

SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A
(Formerly Known As Shin Yang Shipping Corporation Sdn. Bhd.)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010
CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited Individual Quarter Current Year Quarter 31.3.2010 RM'000	Unaudited Cumulative Quarter Current year to date 31.3.2010 RM'000
Revenue	61,299	190,208
Cost of sales	(52,921)	(153,263)
Gross profit	8,378	36,945
Excess of fair value of assets and liabilities over purchase consideration for subsidiaries acquired	98,188	98,188
Other income	11,219	17,416
Other operating expenses	(764)	(764)
Administrative expenses	(1,620)	(4,292)
Operating profits	115,401	147,493
Finance Costs	(2,425)	(7,682)
Share of loss of associates	(251)	(3,292)
Profit before tax	112,725	136,519
Tax expense	(718)	(3,768)
Profit for the period	112,007	132,751
Profit attributable to:		
Equity holders of the Company	112,540	133,622
Minority interests	(533)	(871)
	112,007	132,751
Earnings per share attributable to the equity holders of the Company:		
Basic (sen) (annualised)	84.45	33.43
Diluted (sen) (annualised)	84.45	33.43

Notes:

(a) *The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements of the Company and of its subsidiaries for the financial year ended 30 June 2009, Prospectus of the Company dated 27 May 2010 and the accompanying explanatory notes attached to the interim financial statements.*

The operating results comprise those of Shin Yang Shipping Sdn Bhd and its subsidiaries ("Shin Yang Shipping Group") and Danum Shipping Sdn Bhd which have been accounted for using merger accounting principle, as these subsidiaries have been under common control in Shin Yang Holding Sdn Bhd, being the ultimate holding company of the Company. Operating results of the other subsidiaries, namely Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd, which are accounted for using acquisition method under FRS: 3 Business Combination, are not reflected as they are acquired on the last day of the financial period, 31 March 2010. Details of the acquisitions of the subsidiaries are set out in Note A11 in the attached explanatory notes to the interim financial statements.

(b) *This is the first interim financial report on the consolidated results of the Company and its subsidiaries ("the Group") announced by the Company in compliance with the Main Market Listing Requirements ("Listing requirement") of Bursa Malaysia Securities Berhad ("Bursa Securities") as the Company will be listed on 23 June 2010. As such, there are no comparative figures for the preceding year's corresponding quarter and period.*

(c) *Earnings per share is computed based on 533,018,000 ordinary shares of RM1.00 each in the Company ("Shares") being shares issued to acquire Shin Yang Shipping Group and Danum Shipping Sdn Bhd.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010
CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As at 31.3.2010 RM'000
ASSETS	
Non-current assets	
Property, plant and equipment	1,327,385
Prepaid land lease payments	131,773
Investment in associates	15,833
Other investments	132
	<u>1,475,123</u>
Current assets	
Inventories	160,590
Trade and other receivables	296,280
Tax recoverable	823
Cash and cash equivalents	12,180
	<u>469,873</u>
TOTAL ASSETS	<u>1,944,996</u>
EQUITY AND LIABILITIES	
Equity attributable to equity holders of the Company	
Share capital	1,023,614
Share premium	10,045
Other reserve	(904)
Revenue reserve	116,576
	<u>1,149,331</u>
Minority interests	17,211
Total equity	<u>1,166,542</u>
Non-current liabilities	
Borrowings	186,430
Deferred tax liability	124,853
	<u>311,283</u>
Current liabilities	
Borrowings	304,576
Trade and other payables	159,087
Tax payable	3,508
	<u>467,171</u>
Total liabilities	<u>778,454</u>
TOTAL EQUITY AND LIABILITIES	<u>1,944,996</u>

Notes:

- (a) *The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements of the Company and of its subsidiaries for the financial year ended 30 June 2009, Prospectus of the Company dated 27 May 2010 and the accompanying explanatory notes attached to the interim financial statements.*
- (b) *There is no audited consolidated balance sheet for 30 June 2009 as the subsidiaries were acquired on 31 March 2010.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →				Total	Minority interests	Total equity
	← Non distributable		→Distributable				
	Share capital	Share premium	Other reserve	Revenue reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009	**	-	-	(4)	(4)	-	(4)
Effects arising from merger	319,811	3,138	1,703	(17,042)	307,610	18,168	325,778
As restated	319,811	3,138	1,703	(17,046)	307,606	18,168	325,774
Foreign currency Translation	-	-	(2,607)	-	(2,607)	(86)	(2,693)
Profit for the period	-	-	-	133,622	133,622	(871)	132,751
Ordinary shares issued to:							
- acquired subsidiaries	490,496	4,815	-	-	495,311	-	495,311
- acquired minority Interests	213,207	2,092	-	-	215,299	-	215,299
- Preference shares	100	-	-	-	100	-	100
At 31 March 2010	<u>1,023,614</u>	<u>10,045</u>	<u>(904)</u>	<u>116,576</u>	<u>1,149,331</u>	<u>17,211</u>	<u>1,166,542</u>

