QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2016

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	QUARTER	TO DATE	TO DATE
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM '000	RM '000	RM '000	RM '000
Revenue	52,498	66,872	161,349	176,755
Voyage expenses	(12,299)	(22,030)	(41,703)	(57,220)
	40,199	44,842	119,646	119,535
Operating expenses	(53,202)	(64,127)	(170,405)	(181,654)
	(13,003)	(19,285)	(50,759)	(62,119)
Net change in onerous contract provision	0	3,507	0	2,346
Impairment loss on vessels	0	0	(110)	0
	(13,003)	(15,778)	(50,869)	(59,773)
Other operating income/(loss), net	(293)	324	(367)	7,120
Administrative expenses	(2,869)	(2,925)	(6,801)	(9,238)
	(16,165)	(18,379)	(58,037)	(61,891)
Finance costs	(3,847)	(3,365)	(11,788)	(9,116)
Share of results of an associate	(11,186)	9,909	(22,671)	14,575
Share of results of joint ventures	(62)	(2,494)	(3,617)	(2,319)
(Loss)/profit before taxation	(31,260)	(14,329)	(96,113)	(58,751)
Income tax expense	42	(323)	(585)	(843)
(Loss)/profit for the period	(31,218)	(14,652)	(96,698)	(59,594)
Attributable to:				
Equity holders of the parent	(30,807)	(14,194)	(95,220)	(58,068)
Non-controlling interests	(411)	(458)	(1,478)	(1,526)
	(24.24.0)	(1.1.050)	(00,000)	(50,50,4)
	(31,218)	(14,652)	(96,698)	(59,594)
(Loss)/earnings per share (sen)				
- Basic	(3.08)	(1.42)	(9.52)	(5.81)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 September 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	INDIVIDUAL	QUARTER	CUMULATIVE	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	QUARTER	TO DATE	TO DATE
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM '000	RM '000	RM '000	RM '000
Loss for the period	(31,218)	(14,652)	(96,698)	(59,594)
Other comprehensive income/(loss): Items that will be reclassified to profit or loss				
Currency translation differences Net change in cash flow hedges:	22,258	312,437	(62,670)	433,109
-Net unrealised profit/(loss) -Net realised (profit)/loss reclassified	(8,560)	(57,452)	15,468	(83,841)
to the income statement	(64)	54,609	(19,915)	74,461
Share of associate's other comprehensive income	(226)	-	(1,643)	-
Total comprehensive income/(loss) for the period	(17,810)	294,942	(165,458)	364,135
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(17,391)	286,222	(160,276)	353,015
Non-controlling interests	(419)	8,720	(5,182)	11,120
	(17,810)	294,942	(165,458)	364,135

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 30-Sep-16 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-15 RM '000
ASSETS		
Non-current assets	50	000
Intangible assets Property, plant and equipment	58 584,799	699 648,422
Deposits	53,151	- 040,422
Associate	924,947	1,003,777
Joint ventures	138,114	159,907
	1,701,069	1,812,805
Current Assets		
Consumable stores	7,462	8,229
Receivables and other current assets	38,992	86,248
Short term deposits Cash and bank balances	500	-
Cash and bank balances	53,955	140,496
Non-current assets classified as held for sale	100,909	234,973 49,931
	100,909	284,904
	100,303	204,304
TOTAL ASSETS	1,801,978	2,097,709
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	769,368	929,644
	1,019,368	1,179,644
Non-controlling interests	22,932	51,381
Total equity	1,042,300	1,231,025
Non-current liabilities		
Borrowings	336,136	383,055
Derivative financial liabilities Deferred tax liabilities	94,724	110,192
Provision for onerous contracts	73 32,885	73 34,569
	463,818	527,889
	403,010	527,009
Current liabilities		
Payables and other current liabilities	53,240	37,643
Borrowings	170,002	224,585
Provision for taxation Provision for onerous contracts	84 72,534	319 76,248
	295,860	338,795
Total liabilities	759,678	866,684
TOTAL EQUITY AND LIABILITIES	1,801,978	2,097,709

