

**GLOBAL CARRIERS BHD**  
**FINANCIAL REPORTING STATEMENT FOR**  
**THE SECOND QUARTER ENDED 30 JUNE 2014**

**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 (“GCB” or the “Company”) in this interim Financial Statement as compared with the annual Financial Statement for the year ended 31 December 2013.

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 (“Bursa”). This interim financial report must be read in conjunction with the annual audited accounts for the financial year ended 31 December 2013.

**Going Concern**

Pursuant to paragraph 8.04(2) of the listing requirement (“LR”) of Bursa in relation to Practice Note 17 (“PN17”), 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 (“PN1”) 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 currently in the midst of preparing a Regularisation Plan with a view to reaching an agreement with its lenders to restructure the defaulted debts of the Group and to regularise the Group’s financial condition and business operation.

The proposed Regularisation Plan is part of a restructuring exercise that the Company is currently formulating 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 2013.

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

The business operations of the Group is not effected by seasonality or cyclical factors.

(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:-

	<b>Shipping RM'000</b>	<b>Property Investment RM'000</b>	<b>Shipping Management Services RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Turnover</b>	17,376	-	-	-	17,376

<b>Results</b>					
Segment results	1,828	-	-	(174,736)	(172,908)
Finance Cost	(2,718)	-	-	(2,341)	(5,059)
<b>Profit/(Loss) After Tax</b>	(890)	-	-	(177,077)	(177,967)

<b>Total Assets</b>	138,092	-	-	3,540	141,632
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(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, save as the deconsolidation of the results of the following subsidiaries due to their status of the company, 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:

- a) Ruby Tankers (M) Sdn Bhd
- b) Mashaha Tankers (M) Sdn Bhd
- c) Marina Shipping Sdn Bhd
- d) Budisukma Teguh Sdn Bhd
- e) Budisukma Aman Sdn Bhd
- f) Budisukma Permai Sdn Bhd
- g) Budisukma Makmur Sdn Bhd
- h) Budisukma Damai Sdn Bhd
- i) Budisukma Suci Sdn Bhd
- j) Global TS Sdn Bhd
- k) Budisukma Setia Sdn Bhd
- l) Budisukma Sepadu Sdn Bhd
- m) Budisukma Satria Sdn Bhd
- n) Budisukma Puncak Sdn Bhd
- o) Global Budijasa Sdn Bhd
- p) Budisukma Logistics Sdn Bhd
- q) GCP Tower Sdn Bhd
- r) Global Mulia Sdn Bhd
- s) Global Mulia Dua Sdn Bhd
- t) Budisukma Shipping Agency Sdn Bhd
- u) Budisukma Sdn. Bhd.

(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 RM8.04 million in revenue for the quarter under review, an increase of RM4.49 million or 126% as compared to the preceding year corresponding quarter of RM3.55 million. The revenue increase was mainly due to (2) two vessels were on dry docking in the preceding year corresponding quarter.

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

The Group recorded a profit before tax of RM12.39 million for the current quarter on a turnover of RM8.04 million, as compared to a loss before tax of RM190.36 million on a turnover of RM9.33 million in the immediate preceding quarter.

The Group profit before tax is mainly contributed by disposal of investment in a subsidiary of the Company amounting to RM16.34 million in the quarter under review.

**3. Prospects**

Barring any unforeseen circumstances, the Group's performance is expected to be stable 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 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**

Save as disclosed, there are no other corporate proposals announced or are being undertaken by the Company or the Group during the quarter under review:

**Proposed Regularisation Plan**

On 21 March 2014, M&A Securities Sdn Bhd had on behalf of Global Carriers Berhad (“the Company”) announced that the Company proposed to undertake the Proposed Regularisation Plan to regularise its financial position. Please refer to the Company’s announcement dated 21 March 2014 for details of the Proposed Regularisation Plan.

