

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 31 December 2022

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	INDIVIDUAL QUARTER			CUMULATIVE		
		CURRENT YEAR QUARTER 31-Dec-22 RM '000	PRECEDING YEAR QUARTER 31-Dec-21 RM '000	Changes (%)	CURRENT YEAR TO DATE 31-Dec-22 RM '000	PRECEDING YEAR TO DATE 31-Dec-21 RM '000	Changes (%)
Revenue		37,922	48,126	-21%	154,779	207,044	-25%
Voyage expenses		(6,437)	(6,823)		(27,197)	(25,951)	
Operating expenses		31,485 (20,966)	41,303 (18,649)		127,582 (79,835)	181,093 (88,083)	
Operating profit		10,519	22,654	-54%	47,747	93,010	-49%
Gain/(loss) on disposal of property, plant and equipment		(181)	-		49,877	98,014	
Reversal of impairment loss on vessels		-	14,833		-	14,833	
Gain/(loss) on liquidation of subsidiaries		-	-		1,996	(539)	
Other operating income, net		10,338	37,487		99,620	205,318	
Administrative expenses		4,219 (2,624)	762 (1,824)		5,575 (8,155)	2,436 (8,650)	
Interest expense on bank borrowings		11,933	36,425		97,040	199,104	
Interest expense on lease liabilities		-	(1,107)		(1,375)	(7,122)	
Share of results of joint ventures		(471)	(688)		(2,371)	(3,466)	
Share of results of joint ventures		-	-		-	(4)	
Derecognition of joint venture		-	-		-	6,869	
Profit before tax	B5	11,462	34,630	-67%	93,294	195,381	-52%
Income tax expense	B6	(64)	(23)		(113)	(136)	
Profit for the period		11,398	34,607	-67%	93,181	195,245	-52%
Attributable to:							
Equity holders of the parent		11,398	34,607		93,181	195,245	
Earnings per share (sen)							
- Basic		1.14	3.46		9.32	19.52	

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 31 December 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-22 RM '000	PRECEDING YEAR QUARTER 31-Dec-21 RM '000	CURRENT YEAR TO DATE 31-Dec-22 RM '000	PRECEDING YEAR TO DATE 31-Dec-21 RM '000
Profit for the period	11,398	34,607	93,181	195,245
Other comprehensive income/(loss):				
<u>Items that will be reclassified to profit or loss</u>				
Currency translation differences	(12,814)	760	26,893	3,766
Net change in cash flow hedge	-	458	(48)	2,627
Realisation of reserves on liquidation of subsidiaries	-	-	(1,996)	-
Realisation of reserves on derecognition of joint venture	-	-	-	(6,869)
Total comprehensive income for the period	<u>(1,416)</u>	<u>35,825</u>	<u>118,030</u>	<u>194,769</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>(1,416)</u>	<u>35,825</u>	<u>118,030</u>	<u>194,769</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-22 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-21 RM '000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	230,931	339,260
Right-of-use assets	10,921	55,034
	<u>241,852</u>	<u>394,294</u>
<b>Current assets</b>		
Consumable stores	3,352	6,999
Receivables and other current assets	7,421	11,455
Contract assets	-	756
Short term deposits	321,909	18,000
Cash and bank balances	57,390	189,174
	<u>390,072</u>	<u>226,384</u>
Non-current assets classified as held for sale	7,342	6,945
	<u>397,414</u>	<u>233,329</u>
<b>TOTAL ASSETS</b>	<u><u>639,266</u></u>	<u><u>627,623</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	338,791	338,791
Foreign currency translation reserve	143,778	118,881
Cash flow hedge reserve	-	48
Retained earnings	4,483	11,302
<b>Total equity</b>	<u>487,052</u>	<u>469,022</u>
<b>Non-current liabilities</b>		
Borrowings	-	59,102
Lease liabilities	B8	30,508
Derivative financial liabilities	-	314
	<u>-</u>	<u>89,924</u>
<b>Current liabilities</b>		
Payables and other current liabilities	18,160	15,833
Dividend payable	100,000	-
Contract liabilities	903	1,808
Borrowings	-	6,806
Lease liabilities	B8	43,686
Derivative financial liabilities	-	522
Provision for taxation	40	22
	<u>152,214</u>	<u>68,677</u>
<b>Total liabilities</b>	<u>152,214</u>	<u>158,601</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>639,266</u></u>	<u><u>627,623</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	Attributable to Equity Holders of the Parent				Total equity RM '000
	Share capital RM '000	Cash flow hedge reserve RM '000	Foreign currency translation reserve RM '000	(Accumulated losses)/ Retained earnings RM '000	
<b><u>12 MONTHS ENDED 31 DECEMBER 2021</u></b>					
At 1 January 2021	338,791	(2,579)	121,984	(183,943)	274,253
Total comprehensive income/(loss) for the period	-	2,627	(3,103)	195,245	194,769
<b>At 31 December 2021</b>	<b>338,791</b>	<b>48</b>	<b>118,881</b>	<b>11,302</b>	<b>469,022</b>
<b><u>12 MONTHS ENDED 31 DECEMBER 2022</u></b>					
At 1 January 2022	338,791	48	118,881	11,302	469,022
Total comprehensive (loss)/income for the period	-	(48)	24,897	93,181	118,030
Dividends declared	-	-	-	(100,000)	(100,000)
<b>At 31 December 2022</b>	<b>338,791</b>	<b>-</b>	<b>143,778</b>	<b>4,483</b>	<b>487,052</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022**