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016

-			Attrib	utable to Equity H	olders of the Par	ent				
			ı	Non-distributable			Distributable	No	on-controlling Interests	Total Equity
	Share Capital RM '000	Share premium RM '000	Capital reserve RM '000	Capital redemption reserve RM '000	Cash flow hedge reserve RM '000	Foreign currency translation reserve RM '000	Retained profits RM '000	Total RM '000	RM '000	RM '000
9 MONTHS ENDED 30 SEPTEMBER 2015										
At 1 January 2015	250,000	48,791	7,077	40,000	(2,560)	228,491	1,380,651	1,952,450	63,632	2,016,082
Total comprehensive income/(loss) for the period Dividends paid Dividend paid to non-controlling interests	- - -	-	-	- - -	(9,380) - -	420,463 - -	(58,068) (10,000) -	353,015 (10,000) -	11,120 - (5,072)	364,135 (10,000) (5,072)
At 30 September 2015	250,000	48,791	7,077	40,000	(11,940)	648,954	1,312,583	2,295,465	69,680	2,365,145
9 MONTHS ENDED 30 SEPTEMBER 2016										
At 1 January 2016	250,000	48,791	7,077	40,000	(4,776)	645,054	193,498	1,179,644	51,381	1,231,025
Total comprehensive income/(loss) for the period Capital repayment to non-controlling interests Dividend paid to non-controlling interests	- - -	-	- -	- - -	(6,090) - -	(58,966) - -	(95,220) - -	(160,276) - -	(5,182) (16,985) (6,282)	(165,458) (16,985) (6,282)
At 30 September 2016	250,000	48,791	7,077	40,000	(10,866)	586,088	98,278	1,019,368	22,932	1,042,300

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Current of the second		CUMULAT	IVE
20-Sep-16 RM 1000 Cash Flow From Operating Activities Loss before faxation (96,113) (58,751) Adjustments for: 21,924 32,751 Loss/(gain) on disposal of property, plant and equipment 1,239 (29,27) Unrealized foreign exchange loss (57) 47 (504) (504) Hereasia for a property, plant and equipment 1,239 (29,24) (29,24) Interest income (600) (61,17) (61,17) (14,575) Share of results of an associate 22,671 (14,575) (38,989) (38,689) (38,689) (38,689) (38,689) (38,689) (38,689) (38,689) (38,689) (38,689)			
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Cash Flow From Operating Activities (96,113) (96,113) (96,151) Adjustments for: Deprecision and amortisation 21,924 32,2751 Loss (gain) on disposal of property, plant and equipment 1,256 (282) Provision for doubful dots 868 - Net change in onerous contract provision (21,924 32,2751 Intrealised foreign exchange loss (57) 497 Reversal of a lability - (5,040) Net change in onerous contract provision (22,377) (23,377) Interest income (001) (647) Inname costs 11,788 9,116 Share or results of onit ventures 3,317 2,318 Operating loss before working capital changes (34,933) (36,969) Working capital changes . 2,240 Receivables and other current lassets . 2,240 Receivables and other current lassets . 2,240 Receivables and other current lassets . 2,240 Net cash used in operating activities (15,5062) (36,389)		30-Sep-16	30-Sep-15
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MALAYSIAN BULK CARRIERS BERHAD (Company No.: 175953-W)

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 conjuction with the audited financial statements of the Group for the year ended 31 December 2015.

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 2015.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2015 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

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 30 September 2016.

