

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 June 2013

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Jun-13 RM '000	PRECEDING YEAR QUARTER 30-Jun-12 RM '000	CURRENT YEAR TO DATE 30-Jun-13 RM '000	PRECEDING YEAR TO DATE 30-Jun-12 RM '000
Revenue	65,767	64,785	126,111	136,776
Voyage expenses	(24,960)	(24,268)	(51,905)	(50,221)
	40,807	40,517	74,206	86,555
Operating expenses	(40,978)	(39,861)	(81,263)	(82,851)
	(171)	656	(7,057)	3,704
Other operating income/(loss), net	(500)	(3,428)	6,408	17,110
Administrative expenses	(2,544)	(2,876)	(5,978)	(6,773)
Profit from operations	(3,215)	(5,648)	(6,627)	14,041
Finance costs	(252)	(556)	(573)	(1,128)
Share of results of an associate	18,167	3,733	31,570	11,844
Share of results of jointly controlled entities	(1,269)	3,394	(1,635)	7,368
Profit before taxation	13,431	923	22,735	32,125
Income tax expense	(287)	(269)	(527)	(630)
Profit for the period	<u>13,144</u>	<u>654</u>	<u>22,208</u>	<u>31,495</u>
Attributable to:				
Equity holders of the parent	13,100	882	22,109	31,818
Non-controlling interests	44	(228)	99	(323)
	<u>13,144</u>	<u>654</u>	<u>22,208</u>	<u>31,495</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	1.31	0.09	2.21	3.18

QUARTERLY REPORT

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 30-Jun-13 RM '000	PRECEDING YEAR QUARTER 30-Jun-12 RM '000	CURRENT YEAR TO DATE 30-Jun-13 RM '000	PRECEDING YEAR TO DATE 30-Jun-12 RM '000
Profit for the period	13,144	654	22,208	31,495
Other comprehensive income/(loss):				
Currency translation differences	<u>2,150</u>	<u>80,794</u>	<u>31,736</u>	<u>3,006</u>
Total comprehensive income/(loss) for the period	<u>15,294</u>	<u>81,448</u>	<u>53,944</u>	<u>34,501</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	15,241	74,180	52,941	29,839
Non-controlling interests	<u>53</u>	<u>7,268</u>	<u>1,003</u>	<u>4,662</u>
	<u>15,294</u>	<u>81,448</u>	<u>53,944</u>	<u>34,501</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Jun-13 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-12 RM '000
ASSETS		
Non-current assets		
Fixed assets	500,131	483,277
Associate	934,189	885,834
Jointly controlled entities	192,740	190,993
	<u>1,627,060</u>	<u>1,560,104</u>
Current Assets		
Consumable stores	6,387	10,364
Trade and other receivables	61,089	47,990
Investments	93,501	91,903
Short term deposits	29,085	51,923
Cash and bank balances	91,124	138,187
	<u>281,186</u>	<u>340,367</u>
Non-current assets classified as held for sale	2,505	6,366
	<u>283,691</u>	<u>346,733</u>
TOTAL ASSETS	<u><u>1,910,751</u></u>	<u><u>1,906,837</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	1,489,158	1,466,217
	<u>1,739,158</u>	<u>1,716,217</u>
Non-controlling interests	52,147	53,400
Total equity	<u>1,791,305</u>	<u>1,769,617</u>
Non-current liability		
Bank and other borrowings	70,501	33,516
	<u>70,501</u>	<u>33,516</u>
Current liabilities		
Trade and other payables	36,103	30,436
Bank and other borrowings	12,581	73,077
Provision for Taxation	261	191
	<u>48,945</u>	<u>103,704</u>
Total liabilities	<u>119,446</u>	<u>137,220</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,910,751</u></u>	<u><u>1,906,837</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

	Attributable to Equity Holders of the Parent						Non-controlling Interests	Total Equity	
	Non-distributable			Distributable					
	Share Capital RM '000	Share premium RM '000	Capital reserve RM '000	Capital redemption reserve RM '000	Exchange translation reserve RM '000	Retained profits RM '000			Total RM '000
6 MONTHS ENDED 30 JUNE 2012									
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 income for the period	-	-	-	-	(1,979)	31,818	29,839	4,662	34,501
Dividends paid	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
At 30 June 2012	250,000	48,791	13,209	40,000	44,369	1,343,603	1,739,972	60,379	1,800,351
6 MONTHS ENDED 30 JUNE 2013									
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	-	-	-	-	30,832	22,109	52,941	1,003	53,944
Dividends paid	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(2,256)	(2,256)
At 30 June 2013	250,000	48,791	13,209	40,000	17,215	1,369,943	1,739,158	52,147	1,791,305