** Denotes RM2.00

Notes:

- (a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company and of its subsidiaries for the financial year ended 30 June 2009, Prospectus of the Company dated 27 May 2010 and the accompanying notes attached to the interim financial statements.*
- (b) *This is the first interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Securities as the Company will be listed on 23 June 2010. As such, there are no comparative figures for the preceding year's corresponding period.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Cumulative Quarter Current year to date 31.3.2010 RM'000
Net cash generated from operating activities	62,438
Net cash used in investing activities**	(39,596)
Net cash used in financing activities	(26,821)
Net increase in cash and cash equivalents	(3,979)
Cash and cash equivalents at beginning of period	1,525
Effects of exchange rate changes	239
Cash and cash equivalents at end of period	(2,215)
Cash and cash equivalents comprise the following:	
Cash and bank balances	12,180
Bank overdrafts	(14,395)
Cash and bank balances	(2,215)

** Includes net cash used in acquisitions of subsidiaries

Notes:

- (a) *The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements of the Company and of its subsidiaries for the financial year ended 30 June 2009, Prospectus of the Company dated 27 May 2010 and the accompanying notes attached to the interim financial statements.*
- (b) *This is the first interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Securities for the Listing requirements as the Company will be listed on 23 June 2010. As such, there are no comparative figures for the preceding year's corresponding period.*

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

This is the first interim financial report on the consolidated results for the 9 months ended 31 March 2010 announced by the Company in compliance with the Listing Requirements of Bursa Securities and in conjunction with the admission of the Company to the Main Market of Bursa Securities. As this is the first interim financial report being drawn up, there are no comparative figures for the preceding year's corresponding period.

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Company and of its subsidiaries for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

A2. Summary of significant accounting policies

Save as disclosed below, significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 30 June 2009 of the Company:

FRS 8: Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports.

A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and of its subsidiaries for the financial year ended 30 June 2009.

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A4. Seasonal or cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors.

A5. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

A6. Material changes in estimates

There were no changes in estimates of amounts that have had a material effect in the current financial quarter.

A7. Debt and equity securities

On 31 March 2010, the Company issued 1,023,613,998 new Shares for a total consideration of RM1,033,659,761 to all the shareholders of Danum Shipping Sdn Bhd, Shin Yang Shipping Sdn Bhd, Piasau Slipways Sdn Bhd, Shinline Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Thailine Sdn Bhd in relation to the acquisition of their entire equity interest.

Save for the above, there were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

A8. Dividends paid

No dividends have been paid by the Company in the financial period under review.

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A9. Segmental reporting

Segmental information in respect of the Group's business segments comprising shipping, shipbuilding, and ship repair and metal fabrication is presented as follows:

Nine month financial period ended 31 March 2010

	Revenue	**Profit
	RM'000	before tax
		RM'000
Shipping operations	190,208	38,331
Shipbuilding	-	-
Ship repair and metal fabrication	-	-
Total	<u>190,208</u>	<u>38,331</u>

** excludes excess of fair value of assets and liabilities over purchase consideration for subsidiaries acquired

The segmental information reflects the operating results of Shin Yang Shipping Group and Danum Shipping Sdn Bhd which have been accounted for using merger accounting principle, as these subsidiaries have been under common control in Shin Yang Holding Sdn Bhd, being the ultimate holding company of the Company. Operating results of the other subsidiaries, namely Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd, which are accounted for using acquisition method under FRS: 3 Business Combination, are not reflected as they are acquired on the last day of the financial period, 31 March 2010. Details of the acquisitions of the subsidiaries are set out in Note A11 in the attached explanatory notes to the interim financial statements.

