

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 31 March 2023

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	INDIVIDUAL QUARTER			CUMULATIVE		
		CURRENT	PRECEDING	Changes	CURRENT	PRECEDING	Changes
		YEAR	YEAR		YEAR	YEAR	
31-Mar-23	31-Mar-22	(%)	TO DATE	TO DATE	(%)		
		RM '000	RM '000	(%)	RM '000	RM '000	(%)
Revenue		35,091	39,080	-10%	35,091	39,080	-10%
Cost of sales		(5,342)	(6,047)		(5,342)	(6,047)	
		29,749	33,033		29,749	33,033	
Operating expenses		(21,626)	(21,700)		(21,626)	(21,700)	
Operating profit		8,123	11,333	-28%	8,123	11,333	-28%
Other operating income, net		705	795		705	795	
Administrative expenses		(2,858)	(1,913)		(2,858)	(1,913)	
		5,970	10,215		5,970	10,215	
Interest expense on bank borrowings		(15)	(1,037)		(15)	(1,037)	
Interest expense on lease liabilities		(344)	(711)		(344)	(711)	
Profit before tax	B5	5,611	8,467	-34%	5,611	8,467	-34%
Income tax expense	B6	(257)	(25)		(257)	(25)	
Profit for the period		5,354	8,442	-37%	5,354	8,442	-37%
Attributable to:							
Equity holders of the parent		5,354	8,442		5,354	8,442	
Earnings per share (sen)							
- Basic		0.54	0.84		0.54	0.84	

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 31 March 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 March 2023**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-23 RM '000	PRECEDING YEAR QUARTER 31-Mar-22 RM '000	CURRENT YEAR TO DATE 31-Mar-23 RM '000	PRECEDING YEAR TO DATE 31-Mar-22 RM '000
Profit for the period	5,354	8,442	5,354	8,442
Other comprehensive income/(loss):				
<u>Items that will be reclassified to profit or loss</u>				
Currency translation differences	6,531	2,530	6,531	2,530
Net change in cash flow hedge	-	(48)	-	(48)
Total comprehensive income for the period	<u>11,885</u>	<u>10,924</u>	<u>11,885</u>	<u>10,924</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>11,885</u>	<u>10,924</u>	<u>11,885</u>	<u>10,924</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-23 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-22 RM '000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	60,192	-
Property, plant and equipment	232,161	230,931
Right-of-use assets	5,079	10,921
	<u>297,432</u>	<u>241,852</u>
<b>Current assets</b>		
Inventories	6,647	3,352
Receivables and other current assets	17,901	7,421
Contract assets	596	-
Short term deposits	193,571	321,909
Cash and bank balances	28,551	57,390
	<u>247,266</u>	<u>390,072</u>
Non-current assets classified as held for sale	7,453	7,342
	<u>254,719</u>	<u>397,414</u>
<b>TOTAL ASSETS</b>	<u>552,151</u>	<u>639,266</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	150,309	143,778
Retained earnings	9,837	4,483
<b>Total equity</b>	<u>498,937</u>	<u>487,052</u>
<b>Non-current liabilities</b>		
Borrowings	969	-
Deferred tax liabilities	39	-
	<u>1,008</u>	<u>-</u>
<b>Current liabilities</b>		
Payables and other current liabilities	26,385	18,160
Dividend payable	-	100,000
Contract liabilities	347	903
Borrowings	271	-
Lease liabilities	23,454	33,111
Provision for taxation	1,749	40
	<u>52,206</u>	<u>152,214</u>
<b>Total liabilities</b>	<u>53,214</u>	<u>152,214</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>552,151</u>	<u>639,266</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	Retained earnings RM '000	
<b><u>3 MONTHS ENDED 31 MARCH 2022</u></b>					
At 1 January 2022	338,791	48	118,881	11,302	469,022
Total comprehensive (loss)/income for the period	-	(48)	2,530	8,442	10,924
<b>At 31 March 2022</b>	<b>338,791</b>	<b>-</b>	<b>121,411</b>	<b>19,744</b>	<b>479,946</b>
<b><u>3 MONTHS ENDED 31 MARCH 2023</u></b>					
At 1 January 2023	338,791	-	143,778	4,483	487,052
Total comprehensive income for the period	-	-	6,531	5,354	11,885
<b>At 31 March 2023</b>	<b>338,791</b>	<b>-</b>	<b>150,309</b>	<b>9,837</b>	<b>498,937</b>