	CUMULATIVE	
	CURRENT YEAR 31-Dec-22 RM '000	PRECEDING YEAR 31-Dec-21 RM '000
<b>Cash Flow From Operating Activities</b>		
Profit before tax	93,294	195,381
Adjustments for:		
Amortisation of intangible assets	209	374
Depreciation on owned assets	12,148	19,064
Depreciation on right-of-use assets	44,370	27,404
Provision for expected credit losses on trade receivables	228	-
Unrealised foreign exchange (gain)/loss	(4,819)	287
Reversal of impairment loss on vessels	-	(3,086)
Reversal of impairment loss on right-of-use assets	-	(11,747)
Interest income	(5,230)	(367)
Interest expense on bank borrowings	1,375	7,122
Interest expense on lease liabilities	2,371	3,466
Lease modification	(18)	(1,179)
Write back of payables	(132)	-
Share of results of joint ventures	-	4
Gain on disposal of property, plant and equipment	(49,877)	(98,014)
Derecognition of joint venture	-	(6,869)
Gain on remeasurement of existing equity interest	-	(112)
(Gain)/loss on liquidation of subsidiaries	(1,996)	539
Fair value changes in derivative	-	22
Discontinuation of hedge instrument	(603)	-
Operating profit before working capital changes	91,320	132,289
Working capital changes:		
Consumable stores	3,693	(840)
Receivables and other current assets	6,828	12,435
Contract assets	756	(672)
Payables and other liabilities	5,257	(6,688)
Contract liabilities	(905)	(1,371)
Cash generated from operating activities	106,949	135,153
Tax paid, net of tax refund	(203)	(279)
Net cash generated from operating activities	106,746	134,874
<b>Cash Flows From Investing Activities</b>		
Purchase of other assets and capitalisation of docking costs	(1,908)	(3,173)
Interest received	5,230	367
Proceeds from disposal of property, plant and equipment	160,584	269,943
Dividend from joint venture	-	16,716
Acquisition of a subsidiary, net of cash acquired	-	319
Net cash used in investing activities	163,906	284,172
<b>Cash Flows From Financing Activities</b>		
Interest on bank borrowings	(820)	(10,329)
Interest on lease liabilities	(2,371)	-
Repayment of borrowings	(66,470)	(181,312)
Payment of principal portion of lease liabilities	(42,160)	(59,180)
Payments for derivatives	(285)	-
Net cash used in financing activities	(112,106)	(250,821)
<b>Net change in cash and cash equivalents</b>	158,546	168,225
<b>Effects of foreign exchange rate changes</b>	13,579	63
<b>Cash and cash equivalents at the beginning of the period</b>	207,174	38,886
<b>Cash and cash equivalents at the end of the period</b>	379,299	207,174
Cash and cash equivalents comprise:		
Short term deposits	321,909	18,000
Cash and bank balances	57,390	189,174
	379,299	207,174

## **NOTES TO THE FINANCIAL REPORT**

### **A1. BASIS OF PREPARATION**

The interim financial statements have been prepared under the historical cost basis, except for investment securities and derivative financial instruments which are stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021.

