

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2013

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-13 RM '000	PRECEDING YEAR QUARTER 31-Dec-12 RM '000	CURRENT YEAR TO DATE 31-Dec-13 RM '000	PRECEDING YEAR TO DATE 31-Dec-12 RM '000
Revenue	57,813	61,037	246,744	262,266
Voyage expenses	<u>(11,645)</u>	<u>(27,807)</u>	<u>(84,766)</u>	<u>(104,871)</u>
Operating expenses	<u>46,168</u> <u>(48,462)</u>	<u>33,230</u> <u>(41,654)</u>	<u>161,978</u> <u>(177,625)</u>	<u>157,395</u> <u>(165,054)</u>
Other operating income/(loss), net	(2,294)	(8,424)	(15,647)	(7,659)
Administrative expenses	<u>16,055</u> <u>(3,648)</u>	<u>12,228</u> <u>(661)</u>	<u>25,497</u> <u>(12,111)</u>	<u>41,780</u> <u>(10,905)</u>
Profit from operations	10,113	3,143	(2,261)	23,216
Finance costs	(309)	(386)	(1,233)	(1,972)
Share of results of an associate	8,973	13,794	54,424	35,257
Share of results of jointly controlled entities	<u>1,165</u>	<u>829</u>	<u>354</u>	<u>9,950</u>
Profit before taxation	19,942	17,380	51,284	66,451
Income tax expense	<u>(48)</u>	<u>(243)</u>	<u>(1,068)</u>	<u>(786)</u>
Profit for the year	<u>19,894</u>	<u>17,137</u>	<u>50,216</u>	<u>65,665</u>
Attributable to:				
Equity holders of the parent	19,659	17,138	50,310	66,049
Non-controlling interests	<u>235</u>	<u>(1)</u>	<u>(94)</u>	<u>(384)</u>
	<u>19,894</u>	<u>17,137</u>	<u>50,216</u>	<u>65,665</u>
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	1.97	1.71	5.03	6.60

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2013

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-13 RM '000	PRECEDING YEAR QUARTER 31-Dec-12 RM '000	CURRENT YEAR TO DATE 31-Dec-13 RM '000	PRECEDING YEAR TO DATE 31-Dec-12 RM '000
Profit for the year	19,894	17,137	50,216	65,665
Other comprehensive income/(loss):				
Currency translation differences	13,127	(22,623)	132,188	(61,392)
Realisation of reserves on liquidation of subsidiaries	<u>0</u>	<u>(506)</u>	<u>0</u>	<u>(506)</u>
Total comprehensive income/(loss) for the year	<u>33,021</u>	<u>(5,992)</u>	<u>182,404</u>	<u>3,767</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	32,390	(5,454)	178,601	6,084
Non-controlling interests	<u>631</u>	<u>(538)</u>	<u>3,803</u>	<u>(2,317)</u>
	<u>33,021</u>	<u>(5,992)</u>	<u>182,404</u>	<u>3,767</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-13 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-12 RM '000
ASSETS		
Non-current assets		
Fixed assets	515,754	483,277
Intangible assets	1,072	-
Associate	1,005,443	885,834
Jointly controlled entities	205,860	190,993
	<u>1,728,129</u>	<u>1,560,104</u>
Current Assets		
Consumable stores	9,719	10,364
Trade and other receivables	40,091	47,990
Investments	108,623	91,903
Short term deposits	30,574	51,923
Cash and bank balances	114,783	138,187
	<u>303,790</u>	<u>340,367</u>
Non-current assets classified as held for sale	-	6,366
	<u>303,790</u>	<u>346,733</u>
TOTAL ASSETS	<u><u>2,031,919</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	1,614,818	1,466,217
	<u>1,864,818</u>	<u>1,716,217</u>
Non-controlling interests	54,947	53,400
Total equity	<u>1,919,765</u>	<u>1,769,617</u>
Non-current liability		
Bank and other borrowings	32,242	33,516
Deferred taxation	221	-
	<u>32,463</u>	<u>33,516</u>
Current liabilities		
Trade and other payables	34,921	30,436
Bank and other borrowings	44,612	73,077
Provision for Taxation	158	191
	<u>79,691</u>	<u>103,704</u>
Total liabilities	<u>112,154</u>	<u>137,220</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,031,919</u></u>	<u><u>1,906,837</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
12 MONTHS ENDED 31 DECEMBER 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 year	-	-	-	-	(59,965)	66,049	6,084	(2,317)	3,767
Dividends paid	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
At 31 December 2012	250,000	48,791	13,209	40,000	(13,617)	1,377,834	1,716,217	53,400	1,769,617
12 MONTHS ENDED 31 DECEMBER 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 year	-	-	-	-	128,291	50,310	178,601	3,803	182,404
Dividends paid	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(2,256)	(2,256)
At 31 December 2013	250,000	48,791	13,209	40,000	114,674	1,398,144	1,864,818	54,947	1,919,765

