

GLOBAL CARRIERS BHD
FINANCIAL REPORTING STATEMENT FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS

(A) Notes Required Under FRS 134

(a) Basis of Preparation

The same policies and methods are practised by Global Carriers Bhd (öGCBö or the öCompanyö) in this interim Financial Statement as compared with the annual Financial Statement for the year ended 31 December 2012.

This interim financial report has been prepared in accordance with FRS134 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad (öBursaö). This interim financial report must be read in conjunction with the annual audited accounts for the financial year ended 31 December 2012.

Going Concern

Pursuant to paragraph 8.04(2) of the listing requirement (öLRö) of Bursa in relation to Practice Note 17 (öPN17ö), the Company is classified as PN17 Company. The PN17 criteria was triggered as a consequence of the Company's latest unaudited quarterly announcement for the full financial year ended 31 December 2012 that was announced on 28 February 2013 wherein the shareholders' equity on consolidated basis is below 25% or less of the issued paid up capital and such shareholders' equity is less than RM40million. The Company and its subsidiaries have also defaulted in payment pursuant to Practice Note 1 (öPN1ö) and were unable to provide a solvency declaration to Bursa.

The auditor have expressed a disclaimer opinion on the Company's audited accounts for the financial year ended 31 December 2012.

Since the first announcement on 1 March 2013, the Company is in the midst of formulating a Regularisation Plan to address its PN17 status.

The appropriateness of preparing the Financial Statements of the Company on going concern basis is dependent upon the timely and successful formulation, approval and implementation of the Regularisation Plan, the continuing support from its lenders, achieving sustainable and viable operations and generating adequate cash flows for its operating activities.

Should the going concern basis of preparing the Financial Statements be no longer appropriate, adjustment would have to be made to reduce the value of all assets to their estimated realisable values, and to provide further estimated liabilities that may arise, and to reclassify property, plant and equipment and

other non-current assets and non-current liabilities as current assets and current liabilities respectively.

The Financial Statements of the Company do not include any adjustments and classifications relating to the recorded assets and liabilities that may be necessary if the Company are unable to continue as going concern.

(b) **Qualification in Auditor's Report**

The auditor have expressed a disclaimer opinion on the Company's audited accounts for the financial year ended 31 December 2012.

(c) **Seasonality or Cyclical of Operations**

The business operations of the Group have significantly affected by the present slump in the Global Shipping Industry.

(d) **Unusual Items**

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

(e) **Changes in Estimates**

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, which may have a material effect in the current interim period.

(f) **Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There are no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the quarter under review.

(g) **Dividend Paid**

No dividend has been paid on the ordinary shares during the current quarter under review.

(h) **Segmental Reporting**

Segmental reporting by industries of the Group for the current financial period to-date is set out below:-

| | Shipping RM'000 | Property Investment RM'000 | Shipping Management Services RM'000 | Others RM'000 | Total RM'000 |
|-----------------|----------------------------|---|--|--------------------------|-------------------------|
| Turnover | 16,177 | 1,217 | 8,045 | - | 25,439 |

| | | | | | |
|--------------------------------|----------|-------|---------|---------|----------|
| Results | | | | | |
| Segment results | (33,999) | (739) | (1,770) | (395) | (36,903) |
| Finance Cost | (6,596) | - | (939) | (5,437) | (12,972) |
| (Loss)/Profit After Tax | (40,595) | (739) | (2,709) | (5,832) | (49,875) |

| | | | | | |
|---------------------|---------|--------|--------|-------|---------|
| Total Assets | 162,733 | 55,349 | 12,372 | 2,960 | 233,414 |
|---------------------|---------|--------|--------|-------|---------|

(i) **Valuations of Property, Plant & Equipment**

The valuations of the Property, Plant & Equipment have been brought forward, without amendment from previous financial statements.

(j) **Investment Property**

The investment property is valued annually at fair value, comprising market value by an independent, professionally qualified valuer.

(k) **Material Events Subsequent to End of Interim Period**

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

(l) **Changes in the Composition of the Group**

During the interim period, there are no changes in the composition of the Group including business combination, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

(m) **Changes in Contingent Liabilities**

There is no change in contingent liability in this quarter under review.

