

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2023

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE | | |
|---|------|--|--|----------------|--|--|----------------|
| | | CURRENT YEAR QUARTER 30-Sep-23 RM '000 | PRECEDING YEAR QUARTER 30-Sep-22 RM '000 | Changes (%) | CURRENT YEAR TO DATE 30-Sep-23 RM '000 | PRECEDING YEAR TO DATE 30-Sep-22 RM '000 | Changes (%) |
| Revenue | | 33,196 | 38,209 | -13% | 101,248 | 116,857 | -13% |
| Cost of sale and direct operating expenses | | (24,735) | (26,778) | | (78,552) | (79,629) | |
| Gross profit | | 8,461 | 11,431 | -26% | 22,696 | 37,228 | -39% |
| Gain on disposal of property, plant and equipment | | - | - | | - | 50,058 | |
| Gain on liquidation of subsidiaries | | - | 1,996 | | - | 1,996 | |
| Other operating (expense)/income, net | | 8,461 | 13,427 | | 22,696 | 89,282 | |
| Administrative expenses | | 182 | 1,321 | | (3,881) | 1,356 | |
| | | (2,539) | (1,864) | | (7,812) | (5,531) | |
| | | 6,104 | 12,884 | | 11,003 | 85,107 | |
| Interest expense on bank borrowings | | (12) | (40) | | (47) | (1,375) | |
| Interest expense on lease liabilities | | (9) | (557) | | (458) | (1,900) | |
| Profit before tax | B5 | 6,083 | 12,287 | -50% | 10,498 | 81,832 | -87% |
| Income tax expense | B6 | (1,096) | (14) | | (1,687) | (49) | |
| Profit for the period | | 4,987 | 12,273 | -59% | 8,811 | 81,783 | -89% |
| Attributable to: | | | | | | | |
| Equity holders of the parent | | 4,987 | 12,273 | | 8,811 | 81,783 | |
| Earnings per share (sen) | | | | | | | |
| - Basic | | 0.50 | 1.23 | | 0.88 | 8.18 | |

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

| | INDIVIDUAL QUARTER | | CUMULATIVE | |
|---|--|--|--|--|
| | CURRENT YEAR QUARTER 30-Sep-23 RM '000 | PRECEDING YEAR QUARTER 30-Sep-22 RM '000 | CURRENT YEAR TO DATE 30-Sep-23 RM '000 | PRECEDING YEAR TO DATE 30-Sep-22 RM '000 |
| Profit for the period | 4,987 | 12,273 | 8,811 | 81,783 |
| Other comprehensive income/(loss): | | | | |
| <u>Items that will be reclassified to profit or loss</u> | | | | |
| Currency translation differences | 4,841 | 14,100 | 24,931 | 39,707 |
| Net change in cash flow hedge | - | - | - | (48) |
| Realisation of reserves on liquidation of subsidiaries | - | (1,996) | - | (1,996) |
| Total comprehensive income for the period | <u>9,828</u> | <u>24,377</u> | <u>33,742</u> | <u>119,446</u> |
| Total comprehensive income attributable to: Equity holders of the parent | <u>9,828</u> | <u>24,377</u> | <u>33,742</u> | <u>119,446</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

