

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 June 2024

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2024

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE | | |
|--|---------|-----------------------|-----------------------|---------|-----------------------|---------------------|---------|
| | | CURRENT | PRECEDING | Changes | CURRENT | PRECEDING | Changes |
| | | YEAR | YEAR | | YEAR | YEAR | |
| QUARTER | QUARTER | | TO DATE | TO DATE | | | |
| | | 30-Jun-24 | 30-Jun-23 | (%) | 30-Jun-24 | 30-Jun-23 | (%) |
| | | RM '000 | RM '000 | | RM '000 | RM '000 | |
| Revenue | | 16,727 | 32,961 | -49% | 40,390 | 68,052 | -41% |
| Cost of sale and direct operating expenses | | <u>(18,185)</u> | <u>(26,849)</u> | | <u>(39,043)</u> | <u>(53,817)</u> | |
| Gross (loss)/profit | | (1,458) | 6,112 | -124% | 1,347 | 14,235 | -91% |
| Other operating income, net | | 2,887 | 4,318 | | 6,226 | 6,072 | |
| Unrealised foreign exchange gain/(loss) | | 362 | (9,086) | | (3,208) | (10,135) | |
| Administrative expenses | | <u>(3,934)</u> | <u>(2,415)</u> | | <u>(8,249)</u> | <u>(5,273)</u> | |
| | | (2,143) | (1,071) | | (3,884) | 4,899 | |
| Interest expense on bank borrowings | | (14) | (20) | | (29) | (35) | |
| Interest expense on lease liabilities | | <u>(7)</u> | <u>(105)</u> | | <u>(15)</u> | <u>(449)</u> | |
| (Loss)/profit before tax | B5 | (2,164) | (1,196) | 81% | (3,928) | 4,415 | -189% |
| Income tax expense | B6 | <u>(1,154)</u> | <u>(334)</u> | | <u>(1,859)</u> | <u>(591)</u> | |
| (Loss)/profit for the period | | <u><u>(3,318)</u></u> | <u><u>(1,530)</u></u> | 117% | <u><u>(5,787)</u></u> | <u><u>3,824</u></u> | -251% |
| Attributable to: | | | | | | | |
| Equity holders of the parent | | (2,747) | (1,530) | | (4,561) | 3,824 | |
| Non-controlling interest | | <u>(571)</u> | - | | <u>(1,226)</u> | - | |
| | | <u><u>(3,318)</u></u> | <u><u>(1,530)</u></u> | | <u><u>(5,787)</u></u> | <u><u>3,824</u></u> | |
| (Loss)/Earnings per share (sen) | | | | | | | |
| - Basic | B13 | (0.27) | (0.15) | | (0.46) | 0.38 | |

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2023.

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 30 June 2024

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2024**

| | INDIVIDUAL QUARTER | | CUMULATIVE | |
|--|--|--|--|--|
| | CURRENT YEAR QUARTER 30-Jun-24 RM '000 | PRECEDING YEAR QUARTER 30-Jun-23 RM '000 | CURRENT YEAR TO DATE 30-Jun-24 RM '000 | PRECEDING YEAR TO DATE 30-Jun-23 RM '000 |
| (Loss)/profit for the period | (3,318) | (1,530) | (5,787) | 3,824 |
| Other comprehensive income: | | | | |
| <u>Items that will be reclassified to profit or loss</u> | | | | |
| Currency translation differences | <u>(1,269)</u> | <u>13,559</u> | <u>11,483</u> | <u>20,090</u> |
| Total comprehensive (loss)/income for the period | <u>(4,587)</u> | <u>12,029</u> | <u>5,696</u> | <u>23,914</u> |
| Total comprehensive (loss)/income attributable to: | | | | |
| Equity holders of the parent | (4,016) | 12,029 | 6,922 | 23,914 |
| Non-controlling interest | <u>(571)</u> | <u>-</u> | <u>(1,226)</u> | <u>-</u> |
| Equity holders of the parent | <u>(4,587)</u> | <u>12,029</u> | <u>5,696</u> | <u>23,914</u> |

