

**QUARTERLY REPORT**

This is a quarterly report on consolidated results for the period ended 31 March 2013

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-13 RM '000	PRECEDING YEAR QUARTER 31-Mar-12 RM '000	CURRENT YEAR TO DATE 31-Mar-13 RM '000	PRECEDING YEAR TO DATE 31-Mar-12 RM '000
Revenue	60,344	71,991	60,344	71,991
Voyage expenses	<u>(26,945)</u>	<u>(25,953)</u>	<u>(26,945)</u>	<u>(25,953)</u>
Operating expenses	<u>33,399</u> <u>(40,285)</u>	<u>46,038</u> <u>(42,990)</u>	<u>33,399</u> <u>(40,285)</u>	<u>46,038</u> <u>(42,990)</u>
Other operating income/(loss), net	(6,886)	3,048	(6,886)	3,048
Administrative expenses	<u>6,908</u> <u>(3,434)</u>	<u>20,538</u> <u>(3,897)</u>	<u>6,908</u> <u>(3,434)</u>	<u>20,538</u> <u>(3,897)</u>
Profit from operations	(3,412)	19,689	(3,412)	19,689
Finance costs	(321)	(572)	(321)	(572)
Share of results of an associate	13,403	8,111	13,403	8,111
Share of results of jointly controlled entities	<u>(366)</u>	<u>3,974</u>	<u>(366)</u>	<u>3,974</u>
Profit before taxation	9,304	31,202	9,304	31,202
Income tax expense	<u>(240)</u>	<u>(361)</u>	<u>(240)</u>	<u>(361)</u>
Profit for the period	<u>9,064</u>	<u>30,841</u>	<u>9,064</u>	<u>30,841</u>
Attributable to:				
Equity holders of the parent	9,009	30,936	9,009	30,936
Non-controlling interests	<u>55</u>	<u>(95)</u>	<u>55</u>	<u>(95)</u>
	<u>9,064</u>	<u>30,841</u>	<u>9,064</u>	<u>30,841</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	0.90	3.09	0.90	3.09

**QUARTERLY REPORT**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE PERIOD ENDED 31 MARCH 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Mar-13 RM '000	PRECEDING YEAR QUARTER 31-Mar-12 RM '000	CURRENT YEAR TO DATE 31-Mar-13 RM '000	PRECEDING YEAR TO DATE 31-Mar-12 RM '000
Profit for the period	9,064	30,841	9,064	30,841
Other comprehensive income/(loss):				
Currency translation differences	<u>29,586</u>	<u>(77,788)</u>	<u>29,586</u>	<u>(77,788)</u>
Total comprehensive income/(loss) for the period	<u><u>38,650</u></u>	<u><u>(46,947)</u></u>	<u><u>38,650</u></u>	<u><u>(46,947)</u></u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	37,700	(44,341)	37,700	(44,341)
Non-controlling interests	<u>950</u>	<u>(2,606)</u>	<u>950</u>	<u>(2,606)</u>
	<u><u>38,650</u></u>	<u><u>(46,947)</u></u>	<u><u>38,650</u></u>	<u><u>(46,947)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Mar-13 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-12 RM '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	485,373	483,277
Associate	914,234	885,834
Jointly controlled entities	193,793	190,993
	<u>1,593,400</u>	<u>1,560,104</u>
<b>Current Assets</b>		
Consumable stores	5,093	10,364
Trade and other receivables	48,397	47,990
Investments	93,351	91,903
Short term deposits	45,693	51,923
Cash and bank balances	136,603	138,187
	<u>329,137</u>	<u>340,367</u>
Non-current assets classified as held for sale	2,505	6,366
	<u>331,642</u>	<u>346,733</u>
<b>TOTAL ASSETS</b>	<u><u>1,925,042</u></u>	<u><u>1,906,837</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	250,000	250,000
Reserves	1,503,917	1,466,217
	<u>1,753,917</u>	<u>1,716,217</u>
Non-controlling interests	54,350	53,400
<b>Total equity</b>	<u>1,808,267</u>	<u>1,769,617</u>
<b>Non-current liability</b>		
Bank and other borrowings	32,955	33,516
	<u>32,955</u>	<u>33,516</u>
<b>Current liabilities</b>		
Trade and other payables	30,747	30,436
Bank and other borrowings	52,884	73,077
Provision for Taxation	189	191
	<u>83,820</u>	<u>103,704</u>
<b>Total liabilities</b>	<u>116,775</u>	<u>137,220</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,925,042</u></u>	<u><u>1,906,837</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	Attributable to Equity Holders of the Parent						Non-controlling Interests	Total Equity			
	Share Capital RM '000	Share premium RM '000	Non-distributable			Distributable			Total RM '000	RM '000	RM '000
			Capital reserve RM '000	Capital redemption reserve RM '000	Exchange translation reserve RM '000	Retained profits RM '000					
<b>3 MONTHS ENDED 31 MARCH 2012</b>											
At 1 January 2012	250,000	48,791	13,209	40,000	46,348	1,341,785	1,740,133	55,717	1,795,850		
Total comprehensive loss for the period	-	-	-	-	(75,277)	30,936	(44,341)	(2,606)	(46,947)		
<b>At 31 March 2012</b>	<b>250,000</b>	<b>48,791</b>	<b>13,209</b>	<b>40,000</b>	<b>(28,929)</b>	<b>1,372,721</b>	<b>1,695,792</b>	<b>53,111</b>	<b>1,748,903</b>		
<b>3 MONTHS ENDED 31 MARCH 2013</b>											
At 1 January 2013	250,000	48,791	13,209	40,000	(13,617)	1,377,834	1,716,217	53,400	1,769,617		
Total comprehensive income for the period	-	-	-	-	28,691	9,009	37,700	950	38,650		
<b>At 31 March 2013</b>	<b>250,000</b>	<b>48,791</b>	<b>13,209</b>	<b>40,000</b>	<b>15,074</b>	<b>1,386,843</b>	<b>1,753,917</b>	<b>54,350</b>	<b>1,808,267</b>		