If the acquisitions of subsidiaries had occurred on 1 July 2009, the segmental information for the nine months period ended 31 March 2010 would have been as follows:

	Revenue	Profit
	RM'000	before tax
		RM'000
Shipping operations	327,563	78,396
Shipbuilding	117,427	30,435
Ship repair and metal fabrication	23,104	6,893
Total	<u>468,094</u>	<u>115,724</u>

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A10. Material events subsequent to the end of the financial period

On 12 April 2010, the Shariah Advisory Council of the Securities Commission (“SC”) classified the Company’s Shares as Shariah-compliant securities.

On 5 May 2010, Bursa Securities approved the admission to the Official List and the listing and quotation of the Company’s entire issued and paid-up share capital of 1,200,000,000 Shares on the Main Market of Bursa Securities.

On 27 May 2010, the Company launched its Prospectus in relation to the Initial Public Offering (“IPO”).

A11. Changes in the composition of the Group

There were no changes in the composition of the Group in the interim financial period save for the acquisitions of the entire equity interest in Danum Shipping Sdn Bhd, Shin Yang Shipping Sdn Bhd, Piasau Slipways Sdn Bhd, Shinline Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Thailine Sdn Bhd on 31 March 2010 pursuant to the listing exercise as follow:-

- (i) The acquisition of the entire issued and paid-up share capital of Danum Shipping Sdn Bhd comprising 1,000,000 Shares in Danum Shipping for a purchase consideration of RM5,578,316, which was wholly satisfied by the issuance of 5,524,000 new Shares in the Company, credited as fully paid-up at an issue price of approximately RM1.01 per Share;
- (ii) The acquisition of the entire issued and paid-up share capital of Shin Yang Shipping Sdn Bhd comprising 10,000,000 Shares in Shin Yang Shipping Sdn Bhd for a purchase consideration of RM532,669,894, which was wholly satisfied by the issuance of 527,493,999 new Shares in the Company, credited as fully paid-up at an issue price of approximately RM1.01 per Share;
- (iii) The acquisition of the entire issued and paid-up share capital of Piasau Slipways Sdn Bhd comprising 4,000,000 Shares in Piasau Slipways Sdn Bhd for a purchase consideration of RM73,099,874, which was wholly satisfied by the issuance of 72,389,000 new Shares in the Company, credited as fully paid-up at an issue price of approximately RM1.01 per Share;
- (iv) The acquisition of the entire issued and paid-up share capital of Shinline Sdn Bhd comprising 15,900,000 Shares in Shinline Sdn Bhd for a purchase consideration of RM93,262,242, which was wholly satisfied by the issuance of 92,355,999 new Shares in the Company, credited as fully paid-up at an issue price of approximately RM1.01 per Share;
- (v) The acquisition of the entire issued and paid-up share capital of Shin Yang Shipyard Sdn Bhd comprising 20,000,000 Shares and 100,000 preference shares of RM1.00 each in Shin Yang Shipyard Sdn Bhd for an aggregate purchase consideration of RM146,421,065, which was wholly satisfied by the issuance of 144,997,000 new Shares in the Company, credited as fully paid-up at an issue price of approximately RM1.01 per Share; and

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A11. Changes in the composition of the Group (Continued)

- (vi) The acquisition of the entire issued and paid-up share capital of Thailine Sdn Bhd comprising 4,000,000 Shares in Thailine Sdn Bhd for a purchase consideration of RM182,628,370, which was wholly satisfied by the issuance of 180,854,000 new Shares in the Company, credited as fully paid-up at an issue price of approximately RM1.01 per Share.

Acquisitions of Shin Yang Shipping Group and Danum Shipping Sdn Bhd which have been under common control in Shin Yang Holding Sdn Bhd, being the ultimate holding company of the Company, are accounted for using merger accounting principle. Acquisitions of the other subsidiaries, namely Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd are accounted for using acquisition method under FRS: 3 Business Combination.

- (a) The effects of the acquisition of Shin Yang Shipping Group and Danum Shipping Sdn Bhd on the financial statements of the Group are as follows:

	RM'000
Nominal value of ordinary shares issued	538,248
Less: Minority interests	(215,299)
	<u>322,949</u>
Less: pre-acquisition revenue reserves	(17,368)
	<u>305,581</u>
Less: Nominal value of ordinary shares acquired	(6,600)
Merger deficit arising	<u>298,981</u>

The merger deficit arising has been set-off against the following reserves of the subsidiaries acquired as their usage is not prohibited by laws or statutes:

	Balance before set off	Utilised against merger deficit	Balance after set off
	RM'000	RM'000	RM'000
Asset revaluation reserve	194,602	(194,602)	-
Retained earnings	87,337	(104,379)	(17,042)
	<u>281,939</u>	<u>(298,981)</u>	<u>(17,042)</u>

The acquired subsidiaries have contributed the following results to the Group:

	31.3.2010
	RM'000
Revenue	190,208
Profit after tax	<u>132,751</u>

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A11. Changes in the composition of the Group (Continued)

- (b) The assets and liabilities arising from the acquisition of Shin Yang Shipping Group and Danum Shipping Sdn Bhd are as follows:

	Acquirees’ carrying amount 31.3.2010 RM’000	Acquirees’ carrying amount 30.6.2009 RM’000
Property, plant and equipment	781,233	752,074
Investment in associates	15,834	20,434
Other investments	57	57
Inventories	651	416
Trade and other receivables	143,917	150,030
Tax recoverable	823	1,724
Cash and bank balances	4,893	6,143
	<u>947,408</u>	<u>930,878</u>
Trade and other payables	(56,593)	(74,584)
Borrowings	(220,543)	(234,110)
Deferred tax liabilities	(84,872)	(81,107)
	<u>(362,008)</u>	<u>(389,801)</u>
Fair value of net assets	585,400	541,077
Less: Minority interests	(17,211)	(18,168)
Group’s share of net assets	<u>568,189</u>	<u>522,909</u>

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A11. Changes in the composition of the Group (Continued)

- (c) The assets and liabilities arising from the acquisition of Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd are as follows:

	Acquirees’ carrying amount RM’000
Property, plant and equipment	546,151
Prepaid land lease payments	131,773
Other investments	74
Inventories	159,938
Trade and other receivables	366,940
Cash and bank balances	7,287
	<u>1,212,163</u>
Trade and other payables	316,590
Borrowings	270,462
Deferred tax liabilities	39,981
Cumulative preference shares	100
Current tax payable	3,508
	<u>630,641</u>
Fair value of net assets	581,522
Less: Minority interests	-
Group’s share of net assets	581,522
Reserve on acquisition	(86,211)
Total cost of acquisition	<u>495,311</u>
The cost of acquisition comprised the following:	
Purchase consideration satisfied by ordinary shares issued	<u>495,311</u>
The cash outflow on acquisition is as follows:	
Purchase consideration satisfied by cash	-
Cash and cash equivalents of subsidiary acquired	5,806
Net cash outflow of the group	<u>5,806</u>

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A11. Changes in the composition of the Group (Continued)

- (d) If the acquisitions had occurred on 1 July 2009, the Group’s financial results would have been as follows:

	Unaudited Cumulative Quarter Current year to date RM’000
Revenue	468,094
Cost of sales	(336,634)
Gross profit	131,460
Other income	19,775
Other operating expenses	(1,238)
Administrative expenses	(14,974)
Operating profits	135,023
Finance costs	(16,481)
Share of loss of associates	(3,292)
Profit before tax	115,250
Tax expense	(11,634)
Profit for the period	<u>103,616</u>

- (e) If the acquisitions had occurred on 1 July 2009, the Group’s cash flows would have been as follows:

	Unaudited Cumulative Quarter Current year to date 31.3.2010 RM’000
Net cash generated from operating activities	107,153
Net cash used in investing activities	(44,499)
Net cash used in financing activities	(48,288)
Net increase in cash and cash equivalents	14,366
Cash and cash equivalents at beginning of period	(16,820)
Effects of exchange rate changes	239
Cash and cash equivalents at end of period	<u>(2,215)</u>
Cash and cash equivalents comprise the following:	
Cash and bank balances	12,180
Bank overdrafts	(14,395)
Cash and bank balances	<u>(2,215)</u>

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A11. Changes in the composition of the Group (Continued)

- (f) Calculation of excess of fair value of assets and liabilities over purchase consideration for subsidiaries acquired:

	RM'000	RM'000
1. Arising from acquisition of acquisition of Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd		86,211
2. Arising from acquisition of Shin Yang Shipping Group and Danum Shipping Sdn Bhd		
40% of RM568,189,000 (Minority interests)	227,276	
Less: cost of acquisition	(215,299)	
	<u>11,977</u>	<u>11,977</u>
		<u>98,188</u>

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A12. Tax expense

	Individual Quarter Current Year Quarter 31.3.2010 RM'000	Cumulative Quarter Current year to date 31.3.2010 RM'000
Malaysian taxation		
Current year tax	1	1
Deferred tax	717	3,767
	<u>718</u>	<u>3,768</u>

The tax expense is in respect of Shin Yang Shipping Group and Danum Shipping Sdn Bhd which have been accounted for using merger accounting principle, as these subsidiaries have been under common control in Shin Yang Holding Sdn Bhd, being the ultimate holding company of the Company. Operating results of the other subsidiaries, namely Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd, which are accounted for using acquisition method under FRS: 3 Business Combination, are not reflected as they are acquired on the last day of the financial period, 31 March 2010.