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2023.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

| | | UNAUDITED | AUDITED |
|--|------|-----------------------|-----------------------|
| | | AS AT | AS AT |
| | | END OF | PRECEDING |
| | | CURRENT | FINANCIAL |
| | | QUARTER | YEAR END |
| | Note | 30-Jun-24 | 31-Dec-23 |
| | | RM '000 | RM '000 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | 107 | 134 |
| Goodwill | | 60,192 | 60,192 |
| Property, plant and equipment | | 285,609 | 119,711 |
| Investment properties | | 5,642 | 5,544 |
| Right-of-use assets | | 490 | 644 |
| | | <u>352,040</u> | <u>186,225</u> |
| Current assets | | | |
| Inventories | | 8,240 | 7,937 |
| Receivables and other current assets | | 18,229 | 31,561 |
| Short term deposits | | 290,007 | 165,549 |
| Cash and bank balances | | 26,446 | 145,657 |
| | | <u>342,922</u> | <u>350,704</u> |
| TOTAL ASSETS | | <u><u>694,962</u></u> | <u><u>536,929</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 63,791 | 63,791 |
| Foreign currency translation reserve | | 70,566 | 59,954 |
| Retained earnings | | 394,873 | 398,563 |
| | | <u>529,230</u> | <u>522,308</u> |
| Non-controlling interest | | 2,774 | - |
| Total equity | | <u><u>532,004</u></u> | <u><u>522,308</u></u> |
| Non-current liabilities | | | |
| Borrowings | B8 | 132,266 | 615 |
| Lease liabilities | B9 | 164 | 309 |
| Deferred tax liabilities | | 39 | 39 |
| | | <u>132,469</u> | <u>963</u> |
| Current liabilities | | | |
| Payables and other current liabilities | | 25,575 | 10,318 |
| Contract liabilities | | 3,648 | 2,330 |
| Borrowings | B8 | 195 | 187 |
| Lease liabilities | B9 | 296 | 322 |
| Provision for taxation | | 775 | 501 |
| | | <u>30,489</u> | <u>13,658</u> |
| Total liabilities | | <u><u>162,958</u></u> | <u><u>14,621</u></u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>694,962</u></u> | <u><u>536,929</u></u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

| | Attributable to Equity Holders of the Parent | | | | | Total equity RM '000 |
|--|--|---|------------------------------|------------------|-------------------------------------|-------------------------|
| | Share capital RM '000 | Foreign currency translation reserve RM '000 | Retained earnings RM '000 | Total RM '000 | Non-controlling interest RM '000 | |
| <u>6 MONTHS ENDED 30 JUNE 2023</u> | | | | | | |
| At 1 January 2023 | 338,791 | 67,511 | 80,750 | 487,052 | - | 487,052 |
| Total comprehensive income for the period | - | 20,090 | 3,824 | 23,914 | - | 23,914 |
| At 30 June 2023 | 338,791 | 87,601 | 84,574 | 510,966 | - | 510,966 |
| <u>6 MONTHS ENDED 30 JUNE 2024</u> | | | | | | |
| At 1 January 2024 | 63,791 | 59,954 | 398,563 | 522,308 | - | 522,308 |
| Total comprehensive income/(loss) for the period | - | 11,483 | (4,561) | 6,922 | (1,226) | 5,696 |
| Changes in ownership interests in a subsidiary | - | - | - | - | 4,000 | 4,000 |
| Transfer of currency translation reserve | - | (871) | 871 | - | - | - |
| At 30 June 2024 | 63,791 | 70,566 | 394,873 | 529,230 | 2,774 | 532,004 |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