| | | UNAUDITED | AUDITED |
|--|------|-----------------------|-----------------------|
| | | AS AT | AS AT |
| | | END OF | PRECEDING |
| | | CURRENT | FINANCIAL |
| | | QUARTER | YEAR END |
| | Note | 30-Sep-23 | 31-Dec-22 |
| | | RM '000 | RM '000 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | 151 | - |
| Goodwill | | 60,192 | - |
| Property, plant and equipment | | 236,292 | 230,931 |
| Right-of-use assets | | 398 | 10,921 |
| | | <u>297,033</u> | <u>241,852</u> |
| Current assets | | | |
| Inventories | | 7,973 | 3,352 |
| Receivables and other current assets | | 33,840 | 7,421 |
| Contract assets | | 165 | - |
| Short term deposits | | 162,561 | 321,909 |
| Cash and bank balances | | 29,443 | 57,390 |
| | | <u>233,982</u> | <u>390,072</u> |
| Non-current assets classified as held for sale | | 7,775 | 7,342 |
| | | <u>241,757</u> | <u>397,414</u> |
| TOTAL ASSETS | | <u><u>538,790</u></u> | <u><u>639,266</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 63,791 | 338,791 |
| Foreign currency translation reserve | | 168,709 | 143,778 |
| Retained earnings | | 288,294 | 4,483 |
| Total equity | | <u>520,794</u> | <u>487,052</u> |
| Non-current liabilities | | | |
| Borrowings | B8 | 667 | - |
| Lease liabilities | B9 | 163 | - |
| Deferred tax liabilities | | 39 | - |
| | | <u>869</u> | <u>-</u> |
| Current liabilities | | | |
| Payables and other current liabilities | | 16,584 | 18,160 |
| Dividend payable | | - | 100,000 |
| Contract liabilities | | 221 | 903 |
| Borrowings | B8 | 179 | - |
| Lease liabilities | B9 | 115 | 33,111 |
| Provision for taxation | | 28 | 40 |
| | | <u>17,127</u> | <u>152,214</u> |
| Total liabilities | | <u>17,996</u> | <u>152,214</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>538,790</u></u> | <u><u>639,266</u></u> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

| | Attributable to Equity Holders of the Parent | | | | |
|---|--|--|--|---------------------------------|----------------------------|
| | Share capital RM '000 | Cash flow hedge reserve RM '000 | Foreign currency translation reserve RM '000 | Retained earnings RM '000 | Total equity RM '000 |
| <u>9 MONTHS ENDED 30 SEPTEMBER 2022</u> | | | | | |
| At 1 January 2022 | 338,791 | 48 | 118,881 | 11,302 | 469,022 |
| Total comprehensive (loss)/income for the period | - | (48) | 37,711 | 81,783 | 119,446 |
| At 30 September 2022 | 338,791 | - | 156,592 | 93,085 | 588,468 |
| <u>9 MONTHS ENDED 30 SEPTEMBER 2023</u> | | | | | |
| At 1 January 2023 | 338,791 | - | 143,778 | 4,483 | 487,052 |
| Total comprehensive income for the period | - | - | 24,931 | 8,811 | 33,742 |
| Capital reduction pursuant to Section 116 of the Companies Act 2016 | (275,000) | - | - | 275,000 | - |
| At 30 September 2023 | 63,791 | - | 168,709 | 288,294 | 520,794 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