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

	Note	CUMULATIVE	
		CURRENT YEAR 31-Mar-23 RM '000	PRECEDING YEAR 31-Mar-22 RM '000
<b>Cash Flow From Operating Activities</b>			
Profit before tax		5,611	8,467
Adjustments for:			
Amortisation of intangible assets		-	72
Depreciation on owned assets		2,681	3,624
Depreciation on right-of-use assets		6,349	10,468
Unrealised foreign exchange loss		1,049	160
Interest income		(1,832)	(144)
Interest expense on bank borrowings		15	1,037
Interest expense on lease liabilities		344	711
Discontinuation of hedge instrument		-	(603)
Operating profit before working capital changes		14,217	23,792
Working capital changes:			
Consumable stores		1,007	2,652
Receivables and other current assets		(861)	1,910
Contract assets		463	(333)
Payables and other liabilities		(2,379)	3,617
Contract liabilities		(555)	(3,629)
Cash generated from operating activities		11,892	28,009
Tax paid, net of tax refund		(270)	(2)
Net cash generated from operating activities		11,622	28,007
<b>Cash Flows From Investing Activities</b>			
Purchase of other assets and capitalisation of docking costs		(3)	(1,943)
Interest received		1,832	144
Proceeds from disposal of property, plant and equipment		14	-
Acquisition of a subsidiary, net of cash acquired	A11	(63,433)	-
Net cash used in investing activities		(61,590)	(1,799)
<b>Cash Flows From Financing Activities</b>			
Dividends paid to shareholders		(100,000)	-
Interest on bank borrowings		(79)	(1,067)
Interest on lease liabilities		(344)	(711)
Repayment of borrowings		(43)	(66,470)
Payment of principal portion of lease liabilities		(10,272)	(8,348)
Payments for derivatives		-	(285)
Net cash used in financing activities		(110,738)	(76,881)
<b>Net change in cash and cash equivalents</b>		(160,706)	(50,673)
<b>Effects of foreign exchange rate changes</b>		3,529	(8)
<b>Cash and cash equivalents at the beginning of the period</b>		379,299	207,174
<b>Cash and cash equivalents at the end of the period</b>		222,122	156,493
Cash and cash equivalents comprise:			
Short term deposits		193,571	109,405
Cash and bank balances		28,551	47,088
		222,122	156,493

## 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 2022.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS"):

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

#### Standards and Amendments in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRS and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are as listed below:

Description	Effective for annual periods beginning on or after
MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
MFRS 16: Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The Directors expect that the adoption of the above standards, amendments and interpretations will have no material impact on the financial statements in the period of initial applications.

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

The financial statements for the year ended 31 December 2022 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**

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 financial year ended 31 December 2022, were paid on 5 January 2023.

**A8. SEGMENT REPORT**

For management purposes, the Group's operating businesses are organised according to products and services, namely ship owning and ship operating of bulk carriers ("Shipping Bulkers"), shelving & storage solution and Investment holding and others segments. Inter-segment transactions and pricing arrangements, where applicable, are determined on a commercial basis. The results by segments for the current, preceding and last year same quarter are as follows:

Segmental reporting for the financial year-to-date is as below:

	Shipping Bulkers RM '000	Shelving & storage solution RM '000	Investment holding & others RM '000	Elimination RM '000	Group RM '000
<b>3 months ended 31 March 2023</b>					
Revenue					
Group	24,489	10,602	190	(190)	35,091
Inter-segment	-	-	(190)	190	-
External revenue	24,489	10,602	-	-	35,091
Operating profit/(loss)	6,285	2,012	(174)	-	8,123
Other operating income/(loss), net	1,994	60	(1,349)	-	705
Administrative expenses	(222)	(488)	(2,148)	-	(2,858)
	8,057	1,584	(3,671)	-	5,970
Interest expense on bank borrowings	-	(15)	-	-	(15)
Interest expense on lease liabilities	(343)	(1)	-	-	(344)
Profit/(loss) before tax	7,714	1,568	(3,671)	-	5,611
<b>3 months ended 31 March 2022</b>					
Revenue					
Group	38,860	-	273	(53)	39,080
Inter-segment	-	-	(53)	53	-
External revenue	38,860	-	220	-	39,080
Operating profit/(loss)	11,547	-	(214)	-	11,333
Other operating income/(loss), net	738	-	57	-	795
Administrative expenses	(665)	-	(1,248)	-	(1,913)
	11,620	-	(1,405)	-	10,215
Interest expense on bank borrowings	(1,037)	-	-	-	(1,037)
Interest expense on lease liabilities	(708)	-	(3)	-	(711)
Profit/(loss) before tax	9,875	-	(1,408)	-	8,467

**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**

On 16 May 2023, the Company proposed to undertake a reduction of the issued share capital of the Company pursuant to Section 116 of the Companies Act 2016 ("Proposed Capital Reduction").