| | CUMULATIVE | |
|--|------------------------------|------------------------------|
| | CURRENT | PRECEDING |
| | YEAR 30-Jun-24 RM '000 | YEAR 30-Jun-23 RM '000 |
| Cash Flow From Operating Activities | | |
| (Loss)/profit before tax | (3,928) | 4,415 |
| Adjustments for: | | |
| Depreciation & amortisation | 3,105 | 14,041 |
| Unrealised foreign exchange loss | 3,208 | 10,135 |
| Interest income | (5,730) | (3,256) |
| Interest costs | 44 | 484 |
| Lease modification | - | 1,701 |
| Loss on disposal of property, plant and equipment | 2 | - |
| Operating (loss)/profit before working capital changes | (3,299) | 27,520 |
| Working capital changes: | | |
| Consumable stores and inventories | (177) | (588) |
| Receivables and other current assets | 12,952 | (10,109) |
| Contract assets | 596 | - |
| Payables and other liabilities | 1,791 | (7,817) |
| Contract liabilities | 1,317 | 3,413 |
| Cash generated from operating activities | 13,180 | 12,419 |
| Tax paid, net of tax refund | (1,394) | (591) |
| Net cash generated from operating activities | 11,786 | 11,828 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (165,393) | (68) |
| Interest received | 5,730 | 3,256 |
| Proceeds from disposal of property, plant and equipment | - | 14 |
| Subscription of subsidiary's share capital by non-controlling interest | 4,000 | - |
| Acquisition of a subsidiary, net of cash acquired | - | (63,433) |
| Net cash used in investing activities | (155,663) | (60,231) |
| Cash Flows From Financing Activities | | |
| Dividends paid to shareholders | - | (100,000) |
| Interest paid | (44) | (484) |
| Drawdown of borrowings | 131,750 | - |
| Repayment of borrowings | (92) | (109) |
| Payment of principal portion of lease liabilities | (170) | (32,660) |
| Advance from non-controlling interest | 12,740 | - |
| Net cash generated from/(used in) financing activities | 144,184 | (133,253) |
| Net change in cash and cash equivalents | 307 | (181,656) |
| Effects of foreign exchange rate changes | 4,940 | (1,417) |
| Cash and cash equivalents at the beginning of the period | 311,206 | 379,299 |
| Cash and cash equivalents at the end of the period | 316,453 | 196,226 |
| Cash and cash equivalents comprise: | | |
| Short term deposits | 290,007 | 130,493 |
| Cash and bank balances | 26,446 | 65,733 |
| | 316,453 | 196,226 |

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2023.

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 2023.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2023, except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS"):

| Description | Effective for annual periods beginning on or after |
|--|---|
| MFRS 16: Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases) | 1 January 2024 |
| MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements) | 1 January 2024 |
| MFRS 101: Presentation of Financial Statements - Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements) | 1 January 2024 |
| MFRS 107: Statement of Cash Flows and Financial Instruments: Disclosure - Supplier Finance Arrangements (Amendment to MFRS 107) | 1 January 2024 |

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

Standards and Amendments in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRS and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are as listed below:

| Description | Effective for annual periods beginning on or after |
|---|---|
| MFRS 121 The Effects of Changes in Foreign Exchange Rates - <i>Lack of Exchangeability</i> (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates) | 1 January 2025 |
| MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 and MFRS 128) | Deferred |

The Directors expect that the adoption of the above standards, amendments and interpretations will have no material impact on the financial statements in the period of initial applications.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 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 dividend has been paid for the current quarter ended 30 June 2024.

