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Maybulk to dispose of old vessels, check on cost

MALAYSIAN Bulk Carriers Bhd (Maybulk) plans to dispose of its older vessels to improve its capital and embark on a fleet renewal programme.

Its CEO Kuok Khoo Kuan said the shipping company will dispose of older vessels that are older than 10 years.

"In the current challenging environment, we have to look for modern vessels to remain competitive in the market. Older vessels will have higher maintenance cost. So, we have to upgrade and replace them with new vessels," he said at a media briefing in Kuala Lumpur yesterday. The firm presently has a fleet of 23 vessels.

Kuok said Maybulk will also

keep a rein on its cost and future expenditures, both onshore and offshore. He said other efforts to manage expenditures include arranging long-term banking facilities, rescheduling new building deliveries and chartering hire payment on long-term charters.

"Moving forward, we will manage our cashflow and maintain a tight rein on costs. Our focus is also to generate steady earnings by winning projects such as our recent 15-year contract with TNB Fuel Services Sdn Bhd to transport coal to Malaysia," he added.

For the first-quarter ended March 31, 2016 (1Q16), Maybulk posted a net loss of RM24.08

million compared to RM22.75 million a year ago due to the reduction in overall fleet charter rates. However, its revenue rose 3.4% to RM53.5 million.

Its associate PACC Offshore Services Holdings Ltd (POSH) reported a profit of US\$4.5 million (RM18.5 million) in the 1Q16 against US\$21,000 in the 1Q15 due to higher contribution from its offshore accommodation segment.

"Our share of POSH results in a profit of RM4.03 million in the 1Q16 against a profit of RM16,000 last year," said Kuok.

The dry bulk segment reported a loss of RM34.18 million in the 1Q16 compared to RM22.98 million in the same period last year due to a

40% decline in charter rates earned.

The tanker segment saw profit increasing by RM5.13 million to RM7.08 million in the 1Q from RM1.96 million a year earlier due to 13% increase in charter rates earned.

Kuok said dry bulk trade is currently projected to remain flat for the rest of 2016 due to persistent oversupply in tonnage.

"The net dry bulk fleet growth is expected to slow to 1.4% in 2016. Our view is that tanker market has probably peaked and as such, the group will be exploring opportunities to dispose of the two remaining medium-range tankers in its fleet," he said. — *by PREMALATHA JAYARAMAN*