If the acquisitions of subsidiaries had occurred on 1 July 2009, the segmental information for the nine months period ended 31 March 2010 would have been as follows:

	Unaudited Cumulative Quarter Current year to date 31.3.2010 RM'000
Malaysian taxation	
Current year tax	7,353
Deferred tax	4,281
	<u>11,634</u>

The effective tax rate is lower than the statutory tax rate because the shipping operations enjoy tax exempt profits arising from their qualifying shipping profits under Section 54A of the Income Tax Act, 1967. The profits of the subsidiaries in UAE are not subject to income tax as there are no taxes imposed by the government of the UAE. In addition, the subsidiaries in shipbuilding operations enjoy reinvestment allowances.

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A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 31 March 2010 are as follows:

	As at 31.3.2010 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our associates	25,492
	<u> </u>

The Group does not have any contingent assets.

A14. Material commitments

Material commitments of the Group as at 31 March 2010 are as follow:

	As at 31.3.2010 RM'000
<u>Capital Expenditure</u>	RM'000
<u>Approved and contracted for:-</u>	
- Construction of an additional 2 vessels for international shipping operations	85,500
- Shipping development costs on Shin Yang Shipyard Sdn Bhd's second shipyard (“Shipyard 2”)	3,899
- Construction of shipyard in Ras Al Khaimah (“RAK”)	10,148
	<u>99,547</u>
<u>Approved but not contracted for:-</u>	
- Construction of additional 5 vessels for international and UAE shipping operations	209,500
- Shipping development costs on Shipyard 2	58,365
- Construction of shipyard in RAK	34,852
	<u>302,717</u>
Total	<u>402,264</u>
<u>Lease commitments</u>	
- In respect of an industrial plot of land in Hulayla Industrial Park, RAK for 25 years commencing from the date at which Hulayla Industrial Park becomes operational	<u>111,053</u>

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A15. Significant related party transactions

Related parties are those defined under FRS 124: Related Party Disclosures. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than those available to other third parties.

	Current period to date	Balance due from/(to) As at
	31.3.2010	31.3.2010
	RM'000	RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	119,998	65,613
Purchase of goods and services	31,665	(23,858)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	45,532	34,510
Purchase of goods and services	30,269	(33,588)

The related party transactions reflect transactions of all the subsidiaries with the respective group of companies.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of performance

The operating results for the financial period comprise those of Shin Yang Shipping Group and Danum Shipping Sdn Bhd which have been accounted for using merger accounting principle, as these subsidiaries have been under common control in Shin Yang Holding Sdn Bhd, being the ultimate holding company of the Company. Operating results of the other subsidiaries, namely Shinline Sdn Bhd, Thailine Sdn Bhd, Shin Yang Shipyard Sdn Bhd and Piasau Slipways Sdn Bhd, which are accounted for using acquisition method under FRS: 3 Business Combination, are not reflected as they are acquired on the last day of the financial period, 31 March 2010.

For the nine month financial period ended 31 March 2010, the Group recorded a revenue and profit after tax of RM190.2 million and RM132.7 million. The profit before tax includes a gain due to excess of fair value of assets and liabilities over purchase consideration for subsidiaries acquired, which reflects the difference between the fair value of the assets and liabilities at the date of acquisition on 31 March 2010 and the consideration for the acquisitions.

If the acquisitions of the subsidiaries had occurred on 1 July 2009, the Group would have recorded a revenue and profit after tax of RM468.1 million and RM103.6 million.

B2. Material changes in the profit before tax for the current quarter as compared with the immediate preceding quarter

No comparative figures are presented for the immediate preceding quarter as this is the first consolidated results of the Group being prepared by the Company.

B3. Prospects for the current year

In view of the positive outlook of the country's economy for 2010 and strong demands factors of the Group, and given the Group's competitive advantages and strengths and its expansion plans currently been implemented in respect of the development of new and existing shipyards in Malaysia and United Arab Emirates and new construction of vessels, but barring unforeseen circumstances, the Group's performance is expected to be better than that of 2009.