A8. SEGMENT REPORT

For management purposes, the Group's operating businesses are organised according to products and services, namely ship owning and ship operating of a bulk carrier ("Shipping Bulkers"), shelving & storage solution, warehousing and investment holding and other segments. Inter-segment transactions and pricing arrangements, where applicable, are determined on a commercial basis. The results by segments for the current and same quarter last year are as follows:

Segmental reporting for the financial year-to-date is as below:

| | Shipping Bulkers RM '000 | Shelving & storage solution RM '000 | Warehousing RM '000 | Investment holding & others RM '000 | Elimination RM '000 | Group RM '000 |
|---|--------------------------------|--|------------------------|--|------------------------|------------------|
| 6 months ended 30 June 2024 | | | | | | |
| Revenue | | | | | | |
| Group | 15,970 | 24,420 | - | 411 | (411) | 40,390 |
| Inter-segment | - | - | - | (411) | 411 | - |
| External revenue | 15,970 | 24,420 | - | - | - | 40,390 |
| Results | | | | | | |
| Segment results | (389) | 3,501 | (3,149) | (6,472) | - | (6,509) |
| Depreciation & amortisation | (2,809) | (196) | - | (100) | - | (3,105) |
| Interest income | 3,324 | 92 | 84 | 2,258 | (28) | 5,730 |
| Interest costs | - | (72) | - | - | 28 | (44) |
| Taxation | (501) | (1,026) | - | (332) | - | (1,859) |
| Profit/(loss) for the period | (375) | 2,299 | (3,065) | (4,646) | - | (5,787) |
| Segment assets | 258,163 | 22,325 | 170,502 | 832,205 | (588,233) | 694,962 |
| Segment liabilities | 561,463 | 3,898 | 163,611 | 22,219 | (588,233) | 162,958 |
| Other information | | | | | | |
| Addition of property, plant and equipment | 2,018 | 5 | 163,334 | 36 | - | 165,393 |
| 6 months ended 30 June 2023 | | | | | | |
| Revenue | | | | | | |
| Group | 43,056 | 24,996 | - | 385 | (385) | 68,052 |
| Inter-segment | - | - | - | (385) | 385 | - |
| External revenue | 43,056 | 24,996 | - | - | - | 68,052 |
| Results | | | | | | |
| Segment results | 24,433 | 2,871 | - | (11,597) | - | 15,707 |
| Depreciation & amortisation | (13,899) | (113) | - | (29) | - | (14,041) |
| Bad debts written off | - | (23) | - | - | - | (23) |
| Interest income | 415 | 59 | - | 2,803 | (21) | 3,256 |
| Interest costs | (446) | (59) | - | - | 21 | (484) |
| Taxation | (32) | (500) | - | (59) | - | (591) |
| Profit/(loss) for the period | 10,471 | 2,235 | - | (8,882) | - | 3,824 |
| Segment assets | 273,254 | 24,026 | - | 851,914 | (610,476) | 538,718 |
| Segment liabilities | 578,157 | 11,982 | - | 48,088 | (610,476) | 27,751 |
| Other information | | | | | | |
| Addition of property, plant and equipment | - | 3 | - | 65 | - | 68 |

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

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

A10. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) On 27 March 2024, the Company proposed to undertake the following:

- i. Proposed share buy-back authority of up to 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Authority"); and
- ii. Proposed exemption under subparagraph 4.15(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia ("SC") to Dato' Goh Cheng Huat and person(s) acting in concert with him from the obligation to undertake a mandatory take-over offer for all the remaining ordinary shares in the Company not already owned by them arising from the purchase by the Company of its own shares pursuant to the Proposed Share Buy-Back Authority ("Proposed Exemption").

The Company obtained approval from the Shareholders at the Extraordinary General Meeting held on 26 June 2024.

On 18 July 2024, the SC approved the application in relation to the Proposed Exemption under subparagraph 4.15(1) of the Rules.

On 22 August 2024, the Company bought back 30,000 unit of shares at prices ranging between 30.0 sen and 30.5 sen per share.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

On 8 January 2024 the Company subscribed for additional 59,999 new ordinary shares in a subsidiary, MBC Logistic Hub Sdn Bhd. ("MBCLH") while Golden Valley Ventures Sdn. Bhd., a Company in which Dato' Goh Cheng Huat has substantial financial interest subscribed for 40,000 new ordinary shares in MBCLH. Consequently, MBCLH became a 60%-owned subsidiary of the Company.