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2013**

	CUMULATIVE	
	CURRENT YEAR 31-Mar-13 RM '000	PRECEDING YEAR 31-Mar-12 RM '000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	9,304	31,202
Adjustments for:		
Depreciation and amortisation	6,743	7,302
Gain on disposal of investments	-	(3,066)
Fair value gain on investments	-	(8,739)
Gain on disposal of assets	(3,920)	(1,940)
Unrealised foreign exchange (gain)/loss	(514)	192
Interest income	(540)	(487)
Finance costs	321	572
Share of results of an associate	(13,403)	(8,111)
Share of results of jointly controlled entities	366	(3,974)
Operating (loss)/profit before working capital changes	<u>(1,643)</u>	<u>12,951</u>
Working capital changes:		
Consumable stores	5,386	(108)
Receivables	1,867	(3,470)
Payables	401	2,004
Cash generated from operating activities	<u>6,011</u>	<u>11,377</u>
Tax paid	<u>(260)</u>	<u>(319)</u>
Net cash generated from operating activities	<u>5,751</u>	<u>11,058</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of new equipment and capitalisation of dry docking	(852)	(1,341)
Purchase of other fixed assets	(16)	(11)
Interest received	540	487
Proceeds from disposal of investments	-	45,466
Proceeds from disposal of assets	7,781	8,775
Advances from/(to) jointly controlled entities	14	(170)
Net cash generated from investing activities	<u>7,467</u>	<u>53,206</u>
<b>Cash Flows From Financing Activities</b>		
Finance costs paid	(321)	(572)
Repayment of loan borrowings	(22,401)	(10,266)
Net cash used in financing activities	<u>(22,722)</u>	<u>(10,838)</u>
<b>Net change in cash and cash equivalents</b>	(9,504)	53,426
<b>Effects of foreign exchange rate changes</b>	1,690	(11,943)
<b>Cash and cash equivalents at the beginning of the period</b>	<u>190,110</u>	<u>298,873</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>182,296</u>	<u>340,356</u>
Cash and cash equivalents comprise:		
Short term deposits	45,693	129,864
Cash and bank balances	<u>136,603</u>	<u>210,492</u>
	<u>182,296</u>	<u>340,356</u>

**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 2012.

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 2012 with the exception for FRS 139, whereby unrealised gains on quoted investments are not recognised in the financial statements until year end. Unrealised losses on quoted investments are recognised immediately whilst unrealised gains will only be recognised at the year end.

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

The financial statements for the year ended 31 December 2012 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 dividends have been paid for the current quarter ended 31 March 2013.

