

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011
 (The figures have not audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.9.2011 RM'000	Preceding year corresponding quarter 30.9.2010 RM'000	Current year to date 30.9.2011 RM'000	Preceding year corresponding period 30.9.2010 RM'000
Revenue		161,977	154,065	161,977	154,065
Cost of sales		(137,305)	(113,991)	(137,305)	(113,991)
Gross profit		24,672	40,074	24,672	40,074
Other income		4,755	1,921	4,755	1,921
Administrative expenses		(7,111)	(5,014)	(7,111)	(15,014)
Operating profits		22,316	35,060	22,316	35,060
Finance Costs		(6,440)	(7,946)	(6,440)	(7,946)
Shares of profit of associates		1,213	2,017	1,213	2,017
Profit before tax		17,089	31,052	17,089	31,052
Tax expense	A11	(4,964)	(951)	(4,964)	(951)
Profit net of tax		12,125	30,101	12,125	30,101
Other comprehensive income:					
Foreign exchange translation	A16	1,875	(3,056)	1,875	(3,056)
Total comprehensive income for the period		14,000	27,045	14,000	27,045
Profit attributable to:					
Equity holders of the parent		12,016	30,854	12,016	30,854
Non controlling interests		109	(753)	109	(753)
		12,125	30,101	12,125	30,101
Total comprehensive income attributable to:					
Equity holders of the parent		13,321	28,280	13,321	28,280
Non controlling interests		679	(1,235)	679	(1,235)
		14,000	27,045	14,000	27,045
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B11	1.00	2.57	1.00	2.57
Diluted (sen)	B11	1.00	2.57	1.00	2.57

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 2011 and the accompanying explanatory notes attached to this report.*

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.9.2011 RM'000	AUDITED AS AT 30.6.2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,716,924	1,682,665
Investment in associates		18,417	15,508
Other investments		157	157
		<u>1,735,498</u>	<u>1,698,330</u>
Current assets			
Inventories		165,612	160,660
Trade and other receivables		240,904	205,782
Other current assets		34,590	24,656
Tax recoverable		3,148	4,030
Cash and cash equivalents		91,411	97,008
		<u>535,665</u>	<u>492,136</u>
TOTAL ASSETS		<u><u>2,271,163</u></u>	<u><u>2,190,466</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,200,000	1,200,000
Share premium		16,972	16,972
Retained Earnings		191,957	179,941
Other reserve		(5,421)	(6,726)
		<u>1,403,508</u>	<u>1,390,187</u>
Non Controlling interests		10,750	10,071
Total equity		<u>1,414,258</u>	<u>1,400,258</u>
Non-current liabilities			
Borrowings	B8	283,140	241,710
Deferred tax liabilities		127,355	124,987
		<u>410,495</u>	<u>366,697</u>
Current liabilities			
Borrowings	B8	304,955	274,131
Trade and other payables		140,846	148,904
Tax payable		609	476
		<u>446,410</u>	<u>423,511</u>
Total liabilities		<u>856,905</u>	<u>790,208</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,271,163</u></u>	<u><u>2,190,466</u></u>
Net assets per shares (RM)		1.17	1.16

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 2011 and the accompanying explanatory notes attached to this report.*

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Parent →				Total RM'000	Non controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Revenue reserve RM'000			
At 1 July 2011	1,200,000	16,972	(6,726)	179,941	1,390,187	10,071	1,400,258
Total comprehensive Income	-	-	1,305	12,016	13,321	679	14,000
At 30 September 2011	<u>1,200,000</u>	<u>16,972</u>	<u>(5,421)</u>	<u>191,957</u>	<u>1,403,508</u>	<u>10,750</u>	<u>1,414,258</u>
				(Note B12)			
At 1 July 2010	1,200,000	16,972	(1,269)	135,242	1,350,945	16,503	1,367,448
Total comprehensive Income	-	-	(5,457)	74,699	69,242	(6,432)	62,810
Transactions with Owners:							
Dividend on Ordinary Share	-	-	-	(30,000)	(30,000)	-	(30,000)
At 30 June 2011	<u>1,200,000</u>	<u>16,972</u>	<u>(6,726)</u>	<u>179,941</u>	<u>1,390,187</u>	<u>10,071</u>	<u>1,400,258</u>
				(Note B12)			