The Proposed Capital Reduction entails the reduction of RM275.0 million of the issued share capital of the Company by the cancellation of the issued share capital which is lost or unrepresented by available assets pursuant to Section 116 of the Act.

The credit arising from the Proposed Capital Reduction shall be utilised to set off the accumulated losses of the Company while the balance, if any, will be credited to the retained earnings of the Company which may be utilised in such manner as the Board deems fit and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Constitution of the Company.

**A10. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)**

The proposal is subject to approval by the following:

- (i) the Shareholders at the forthcoming extraordinary general meeting;
- (ii) the sanction of the Court for the Proposed Capital Reduction to Section 116 of the Act;
- (iii) the approval or consent of the Company's financiers/creditors for the Proposed Capital Reduction, if applicable; and
- (iv) any other relevant regulatory authorities and/or parties, if required.

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

On 30 January 2023, the Company acquired 1,000,000 ordinary shares, representing 100% of total issued shares in EMT Systems Sdn Bhd ("EMTS") for a total cash consideration of RM70,000,000. The principal activities of EMTS is engaged in supply, design, consult and installation work of racking and shelving products.

There were no other changes in the composition of the Group during the current quarter under review.

<b>Cash outflow on acquisition was as follows:</b>	<b>RM'000</b>
Cash consideration	70,000
Cash and cash equivalents of subsidiary acquired	(6,567)
Net cash outflow of the Group	<u>63,433</u>

**A12. CONTINGENT LIABILITIES**

There were no contingent liabilities since 31 December 2022 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 or directors of a subsidiary are deemed to have substantial financial interests:

	Current financial year-to-date RM'000
<u>Income earned:</u>	
Sales of steel product	<u>587</u>
<u>Expenditure incurred:</u>	
Trading of steel product	8,177
Rental of office and warehouse	<u>40</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.

**B1. REVIEW OF PERFORMANCE**

The Group reported lower revenue of RM35.091 million (Q1 2022: RM39.080 million) and operating profit of RM8.123 million (Q1 2022: RM11.333 million). Operationally, hire days was lower from a smaller fleet size and a 6% decrease in charter rates compared to corresponding last year, offset with the new revenue stream from shelving and storage solution.

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

	Average TCE/day		Hire Days	
	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
	(USD)	(USD)	(Days)	(Days)
Dry Bulk Fleet	17,307	18,395	255	422

The Group incurred a higher foreign exchange losses of RM2.784 million (Q1 2022: RM 0.107 million) mainly from cash balances due to weakening of Ringgit against USD which is the functional currency of the Group.

Interest expense decreased by 79% to RM0.359 million (Q1 2022: RM1.748 million) mainly due to lower borrowing cost from the repayment of loans and reduced lease liabilities with the redelivery of 1 chartered-in vessel in early January 2023.

The Group reported a profit before tax of RM5.611 million in Q1 2022, a decrease of RM2.856 million compared to the profit before tax of RM8.467 million in Q1 2022.

The new shelving and storage solution segment contributed profit before tax of RM1.568 million to offset a drop in profit from shipping and investment holding segment.

The Group reported a profit for the period of RM5.354 million, a decrease of RM3.068 million compared to RM8.422 million in Q1 2022.



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

	Individual Quarter		Variance RM '000	Variance %
	Q1 FY2023 RM '000	Q4 FY2022 RM '000		
Revenue	35,091	37,922	(2,831)	-7%
Cost of sales	(5,342)	(6,437)	1,095	
Net revenue	29,749	31,485	(1,736)	
Operating expenses	(21,626)	(20,966)	(660)	
<b>Operating profit</b>	<b>8,123</b>	<b>10,519</b>	<b>(2,396)</b>	<b>-23%</b>
Loss on disposal of property, plant and equipment	0	(181)	181	
	8,123	10,338	(2,215)	
Other operating income, net	705	4,219	(3,514)	
Administrative expenses	(2,858)	(2,624)	(234)	
	5,970	11,933	(5,963)	
Interest expense on bank borrowings	(15)	-	(15)	
Interest expense on lease liabilities	(344)	(471)	127	
Profit before taxation	5,611	11,462	(5,851)	-51%
Income tax expense	(257)	(64)	(193)	
Profit for the period	5,354	11,398	(6,044)	-53%
<u>Attributable to:</u>				
Equity holders of the parent	5,354	11,398	(6,044)	