**A8. SEGMENT REPORT**

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management RM '000	Investment holding & others RM '000	Elimination RM '000	Group RM '000
<b>3 months ended 31 March 2013</b>						
Revenue						
Group	42,630	16,153	1,713	-	(152)	60,344
Inter-segment	-	-	(152)	-	152	-
External revenue	<u>42,630</u>	<u>16,153</u>	<u>1,561</u>	<u>-</u>	<u>-</u>	<u>60,344</u>
TCE earnings	<u>23,085</u>	<u>8,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,837</u>
Segment results	(9,571)	544	369	4,706	-	(3,952)
Interest income	227	-	5	308	-	540
Finance costs	(164)	(149)	(8)	-	-	(321)
Share of results of an associate	-	-	-	13,403	-	13,403
Share of results of jointly controlled entities	(366)	-	-	-	-	(366)
Profit before tax	<u>(9,874)</u>	<u>395</u>	<u>366</u>	<u>18,417</u>	<u>-</u>	<u>9,304</u>
<b>3 months ended 31 March 2012</b>						
Revenue						
Group	57,709	12,581	1,964	-	(263)	71,991
Inter-segment	-	-	(263)	-	263	-
External revenue	<u>57,709</u>	<u>12,581</u>	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>71,991</u>
TCE earnings	<u>37,668</u>	<u>6,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,337</u>
Segment results	6,102	(2,129)	580	14,649	-	19,202
Interest income	96	-	5	386	-	487
Finance costs	(353)	(214)	(5)	-	-	(572)
Share of results of an associate	-	-	-	8,111	-	8,111
Share of results of jointly controlled entities	3,974	-	-	-	-	3,974
Profit before tax	<u>9,819</u>	<u>(2,343)</u>	<u>580</u>	<u>23,146</u>	<u>-</u>	<u>31,202</u>

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

The fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

**A10. SUBSEQUENT MATERIAL EVENTS**Purchase of vessels and incorporation of new subsidiaries

The Group on 30 April 2013 entered into contracts for the purchase and construction of two 58,000 dwt bulk carriers with deliveries between August 2014 and January 2015. Two subsidiaries, Madu Shipping Pte Ltd and Molek Shipping Pte Ltd, were incorporated to house the two vessels.

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

A wholly owned subsidiary, Gaintrack Sdn Bhd, was struck off from the register of Companies Commission of Malaysia with effect from 18 February 2013.

**A12. CONTINGENT LIABILITIES**

There were no contingent liabilities since the last annual balance sheet date to the date of this report.

**B1. REVIEW OF PERFORMANCE**

The Group posted a profit before tax (PBT) of RM9.3 million in the first quarter of 2013, down 70% compared to RM31.2 million reported for the same period last year.

The table below summarizes the average time charter equivalent (TCE) for MBC's dry bulk and tanker fleet.

	Ave TCE/day		Hire days	
	Mar-13	Mar-12	Mar-13	Mar-12
	USD	USD	Days	Days
Dry bulk	8,203	10,793	939	1,136
Tanker	12,479	9,788	269	254
<b>Total Fleet</b>	<b>9,154</b>	<b>10,609</b>	<b>1,208</b>	<b>1,390</b>

The performance of the respective segments in the first quarter of 2013 as compared to the same period last year is analysed as follows:-

1) Dry bulk segment

The dry bulk market generally weakened in the first quarter of 2013 and the average earnings for all bulk carriers remained low. The charter rates earned by the Group's dry bulk fleet declined 24% to USD8,203/day. Consequently, the Group's dry bulk segment turned in a loss of RM9.9 million, against a profit of RM9.8 million recorded in the corresponding period a year ago.

2) Tanker segment

The tanker market improved slightly in early 2013 with the Baltic Clean Tanker Index up 20 points y-o-y to an average of 703 points in the first quarter of 2013.

The Group's tanker segment turned into a profit of RM0.4 million in the first quarter of 2013, compared against a loss of RM2.3 million recorded in the same period a year earlier. The average charter rates earned increased 27% to USD12,479/day.

3) Ship brokerage and management

PBT from this segment decreased marginally by RM0.2 million due to low charter rates.

4) Investment holding and others

Income from investment holding includes:-

- i) Gain on foreign exchange and disposal of assets amounted to RM6.0 million; and
- ii) Share of results of an associate – our share of PACC Offshore Services Holdings Pte Ltd results (RM13.4 million) increased significantly due to the improved offshore services sector.

Overall, profit attributable to shareholders declined by 71% to RM9.0 million in the first quarter of 2013, from RM30.9 million achieved in the same period last year.