On 13 August 2014, the Company was granted an extension of time up to 30 September 2014 by Bursa Malaysia Securities Berhad (“Bursa Securities”) to submit a Regularisation Plan to Bursa Securities, subject to the execution of the framework agreement (which sets out the terms and conditions of the special purpose vehicle structure to be incorporated) between GCB and its Indonesian partners by 29 August 2014. Please refer to the Company’s announcement dated 13 August 2014 for details of the aforesaid extension of time to submit the Proposed Regularisation Plan.

9. **Group Borrowings**

As at 30 June 2014, the outstanding Redeemable Unsecured Loan Stocks (“RULS”) 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 outstanding long term loans are approximately RM51 million in total to finance its three (3) 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:

### **Global Carriers Berhad**

Notice pursuant to Section 218(a) of the Companies Act, 1965 dated 8 April 2014 (“Notice of Demand”) has been served on the Company on 8 April 2014 by Messrs Joseph & Partners, the Solicitor who act on behalf of Kuwait Finance House (Malaysia) Berhad (“KFH”) demanding the payment of the total outstanding sum amounting to RM26,391,837.25 in respect of the Corporate Guarantee Agreement dated 18 February 2008. The said Notice of Demand was served after the High Court Judgment obtained on 25 February 2014.

The Company was given twenty one (21) days from the receipt of the said Notice of Demand to settle the outstanding Claim, failing which winding up proceeding will be taken against the Company.

The solicitor of the Company will defend against the Notice of Demand.

On 4 April 2014, the Company received a Writ of Summons and Statement of Claim from Messrs. Sharizat Rashid & Lee, who is acting on behalf of MIDF Amanah Investment Bank Berhad (“MIDF”).

In the Suit against the Company, MIDF had alleged that the Company has breached the terms and conditions of the Redeemable Unsecured Loan Stock Issuance Agreement (“RULS Issuance Agreement”) entered into 21 April 2013 and the Supplemental RULS Agreement and Depository and Paying Agency Agreement (“DPA Agreement”) entered on 26 April 2003 when the Company failed to make the repayments in accordance to the revised redemption scheduled in clause 2.1(a) of the Supplemental RULS Agreement.

### **GCP Tower Sdn Bhd**

On 20 March 2013, a Winding up Petition pursuant to Section 218(1)(e) of the Companies Act, 1965 together with a copy of Affidavit Verifying Petition (“the said Winding-Up Petition”) has been served to GCP Tower Sdn Bhd (“GCP Tower”), the wholly- subsidiary of the Company by Messrs Ong Kok Bin & Co, the Solicitors who act on behalf of Plaza Pekeliling Management Corporation (“PPMC”) demanding the payment of the total outstanding sum owing b GCP Tower to PPMC amounting RM1,076,650 (The sealed Winding-up Petition was only received by the GCP Tower on 21 March 2014). The said Winding-up Petition was served after the issue of the statutory Demand on GCP Tower pursuant to Section 218 of the Companies Act, 1965 for payment of a debt by Messrs. Ong Kok Bin & Co. on behalf of PPMC on 16 January 2014 pursuant to a consent Judgment dated 12 December 2012.

11. **Dividend**

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

12. **Profit/(Loss) per Ordinary Share**

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

Profit/(loss) attributable to ordinary shareholders

	RM'000
- for the period	(177,530)
- for the quarter	12,900

	<b>Current Quarter</b>	<b>Current Period</b>
Ordinary shares beginning of the year	167,447,010	167,447,010

Profit/(Loss) per ordinary share:-

	<b>Current Year Quarter Ended 30/6/2014</b>	<b>Cumulative Quarter Ended 30/6/2014</b>	<b>Audited 31/12/2013</b>
- Basic (sen)	7.70	(106.20)	(21.40)

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

<b>Group</b>	<b>30 June 2014 RM</b>	<b>31 Dec 2013 RM</b>
Total accumulated losses :		
- Realised	330,952,937	153,422,237
- Unrealised	(22,618,534)	(22,618,534)
Total accumulated losses as per consolidated statement of financial position	308,334,403	130,803,703