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 2011 and the accompanying explanatory notes attached to this report.*

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date	Preceding year corresponding period
	30.9.2011 RM'000	30.9.2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	17,089	31,052
Adjustment for Non Cash items	26,155	20,700
Operating profit before changes in working capital	43,244	51,752
Working Capital Changes		
Increase in inventories	(4,697)	(12,940)
Increase in receivables	(32,720)	(13,978)
Increase in payables	9,308	98,961
Total changes in working capital	(28,109)	72,043
Cash generated from operations	15,135	123,795
Interest received	-	797
Interest paid	(6,440)	(3,843)
Tax paid	(1,197)	(204)
Total interest and tax paid	(7,637)	(3,250)
Net cash generated from operating activities	7,498	120,545
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	5	3
Capital expenditure	(78,063)	(131,689)
Proceeds from disposal of property, plant and equipment	572	93
Net cash used in investing activities	(77,486)	(131,593)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Net movement in trade financing	12,647	(30,568)
Proceeds from hire purchase	-	111
Repayment of hire purchase	(9,820)	(9,897)
Proceeds from term loans	69,255	15,520
Repayment of term loans	(11,382)	(12,158)
Net cash flow generated from / (used in) financing activities	60,700	(36,992)
Net decrease in cash and cash equivalents	(9,288)	(48,040)
Cash and cash equivalents at beginning of period	82,841	200,136
Effects of exchange rate changes	(94)	(335)
Cash and cash equivalents at end of period	73,459	151,761
Cash and cash equivalents comprise the following:		
Cash and bank balances	14,325	40,689
Deposit with licensed banks	77,086	115,490
Bank overdrafts	(17,952)	(4,418)
Cash and bank balances	73,459	151,761

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 2011 and the accompanying explanatory notes attached to this report.*

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

A1. Basis of preparation

The interim financial report is unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the year ended 30 June 2011.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2011 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, Amendment to FRSs and IC Interpretations that are effective for the financial periods beginning on 1 July 2011.

The adoption of relevant FRSs, Amendment to FRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

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 quarter 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 quarter 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 quarter under review.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011

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

A7. Dividends paid

At the forthcoming Annual General Meeting (“AGM”), a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2011, of 1.75% on 1,200,000,000 ordinary shares, amounting to a dividend payable of RM21,000,000.00 (1.75 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 to be approved by shareholders during the forthcoming AGM, will be accounted for in equity as an appropriation of retained earnings in the financial year ended 30 June 2012.

A8. Segmental reporting

Segmental information in respect of the Group’s business segments (excluding investment holding income) comprising shipping, and shipbuilding, ship repair & metal fabrication are presented as follows:

Current interim quarter ended 30 September 2011

	Revenue RM’000	Operating profit RM’000
Shipping operations	114,403	14,950
Shipbuilding, ship repair and metal fabrication operations	47,574	7,121
Total	<u>161,977</u>	<u>22,071</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 quarter and the date of this announcement that have not been reflected in the current interim quarter report.

A10. Changes in the composition of the Group

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011

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

A11. Tax expense

The taxation of the Group for the current interim quarter under review is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Sep 2011 RM'000	30 Sep 2010 RM'000	30 Sep 2011 RM'000	30 Sep 2010 RM'000
Malaysian taxation				
Current year tax	2,596	2,062	2,596	2,062
Deferred tax	2,368	(1,111)	2,368	(1,111)
	<u>4,964</u>	<u>951</u>	<u>4,964</u>	<u>951</u>

A12. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 30 September 2011 are as follows:

	As at 30.9.2011 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	171,817

The Group does not have any contingent assets.