| | Note | CUMULATIVE | |
|---|------|------------------------------|------------------------------|
| | | CURRENT | PRECEDING |
| | | YEAR 30-Sep-23 RM '000 | YEAR 30-Sep-22 RM '000 |
| Cash Flow From Operating Activities | | | |
| Profit before tax | | 10,498 | 81,832 |
| Adjustments for: | | | |
| Amortisation of intangible assets | | 30 | 209 |
| Depreciation on owned assets | | 8,306 | 9,369 |
| Depreciation on right-of-use assets | | 8,622 | 32,162 |
| Provision for expected credit losses on trade receivables | | - | 228 |
| Unrealised foreign exchange loss | | 13,501 | 1,745 |
| Interest income | | (4,929) | (2,090) |
| Interest expense on bank borrowings | | 47 | 1,375 |
| Interest expense on lease liabilities | | 458 | 1,900 |
| Lease modification | | 1,701 | (18) |
| Write back of payables | | (15) | - |
| Gain on disposal of property, plant and equipment | | - | (50,058) |
| Gain on liquidation of subsidiaries | | - | (1,996) |
| Discontinuation of hedge instrument | | - | (603) |
| Operating profit before working capital changes | | 38,219 | 74,055 |
| Working capital changes: | | | |
| Consumable stores | | (199) | 3,094 |
| Receivables and other current assets | | (15,197) | 12,999 |
| Contract assets | | 280 | (445) |
| Payables and other liabilities | | (12,799) | (9,975) |
| Contract liabilities | | (682) | 826 |
| Cash generated from operating activities | | 9,622 | 80,554 |
| Tax paid, net of tax refund | | (2,298) | (179) |
| Net cash generated from operating activities | | 7,324 | 80,375 |
| Cash Flows From Investing Activities | | | |
| Purchase of other assets and capitalisation of docking costs | | (75) | (1,787) |
| Interest received | | 4,929 | 2,090 |
| Proceeds from disposal of property, plant and equipment | | 15 | 160,585 |
| Acquisition of a subsidiary, net of cash acquired | A11 | (63,433) | - |
| Net cash (used in)/generated from investing activities | | (58,564) | 160,888 |
| Cash Flows From Financing Activities | | | |
| Dividends paid to shareholders | | (100,000) | - |
| Interest on bank borrowings | | (47) | (820) |
| Interest on lease liabilities | | (458) | (1,900) |
| Repayment of borrowings | | (113) | (66,470) |
| Payment of principal portion of lease liabilities | | (32,777) | (35,183) |
| Payments for derivatives | | - | (285) |
| Net cash used in financing activities | | (133,395) | (104,658) |
| Net change in cash and cash equivalents | | (184,635) | 136,605 |
| Effects of foreign exchange rate changes | | (2,660) | 15,580 |
| Cash and cash equivalents at the beginning of the period | | 379,299 | 207,174 |
| Cash and cash equivalents at the end of the period | | 192,004 | 359,359 |
| Cash and cash equivalents comprise: | | | |
| Short term deposits | | 162,561 | 154,879 |
| Cash and bank balances | | 29,443 | 204,480 |
| | | 192,004 | 359,359 |

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

No dividend has been paid for the current quarter ended 30 September 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 |
|--|--------------------------------|--|--|------------------------|------------------|
| 9 months ended 30 September 2023 | | | | | |
| Revenue | | | | | |
| Group | 61,647 | 39,601 | 585 | (585) | 101,248 |
| Inter-segment | - | - | (585) | 585 | - |
| External revenue | 61,647 | 39,601 | - | - | 101,248 |
| Gross profit/(loss) | 16,263 | 7,066 | (633) | - | 22,696 |
| Other operating income/(loss), net | 518 | 205 | (4,552) | (52) | (3,881) |
| Administrative expenses | (430) | (1,893) | (5,489) | - | (7,812) |
| | 16,351 | 5,378 | (10,674) | (52) | 11,003 |
| Interest expense on bank borrowings | - | (47) | - | - | (47) |
| Interest expense on shareholder's loan | - | (52) | - | 52 | - |
| Interest expense on lease liabilities | (446) | (12) | - | - | (458) |
| Profit/(loss) before tax | 15,905 | 5,267 | (10,674) | - | 10,498 |
| 9 months ended 30 September 2022 | | | | | |
| Revenue | | | | | |
| Group | 116,861 | - | 390 | (394) | 116,857 |
| Inter-segment | - | - | (394) | 394 | - |
| External revenue | 116,861 | - | (4) | - | 116,857 |
| Gross profit/(loss) | 37,865 | - | (637) | - | 37,228 |
| Gain on disposal of property, plant and equipment | 50,058 | - | - | - | 50,058 |
| Gain on liquidation of subsidiaries | - | - | 1,996 | - | 1,996 |
| Other operating income/(loss), net | 997 | - | 359 | - | 1,356 |
| Administrative expenses | (1,306) | - | (4,225) | - | (5,531) |
| | 87,614 | - | (2,507) | - | 85,107 |
| Interest expense on bank borrowings | (1,375) | - | - | - | (1,375) |
| Interest expense on lease liabilities | (1,895) | - | (5) | - | (1,900) |
| Profit/(loss) before tax | 84,344 | - | (2,512) | - | 81,832 |

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**(a) Capital Reduction**

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.