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	CUMULATIVE	
	CURRENT YEAR 31-Dec-13 RM '000	PRECEDING YEAR 31-Dec-12 RM '000
Cash Flow From Operating Activities		
Profit before taxation	51,284	66,451
Adjustments for:		
Depreciation and amortisation	27,801	28,032
Gain on disposal of investments	-	(3,066)
Fair value gain on investments	(9,480)	(15,446)
Gain on disposal of assets	(7,625)	(11,102)
Unrealised foreign exchange (gain)/loss	(1,229)	(1,651)
Provision for doubtful debts	317	-
Interest income	(1,780)	(2,539)
Finance costs	1,233	1,972
Realisation of reserves on liquidation of subsidiaries	-	(506)
Share of results of an associate	(54,424)	(35,257)
Share of results of jointly controlled entities	(354)	(9,950)
Operating (loss)/profit before working capital changes	5,743	16,938
Working capital changes:		
Consumable stores	1,384	(3,568)
Receivables	14,518	(10,370)
Payables	5,994	(5,065)
Cash generated from operating activities	27,639	(2,065)
Tax paid	(871)	(1,024)
Net cash generated from operating activities	26,768	(3,089)
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	(15,484)	-
Deposit paid for vessel	(4,039)	-
Purchase of new equipment and capitalisation of dry docking	(7,094)	(643)
Purchase of other fixed assets	(2,182)	(71)
Dividend from an associate	4,573	-
Dividends from jointly controlled entities	-	856
Interest received	1,780	2,539
Proceeds from disposal of investments	-	45,466
Proceeds from disposal of assets	13,991	27,709
Investment in an associate company	-	(97,351)
Advances from/(to) jointly controlled entities	(24)	97
Net cash generated from investing activities	(8,479)	(21,398)
Cash Flows From Financing Activities		
Finance costs paid	(1,233)	(1,972)
Repayment of loan borrowings	(37,128)	(44,176)
Dividends paid to shareholders	(30,000)	(30,000)
Dividend paid to minority shareholder of a subsidiary	(2,256)	-
Net cash used in financing activities	(70,617)	(76,148)
Net change in cash and cash equivalents	(52,328)	(100,635)
Effects of foreign exchange rate changes	7,575	(8,128)
Cash and cash equivalents at the beginning of the period	190,110	298,873
Cash and cash equivalents at the end of the period	145,357	190,110
Cash and cash equivalents comprise:		
Short term deposits	30,574	51,923
Cash and bank balances	114,783	138,187
	145,357	190,110

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, except for the adoption of the new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2013. The adoption of these FRSs, amendments to FRSs and IC Interpretations does not have any material impact on the financial results of the Group.