A12. CONTINGENT LIABILITIES

There were no contingent liabilities since 31 December 2023 to the date of this report.

A13. CAPITAL COMMITMENTS

| | RM '000 |
|--|----------------|
| Authorised and contracted for: | |
| - Vacant freehold industrial land | <u>8,250</u> |
| Authorised but not contracted for: | |
| - Estimated gross development cost of freehold industrial land | <u>163,163</u> |

A14. RELATED PARTY TRANSACTIONS

Companies in which certain directors or directors of a subsidiary are deemed to have substantial financial interests:

| | Current financial year-to-date RM'000 |
|---|--|
| <u>Expenditure incurred:</u> | |
| Purchase of steel product | 17,810 |
| Rental of office and warehouse | 126 |
| Shared services cost | <u>139</u> |
| <u>Purchase of property, plant and equipment:</u> | |
| Purchase of an industrial land | <u>156,750</u> |

All related party transactions had been entered into in the normal course of business and on commercial terms.

B1. REVIEW OF PERFORMANCE

The Group reported lower revenue of RM40.390 million (Q2 2023: RM68.052 million) and lower gross profit of RM1.347 million (Q2 2023: RM14.235 million).

Revenue from Shipping Bulkers segment declined from RM43.056 million in Q2 2023 to RM15.970 million in Q2 2024 mainly due to lower hire days in Q2 2024 on account of a smaller fleet size and drydock offhire days of 26.84 days, drydock costs of RM3.434 million and a 28% decrease in average charter rates compared to Q2 2023.

Revenue contributed by Shelving & Storage Solution segment decreased slightly from RM24.996 million in Q2 2023 to RM24.420 million in Q2 2024, while gross profit increased from RM3.765 million in Q2 2023 to RM4.581 million in Q2 2024.

Expenses incurred for Warehousing segment mainly include a stamp duty fee of RM1.375 million and a facility fee of RM1.350 million for a loan facility obtained to finance the acquisition of industrial land and the development costs of the warehouse on the said land.

The Group incurred unrealised foreign exchange losses of RM3.208 million (Q2 2023: foreign exchange loss of RM 10.135 million) mainly arising from the translation of Ringgit denominated cash balances to USD which is the functional currency of the Group following the weakening of Ringgit against USD during the period.

After taking into consideration results attributable for non-controlling interest, the Group reported a loss for the period of RM5.787 million in Q2 2024 compared to a profit of RM3.824 million in Q2 2023.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

| | Individual Quarter | | Variance RM '000 | Variance % |
|---|----------------------|----------------------|---------------------|---------------|
| | Q2 FY2024 RM '000 | Q1 FY2024 RM '000 | | |
| Revenue | 16,727 | 23,663 | (6,936) | -29% |
| Cost of sales and voyage expenses | (18,185) | (20,858) | 2,673 | |
| Gross (loss)/profit | (1,458) | 2,805 | (4,263) | -152% |
| Other operating income, net | 2,887 | 3,339 | (452) | |
| Unrealised foreign exchange gain/(loss) | 362 | (3,570) | 3,932 | |
| Administrative expenses | (3,934) | (4,315) | 381 | |
| | (2,143) | (1,741) | (402) | |
| Interest expense on bank borrowings | (14) | (15) | 1 | |
| Interest expense on lease liabilities | (7) | (8) | 1 | |
| Loss before taxation | (2,164) | (1,764) | (400) | 23% |
| Income tax expense | (1,154) | (705) | (449) | |
| Loss for the period | <u>(3,318)</u> | <u>(2,469)</u> | <u>(849)</u> | 34% |
| <u>Attributable to:</u> | | | | |
| Equity holders of the parent | (3,285) | (1,814) | (1,471) | 81% |
| Non-controlling interest | <u>(33)</u> | <u>(655)</u> | <u>622</u> | * |

Revenue for the Group in Q2 2024 was RM16.727 million, a decrease of RM6.936 million compared to Q1 2024's revenue of RM23.663 million. The Group incurred a gross loss of RM1.458 million as compared to Q1 2024's gross profit of RM2.805 million.