INTERIM REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

A13. Material commitments

Material commitments of the Group as at 30 September 2011 are as follow:

	As at 30.9.2011
<u>Capital Expenditure</u>	RM'000
<u>Approved and contracted for:-</u>	
- Construction of an additional 2 units of cargo vessels for international shipping operations	71,250
- Construction of an additional 5 units shipping vessels	13,336
	----- 84,586
<u>Approved but not contracted for:-</u>	
- Construction of shipyard in RAK, UAE	17,747
	----- 17,747
Total	----- 102,333

Lease commitments

On 1 July 2009, the Group entered into a lease contract with SAQR Port Authority, Hulayla Industrial Park, United Arab Emirates 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.

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.

	Current Quarter to date 30.9.2011 RM'000	Balance due from/(to) As at 30.9.2011 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	50,059	53,256
Purchase of goods and services	22,267	(23,803)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	6,997	7,619
Purchase of goods and services	1,045	(22,424)

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 quarter that have not been reflected in the financial statements for the current interim quarter under review.

A16. Other Comprehensive Income

Foreign exchange translation gain/(loss) represents the surplus/(shortfall) arising from restating payables, receivables and bank balances denominated in foreign currency to Ringgit using foreign exchange rates prevailing at period end rate.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011

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

B1. Review of performance

The Group records a revenue of RM161.9million, a profit before tax of RM17.1million and a profit after tax of RM 12.1 million for the current interim quarter ended 30 September 2011.

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

Revenue of the Group for the current interim quarter ended 30 September 2011 was marginally decreased by 4.3% to RM161.9million from RM169.3million as compared with the immediate preceding quarter ended 30 June 2011. The Group had achieved an increase of 17.5% in profit after tax of RM12.1million as compared to RM10.3million reported in the immediate preceding quarter. The increase were mainly attributed to the improvement of profit margin from the Middle East's shipping and shipbuilding operations in the current quarter under review.

B3. Commentary on Prospects

The performance of the Group is largely dependent on the development in world fuel markets price, quality of crews' standard, domestic & regional demand for transportation of dry bulk and general cargoes, movement of Ringgit Malaysia and world economic situations.

The other dependents on shipbuilding operation including the corresponding price movement of the marine mild steel plates, other heavy equipments and global trend of demand of newly constructed vessels especially from the niche markets with oil and gas industry domestically and regionally .

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 interim quarter under review.

B6. Quoted securities

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

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

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	56,200	Within 36 months
(ii) Part finance expansion of shipbuilding capacity and new shipbuilding facilities	61,200	44,318	Within 24 months
(iii) Estimated listing expenses	8,000	6,220	Immediate
(iv) Working capital	5,959	5,900	Immediate
	<u>190,859</u>	<u>112,638</u>	

B8. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	233,828	71,127	304,955
Long-term borrowings	283,140	-	283,140
	<u>516,968</u>	<u>71,127</u>	<u>588,095</u>

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

	Secured USD'000	unsecured USD'000	Total USD'000
2. Borrowings denominated in USD			
Short-term borrowings	3,900	-	3,900
Long-term borrowings	16,453	-	16,453
	<u>20,353</u>	<u>-</u>	<u>20,353</u>

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 30 November 2011.

B10. Changes in material litigation

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

B11. Earnings per share

(a) Basic

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

	Current year quarter 30.9.2011	Current year to date 30.9.2011
Profit attributable to equity holders of the Company (RM'000)	12,016	12,016
Weighted average number of ordinary shares in issue (‘000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>1.00</u>	<u>1.00</u>

Earnings per share is computed based on the weighted average number of 1,200,000,000 shares issued for the interim quarter 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.

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

B12. Breakdown of realised and unrealised profit or loss

The breakdown of the accumulated losses of the Group as at 30 September 2011, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.09.2011 (RM'000)	Accumulated quarter ended 30.06.2011 (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realized	644,652	630,307
- Unrealized	(21,691)	(26,204)
	622,961	604,103
Less: Consolidation adjustments	(431,004)	(424,162)
Total Group's retained profits	191,957	179,941

The analysis of realised and unrealised accumulated losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements as issued by the Malaysian Institute of Accountants.

The disclosure above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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 quarter 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 2011 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 November 2011.

By order of the Board

Richard Ling Peng Liing
Company Secretary
30 November 2011