

**SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A**  
**(Incorporated in Malaysia)**

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

(The figures have not audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30.09.2010 RM'000	Preceding year corresponding quarter 30.09.2009 RM'000	Current year to date 30.09.2010 RM'000	Preceding year corresponding period 30.09.2009 RM'000
<b>Continuing Operations</b>				
Revenue	154,065	N/A	154,065	N/A
Cost of sales	(113,991)	N/A	(113,991)	N/A
Gross profit	40,074	N/A	40,074	N/A
Other income	1,921	N/A	1,921	N/A
Administrative expenses	(7,946)	N/A	(7,946)	N/A
Finance Costs	(5,014)	N/A	(5,014)	N/A
Operating profits	29,035	N/A	29,035	N/A
Shares of profits of associates	2,017	N/A	2,017	N/A
<b>Profit before tax</b>	31,052	N/A	31,052	N/A
Tax expense	(951)	N/A	(951)	N/A
<b>Profit/Total comprehensive income for the period</b>	30,101	N/A	30,101	N/A
<b>Profit/Total comprehensive income attributable to:</b>				
Equity Holders of the parent	30,854	N/A	30,854	N/A
Minority interests	(753)	N/A	(753)	N/A
	30,101	N/A	30,101	N/A
Earnings per share attributable to Equity Holders of the parent:				
Basic (sen) (annualised)	10.28	N/A	10.28	N/A
Diluted (sen) (annualised)	N/A	N/A	N/A	N/A

**Notes:**

- (a) *The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to this report*
- (b) *There are no comparative figures for the preceding year's corresponding quarter and period as all the subsidiaries were acquired on 31 March 2010*
- (c) *Earnings per share is computed based on the profit attributable to equity holders of the parent of RM30.9 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 1,200,000,000 ordinary shares*

**SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A**  
**(Incorporated in Malaysia)**

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED AS AT 30.09.2010 RM'000	AUDITED AS AT 30.06.10 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,396,367	1,406,170
Prepaid lease payments	127,688	127,863
Investment in associates	20,276	19,258
Other investments	132	132
	<b>1,544,463</b>	<b>1,553,423</b>
<b>Current assets</b>		
Inventories	191,886	178,957
Trade and other receivables	217,835	202,699
Tax recoverable	955	750
Cash and cash equivalents	156,179	207,086
	<b>566,855</b>	<b>589,492</b>
<b>TOTAL ASSETS</b>	<b>2,111,318</b>	<b>2,142,915</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	1,200,000	1,200,000
Share premium	16,972	16,972
Retained Earnings	166,096	135,242
Other reserve	(3,843)	(1,269)
	1,379,225	1,350,945
<b>Minority interests</b>	15,268	16,503
<b>Total equity</b>	<b>1,394,493</b>	<b>1,367,448</b>
<b>Non-current liabilities</b>		
Borrowings	168,778	164,937
Other payable	3,232	5,402
Deferred tax liabilities	122,611	123,722
	<b>294,621</b>	<b>294,061</b>
<b>Current liabilities</b>		
Borrowings	267,740	313,469
Trade and other payables	147,520	162,188
Tax payable	6,944	5,749
	<b>422,204</b>	<b>481,406</b>
<b>Total liabilities</b>	<b>716,825</b>	<b>775,467</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,111,318</b>	<b>2,142,915</b>

**Notes:**

- (a) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to this report*
- (b) *There are no comparative figures for the preceding year's corresponding quarter and period as all the subsidiaries were acquired on 31 March 2010*

**SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A**  
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**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to equity holders of the Parent →				Total	Minority interests	Total equity
	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 2010	1,200,000	16,972	(1,269)	135,242	1,350,945	16,503	1,367,448
Foreign currency Translation	-	-	(2,574)	-	(2,574)	(482)	(3,056)
Total comprehensive Income	-	-	-	30,854	30,854	(753)	30,101
At 30 September 2010	<u>1,200,000</u>	<u>16,972</u>	<u>(3,843)</u>	<u>166,096</u>	<u>1,379,225</u>	<u>15,268</u>	<u>1,394,493</u>