Revenue and operating profit for the Group in Q1 FY2023 was RM35.091 million and RM8.123 million, a RM2.831 million and RM2.396 million reduction respectively compared to Q4 FY2022's revenue of RM37.922 million and operating profit of RM10.519 million, attributable to a reduction of charter rates (Q1 FY2023: USD17,307/day vs Q4 FY2022: USD18,479/day) and reduction of hire days upon redelivery of Alam Suria on early January 2023 (Q1 FY2023: 254.61 days vs Q4 FY2022: 365.29 days). The decrease of revenue and operating profit is offset by new revenue stream from shelving and storage solution.

Other operating income decreased to RM0.705 million (Q4 FY2022: other operating income of RM4.219 million) mainly due to foreign exchange loss of RM2.784 million.

Excluding gain/loss on disposal of property, plant and equipment, the Group reported a profit before tax of RM5.611 million in Q1 FY2023, compared to the profit before tax of RM11.643 million reported in Q4 FY2022.

The new shelving and storage solution segment contributed a profit before tax of RM1.568 million, offset by a drop in profit before taxation from the shipping and investment holding segment.

In summary, the Group recorded an attributable profit of RM5.354 million in Q1 FY2023, compared to attributable profit reported of RM11.398 million in Q4 FY2022.

**B3. PROSPECTS****a) Dry bulk**

The dry bulk market continued its downward trend at the beginning of Q1 2023 as China had to contend with a huge wave of infections after reversing its zero Covid policy. However, the market rebounded at end of February 2023 mainly driven by restocking demand in China with strong import of Indonesian coal in anticipation of higher energy consumption.

The supply and demand are forecasted to be more balanced compared to last year which saw some contraction in the global seaborne trades. This year, analyst expected an increase of 1.9% in seaborne trade versus 2% increase in tonnage supply. The increase in seaborne trade is expected to be driven by coal and grain activities as well as increase in the Chinese GDP which is forecasted at 5% compared to 3% in 2022.

We expect rates to be at levels below year 2022 as congestion has eased to pre-Covid levels coupled with high level of domestic coal production in China that will limit import volumes from continuing to increase. We also expect that the global high inflation and interest rate hike will further put pressure on industrial demand in year 2023.

**b) Shelving and storage solutions**

The demand for shelving and storage solutions is expected to slow down due to festive season at the beginning of Q2 2023 and will likely weaken further on the back of slowing global economic outlook coupled with higher interest and inflation rate that pose significant growth headwinds. Businesses will lower their stock levels and slow down expansion projects.

Accordingly, the S&P Global Malaysia Manufacturing Purchasing Managers Index (PMI) at 48.8 in April 2023 indicated challenging business conditions and demand remained subdued, pressuring firms to limit production and scale back their purchasing activities.

**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	1,832	144	1,832	144
Amortisation of intangible assets	-	(72)	-	(72)
Depreciation on owned assets	(2,681)	(3,624)	(2,681)	(3,624)
Depreciation on right-of-use assets	(6,349)	(10,468)	(6,349)	(10,468)
Unrealised exchange loss	(1,049)	(160)	(1,049)	(160)
Discontinuation of hedge instrument	-	603	-	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	246	25	246	25
-prior year	11	-	11	-
	<u>257</u>	<u>25</u>	<u>257</u>	<u>25</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, mainly from shelving and storage solution segment.

**B7. STATUS OF CORPORATE PROPOSALS**

Except as disclosed in Note A10, there was no other corporate proposal announced but not completed at the date of this report.

**B9. LEASE LIABILITIES**

The Group's lease liabilities are as follows:

Currency	Unsecured	As at 31-Mar-23 RM '000	As at 31-Dec-22 RM '000
USD	Current	23,330	33,104
RM	Current	124	7
		<u>23,454</u>	<u>33,111</u>

Lease liabilities mainly represent future obligations to make lease payments for the right to use a chartered in vessel and warehouse rental.

**B10. MATERIAL LITIGATION**

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

**B11. DIVIDENDS**

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2023.

**B12. 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-Mar-23	PRECEDING YEAR QUARTER 31-Mar-22	CURRENT YEAR TO DATE 31-Mar-23	PRECEDING YEAR TO DATE 31-Mar-22
Profit attributable to equity holders of the parent (RM'000)	5,354	8,442	5,354	8,442
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>0.54</u>	<u>0.84</u>	<u>0.54</u>	<u>0.84</u>