time Charter Equivalent (TCE) for the dry bulk and tanker segment returned a 2.1% and 10.5% increase respectively over the TCE for 2004.

Gains from the sale of the Group's vessels which includes those from the sale of subsidiaries, contributed a hefty RM412m compared to disposals in 2004, which recorded a gain of RM38m. The cash proceeds from the sale also boosted the Group's interest income.

Fleet operating expenses increased by about 17.7%, year-on-year to RM139.8m. The increase is due to MBC Group's new charter-in activities. Administrative expenses have likewise increased on account of higher human resource costs to cater towards the Group's expanding business. The Group's charter-in activity arose out of the need to service contract of affreightment commitments and also in respect of sale/lease back of the Alam Sentosa and Alam Selamat. This new activity is profitable and contributed towards the Group's profit for the year.

Profit attributable to shareholders for the year ended 31 December 2005 increased by 135% to RM644.7m against 2004's RM274.1m.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

TCE achieved for the last quarter of 2005 was lower for the dry bulk and higher for the tanker segment when compared to the third quarter of 2005. However, revenue for the fourth quarter increased by 7% compared to the third quarter of 2005 due to the higher revenue days for the dry bulk sector.

The joint venture with NYK now in its full quarter term, reported a profit before tax RM4.03m versus RM2.67m in the 3rd quarter, 51% increase in our share of profits.

Overall, 4th quarter profit from operation reported an increase of 18%. The net effect was a 17.3% quarter-on quarter increase of profits attributable to shareholders.

B3. PROSPECTS

2006 will see the delivery of the first of the Medium Range 35,000 dwt tankers, which MBC ordered. This will be delivered between April/May 2006 and will contribute to the earnings of the MBC Group for the year.

The recent United Nation's report on World Economic Situation and Prospects 2006 forecasted moderate world economic growth for 2006, averaging at 3%, against 3.2% in 2005. China's economic expansion continues into 2006, and although its GDP is projected to ease to 8.3%, China has so far continued to astound expectations with her GDP for 2005 at 9.9% exceeding earlier forecast of about 9.4%. The strong and sustained economic growth in China continues to drive its demand for grains, iron ore, coal and energy and thus remain a major factor in the shipping market. India has been growing steadily and with signs from the Japanese economy entering a growth phase, one can be positive for the year ahead. However, rising interest rates in the United States, the high oil prices and heightened concern over the avian flu pandemic could dampen world growth.

With current forecast of lower global economic growth coupled with other factors mentioned above, the Board expects the shipping market to weaken as further newbuildings are delivered without the equivalent scrapping that is necessary to maintain the demand/supply balance.

Financial year 2006 is therefore expected to remain profitable, but not to the record performance of 2005. Whilst the dry bulk market has softened, it is not necessarily a negative. The consequence of second hand and newbuilding vessels prices trending down as a reaction cannot be discounted and hence opportunities may be created. MBC, with its strong cash position and balance sheet is well poised to act should opportunities arise.

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	(85)	1,009
-prior year	25	(627)
Deferred tax	-	(356)
	<u>(60)</u>	<u>26</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	25,743	70,737
Sale proceeds	1,865	22,355
Profit/(loss) on disposal of quoted securities	29	291

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

Marketable Securities	RM '000
At cost	116,372
At carrying value	150,338
At market value	150,338

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 2005.

B9. GROUP BORROWINGS

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

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	10,271	259,589
Unsecured loan	USD	-	9,391
Unsecured loan	RM	-	544
Finance lease payables	USD	12,930	120,016
		<u>23,201</u>	<u>389,540</u>

The secured loans 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

The Board recommends a first and final dividend of 12 sen per share and a special dividend of 5 sen per share, tax exempt, amounting to RM136 million for the financial year ended 31 December 2005.

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-05	PRECEDING YEAR QUARTER 31-Dec-04	CURRENT YEAR TO DATE 31-Dec-05	PRECEDING YEAR TO DATE 31-Dec-04
Net profit (RM'000)	58,529	78,101	644,704	274,079
Weighted average number of ordinary shares in issue('000)	800,000	800,000	800,000	800,000
Earnings per share(sen)	<u>7.32</u>	<u>9.76</u>	<u>80.59</u>	<u>34.26</u>

B14. COMMITMENTS

Commitments as at 31 December 2005, in foreign currency and its equivalent in RM are as follows:

	'000	RM'000
Approved and contracted for		
Capital commitments		
- new shipbuildings	USD 90,585	342,076
Bareboat charter commitments in Japanese Yen	Yen 4,657,150	<u>149,043</u>
		<u>491,119</u>