**Notes:**

- (a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to this report*
- (b) *There are no comparative figures for the preceding year's corresponding quarter and period as all the subsidiaries were acquired on 31 March 2010*

**SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A**  
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**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current year to date	Preceding year corresponding period
	30.09.2010 RM'000	30.09.2009 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	31,052	N/A
Adjustment for Non Cash items	20,700	N/A
<b>Operating profit before changes in working capital</b>	<b>51,752</b>	<b>N/A</b>
<u>Working Capital Changes</u>		
(Increase)/decrease in inventories	(12,940)	N/A
(Increase)/decrease in receivables	(13,978)	N/A
Increase/(decrease) in payables	98,961	N/A
Working capital changes total	72,043	N/A
<b>Cash generated from operations</b>	<b>123,795</b>	<b>N/A</b>
Interest received	797	N/A
Interest paid	(3,843)	N/A
Tax paid	(204)	N/A
<b>Total interest and tax paid</b>	<b>(3,250)</b>	<b>N/A</b>
<b>Net cash generated from operating activities</b>	<b>120,545</b>	<b>N/A</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	3	N/A
Capital expenditure	(131,689)	N/A
Proceeds from disposal of property, plant and equipment	93	N/A
<b>Net cash used in investing activities</b>	<b>(131,593)</b>	<b>N/A</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net movement in trade financing	(30,568)	N/A
Proceeds from hire purchase	111	N/A
Repayment from hire purchase	(9,897)	N/A
Proceeds from term loans	15,520	N/A
Repayment from term loans	(12,158)	N/A
<b>Net cash flow used in financing activities</b>	<b>(36,992)</b>	<b>N/A</b>
<b>Net increase in cash and cash equivalents</b>	<b>(48,040)</b>	<b>N/A</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>200,136</b>	<b>N/A</b>
<b>Effects of exchange rate changes</b>	<b>(335)</b>	<b>N/A</b>
<b>Cash and cash equivalents at end of period</b>	<b>151,761</b>	<b>N/A</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	40,689	N/A
Deposit with licensed banks	115,490	N/A
Bank overdrafts	(4,418)	N/A
<b>Cash and bank balances</b>	<b>151,761</b>	<b>N/A</b>

**Notes:**

- (a) *The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to this report*
- (b) *There are no comparative figures for the preceding year's corresponding quarter and period as all the subsidiaries were acquired on 31 March 2010*

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**A1. Basis of preparation**

The 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 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 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs, IC Interpretations and Technical Release with effective from 1 January 2010/1 March 2010 and 1 July 2010.

On 1 July 2010, the Group adopted the new or amended FRS and IC interpretations that are mandatory for application on 1 January 2010/1 March 2010 and 1 July 2010. This includes the following FRSs and IC Interpretations:

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs ‘Improvements to FRSs (2009)’
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions
- Amendments to FRS 132: Classification of Rights Issues
- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**A1. Basis of preparation (cont’)**

- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Shared-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

The adoption of the above FRSs did not result in substantial changes to the Company and the Group’s accounting policies excepts as follows:

**FRS 101(Revised): Presentation of Financial Statements**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

**FRS 139, Financial Instruments: Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of the Group’s financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments.

**Financial assets**

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of profit and loss.

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**A1. Basis of preparation (cont’)**

reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

As at the balance sheet date, the Group did not have any financial assets in the category financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The details of the changes in accounting policies and the effect arising from the adoption of FRS 139 are discussed below:

**Impairment of trade receivable**

Prior to 1 July 2010, provision for doubtful debts was recognised when it was considered uncollectible.

Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

**FRS 123 (revised), Borrowing Cost**

Prior to the adoption of the revised FRS 123, the Group expensed all borrowing costs as and when they were incurred. With the adoption of the revised FRS 123, this policy has been changed to capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying assets that take a substantial period of time to get them ready for their intended sale or use. All other borrowing costs are recognised as an expense as and when they are incurred. The new policy is applied prospectively to borrowing costs for which the commencement date of capitalisation is on or after 1 July 2010. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

**Effective for financial periods beginning on or after 1 January 2011**

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters  
: Additional Exemptions for First-Time Adopters
- Amendments to FRS 2: Group Cash-settled Shared-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

The new FRSs and Interpretations, and amendments to certain Standards and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application.

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**A2. Auditor’s report on preceding annual financial statements**

There was no qualification to the audited financial statements of the Company and of its subsidiaries on the preceding annual financial statements.

**A3. Seasonal or cyclical factors**

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

**A4. Unusual items**

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current interim period under review.

**A5. Material changes in estimates**

There were no changes in estimates of amounts that have had a material effect in the current interim period under review.

**A6. Debt and equity securities**

There is no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buybacks, share cancellations, share held as treasury shares and resale of treasury shares for the current interim period under review.

**A7. Dividends paid**

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2010, of 2.5% on 1,200,000,000 ordinary shares, amounting to a dividend payable of RM30,000,000 (2.5 sen per ordinary share) shall be proposed for shareholders’ approval. The financial statements for the current interim period do not reflect this proposed dividend. Such dividend is approved by shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ended 30 June 2011.



**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**A8. 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:

Current interim period ended 30 September 2010

	<b>Revenue RM’000</b>	<b>Profit before tax RM’000</b>
Shipping operations	111,612	16,532
Shipbuilding, ship repair and metal fabrication	42,453	14,520
Total	<u>154,065</u>	<u>31,052</u>

**A9. Material events subsequent to the end of the financial period**

No material events have arisen during the interval between the end of the current interim period and the date of this announcement that have not been reflected in the current interim period report.

**A10. Changes in the composition of the Group**

There were no changes in the composition of the Group for current period under review.

**A11. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 September 2010 RM’000	30 September 2009 RM’000	30 September 2010 RM’000	30 September 2009 RM’000
<b>Malaysian taxation</b>				
Current year tax	2,062	N/A	2,062	N/A
Deferred tax	(1,111)	N/A	(1,111)	N/A
	<u>951</u>	<u>N/A</u>	<u>951</u>	<u>N/A</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.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

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

**A12. Contingent liabilities and contingent assets**

The contingent liabilities of the Group as at 30 September 2010 are as follows:

	<b>As at 30.9.2010 RM'000</b>
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our associates	<b>21,221</b>

The Group does not have any contingent assets.

**A13. Material commitments**

Material commitments of the Group as at 30 September 2010 are as follow:

	<b>As at 30.9.2010 RM'000</b>
<b><u>Capital Expenditure</u></b>	<b>RM'000</b>
<b><u>Approved and contracted for:-</u></b>	
- Construction of an additional 4 vessels for international shipping operations	156,750
- Construction of additional vessels	44,640
- Construction of additional 1 vessel for international and UAE shipping operation	19,200
	----- 220,590 -----
<b><u>Approved but not contracted for:-</u></b>	
- Construction of additional 2 vessels for international and UAE shipping operations	41,000
- Shipping development costs on Shipyard 2	36,502
- Construction of shipyard in RAK	26,555
	----- 104,057 -----
<b>Total</b>	<b>324,647</b>

**Lease commitments**

On 1 July 2009, the Group entered into a lease contract with SOAR Port Authority, Hulayla Industrial Park to lease an industrial plot of land for the purpose of carrying out shipbuilding, offshore fabrication and marine related services. The contract will be for 25 years, commencing from the date of the contract or the date at which Hulayla Industrial Park becomes operational, whichever is the latest, at an annual rent of AED5,100,000.00

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**A14. 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.

	<b>Current Quarter to date</b>	<b>Balance due from/(to) As at</b>
	<b>30.9.2010</b>	<b>30.9.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	47,008	94,278
Purchase of goods and services	28,305	(42,798)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	3,974	6,487
Purchase of goods and services	2,415	(10,300)

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

**A15. Significant events**

There were no material events subsequent to the end of the current interim reporting period that have not been reflected in the financial statements for the current interim period under review.