A8. SEGMENT REPORT

Revenue	RM '000	Tankers RM '000	brokerage & management RM '000	holding & others RM '000	Elimination RM '000	Group RM '000
Group	114,143	42,343	5,810	-	(947)	161,349
Inter-segment	-	-	(947)	-	947	-
External revenue	114,143	42,343	4,863	-		161,349
TCE earnings	77,127	37,656			<u> </u>	114,783
Segment results	(55,834)	21,389	875	(1,208)	-	(34,778)
Depreciation and amortisation Loss on disposal of property,	(14,775)	(6,278)	(367)	(504)	-	(21,924)
plant and equipment	(4,478)	3,220	-	-	-	(1,258)
Impairment loss on vessels	-	(110)	-	-	-	(110)
Interest income	299	-	22	580	-	901
Finance costs	(6,240)	(463)	(8)	(5,077)	-	(11,788)
Provision for doubtful debts	(868)	-	-	-	-	(868)
Share of results of an associate	-	-	-	(22,671)	-	(22,671)
Share of results of joint ventures	(3,617)		522	-	<u> </u>	(3,617)
(Loss)/profit before tax	(85,513)	17,758		(28,880)		(96,113)
9 months ended 30 September 2015 Revenue						
Group	131,075	40,501	6,177	-	(998)	176,755
Inter-segment	-	-	(998)	-	998	-
External revenue	131,075	40,501	5,179	-		176,755
TCE earnings	79,375	34,981			<u> </u>	114,356
Segment results	(40,438)	9,238	1,364	(2,590)	-	(32,426)
Depreciation and amortisation	(23,432)	(8,602)	(320)	(397)	-	(32,751)
Net change in onerous contract provision Gain on disposal of property,	2,347	-	-	-	-	2,347
plant and equipment	-	_	_	292	_	292
Interest income	386	_	17	292	-	647
Finance costs	(4,502)	(377)	(10)	(4,227)	-	(9,116)
Share of results of an associate	-	-	(10)	14,575	_	14,575
Share of results of joint ventures	(2,319)	-	-		-	(2,319)
(Loss)/profit before tax	(67,958)	259	1,051	7,897		(58,751)

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

A10. SIGNIFICANT EVENTS

There were no material events subsequent to the current quarter ended 30 September 2016 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

A12. CONTINGENT LIABILITIES

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

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B1. REVIEW OF PERFORMANCE

MBC Group reported an increased loss of RM96.113 million in 9 months ended 30 September 2016 (9M2016), against a loss of RM58.751 million in 9M2015 mainly due higher losses from dry bulk segment and negative contribution from associate, POSH (9M2016: a loss of RM22.671 million versus 9M2015's profit of RM14.575 million). Profit from tanker segment increased by RM17.499 million.

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

	Average TCE/day		Hire days	
	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
	USD	USD	Days	Days
Dry bulk	4,971	6,629	5,272	5,105
Tanker	14,964	13,640	605	737
Total fleet	5,999	7,514	5,877	5,842

The performance of the key segments in 9M2016 as compared to the same period last year is as follows:-

(1) Dry bulk segment

Dry bulk segment loss increased by 26% to RM85.513 million (9M2015: RM67.958 million) mainly due to a 25% drop in charter rates (9M2016: USD4,971/day, 9M2015: USD6,629/day). The Group and a joint venture disposed of a vessel each and recorded a loss of USD1.1 million and USD1.9 million respectively.

(2) Tanker segment

Tanker segment profit increased by RM17.499 million to RM17.758 million (9M2015: RM0.259 million) mainly due to improved charter rates, lower docking cost and gain on disposal of vessels.

(3) Investment holding and others

POSH results declined by USD44.7 million to a loss of USD26.0 million, from a profit of USD18.7 million in 9M2015 mainly due to lower charter rates and utilization, and allowance for doubtful debts.

The Group's share of POSH results was a loss of RM22.671 million in 9M2016, against a profit of RM14.575 million in 9M2015.

The Group's attributable loss increased by 64% or RM37.152 million to RM95.220 million (9M2015: RM58.068 million).

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B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Individual Quarter				
	Jul-Sep 16	Apr-Jun 16	Variance		
	RM '000	RM'000	RM'000		
Revenue	52,498	55,351	(2,853)		
Voyage expenses	(12,299)	(12,746)	447		
Operating expenses	40,199	42,605	(2,406)		
	(53,202)	(55,520)	2,318		
Operating loss	(13,003)	(12,915)	(88)		
Impairment loss on vessels	0	(110)	110		
Other operating income/(loss), net Administrative expenses	(13,003) (293) (2,869)	(13,025) (836) (1,945)	22 543 (924)		
Finance costs Share of results of an associate Share of results of joint ventures	(16,165) (3,847) (11,186) (62)	(15,806) (3,839) (15,518) (4,986)	(359) (8) 4,332 4,924		
(Loss)/profit before taxation	(31,260)	(40,149)	8,889		
Income tax expense	42	(377)	419		
(Loss)/profit for the period	(31,218)	(40,526)	9,308		
<u>Attributable to:</u>	(30,807)	(40,331)	9,524		
Equity holders of the parent	(411)	(195)	(216)		
Non-controlling interests	(31,218)	(40,526)	9,308		

The Group's operating loss (before impairment) is relatively flat compared to the previous quarter. Although charter rates have improved compared to preceding quarter, the Group recorded lower hire days due to disposal of vessels.