The Company obtained approval from the Shareholders at the Extraordinary General Meeting ("EGM") held on 15 June 2023. On 3 August 2023, the Company obtained the sanction from the Court and received notice dated 18 August 2023 issued by the Registrar of Companies confirming the reduction of share capital. Consequently, on 18 August 2023, the share capital of the Company was reduced from RM338,791,327.42 to RM63,791,327.42 comprising 1,000,000,000 shares.

A10. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

- (b) On 20 June 2023, the Company proposed to obtain a shareholders' mandate for the disposal of Alam Kekal, a bulk carrier, by Kekal Shipping Pte Ltd, an indirect wholly-owned subsidiary of MBC to a non-related third party to be identified for a disposal consideration to be determined and satisfied entirely in cash ("Proposed Disposal Mandate").

The Company obtained approval from the Shareholders at the EGM held on 31 July 2023. On 30 August 2023, the Group entered into a Memorandum of Agreement with a third party for the disposal of Alam Kekal for a cash consideration of JPY4,430,000,000 (equivalent to approximately RM140.062 million). The disposal was completed on 16 October 2023.

(c) Proposed Acquisition of Land, Proposed Joint Venture and Proposed Diversification

- i. On 29 August 2023, MBC Logistic Hub Sdn Bhd, (formerly known as MBC Retail Sdn Bhd) ("MBC Logistic Hub"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Kapar Land Sdn Bhd to acquire a parcel of freehold land measuring approximately 23.48 hectares located in Mukim Kapar, Daerah Klang, Negeri Selangor ("Land") for a total cash consideration of RM165 million ("Proposed Acquisition").
- ii. The Company had entered into a conditional subscription and shareholders' agreement ("SSA") with Golden Valley Ventures Sdn Bhd ("GVVSB") for the subscription of new ordinary shares in MBC Logistic Hub, where the Company and GVVSB shall respectively hold 60% and 40% equity interest in MBC Logistic Hub. MBC Logistic Hub shall acquire and undertake an industrial development on the Land ("Proposed Joint Venture").
- iii. The Company proposes to undertake the diversification of the existing business of the Company and its subsidiaries to include the business of industrial property development and investment ("Proposed Diversification").

The Proposed Acquisition, Proposed Joint Venture and Proposed Diversification are subject to approval by the following:

- (i) the Shareholders at the EGM to be held on 6 December 2023;
- (ii) any other relevant regulatory authorities and/or parties, if required.
- (d) On 1 September 2023, the Company proposed to change its name from "Malaysian Bulk Carriers Berhad" to "Maybulk Berhad" ("Proposed Change of Name").

The Proposed Change of Name is subject to the approval of the Shareholders at the EGM to be held on 6 December 2023.

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.

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

Three wholly owned subsidiaries (Madu Shipping Pte Ltd, Molek Shipping Pte Ltd, Sejahtera Shipping Pte Ltd) have commenced Member's Voluntary Winding-up in June 2023.

A wholly owned subsidiary, MBC Capital Management Sdn Bhd has been struck off from the Companies Commission of Malaysia on 7 September 2023.

A12. CONTINGENT LIABILITIES

There were no contingent liabilities since 31 December 2022 to the date of this report.

A13. CAPITAL COMMITMENTS

Other than the Proposed Acquisition of Land as stated in Note A10 (c)(i), 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>1,582</u> |
| <u>Expenditure incurred:</u> | |
| Trading of steel product | 31,056 |
| Rental of office and warehouse | <u>160</u> |

All related party transactions had been entered into in the normal course of business and on commercial terms.

B1. REVIEW OF PERFORMANCE

The Group reported year-on-year lower revenue of RM101.248 million (9M 2022: RM116.857 million) and lower operating profit of RM22.696 million (9M 2022: RM37.228 million). Revenue from Shipping Bulkiers segment declined from RM116.861 million in 9M 2022 to RM61.647 million in 9M 2023. The decline is offset by the new revenue stream from Shelving & Storage Solution Segment of RM39.601 million (9M 2022: RM Nil).