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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

**B1. Review of performance**

	Current Quarter ended 30-Sep-2010 RM'000	Preceding Quarter ended 30-Jun-2010 RM'000	Variance RM'000	%
Revenue	154,065	137,203	16,862	12
Profit before tax (excluding share of result of associates)	29,035	22,498	6,537	29
Share of result of associates	2,017	3,590	(1,573)	(44)
Profit before tax (including share of result of associates)	31,052	26,088	4,964	19
Total comprehensive income for the period attributable to owners of the parent	30,854	23,331	7,523	32

Comparatively, the Group's revenue for the current interim period ended 30 September 2010 increased by 12% while profit before tax and total comprehensive income for the current interim period attributable to owners of the parent increased by 19% and 32% respectively. The higher revenue in the current interim period as compared to the fourth quarter in 2010 was mainly due to the higher revenue generated from both shipping and shipbuilding operation.

Whilst revenue increased by RM16.9 million and profit before tax (excluding share of results of an associate) for the current interim period increased by RM6.5 million respectively, had accounted for a higher profit margin contribution.

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

There are no comparative figure for the preceding year's corresponding quarter and period as all the subsidiaries were acquired on 31 March 2010

**B3. Commentary on Prospects**

The Group had put in place its capital expenditures plans for the next 2-3 years as well as medium and long term strategies for the expansion of its shipyard facilities and vessel fleets to achieve substantial growth

The challenge for the Group is to further improve its efficiency and productivity. The Group will continue to work on achieving and realising the full use of its resources

With signs of recovery in terms of the rebound of the Baltic Dry Index and commitment of our shipyard operations in United Arab of Emirates, we are confident our performance will be encouraging in the coming financial year.

**B4. Profit forecast or profit guarantee**

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

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

**B5. Sales of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties during the current interim period under review.

**B6. Quoted securities**

There were no purchase or disposal of quoted securities during the current interim period under review.

**B7. Corporate proposals**

**Status of utilisation of proceeds**

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

Purpose	Total Proceeds RM'000	Actual Utilisation RM'000	Timeframe for utilisation from date of listing
(i) Part finance construction of additional 7 vessels for shipping operations	115,700	39,100	Within 36 months
(ii) Part finance expansion of shipbuilding capacity and new shipbuilding facilities	61,200	24,358	Within 24 months
(iii) Estimated listing expenses	8,000	6,220	Immediate
(iv) Working capital	5,959	5,900	Within 6 months
	<u>190,859</u>	<u>75,578</u>	

**B8. Borrowings and debt securities**

	Secured RM'000	unsecured RM'000	Total RM'000
<b>1. Total borrowings</b>			
Short-term borrowings	203,441	63,925	267,366
Long-term borrowings	167,582	-	167,582
	<u>371,023</u>	<u>63,925</u>	<u>434,948</u>

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

	Secured USD'000	unsecured USD'000	Total USD'000
<b>2. Borrowings denominated USD</b>			
Short-term borrowings	5,665	-	5,665
Long-term borrowings	18,410	-	18,410
	<u>24,075</u>	<u>-</u>	<u>24,075</u>

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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**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.

**B10. Changes in material litigation**

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

**B11. Earnings per share**

**(a) Basic**

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

	<b>Current year quarter 30.9.2010</b>	<b>Current year to date 30.9.2010</b>
Profit attributable to equity holders of the Company (RM'000)	30,854	30,854
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen) (annualised)	<u>10.28</u>	<u>10.28</u>

Earnings per share is computed based on the weighted average number of 1,200,000,000 Shares, being shares issued during the interim period under review.

**(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.

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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**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 interim period under review

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

There is no material effect to the Company's financial results upon adoption of FRS139

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

There is no material effect to the Company's financial results upon adoption of FRS139.

**Authorised for issue**

The interim report for the first quarter ended 30 September 2010 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 November 2010.

By order of the Board

Richard Ling Peng Liing  
Company Secretary  
26 November 2010