The significant accounting policies and methods of computation applied in this report are consistent with those adopted in the financial statements for the year ended 31 December 2021 except in the current financial year, the Group has adopted all applicable new and amended MFRSs and Annual Improvements to MFRSs that are effective for annual period beginning on 1 January 2022. The adoption of these standards did not have a material effect on the financial performance or position of the Group.

### **A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The financial statements for the year ended 31 December 2021 were not qualified.

### **A3. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

### **A4. NATURE AND AMOUNT OF UNUSUAL ITEMS**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter.

### **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 quarter.

### **A7. DIVIDENDS PAID**

No dividend has been paid for the current quarter ended 31 December 2022.

### **A8. SEGMENT REPORT**

Segmental reporting is not presented as the Group is principally engaged in the dry bulk shipping services internationally. As the Group's shipping activities cover the world's shipping lanes, the Directors do not consider it meaningful to allocate revenue, results, assets and liabilities to specific geographical segments. This is consistent with internal reporting currently in practice.

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

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

### **A10. SIGNIFICANT AND SUBSEQUENT EVENTS**

Save as disclosed in Note B7(b) and (c) on the status of corporate proposals announced, there were no other material events subsequent to the end of the current quarter and financial year under review that have not been reflected in the interim financial report.

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

Save as disclosed in Note B7(c), there were no other changes in the composition of the Group during the current quarter under review.

**A12. CONTINGENT LIABILITIES**

There were no contingent liabilities since 31 December 2021 to the date of this report.

**A13. CAPITAL COMMITMENTS**

There was no capital commitment as at end of the current quarter.

**A14. RELATED PARTY TRANSACTIONS**

Companies in which certain directors are deemed to have substantial financial interests:

	Current financial year-to-date RM'000
<u>Income earned:</u>	
Charter hire income	42,714
Commercial fee	314
Income from shared services	<u>210</u>
<u>Expenditure incurred:</u>	
Commercial fee	7,532
Dry docking cost	2,226
Shared services cost	2,265
Management fee	1,299
Share registration fee	<u>9</u>

All related party transactions and balances within the Group had been entered into in the normal course of business and were carried out on commercial terms. There were no significant transactions with related parties during the current quarter and year to date ended 31 December 2022.

**B1. REVIEW OF PERFORMANCE**

The Group reported lower revenue of RM154.779 million (FY2021: RM207.044 million) and operating profit of RM47.747 million (FY2021: RM93.010 million). Operationally, hire days was lower from a smaller fleet size despite 4% increase in charter rates compared to corresponding last year.

The table below summarises the average time charter equivalent (TCE) and hire days for MBC Fleet.

	Average TCE/day		Hire Days	
	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
	(USD)	(USD)	(Days)	(Days)
Dry Bulk Fleet	18,886	18,092	1,537	2,372

The Group completed the disposal of a Kamsarmax sized vessel (M.V. Alam Kuku) with net proceeds of RM160.554 million which resulted a total gain on disposal of RM50.058 million in FY2022.

Gain on liquidation of subsidiaries of RM1.996 million was recorded from the reclassification of the cumulative foreign exchange differences relating to the entities from equity to profit or loss upon liquidation.

Interest expense decreased by 81% to RM1.375 million (FY2021: RM7.122 million) mainly due to lower borrowing cost from the repayment of loans and reduced lease liabilities with the redelivery of 2 chartered-in vessels in FY2021.

Excluding exceptional items, the Group reported a profit before tax of RM41.421 million in FY2022, a decrease of RM34.783 million compared to the profit before tax of RM76.204 million in FY2021.

The Group reported a profit for the period of RM93.181 million, a decrease of RM102.064 million compared to RM195.245 million in FY2021.

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

	Individual Quarter		Variance RM'000	Variance %
	Q4 FY2022 RM'000	Q3 FY2022 RM'000		
Revenue	37,922	38,209	(287)	-1%
Voyage expenses	(6,437)	(8,874)	2,437	
Net revenue	31,485	29,335	2,150	
Operating expenses	(20,966)	(17,904)	(3,062)	
<b>Operating profit</b>	<b>10,519</b>	<b>11,431</b>	<b>(912)</b>	<b>-8%</b>
Loss on disposal of property, plant and equipment	(181)	0	(181)	
Gain on liquidation of subsidiaries	0	1,996	(1,996)	
	10,338	13,427	(3,089)	
Other operating income/(expenses), net	4,219	1,321	2,898	
Administrative expenses	(2,624)	(1,864)	(760)	
	11,933	12,884	(951)	
Interest expense on bank borrowings	-	(40)	40	
Interest expense on lease liabilities	(471)	(557)	86	
Profit before taxation	11,462	12,287	(825)	-7%
Income tax expense	(64)	(14)	(50)	
Profit for the period	11,398	12,273	(875)	-7%
<u>Attributable to:</u>				
Equity holders of the parent	11,398	12,273	(875)	