Revenue contribution from Shipping Bulkers Segment decreased from RM10.846 million in Q1 2024 to RM5.124 million in Q2 2024 due to drydocking days of 26.84 days and decrease of charter rates (Q2 2024: USD7,833/day vs Q1 2024: USD13,492/day). Drop in charter rates mainly being longer sailing distance from drydocking shipyard in China to loading port which does not cover under long-term charter agreement.

Revenue and gross profit contributed by Shelving & Storage Solution Segment decreased by 9% and 1% respectively. Revenue decreased from RM12.817 million in Q1 2024 to RM11.603 million in Q2 2024, while gross profit decreased from RM2.305 million in Q1 2024 to RM2.276 million in Q2 2024.

In Q2 2024, the Group recorded an unrealised foreign exchange gain of RM0.362 million (Q1 2024: unrealised foreign exchange loss of RM3.570 million) arising from the translation of Ringgit denominated cash balances to USD which is the functional currency as Ringgit strengthen slightly during the period.

The Group reported a loss before tax of RM2.164 million in Q2 2024, compared to the loss before tax of RM1.764 million reported in Q1 2024.

B3. PROSPECTS**a) Shipping Bulkers Segment**

Revenue and profit from the shipping bulkers segment with only one vessel remaining, Alam Kuasa, is expected to improve in second half of 2024 after the completion of the drydocking. Alam Kuasa is under long-term contract at fixed contracted rate subject to bunker price adjustments and will not be affected by open market charter rate volatility.

b) Shelving and Storage Solutions Segment

The local demand for industrial storage has seen a slight increase, driven by new industrial developments from both foreign and local supply chains. We remain optimistic about the industrial segment for second half of 2024.

The export market for industrial storage is expected to improve in second half of 2024. Nevertheless, there are challenges due to cargo shortages and rising freight costs.

The local market for commercial shelving is expected to improve in second half of 2024, with some distributors beginning to restock in order to address their currently low inventory levels.

c) Warehousing Segment

No revenue is expected from the warehouse segment which will be in the pre-operating and construction phase in 2024. While financing cost will be capitalised during the construction phase, the 2024 results will be affected by loan documentation fee and pre-operating expenses.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. NOTES TO CONDENSED CONSOLIDATED INCOME STATEMENT

| | Current quarter RM'000 | Preceding quarter RM'000 | Current financial year-to-date RM'000 | Preceding financial year-to-date RM'000 |
|--|---------------------------|-----------------------------|--|--|
| Interest income | 2,810 | 1,424 | 5,730 | 3,256 |
| Depreciation & amortisation | (1,536) | (5,011) | (3,105) | (14,041) |
| Stamp duty for obtaining a loan facility | - | - | (1,375) | - |
| Facility fee for obtaining a loan facility | (1,350) | - | (1,350) | - |
| Unrealised exchange gain/(loss) | 362 | (9,086) | (3,208) | (10,135) |

B6. TAXATION

| | Current quarter RM'000 | Preceding quarter RM'000 | Current financial year-to-date RM'000 | Preceding financial year-to-date RM'000 |
|-------------------|---------------------------|-----------------------------|--|--|
| Income tax charge | | | | |
| -current period | 878 | 336 | 1,579 | 582 |
| -prior year | 276 | (2) | 280 | 9 |
| | <u>1,154</u> | <u>334</u> | <u>1,859</u> | <u>591</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 Income Tax (Exemption) (No.7) Order 2022 and Section 13A of the Singapore Income Tax Act respectively. The income tax expense for the Group is attributable to tax in respect of non-tax exempt activities of the Group, mainly from shelving and storage solution segment.