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 December 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
12 months ended 31 December 2013						
Revenue						
Group	182,767	57,248	7,352	-	(623)	246,744
Inter-segment	-	-	(623)	-	623	-
External revenue	<u>182,767</u>	<u>57,248</u>	<u>6,729</u>	<u>-</u>	<u>-</u>	<u>246,744</u>
TCE earnings	<u>116,886</u>	<u>38,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,249</u>
Segment results	(26,137)	1,538	1,788	18,770	-	(4,041)
Interest income	841	-	20	919	-	1,780
Finance costs	(669)	(554)	(10)	-	-	(1,233)
Share of results of an associate	-	-	-	54,424	-	54,424
Share of results of jointly controlled entities	354	-	-	-	-	354
Profit before tax	<u>(25,611)</u>	<u>984</u>	<u>1,798</u>	<u>74,113</u>	<u>-</u>	<u>51,284</u>
12 months ended 31 December 2012						
Revenue						
Group	194,453	61,503	7,168	-	(858)	262,266
Inter-segment	-	-	(858)	-	858	-
External revenue	<u>194,453</u>	<u>61,503</u>	<u>6,310</u>	<u>-</u>	<u>-</u>	<u>262,266</u>
TCE earnings	<u>117,875</u>	<u>33,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,085</u>
Segment results	(8,724)	(482)	1,750	28,133	-	20,677
Interest income	341	-	31	2,167	-	2,539
Finance costs	(1,155)	(795)	(22)	-	-	(1,972)
Share of results of an associate	-	-	-	35,257	-	35,257
Share of results of jointly controlled entities	9,950	-	-	-	-	9,950
Profit before tax	<u>412</u>	<u>(1,277)</u>	<u>1,759</u>	<u>65,557</u>	<u>-</u>	<u>66,451</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 EVENTSPurchase of vessel

The Group has on 23 January 2014 signed a Ship Sales Contract for the purchase and construction of one 33,000 dwt bulk carrier with estimated delivery in January 2016.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

A wholly owned subsidiary of the company, New Johnson Holdings Limited, has incorporated a wholly-owned subsidiary, Sejahtera Shipping Pte Ltd on 7 November 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 reported a profit before tax (PBT) of RM51.284 million in 2013, a decline of 23% compared to RM66.451 million registered last year mainly due to higher losses in the Group's dry bulk segment. The decline was mitigated by the increased contribution from our associate, Pacc Offshore Services Holdings Pte Ltd (POSH).

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

	Average TCE/day		Hire days	
	2013	2012	2013	2012
	USD	USD	Days	Days
Dry bulk	9,171	9,530	4,102	4,095
Tanker	12,468	10,851	1,062	1,076
Total fleet	9,849	9,805	5,164	5,171

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

Dry bulk segment

Dry bulk segment turned in a loss of RM25.611 million in 2013, from a profit of RM0.412 million (including gain on disposal of vessel) recorded a year ago. The main factors contributing to the decline were the scheduled docking of 7 vessels (includes jointly controlled vessels) which had resulted in a loss of 118 hire days and docking costs of RM7.361 million, and operating loss arising from the two new vessels delivered under long term charters.

Tanker segment

Tanker segment turned in a profit of RM0.984 million, from a loss of RM1.277 million last year as the average charter rates earned improved 15%. The improvement was partly offset by higher docking cost.

Ship brokerage and management

Profit from this segment remained at the same level as last year.

Investment holding and others

Contribution from our associate (POSH) increased 54% (RM19.167 million) to RM54.424 million, from last year's RM35.257 million due to the strong offshore service sector. This more than offset the lower contribution from other investments.

Overall, profit attributable to shareholders declined 24% (RM15.739 million) to RM50.310 million in 2013, from RM66.049 million reported last year.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Individual Quarter		
	Oct-Dec	Jul-Sep	Variance
	RM '000	RM '000	RM '000
Revenue	57,813	62,820	(5,007)
Voyage expenses	(11,645)	(21,216)	9,571
	46,168	41,604	4,564
Operating expenses	(48,462)	(47,900)	(562)
	(2,294)	(6,296)	4,002
Other operating income/(loss), net	16,055	3,034	13,021
Administrative expenses	(3,648)	(2,485)	(1,163)
Profit from operations	10,113	(5,747)	15,860
Finance costs	(309)	(351)	42
Share of results of an associate	8,973	13,881	(4,908)
Share of results of jointly controlled entities	1,165	824	341
Profit before taxation	19,942	8,607	11,335
Income tax expense	(48)	(493)	445
Profit for the period	19,894	8,114	11,780
<u>Attributable to:</u>			
Equity holders of the parent	19,659	8,542	11,117
Non-controlling interests	235	(428)	663
	19,894	8,114	11,780

The Group posted a quarterly operating loss of RM2.294 million in October to December 2013, an improvement of RM4.002 million compared to RM6.296 million loss in the preceding quarter. This was mainly due to increased hire days and reduced docking cost.