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

	CUMULATIVE	
	CURRENT YEAR 30-Jun-13 RM '000	PRECEDING YEAR 30-Jun-12 RM '000
Cash Flow From Operating Activities		
Profit before taxation	22,735	32,125
Adjustments for:		
Depreciation and amortisation	13,517	14,315
Gain on disposal of investments	-	(3,066)
Fair value gain on investments	-	(5,427)
Gain on disposal of assets	(3,920)	(5,869)
Unrealised foreign exchange (gain)/loss	295	(1,319)
Interest income	(1,039)	(1,102)
Finance costs	573	1,128
Share of results of an associate	(31,570)	(11,844)
Share of results of jointly controlled entities	1,635	(7,368)
Operating (loss)/profit before working capital changes	2,226	11,573
Working capital changes:		
Consumable stores	4,325	(608)
Receivables	(10,553)	(11,047)
Payables	4,819	(4,820)
Cash generated from operating activities	817	(4,902)
Tax paid	(501)	(470)
Net cash generated from operating activities	316	(5,372)
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	(19,898)	-
Purchase of new equipment and capitalisation of dry docking	(1,790)	(3,306)
Purchase of other fixed assets	(52)	(22)
Dividends from jointly controlled entities	-	856
Interest received	1,039	1,102
Proceeds from disposal of investments	-	45,466
Proceeds from disposal of assets	7,781	17,795
Advances from/(to) jointly controlled entities	87	68
Net cash generated from investing activities	(12,833)	61,959
Cash Flows From Financing Activities		
Finance costs paid	(573)	(1,128)
Repayment of loan borrowings	(25,284)	(23,888)
Dividends paid to shareholders	(30,000)	(30,000)
Dividend paid to minority shareholder of a subsidiary	(2,256)	-
Net cash used in financing activities	(58,113)	(55,016)
Net change in cash and cash equivalents	(70,630)	1,571
Effects of foreign exchange rate changes	729	(2,311)
Cash and cash equivalents at the beginning of the period	190,110	298,873
Cash and cash equivalents at the end of the period	120,209	298,133
Cash and cash equivalents comprise:		
Short term deposits	29,085	39,708
Cash and bank balances	91,124	258,425
	120,209	298,133

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

The final single tier dividend of 3 sen per share, amounting to RM30 million for the financial year ended 31 December 2012 was paid on 19 June 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
6 months ended 30 June 2013						
Revenue						
Group	89,636	33,273	3,506	-	(304)	126,111
Inter-segment	-	-	(304)	-	304	-
External revenue	<u>89,636</u>	<u>33,273</u>	<u>3,202</u>	<u>-</u>	<u>-</u>	<u>126,111</u>
TCE earnings	<u>52,071</u>	<u>18,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,004</u>
Segment results	(13,636)	2,763	1,075	2,132	-	(7,666)
Interest income	435	-	10	594	-	1,039
Finance costs	(280)	(283)	(10)	-	-	(573)
Share of results of an associate	-	-	-	31,570	-	31,570
Share of results of jointly controlled entities	(1,635)	-	-	-	-	(1,635)
Profit before tax	<u>(15,116)</u>	<u>2,480</u>	<u>1,075</u>	<u>34,296</u>	<u>-</u>	<u>22,735</u>
6 months ended 30 June 2012						
Revenue						
Group	106,803	26,775	3,747	-	(549)	136,776
Inter-segment	-	-	(549)	-	549	-
External revenue	<u>106,803</u>	<u>26,775</u>	<u>3,198</u>	<u>-</u>	<u>-</u>	<u>136,776</u>
TCE earnings	<u>68,700</u>	<u>14,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,357</u>
Segment results	8,190	(2,181)	897	6,033	-	12,939
Interest income	110	-	13	979	-	1,102
Finance costs	(697)	(420)	(11)	-	-	(1,128)
Share of results of an associate	-	-	-	11,844	-	11,844
Share of results of jointly controlled entities	7,368	-	-	-	-	7,368
Profit before tax	<u>14,971</u>	<u>(2,601)</u>	<u>899</u>	<u>18,856</u>	<u>-</u>	<u>32,125</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

There were no material events subsequent to the current quarter ended 30 June 2013 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

A wholly owned subsidiary, New Johnson Holdings Limited, has incorporated two wholly-owned subsidiaries, Madu Shipping Pte Ltd and Molek Shipping Pte Ltd on 25 April 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 RM22.7 million in the first half of 2013, a decline of 29% compared to RM32.1 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.

	Average TCE.day		Hire days	
	6 months ended Jun-13	6 months ended Jun-12	6 months ended Jun-13	6 months ended Jun-12
	USD	USD	USD	USD
Dry bulk	8,725	10,660	1,992	2,156
Tanker	12,377	10,029	542	527
Total fleet	9,506	10,536	2,534	2,683

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

1) Dry bulk segment

The Group's first half 2013 dry bulk segment turned in a loss of RM15.1 million, against a profit of RM15.0 million recorded in the corresponding period a year ago. The decline was mainly attributed to lower charter rates earned.

2) Tanker segment

The Group's tanker segment reported a profit of RM2.5 million in 1H2013, compared to a RM2.6 million loss in the same period last year. The turnaround was mostly due to improved charter rates earned and increased hire days (15 days).

3) Ship brokerage and management

Profit from this segment increased marginally by RM0.2 million due to higher management fees earned.