Revenue for the Group in Q4 FY2022 was RM37.922 million, a slight reduction compared to Q3 FY2022's revenue of RM38.209 million attributable to a slight reduction of charter rates (Q4 FY2022: USD18,479/day vs Q3 FY2022: USD19,269/day), offset by the strengthening of USD against MYR in Q4 FY2022. The operating profit in Q4 FY2022 was RM10.519 million, lower than Q3 FY2022's operating profit of RM11.431 million due to increase in vessels' operating expenses, including spare parts delivered to the vessels in Q4 2022.

In Q3 FY2022, the Group recorded gain on liquidation of subsidiaries of RM1.996 million from the reclassification of the cumulative foreign exchange differences relating to the entities from equity to profit or loss upon liquidation.

Other operating income increased to RM4.219 million (Q3 FY2022: other operating income of RM1.321 million) mainly due to higher interest income earned in Q4 FY2022.

Excluding gain/loss on disposal of property, plant and equipment and liquidation of subsidiaries, the Group reported a profit before tax of RM11.643 million in Q4 FY2022, compared to the profit before tax of RM10.291 million reported in Q3 FY2022.

In summary, the Group recorded an attributable profit of RM11.398 million in Q4 FY2022, compared to attributable profit reported of RM12.273 million in Q3 FY2022.

**B3. PROSPECTS**

## a) Dry bulk

The dry bulk market continued its downward trend in fourth quarter due to seasonal factors and easing congestion. Most commodities saw a pullback of seaborne volume this year impacted by weaker macroeconomic conditions as well as inflationary pressures.

Thermal coal was one of the exceptions with stronger volumes largely driven by increased European demand from sources further afield due to the Russian coal sanctions.

Although China has reversed its zero Covid policy and hinted that it will now focus more on economic growth, we still expect to see the same demand headwinds to continue into 2023, with some analysts forecasting a 0.9% seaborne growth in global trade against a fleet growth of around 1.5%. Dry bulk freight levels for 2023 are expected to be at levels lower than 2022.

## b) Shelving and storage solutions

The acquisition of EMT Systems Sdn Bhd as stated in Note B7(c), which was completed on 30 January 2023 is expected to bring positive results to the Group for financial year ending 31 December 2023.

According to Economic Outlook 2023 by Ministry of Finance Malaysia, the demand for shelving and storage solutions is expected to remain robust, driven by amongst others, the growth of e-commerce activities in Malaysia as well as the continued expansion of logistics and warehousing companies. The expected growth of the transportation and storage subsector, and wholesale and retail trade subsector which are forecasted to grow by 7% and 7.2% respectively, in 2023.

**B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE**

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

**B5. NOTES TO CONDENSED CONSOLIDATED INCOME STATEMENT**

	Current quarter RM'000	Preceding quarter RM'000	Current financial year-to-date RM'000	Preceding financial year-to-date RM'000
Interest income	3,140	188	5,230	367
Amortisation of intangible assets	-	(87)	(209)	(374)
Depreciation on owned assets	(2,779)	(3,602)	(12,148)	(19,064)
Depreciation on right-of-use assets	(12,208)	(6,730)	(44,370)	(27,404)
Provision for expected credit losses on trade receivables	-	-	(228)	-
Unrealised exchange loss	6,564	73	4,819	(287)
Discontinuation of hedge instrument	-	267	603	-

**B6. TAXATION**

	Current quarter RM'000	Preceding quarter RM'000	Current financial year-to-date RM'000	Preceding financial year-to-date RM'000
Income tax charge				
-current period	104	40	153	153
-prior year	(40)	(17)	(40)	(17)
	<u>64</u>	<u>23</u>	<u>113</u>	<u>136</u>

The shipping income of the Group that is derived from the operations of sea-going Malaysian registered ships and Singapore registered ships is tax exempt under Section 54A of the Malaysian Income Tax Act, 1967 and Section 13A of the Singapore Income Tax Act respectively. The income tax expense for the Group is attributable to tax in respect of non-tax exempt activities of the Group.