For the Shipping Bulkiers segment, the decline in revenue is due to lower hire days in 9M 2023 on account of a smaller fleet size and a 16% decrease in average charter rates compared to 9M 2022.

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

| | Average TCE/day | | Hire Days | |
|----------------|-----------------|--------------|--------------|--------------|
| | Jan-Sep 2023 | Jan-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
| | (USD) | (USD) | (Days) | (Days) |
| Dry Bulk Fleet | 15,894 | 19,013 | 655 | 1,171 |

The Group incurred higher unrealised foreign exchange losses of RM13.501 million (9M 2022: RM 1.745 million) mainly arising from the translation of Ringgit denominated cash balances to USD which is the functional currency of the Group following the weakening of Ringgit against USD.

Interest expenses decreased by 85% to RM0.505 million (9M 2022: RM3.275 million) mainly due to lower borrowing cost following the settlement of loans and reduced lease liabilities with the redelivery of 2 chartered-in vessels in January and in May 2023.

The new shelving and storage solution segment contributed profit before tax of RM5.267 million, offsetting the decline in profit from the Shipping Bulkiers and investment holding segments.

The Group reported a profit for the period of RM8.811 million in 9M 2023, a decrease of RM72.972 million compared to RM81.783 million in 9M FY2022.

The 9M 2022 result included a gain on disposal of RM50.058 million arising from the disposal of Alam Kukuh and gains on liquidation of subsidiaries arising from the transfer of cumulative foreign exchange differences relating to these entities from equity to income statement upon liquidation. Excluding these gains, the Group reported a decrease in profit before tax of RM19.280 million, from RM29.778 million in 9M2022 to RM10.498 million in 9M2023.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

| | Individual Quarter | | Variance RM'000 | Variance % |
|---------------------------------------|---------------------|---------------------|--------------------|---------------|
| | Q3 FY2023 RM'000 | Q2 FY2023 RM'000 | | |
| Revenue | 33,196 | 32,961 | 235 | 1% |
| Cost of sales and voyage expenses | (24,735) | (26,849) | 2,114 | |
| Gross profit | 8,461 | 6,112 | 2,349 | 38% |
| Other operating income, net | 182 | (4,768) | 4,950 | |
| Administrative expenses | (2,539) | (2,415) | (124) | |
| | 6,104 | (1,071) | 7,175 | |
| Interest expense on bank borrowings | (20) | (20) | 0 | |
| Interest expense on lease liabilities | (1) | (105) | 104 | |
| Profit/(loss) before taxation | 6,083 | (1,196) | 7,279 | * |
| Income tax expense | (1,096) | (334) | (762) | |
| Profit/(loss) for the period | 4,987 | (1,530) | 6,517 | * |
| <u>Attributable to:</u> | | | | |
| Equity holders of the parent | 4,987 | (1,530) | 6,517 | |
| <i>*not meaningful</i> | | | | |

Revenue and operating profit for the Group in Q3 2023 was RM33.196 million and RM8.461 million, an increase of RM0.235 million and RM2.349 million respectively compared to Q2 2023's revenue of RM32.961 million and operating profit of RM6.112 million.

Revenue contribution from Shipping Bulkiers Segment increase marginally from RM18.567 million in Q2 2023 to RM18.591 million in Q3 2023 despite redelivery of Alam Sayang in May 2023 due to an increase of charter rates (Q3 2023: USD15,947/day vs Q2 2023: USD13,957/day).

Revenue contributed by Shelving & Storage Solution Segment improved marginally from RM14.394 million in Q2 2023 to RM14.605 million in Q3 2023. However the operating profit increased significantly by 88% from RM1.753million in Q2 2023 to RM3.301 million in Q3 2023 due to favourable changes in sales mix and terms of supply.

