MALAYSIAN BULK CARRIERS BERHAD
(COMPANY NO. 175953-W)

MEDIA RELEASE

MALAYSIAN BULK CARRIERS REPORTS Q1 RESULTS

- *Q1 2016 net loss attributable to shareholders of RM24.1 million on lower charter rates*
- *Optimising capital structure by delaying newbuilds, deferring charter payments, selectively divesting assets; with ongoing cost rationalisation*
- *Post Q1 2016, won 15-year contract to transport coal to Malaysia*

Group Financial Performance for Q1 FY2016

	Three months ended		
	31 Mar 2016 (RM'000)	**31 Mar 2015 (RM'000)**	**% change**
Revenue	53,500	51,745	3.4
Share of results of an associate	4,033	16	N.M.
Share of results of joint ventures	1,431	(888)	N.M.
Loss Before Tax	(24,704)	(23,119)	(6.9)
Loss attributable to shareholders	(24,082)	(22,749)	(5.9)

**N.M. denotes not meaningful*

KUALA LUMPUR, 24 May 2016 – Malaysian Bulk Carriers Berhad ("**MBC**" or "**the Group**"), a leading shipowner and operator in the region, today reported improved performance for the financial period ended 31 March 2016 ("**Q1 2016**").

For the three months ended 31 March 2016, the Group registered a 3.4% increase in revenue year-on-year ("**YoY**") to RM53.5 million. However, the reduction in overall fleet charter rates resulted in the Group reporting a net loss attributable to shareholders ("**NLAT**") of RM24.1 million for the quarter, compared to a RM22.7 million loss in the same period last year.

As part of its results, MBC also reported improved contribution from its share of results of its associate, PACC Offshore Services Holdings Ltd ("**POSH**"), and its joint ventures. The Group's stake in POSH contributed a significantly higher RM4.0 million in Q1 2016 compared to RM16,000 last year while share of joint ventures swung to a profit of RM1.4 million from a loss of RM888,000 in the same period last year.

The Group had a net gearing of 0.49 times as at the end of March 2016.

Optimise capital structure, tight cost control

As part of continual efforts to optimise its capital structure, the Group made the prudent decision to delay the delivery of newbuilds to avoid delivery into a weak market and conserve capital. MBC also negotiated to defer a portion of the charter-in costs for its long-term chartered fleet to manage cash flows more efficiently.

It will also continue exploring the selective sale of assets, including older vessels, to increase its cash position and support its fleet renewal programme. The Group also continues to keep a tight rein on cost and future expenditures both onshore and offshore.

Post Q1 2016, the Group continued to execute on its strategic focus to drive long-term, stable earnings and generate cash. In April, MBC won a 15-year contract with TNB Fuel Services Sdn Bhd to transport coal to Malaysia. The charter will commence this September and contribute positively to earnings and net assets for the Group over its duration. In the same month, the Group also announced the disposal of the post-panamax M.V Alam Pesona for US$6.9 million.

Chief Executive Officer of MBC, Mr Kuok Khoon Kuan, said, "The depressed bulk carrier environment continues to take its toll but we remain positive about the longer-term prospects of the industry.

"Moving forward, we will closely manage our cash flow and maintain a tight rein on costs. Our focus is also on generating steady earnings by winning projects such as our recent 15-year contract with TNB Fuel Services."

Business segment review for Q1 2016

	Revenue			**Profit/Loss Before Tax**		
	Three months ended			**Three months ended**		
	31 Mar 2016 (RM'000)	**31 Mar 2015 (RM'000)**	**% change**	**31 Mar 2016 (RM'000)**	**31 Mar 2015 (RM'000)**	**% change**
Dry Bulk	32,818	37,826	(13.2)	(34,176)	(22,975)	(48.8)
Tankers	18,908	12,371	52.8	7,084	1,959	261.6
Ship brokerage and management	1,774	1,548	14.6	419	363	15.4
Investment holding and others	-	-	N.M.	1,969	(2,466)	N.M.

**N.M. denotes not meaningful*

Dry Bulk

The Dry Bulk segment reported a loss of RM34.176 million in Q1 2016, compared to RM22.975 million in the same period last year due to a 40% decline in charter rates earned.

Tankers

For the Tanker segment, profit increased by RM5.125 million to RM7.084 million in Q1 2016, compared to RM1.959 million in the same period last year due to a 13% increase in charter rates earned.

Ship brokerage and management

Profit from this segment improved marginally due to higher fees earned.

Investment holding and others

POSH reported a profit of USD4.5 million in first quarter 2016, against USD21,000 in Q1 2015 mostly due to higher contribution from its offshore accommodation segment.

Our share of POSH results was a profit of RM4.033 million in Q1 2016, against a profit of RM16,000 in the same period last year.

All in, the attributable loss was RM24.082 million in Q1 2016, compared with RM22.749 million loss in the same period last year.

Outlook and prospects

After sliding to a new record low of 290 points on 10 February 2016, the Baltic Dry Index has improved and as at 24 May, has recovered to 624 points. The spot charter rates for Panamax, Supramax and Handysize are still below operating cost, at USD4,885/day, USD5,911/day and USD4,887/day respectively[1].

Dry bulk trade is currently projected to remain flat for the rest of 2016 mainly due to the persistent over supply in tonnage. The net dry bulk fleet growth is expected to slow to 1.4% in 2016 (from 2.4% in 2015). .Our view is that the tanker market has probably peaked, and as such the Group would be exploring opportunities to dispose the two remaining two Medium Range tankers in its fleet.

2016 will remain a difficult year for dry bulk shipping.

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[1] Source: Baltic Exchange on 23 May 2016

About Malaysian Bulk Carriers Berhad ("MBC")

The MBC Group is a leading shipping operator listed on Bursa Malaysia, owning and operating a modern and versatile fleet of drybulk carriers and product tankers. It is the largest drybulk shipowner in Malaysia engaged in international shipping.

The Group's principal activities are spread across four main business divisions:

I. **Dry Bulk** - The Group's bulk carriers transport dry cargoes comprising major bulks such as iron ore, coal and grains, and minor bulks such as sugar and fertiliser. Apart from itsown vessels, the Group also charters-in third party vessels to service contractors of affreightment commitments.

II. **Tankers** – MBC's tankers are engaged primarily to transport clean petroleum products, chemicals and vegetable oils by sea. The division operates modern double-hull tankers that comply with International Maritime Organisation requirements.

III. **Ship brokerage and management** – MBC's wholly owned subsidiary, PSM Perkapalan Sdn Bhd ("PPSB"), undertakes ship management operations for the Group, which include marine operations, technical management of vessels, ship supplies and crewing. PPSB is ISO 14001:2004 certified, meeting internationally recognised standards for its environmental management systems.

IV. **Investment holdings and others** – Denotes the Group's investments in and holdings of other entities and businesses.