Other operating income increased RM13.021 million mainly due to year end mark to market gain on investment (RM9.480 million) and gain on disposal of a parcel of land. Whilst administrative expenses increased RM1.163 million due to higher software maintenance cost, finance costs remained stable.

Our associate (POSH) reported another profitable quarter, contributing RM8.973 million to the Group's bottom line.

Profit attributable to shareholders increased 130% (RM11.117million) to RM19.659 million in the last quarter of 2013, from RM8.542 million reported in the preceding quarter.

B3. PROSPECTS

The first 9 months of 2013 has been difficult for dry bulk owners. Rates continued to stay low through most of 2013 as the supply of vessels outgrew demand.

International Monetary Fund (IMF) expects 2014 global growth and world trade volume growth to hit a three-year high at 3.7% and 4.5% respectively. The global economy grew by 3.0% in 2013 and is forecasted to improve further to 3.7% in 2014 and to 3.9% in 2015 driven largely on the recovery in the advanced economies (WEO January 2014).

In 2014, total dry bulk trade is projected to grow 4% y-o-y, with much of this growth expected to be driven by greater iron ore trade, led by firm Chinese demand. The bulkcarrier fleet is projected to expand by 4% y-o-y, meaning that fleet growth is expected to be coming in line with dry bulk trade growth for the first time in several years (Clarkson).

The Group took delivery of one new Handysize under long term charter early this year and has another 5 new vessels for deliveries within the next 3 years.

Our associate (POSH) reported strong earnings in 2013. The offshore marine support services sector continues to be firm and coupled with the current offshore exploration and production activities, POSH should continue to contribute positively to the Group's overall performance in 2014.

The board is of the view that the Group's performance for 2014 will be an improvement over that of 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	48	1,049
-prior year	(0)	19
	<u>48</u>	<u>1,068</u>

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 31-Dec-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,182,473	1,234,525
- Unrealised	18,801	8,511
	<u>1,201,274</u>	<u>1,243,036</u>
Total share of retained profits from an associate:		
- Realised	166,600	115,701
- Unrealised	1,117	2,165
	<u>167,717</u>	<u>117,866</u>
Total share of retained profits from jointly controlled entities:		
- Realised	92,169	91,854
- Unrealised	41	2
	<u>92,210</u>	<u>91,856</u>
Add: Consolidation adjustments	167,260	155,393
Less: Effects of adoption of MFRS 1*	(230,317)	(230,317)
Total Group retained profits as per consolidated accounts	<u>1,398,144</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	384	1,780
Finance costs	(309)	(1,233)
Depreciation and amortisation	(7,232)	(27,801)
Fair value gain on investments	9,480	9,480
Unrealised exchange gain/(loss)	(1,037)	1,229

B8. STATUS OF CORPORATE PROPOSALS

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

B9. GROUP BORROWINGS

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

Currency	Current RM '000	Non-current RM '000
USD	44,612	32,242

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 Board recommends a final single tier dividend of 3 sen per ordinary share, amounting to RM30 million for the current financial year ended 31 December 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-Dec-13	PRECEDING YEAR QUARTER 31-Dec-12	CURRENT YEAR TO DATE 31-Dec-13	PRECEDING YEAR TO DATE 31-Dec-12
Profit attributable to ordinary equity holders of the parent (RM'000)	19,659	17,138	50,310	66,049
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)	1.97	1.71	5.03	6.60

B13. COMMITMENTS

Commitments as at 31 December 2013 are as follows:

(i) Capital commitments	RM'000 232,965
(ii) Non-cancellable charter-in commitments	
Due within 1 year	93,507
Due later than 1 year and not later than 5 years	382,138
Due later than 5 years	260,276
	<u>968,886</u>

Share of jointly controlled entity's commitments:-

(i) Capital commitment	41,413
(ii) Non-cancellable charter-in commitment	13,830
	<u>55,243</u>
	<u>1,024,129</u>