B7. STATUS OF CORPORATE PROPOSALS

On 24 January 2024, the Group, through its 60% owned subsidiary, MBCLH, had completed the purchase of an industrial land by paying RM156.750 million to the vendor, Kapar Land Sdn Bhd, save for 5% retention sum to be paid within three business day upon fulfilment of the vendor's upgrading works pursuant to the Sales and Purchase Agreement.

Except as disclosed above and in Note A10, there was no other corporate proposal announced but not completed at the date of this report.

B8. BORROWINGS

The Group's borrowings are as follows:

| <u>Currency</u> | <u>Non-current</u> | <u>Interest rate per annum ("p.a.")</u> | As at 30-Jun-24 RM '000 | As at 31-Dec-23 RM '000 |
|-----------------|--------------------|---|-------------------------------|-------------------------------|
| RM | Secured | floating rate at 1.50%p.a. above Bank's Cost of Funds | 131,750 | - |
| RM | Secured | fixed at 4.00%p.a. | 516 | 615 |
| | | | <u>132,266</u> | <u>615</u> |
| <u>Currency</u> | <u>Current</u> | <u>Interest rate per annum</u> | | |
| RM | Secured | fixed at 4.00%p.a. | 195 | 187 |

Loan interest of RM344,000 had been capitalised under property, plant and equipment as warehouse construction work-in-progress.

B9. LEASE LIABILITIES

The Group's lease liabilities are as follows:

| <u>Currency</u> | <u>Non-current</u> | As at 30-Jun-24 RM '000 | As at 31-Dec-23 RM '000 |
|-----------------|--------------------|-------------------------------|-------------------------------|
| RM | Secured | 108 | 142 |
| | Unsecured | 56 | 167 |
| | | <u>164</u> | <u>309</u> |
| <u>Currency</u> | <u>Current</u> | | |
| RM | Secured | 79 | 94 |
| | Unsecured | 217 | 228 |
| | | <u>296</u> | <u>322</u> |

Lease liabilities mainly represent future obligations to make lease payments for the right to use of motor vehicles and warehouse rental.

B10. UTILISATION OF PROCEEDS RAISED FROM DISPOSAL OF ALAM KEKAL

The disposal of Alam Kekal was completed on 16 October 2023 and the status of utilisation of proceeds raised from the exercise as at 30 June 2024 is as follows:

| Purpose | Proposed Utilisation RM Mil | Actual Utilisation RM Mil | Balance RM Mil | Intended Timeframe for Utilisation ⁽¹⁾ | Deviation RM Mil | % |
|---|--|--|---------------------------|--|-----------------------------|----------|
| (i) Future business expansion | 122.5 | (94.0) | 28.5 | Within 24 months | - | 0% |
| (ii) Working capital | 12.3 | (12.3) | - | Within 12 months | - | 0% |
| (iii) Estimated expenses for the disposal of Alam Kekal | 2.8 | (2.8) | - | Immediate | - | 0% |
| Total | 137.6 | (109.1) | 28.5 | | - | |

Note:

⁽¹⁾ The intended timeframe for utilisation is from the date of completion of the disposal.

B11. MATERIAL LITIGATION

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

B12. DIVIDENDS

The Directors do not recommend any dividend for the current financial quarter ended 30 June 2024.

B13. EARNINGS PER SHARE

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

| | CURRENT YEAR QUARTER 30-Jun-24 | PRECEDING YEAR QUARTER 30-Jun-23 | CURRENT YEAR TO DATE 30-Jun-24 | PRECEDING YEAR TO DATE 30-Jun-23 |
|--|---|---|---|---|
| (Loss)/Profit attributable to equity holders of the parent (RM'000) | (2,747) | (1,530) | (4,561) | 3,824 |
| Number of ordinary shares in issue ('000) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| (Loss)/Earnings per share attributable to equity holders of the parent (sen) | <u>(0.27)</u> | <u>(0.15)</u> | <u>(0.46)</u> | <u>0.38</u> |