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

The Group posted an operating loss of RM6.9 million in the first quarter of 2013, a slight improvement compared to the RM8.4 million operating loss registered in the preceding quarter. Average charter rates earned by our fleet increased to USD9,154/day in the first 3 months of 2013, from USD8,561/day in the preceding quarter. Hire days decreased by 59 days due to the scheduled docking of 2 vessels. Our associate (POSH) continued to deliver another good quarterly earnings.

Other operating income, which consists mainly of gains on foreign exchange and disposal of assets, declined by RM5.3 million q-o-q. Current quarter's administration expenses were comparatively higher as the preceding quarter's figure included a writeback of overprovision.

Overall, profit attributable to shareholders declined by 47% to RM9.0 million in the first quarter of 2013, from RM17.1 million recorded in the fourth quarter of 2012.

**B3. PROSPECTS**

The International Monetary Fund in its April 2013 World Economic Outlook Update projected the world output growth to reach 3 ¼ percent in 2013 and 4 percent in 2014. World trade volume (goods and services) is forecast to grow from 2.5% in 2012 to 3.6% in 2013 and firming up to 5.3% in 2014.

Growth in dry bulk trade is expected to reach 5% in 2013, with higher Chinese iron ore imports projected to account for 28% of this increase (Clarkson Research). However bulk carriers world fleet is projected to remain in surplus, with the greatest increase expected in the Panamax sector.

In line with the Group's fleet renewal program, two (2) new-building bulk carriers will be delivered this year and another five (5) in the next 3 years.

Our associate, PACC Offshore Services Holdings Pte Ltd (POSH) recorded a good set of results in the first quarter of 2013. The outlook for offshore sector continues to be positive, buoyed by continued growth worldwide. Our associate should continue to contribute positively to the Group's overall performance in 2013.

Save for the offshore market, the outlook for the remainder of the year will be challenging.



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

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

**B5. TAXATION**

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge		
-current period	240	240

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 taxation charge for the Group is attributable to tax in respect of non-tax exempt activities of the Group.

**B6. RETAINED PROFITS**

	<b>Group</b>	
	As at 31-Mar-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,217,663	1,234,525
- Unrealised	9,845	8,511
	<u>1,227,508</u>	<u>1,243,036</u>
Total share of retained profits from an associate:		
- Realised	131,226	115,701
- Unrealised	43	2,165
	131,269	117,866
Total share of retained profits from jointly controlled entities:		
- Realised	91,488	91,854
- Unrealised	2	2
	91,490	91,856
Add: Consolidation adjustments	166,893	155,393
Less: Effects of adoption of MFRS 1*	(230,317)	(230,317)
Total Group retained profits as per consolidated accounts	<u>1,386,843</u>	<u>1,377,834</u>

\* At the date of transition to MFRS, the Group's cumulative currency translation differences were adjusted to retained earnings.

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

**B7. NOTES TO CONDENSED CONSOLIDATED INCOME STATEMENT**

	Current quarter RM'000	Current financial year-to-date RM'000
Interest income	540	540
Finance costs	(321)	(321)
Depreciation and amortisation	(6,743)	(6,743)
Unrealised exchange gain/(loss)	514	514

**B8. STATUS OF CORPORATE PROPOSALS**

There were no other outstanding corporate proposals submitted by the Group as at 31 March 2013.

**B9. GROUP BORROWINGS**

The Group borrowings as at 31 March 2013 are as follows:

Currency	Current RM '000	Non-current RM '000
USD	52,884	32,955

**B10. MATERIAL LITIGATION**

Save for disclosure already made in earlier announcements, there are no new material litigation and/or significant developments in the ongoing cases under litigation.

**B11. DIVIDENDS**

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2013.

**B12. EARNINGS PER SHARE**

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

	CURRENT YEAR QUARTER 31-Mar-13	PRECEDING YEAR QUARTER 31-Mar-12	CURRENT YEAR TO DATE 31-Mar-13	PRECEDING YEAR TO DATE 31-Mar-12
Profit attributable to ordinary equity holders of the parent (RM'000)	9,009	30,936	9,009	30,936
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)	0.90	3.09	0.90	3.09

**B13. COMMITMENTS**

Commitments as at 31 March 2013 are as follows:

<u>The Group</u>	RM'000
(i) Capital commitments	78,564
(ii) Non-cancellable charter-in commitments	
Due within 1 year	66,036
Due later than 1 year and not later than 5 years	270,858
Due later than 5 years	252,379
	667,837
<u>Share of jointly controlled entity's commitments</u>	
(i) Capital commitment	41,194
(ii) Non-cancellable charter-in commitment	19,375
	60,569
	728,406