**B7. STATUS OF CORPORATE PROPOSALS**

(a) On 15 August 2022:

- i. the Company entered into a conditional collaboration agreement with Tunas Manja Sdn Bhd ("TMSB") to undertake grocery retail business and other grocery retail related businesses (Proposed Collaboration)
- ii. the Company proposed to diversify its existing business to include grocery business (Proposed Diversification)
- iii. the Company proposed to enter into new recurrent related party transaction of a revenue or trading in nature with certain related parties following the Proposed Collaboration and Proposed Diversification. (Proposed RRPT)

On 15 November 2022, as the conditions precedent of the Collaboration Agreement have not been obtained or fulfilled by the Cut-Off Date, being 14 November 2022, and no further extension of the Cut-Off Date has been agreed to by TMSB, the Company has exercised its right to terminate the Collaboration Agreement by issuing a notice of termination to TMSB in accordance with the terms and conditions of the Collaboration Agreement.

Following the termination of the Collaboration Agreement and in view that the Proposed Collaboration, Proposed Diversification and Proposed RRPT Mandate are inter-conditional, the Company is unable to proceed with the Proposals and accordingly, will not be seeking approval from its shareholders in relation to the Proposals.

(b) On 26 August 2022:

The Company entered into a heads of agreement ("HOA") with Dato' Chin Yoke Kan, Dato' Chin Yoke Choon, Chin Polling, Chin Poh Yung and Chin Poh Yun (collectively referred to as the "Vendors") for the acquisition of the entire Grocery Business carried out by the Vendors via the acquisition of the entire issued share capital of Tunas Manja Sdn Bhd ("TMSB") and its subsidiaries, for a purchase consideration to be determined later.

On 13 January 2023, the Parties entered into a deed of mutual termination to terminate the HOA ("Deed of Termination") effective on even date. Pursuant to the Deed of Termination, the Parties agreed to fully release and discharge each other from all their respective obligations and liabilities under, arising from or in connection with the HOA and that neither party shall have any claims whatsoever against the other party on any matter in respect of or arising out of the HOA.

**B7. STATUS OF CORPORATE PROPOSALS (CONT'D)**

(c) On 18 January 2023:

The Company had entered into a share sale agreement with Grand East Metal (Kulim) Sdn Bhd and Goh Ting Hong (collectively referred to as the "Vendors") for the acquisition of 1,000,000 ordinary shares in EMT Systems Sdn Bhd (formerly known as E Metall Systems Sdn Bhd) ("EMTS"), representing the entire equity interest in EMTS, for a total purchase consideration of RM70,000,000.

The acquisition was completed on 30 January 2023 and EMTS has become a wholly-owned subsidiary of the Company.

**B8. LEASE LIABILITIES**

The Group's lease liabilities are as follows:

<u>Currency</u>	<u>Unsecured</u>	As at 31-Dec-22 RM '000	As at 31-Dec-21 RM '000
USD	Non-current	-	30,254
	Current	33,104	43,610
		<u>33,104</u>	<u>73,864</u>
RM	Non-current	-	254
	Current	7	76
		<u>7</u>	<u>330</u>
		<u>33,111</u>	<u>74,194</u>

Lease liabilities mainly represent future obligations to make lease payments for the right to use 2 chartered in vessels and office rental.

**B9. MATERIAL LITIGATION**

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

**B10. DIVIDENDS**

The Board declared two interim single-tier special dividend of 6.5 sen and 3.5 sen per ordinary share, amounting to RM65 million and RM35 million respectively for the current financial year ended 31 December 2022. The dividends were paid on 5 January 2023.

**B11. EARNINGS PER SHARE**

The basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the parent by the number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Dec-22	PRECEDING YEAR QUARTER 31-Dec-21	CURRENT YEAR TO DATE 31-Dec-22	PRECEDING YEAR TO DATE 31-Dec-21
Profit attributable to equity holders of the parent (RM'000)	11,398	34,607	93,181	195,245
Number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share attributable to equity holders of the parent (sen)	<u>1.14</u>	<u>3.46</u>	<u>9.32</u>	<u>19.52</u>