B4. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B5. Sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the current financial quarter.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B6. Quoted securities

There were no purchase or disposal of quoted securities during the current financial quarter and financial year-to-date under review.

B7. Corporate proposals

(a) Status of corporate proposals – Initial Public Offering (“IPO”)

In conjunction with the flotation exercise undertaken by the Company, the Company has, on 27 May 2010, issued a Prospectus in relation to the following:-

- (i) public issue of 176,386,000 Shares ("**Public Issue Shares**") in the following manner:-
 - (a) 24,000,000 Public Issue Shares made available to Malaysian public pursuant to the retail offering;
 - (b) 36,000,000 Public Issue Shares made available for the eligible directors, employees and business associates of the Company and its subsidiaries and the eligible directors and employees of Shin Yang Holding Sdn Bhd and its subsidiaries pursuant to the retail offering; and
 - (c) 116,386,000 Public Issue Shares made available to bumiputera investors approved by Ministry of International Trade and Industry ("**MITI**") at the institutional price to be determined by way of bookbuilding ("**Institutional Price**") pursuant to the institutional offering.
- (ii) offer for sale of 128,800,000 existing Shares ("**Offer Shares**") in the following manner:-
 - (a) 24,207,000 Offer Shares made available to bumiputera investors approved by MITI; and
 - (b) 104,593,000 Offer Shares made available to Malaysian and foreign institutional and selected investors;

at the Institutional Price pursuant to the institutional offering.

The IPO price for the retail offering was fixed at RM1.05 per Share and the Institutional Price was fixed as RM1.10 per Share.

The admission to the official list and the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities is scheduled on 23 June 2010.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B7. Corporate proposals (Continued)

(b) Status of utilisation of proceeds

The gross proceeds from the public issue of approximately RM190.9 million shall be utilised in the following manner:

for	Proceeds	Estimated timeframe
Purpose	RM'000	utilisation from date of listing
(i) Part finance construction of additional 7 vessels for shipping operations	115,700	Within 36 months
(ii) Part finance expansion of shipbuilding capacity and new shipbuilding facilities	61,200	Within 24 months
(iii) Estimated listing expenses	8,000	Immediate
(iv) Working capital	5,959	Within 6 months
	<u>190,859</u>	

B8. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	229,475	75,101	304,576
Long-term borrowings	186,430	-	186,430
	<u>415,905</u>	<u>75,101</u>	<u>491,006</u>

Included in the total borrowings are borrowings in denominated in USD as follows:

	Secured USD'000	unsecured USD'000	Total USD'000
2. Borrowings denominated USD			
Short-term borrowings	5,665	-	5,665
Long-term borrowings	21,714	-	21,714
	<u>27,379</u>	<u>-</u>	<u>27,379</u>

SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A
(Formerly Known As Shin Yang Shipping Corporation Sdn. Bhd.)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B9. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 17 June 2010.

B10. Changes in material litigation

There were no material litigations during the current financial period up to the date of this quarterly report.

B11. Earnings per share

(a) Basic

The basic earnings per share for the current financial quarter and current financial year-to-date are computed as follows:

	Current year quarter 31.3.2010	Current year to date 31.3.2010
Profit attributable to equity holders of the Company (RM'000)	112,540	133,622
Weighted average number of ordinary shares in issue ('000)	533,018	533,018
Basic earnings per shares (sen) (annualised)	<u>84.45</u>	<u>33.43</u>

Earnings per share is computed based on 533,018,000 Shares, being shares issued to acquire Shin Yang Shipping Group and Danum Shipping Sdn Bhd.

(b) Diluted

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

PART C – ADDITIONAL DISCLOSURE REQUIREMENTS PURSUANT TO IMPLEMENTATION OF FRS 139, FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT (“FRS 139”)

C1. Disclosure of Derivatives

The Group does not have any outstanding derivatives as at the end of the current financial period.

C2. Disclosure of gains/losses arising from fair value changes of financial liabilities

This is not applicable to the Company as it has not applied FRS139.

C3. Disclosure of breakdown of realised and unrealised gains/losses arising from fair value changes of financial liabilities

The Group does not have any unrealised gains/losses arising from fair value changes of financial liabilities.

Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 June 2010.

By order of the Board

Richard Ling Peng Liing
Company Secretary
18 June 2010