In Q2 2023 the Group incurred an unrealized foreign exchange loss of RM9.086 million arising from the translation of Ringgit denominated cash balances to USD which is the functional currency due to the continued weakening of Ringgit against USD. In Q3 2023, the Group incurred further unrealised loss of RM3.366 million as Ringgit weakened further.

The Group reported a profit before tax of RM6.083 million in Q3 2023, compared to the loss before tax of RM1.530 million reported in Q2 2023.

B3. PROSPECTSa) Shipping Bulkers Segment

The Group has disposed of Alam Kekal in October 2023 and the resulting gain will be included in Q4 2023 results. The remaining vessel is under long term contract with secured charter rates. As such, the Group expect the revenue and profit from its Shipping Bulkers Segment to be more stable and not affected by the international supply and demand for seaborne trade or the global charter rates.

b) Shelving and Storage Solutions SegmentLight duty shelving

The outlook for the light-duty shelving market remains subdued due to low demand in the e-commerce sector and competition from imported shelving units. In response to this challenge, the management is actively exploring alternative strategies to enhance future sales that will better serve the market demand.

Industry storage system

Anticipating an increase in new industry development, especially in the north of Peninsular Malaysia, such as the introduction of Batu Kawan Industrial Park 2 and Penang Betam Industrial Park, we predict a sustainable high demand for industrial racking in Q4 2023.

Commercial display shelving

Our forecast indicates an increase in demand of the chain store retail in Q4 2023, driven by the coming year end and new year festivals. The commercial market is also showing improvement on account of the removal of Covid-19 related restrictions and low number of Covid-19 cases.

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 | 1,673 | 1,623 | 4,929 | 2,090 |
| Amortisation of intangible assets | (15) | (66) | (30) | (209) |
| Depreciation on owned assets | (2,866) | (2,686) | (8,306) | (9,369) |
| Depreciation on right-of-use assets | (36) | (10,999) | (8,622) | (32,162) |
| Unrealised exchange loss | (3,366) | (805) | (13,501) | (1,745) |
| Discontinuation of hedge instrument | - | - | - | 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 | 837 | 14 | 1,419 | 49 |
| -prior year | 259 | - | 268 | - |
| | <u>1,096</u> | <u>14</u> | <u>1,687</u> | <u>49</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.

B8. BORROWINGS

The Group's borrowings are as follows:

| Currency | Secured | As at 30-Sep-23 RM '000 | As at 31-Dec-22 RM '000 |
|----------|-------------|-------------------------------|-------------------------------|
| RM | Non-current | 667 | - |
| | Current | 179 | - |
| | | <u>846</u> | <u>-</u> |

B9. LEASE LIABILITIES

The Group's lease liabilities are as follows:

| <u>Currency</u> | <u>Unsecured</u> | As at 30-Sep-23 RM '000 | As at 31-Dec-22 RM '000 |
|-----------------|------------------|-------------------------------|-------------------------------|
| USD | Current | - | 33,104 |
| RM | Current | 18 | 7 |
| | | <u>18</u> | <u>33,111</u> |
| <u>Currency</u> | <u>Secured</u> | | |
| RM | Non-current | 163 | - |
| | Current | 97 | - |
| | | <u>260</u> | <u>-</u> |

Lease liabilities mainly represent future obligations to make lease payments for the right to use a chartered in vessel, motor vehicles 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 Board had on 30 October 2023 declared a first interim single tier dividend of 1.5sen per ordinary share, amounting to RM15 million in respect of the financial year ending 31 December 2023. The entitlement date of the Dividend has been fixed on 15 November 2023 and is payable on 4 December 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 30-Sep-23 | PRECEDING YEAR QUARTER 30-Sep-22 | CURRENT YEAR TO DATE 30-Sep-23 | PRECEDING YEAR TO DATE 30-Sep-22 |
|--|---|---|---|---|
| Profit attributable to equity holders of the parent (RM'000) | 4,987 | 12,273 | 8,811 | 81,783 |
| 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>0.50</u> | <u>1.23</u> | <u>0.88</u> | <u>8.18</u> |