4) Investment holding and others

Income from investment holding includes:-

i) Gain on disposal of asset of RM3.9 million; and

ii) Share of results of an associate – our share of PACC Offshore Services Holdings Pte Ltd results increased 167% to RM31.6 million in 1H2013, from RM11.8 million in the same period last year, due to the improved offshore services sector.

Overall, profit attributable to shareholders declined 31% to RM22.1 million in the first half of 2013, from RM31.8 million registered in the same period last year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Individual Quarter		Variance RM '000
	Apr- Jun RM '000	Jan-Mar RM '000	
Revenue	65,767	60,344	5,423
Voyage expenses	(24,960)	(26,945)	1,985
	40,807	33,399	7,408
Operating expenses	(40,978)	(40,285)	(693)
	(171)	(6,886)	6,715
Other operating income/(loss), net	(500)	6,908	(7,408)
Administrative expenses	(2,544)	(3,434)	890
Profit from operations	(3,215)	(3,412)	197
Finance costs	(252)	(321)	69
Share of results of an associate	18,167	13,403	4,764
Share of results of jointly controlled entities	(1,269)	(366)	(903)
Profit before taxation	13,431	9,304	4,127
Income tax expense	(287)	(240)	(47)
Profit for the period	13,144	9,064	4,080
Attributable to:			
Equity holders of the parent	13,100	9,009	4,091
Non-controlling interests	44	55	(11)
	13,144	9,064	4,080

The Group posted a quarterly operating loss of RM0.2 million in April-June 2013, compared to an operating loss of RM6.9 million in the preceding quarter. The improvement was mainly due to higher charter rates earned.

Current quarter's other operating income/(loss) is comparatively lower as the preceding quarter's figure includes a one-off gain on disposal of asset of RM3.9 million. Administrative expenses and finance costs decreased compared to the preceding quarter.

Our associate (POSH) continued to deliver another good quarterly earnings.

All told, profit attributable to shareholders increased by 45% to RM13.1 million in the second quarter of 2013, from RM9.0 million reported in the first quarter of 2013.

B3. PROSPECTS

The International Monetary Fund in its July 2013 World Economic Outlook Update cut its forecast for global growth to 3% for 2013 (from 3 ¼% projected in April 2013) due to slowing emerging markets and the prolonged recession in the euro area.

Growth in the dry bulk fleet continues and is projected at 7% in 2013 whereas trade growth is forecast to reach 5%. The Handymax and Panamax fleets are expected to register the fastest growth in terms of deadweight tonnage in full year 2013 (Clarkson Research).

The Group took delivery of a new Supramax under long term charter in June 2013 and has another 6 new vessels in the pipeline for deliveries in 2014/2015.

The supply side of both dry bulk and tanker continues to put pressure on rates. These two sectors remain challenging.

Our associate, PACC Offshore Services Holdings Pte Ltd (POSH), posted 167% surge in its profit in the first half of the year. The outlook for offshore sector continues to be positive, due to healthy oil prices and projected increases in offshore exploration and production spending. Our associate should continue to contribute positively to the Group's overall performance in 2013.

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	287	527

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

	Group	
	As at 30-Jun-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,187,450	1,234,525
- Unrealised	7,791	8,511
	1,195,241	1,243,036
Total share of retained profits from an associate:		
- Realised	149,422	115,701
- Unrealised	14	2,165
	149,436	117,866
Total share of retained profits from jointly controlled entities:		
- Realised	90,218	91,854
- Unrealised	3	2
	90,221	91,856
Add: Consolidation adjustments	165,362	155,393
Less: Effects of adoption of MFRS 1*	(230,317)	(230,317)
Total Group retained profits as per consolidated accounts	1,369,943	1,377,834

* 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	499	1,039
Finance costs	(252)	(573)
Depreciation and amortisation	(6,774)	(13,517)
Unrealised exchange gain/(loss)	(809)	(295)

B8. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals submitted by the Group as at 30 June 2013.

B9. GROUP BORROWINGS

The Group borrowings as at 30 June 2013 are as follows:

	Currency	Current RM '000	Non-current RM '000
	USD	12,581	70,501

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 30 June 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 30-Jun-13	PRECEDING YEAR QUARTER 30-Jun-12	CURRENT YEAR TO DATE 30-Jun-13	PRECEDING YEAR TO DATE 30-Jun-12
Profit attributable to ordinary equity holders of the parent (RM'000)	13,100	882	22,109	31,818
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)	1.31	0.09	2.21	3.18

B13. COMMITMENTS

Commitments as at 30 June 2013 are as follows:

	RM'000
<u>The Group</u>	
(i) Capital commitments	220,503
(ii) Non-cancellable charter-in commitments	
Due within 1 year	67,385
Due later than 1 year and not later than 5 years	269,725
Due later than 5 years	236,464
	<u>794,077</u>
<u>Share of jointly controlled entity's commitments</u>	
(i) Capital commitment	39,197
(ii) Non-cancellable charter-in commitment	17,316
	<u>56,513</u>
	<u>850,590</u>