(B) **Notes Required Under the Bursa Malaysia Securities Berhad Listing Requirements
(Revised Part A of Appendix 9B)**

1. **Review of Performance**

The Group recorded RM5.04 million in revenue for the quarter under review, a decrease of RM4.77 million or 48.57% as compared to the preceding year corresponding quarter of RM9.82 million. The revenue decrease due to (1) one vessel were on dry docking in the quarter under review and (2) two vessels under receivership and laid up.

2. **Material Changes for the Current and Preceding Quarter**

The Group recorded a loss before tax of RM29.53 million for the current quarter on a turnover of RM5.04 million, as compared to a loss before tax of RM8.43 million on a turnover of RM10.65 million in the preceding quarter.

The higher loss was due to loss on disposal of a vessel and impairment loss of a vessel of the Group amounting to RM10.71 million and RM8.02 million respectively in the quarter under review.

3. **Prospects**

Due to the global economic uncertainties, the spot tanker market is expected to remain low for the remaining financial year.

4. **Provision of Profit Forecast or Profit Guarantee in Public Document**

The Company did not provide a profit forecast or profit guarantee in a public document.

5. **Taxation**

The income of the Group derived from the operations of sea-going Malaysian registered ships is 70% tax-exempt under Section 54A of the Income Tax Act, 1967.

6. **Profit/Loss on Sale of Unquoted Investments and/or Properties**

There is no sale of unquoted investments but there is a loss on disposal of a vessel of RM10.71 million during the quarter under review.

7. **Purchase/Disposal of Quoted Securities**

There is no purchase/disposal of quoted securities by the Group or any of its subsidiary companies during the quarter under review.

8. **Status of Corporate Proposals**

There are no corporate proposals announced or are being undertaken by the Company or the Group during the quarter under review.

9. **Group Borrowings**

As at 31 December 2013, the outstanding Redeemable Unsecured Loan Stocks (öRULSö) amounts to approximately RM27 million. The interest rate is fixed at 5.75% per annum.

The Group's bank overdraft facility of RM15 million is secured by a first charge over the investment property. The bank overdraft is at an effective interest rates of BLR + 1.50% per annum on daily rest.

The Group secured long term loans are approximately RM93 million in total to finance its five (5) double hull vessels. The effective interest rates approximately range from 5.65% - 6.20% per annum.

The Group secured short term loan of RM30 million for working capital purposes. The effective interest rates is range from 3%-7.5% per annum.

10. **Changes in Material Litigation**

Saved as disclosed below, there are no other material litigations against the Group:

(a) KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD vs GLOBAL CARRIERS BHD

On 19 August 2013, Global Carrier Bhd had received a write of summons dated 15 August 2013 from Kuwait Finance House (Malaysia) Berhad claiming for a sum of RM12,099,152.41 for Global Mulia Sdn. Bhd. (Budi Mulia tanker) and RM13,610,601.11 for Global MuliaDua Sdn. Bhd. (Budi Mulia 2 tanker).

Global Carrier Bhd had made an appearance in High Court of Malaya at Kuala Lumpur (Commercial Division) for Admiralty in Personam No. 27-37-08/2013 on 29 August 2013.

**(b) SEMANGAT FIRE SAFETY SDN BHD vs GLOBAL TS SDN BHD
(A SUBSIDIARY OF GLOBAL CARRIERS BHD) [“Global TS”]**

Semangat Fire Safety supplied and delivered spare parts for oil tankers known as MT Budi 1, Budi Mulia, Budi Mulia 2, Budi Jasa, Budi Ikhlas, Budi Mesra 2 (the ship) which were previously owned by Global Carriers, amounting RM275,043.80. (Total Due)

Global TS paid several payments towards to Total Due totalling RM47,838.00. However, Semangat Fire claimed Global TS failed to pay the outstanding balance of RM 227,205.80.

Semangat Fire claimed against Global TS as follows :

- i) The Outstanding Sum of RM 227,205.80 being for spare parts supplied and delivered;
- ii) Interest on the Outstanding amount of RM 227,205.80 at the rate of 2% per month from 04th August 2013 until the date of full and final settlement;
- iii) Cost ; and
- iv) Such further and other reliefs deemed suitable and appropriate by the court.

**(c) COMTECH OIL SEPARATOR AND PLATE HEAT EXCHANGES
SPARES PTE LTD vs GLOBAL TS SDN BHD**

Comtech Oil Separator supplied and delivered spare parts for the oil tanker known as Budi Jasa (the ship) which was previously owned by Global Carriers, amounting SGD 7,502.79 with Invoice no. YP1331918 dated 15 Aug 2011. It was agreed that all transactions and payments between Comtech Oil and Global TS were to be in Singapore Dollar (SGD).