Other operating loss in Q3 2016 of RM0.293 million was mainly due to allowance for doubtful debts. Administrative expenses increased by RM0.924 million mainly due to higher shared services cost compared to the preceding quarter.

The associate, POSH, recorded a reduced loss of USD13.0 million in Q3 2016 (Q2 2016: USD17.6 million loss) mainly due to allowance for doubtful debts of USD6.5 million recorded in Q2 2016. The Group's share of POSH results was a loss of RM11.186 million in Q3 2016 (Q2 2016: RM15.518 million).

The Group's share of joint ventures' results was a loss of RM0.062 million in Q3 2016, compared to RM4.986 million loss in Q2 2016. This was mainly due to loss on disposal of vessel recorded in Q2 2016.

The Group's attributable loss was RM30.807 million in Q3 2016 as compared to RM40.331 million loss in Q2 2016.

B3. PROSPECTS

Although newbuildings ordering has slowed and demolition activity remains high, the existing oversupply in the dry bulk market continues.

The operating environment for POSH remains challenging. The lack of capital expenditure by oil majors will continue to exert downward pressure on vessel utilization and charter rates.

With the depressed market condition, POSH Group expects the carrying value of its goodwill and the carrying value of its fleet of vessels will be impaired. While the impairment amount is to be finally determined by year end, it is expected that these impairments will have a material adverse impact on POSH Group's financial results for 4th quarter 2016 and FY2016. This will have an adverse impact on MBC Group's results.

MBC Group is expected to report a loss for FY2016.

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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	(30)	596
-prior year	(12)	(11)
	(42)	585

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

	Gro	oup
	As at	As at
	30-Sep-16	30-Sep-15
	RM'000	RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries:		
- Realised	(436,007)	1,084,551
- Unrealised	(173)	1,686
Less: Effects of adoption of MFRS 1*	(103,414)	(103,414)
	(539,594)	982,823
Total share of (accumulated losses)/retained profits from an associate:		
- Realised	49,162	197,878
- Unrealised	(551)	(251)
Less: Effects of adoption of MFRS 1*	(115,434)	(115,434)
	(66,823)	82,193
Total share of (accumulated losses)/retained profits from joint ventures		
- Realised	(27,825)	62,749
- Unrealised	2	(19)
Less: Effects of adoption of MFRS 1*	(11,469)	(11,469)
	(39,292)	51,261
Add: Consolidation adjustments	743,987	196,306
Total Group retained profits as per consolidated accounts	98,278	1,312,583

* 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	266	901
Finance costs	(3,847)	(11,788)
Depreciation and amortisation	(7,012)	(21,924)
Loss on disposal of property, plant and equipment	(21)	(1,258)
Provision for doubtful debts	(868)	(868)
Unrealised exchange loss	72	57

B8. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals submitted by the Group as at 30 September 2016.

B9. BORROWINGS

The Group borrowings as at 30 September 2016 are as follows:

Currency	Current RM '000	Non-current RM '000
USD RM	142,270 27,732	66,839 269,297
	170,002	336,136

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

B13.

The Directors do not recommend any dividend for the current quarter ended 30 September 2016.

B12. EARNINGS PER SHARE

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

	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	QUARTER	TO DATE	TO DATE
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Loss attributable to equity holders				
of the parent (RM'000)	(30,807)	(14,194)	(95,220)	(58,068)
Number of ordinary shares in issue('000)	1,000,000	1,000,000	1,000,000	1,000,000
Loss per share attributable to equity holders				
of the parent (sen)	(3.08)	(1.42)	(9.52)	(5.81)
COMMITMENTS				
Commitments as at 30 September 2016 are as follows:				
Communents as at 50 September 2016 are as follows.				RM'000
(i) Capital commitments				309,487
(i) Capital commitments				309,407
(ii) Vessel operating lease commitments - as lessee				
Due within 1 year				106,690
Due later than 1 year and not later than 5 years				361,969
Due later than 5 years				49,250
				517,909
(iii) Vessel operating lease commitments - as lessor				
Due within 1 year				
- the Group				4,912
- Share of joint ventures' commitments				7,461
				12,373