On 28 April 2011, Global TS had made an advance payment amounting SGD 5,153.95 and Comtech Oil claimed that Global TS failed to pay the outstanding balance of SGD 2,348.84.

Comtech Oil Separators claimed against Global TS as follows :

- i) The Outstanding Sum of SGD 2,348.84 being for spare parts supplied and delivered;
- ii) Interest on the Outstanding Amount of SGD 2,348.84 at the rate of 5% per annum from 01st September 2011 until the date of full and final settlement;

iii) Cost; and

iv) Such further and other reliefs deemed suitable and appropriate by the court.

(d) TECHNOTRADE SPARES AND EQUIPMENT vs GLOBAL TS SDN BHD

Technotrade Spares had provided maintenance and repair, supply and delivery of spare parts for the oil products tanker known as Budi Jasa (the ship) which was previously owned by Global Carriers, amounting SGD 53,931.67 (Total Due) and it was agreed that all transactions and payments between Technotrade Spares and Global TS were to be in Singapore Dollar (SGD).

Global TS had made a payment on 18 July 2011 amounting SGD 6,273.44 and after several negotiations Global TS agreed that the Total Due to pay by way of installments in terms agreed upon through several emails and letters. Global TS paid several installments towards to Total Due totaling SGD 22,000.00.

However, Technotrade Spares claimed that Global TS failed to pay the outstanding balance of SGD 25,658.23.

Technotrade Spares claimed against Global TS as follows :

- i) The Outstanding Sum of SGD 1,767.00 being for spare parts supplied and delivered;
- ii) Interest on the Outstanding Amount of SGD 1,767.00 at the rate of 5% per annum from 01st June 2011 until the date of full and final settlement;
- iii) Cost; and
- iv) Such further and /or other reliefs as deemed fit and proper by the court.

(e) TECHNOSERVICE MAINTENANCE & SERVICE CENTER vs GLOBAL TS SDN BHD

Technoservice Maintenance had provided and delivered one (1) unit of YMD Man B&W6S35 MC Piston Cleaning Ring for the oil products tanker known as Budi Jasa (the ship) which was previously owned by Global Carriers, amounting USD 1,767.00 and it was agreed that all transactions and payments between Technoservice Maintenance and Global TS were to be in United States of America Dollar (USD).

Technoservice Maintenance claimed that Global TS failed to pay the outstanding balance of USD 1,767.00.

Technoservice Maintenance claimed against Global TS as follows :

- i) The Outstanding Sum of SGD 25,658.23 being for maintenance, repair services provided and spare parts supplied and delivered;
- ii) Interest on the Outstanding Amount of SGD 25,658.23 at the rate of 5% per annum from 01st August 2011 until the date of full and final settlement;
- iii) Cost; and
- iv) Such further and /or other relief~~s~~ as deemed fit and proper by the court.

There is no financial and operational impact of the writ of summon and statement of claims on the group because Global TS are subsidiaries. However, the operational impact will be restricting the cash flow availability for the Global TS.

There are no expected losses except for legal expenses.

Global TS is in the process of selling of assets to raise funds to pay the outstanding balances.

11. Dividend

No dividend was declared on the ordinary shares for the quarter under review.

12. Loss per Ordinary Share

The loss per ordinary share of the Group as at the end of this period is calculated as follows:-

Profit/(loss) attributable to ordinary shareholders

| | | |
|-------------------|--------|----------|
| - for the period | RMø000 | (33,932) |
| - for the quarter | RMø000 | (29,535) |

| | Current Quarter | Current Period |
|---------------------------------------|------------------------|-----------------------|
| Ordinary shares beginning of the year | 167,447,010 | 167,447,010 |

Loss per ordinary share:-

| | | Current Quarter | Current Period | Audited 31 Dec 2012 |
|---------|-------|----------------------------|---------------------------|--------------------------------|
| - Basic | (sen) | (10.70) | (20.26.) | (30.52) |

13. **Disclosure of realised and unrealised profit/losses**

| Group | 31 Dec 2013 RM | 31 Dec 2012 RM |
|-----------------------------|---------------------------|---------------------------|
| Realised | (153,604,640) | (119,672,844) |
| Unrealised | 24,711,133 | 24,711,133 |
| Total accumulated losses | (128,893,507) | (94,961,711) |