

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012
 (The figures have not audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.09.2012 RM'000	Preceding year corresponding quarter 30.09.2011 RM'000	Current year to date 30.09.2012 RM'000	Preceding year corresponding period 30.09.2011 RM'000
Revenue		216,601	161,977	216,601	161,977
Cost of sales		(192,791)	(137,305)	(192,791)	(137,305)
Gross profit		23,810	24,672	23,810	24,672
Other income		1,863	4,755	1,863	4,755
Administrative expenses		(10,032)	(7,111)	(10,032)	(7,111)
Operating profits		15,641	22,316	15,641	22,316
Finance Costs		(9,446)	(6,440)	(9,446)	(6,440)
Shares of profit of associates		3,910	1,213	3,910	1,213
Profit before tax		10,105	17,089	10,105	17,089
Tax expense	A12	(238)	(4,964)	(238)	(4,964)
Profit net of tax		9,867	12,125	9,867	12,125
Other comprehensive income:					
Foreign exchange translation	A17	(2,123)	1,875	(2,123)	1,875
Total comprehensive income for the period		7,744	14,000	7,744	14,000
Profit attributable to:					
Equity holders of the parent		9,419	12,016	9,419	12,016
Non controlling interests		448	109	448	109
		9,867	12,125	9,867	12,125
Total comprehensive income attributable to:					
Equity holders of the parent		7,825	13,321	7,825	13,321
Non controlling interests		(81)	679	(81)	679
		7,744	14,000	7,744	14,000
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	0.79	1.00	0.79	1.00
Diluted (sen)	B12	0.79	1.00	0.79	1.00

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 2012 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 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.09.2012 RM'000	AUDITED AS AT 30.6.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,910,593	1,899,090
Investment in associates		18,257	19,013
Other investments		157	157
Intangible asset		2,070	2,070
		<u>1,931,077</u>	<u>1,920,330</u>
Current assets			
Inventories		136,947	155,845
Trade and other receivables		386,943	333,016
Other current assets		58,645	55,235
Tax recoverable		6,696	5,701
Cash and cash equivalents		72,562	79,989
		<u>661,793</u>	<u>629,786</u>
TOTAL ASSETS		<u>2,592,870</u>	<u>2,550,116</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		200,651	198,475
		<u>1,417,623</u>	<u>1,415,447</u>
Non Controlling interests		21,190	21,271
Total equity		<u>1,438,813</u>	<u>1,436,718</u>
Non-current liabilities			
Borrowings	B9	423,608	371,850
Deferred tax liabilities		123,456	123,619
		<u>547,064</u>	<u>495,469</u>
Current liabilities			
Borrowings	B9	427,843	412,308
Trade and other payables		148,408	184,425
Other current liabilities		30,343	20,922
Tax payable		399	274
		<u>606,993</u>	<u>617,929</u>
Total liabilities		<u>1,154,057</u>	<u>1,113,398</u>
TOTAL EQUITY AND LIABILITIES		<u>2,592,870</u>	<u>2,550,116</u>
Net assets per shares (RM)		1.18	1.18

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 2012 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 2012
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
	Non distributable Share Capital RM'000	Distributable Share premium RM'000	Revenue reserve RM'000			
At 1 July 2012	1,200,000	16,972	198,475	1,415,447	21,271	1,436,718
Total comprehensive Income		-	2,176	2,176	(81)	2,095
At 30 September 2012	<u>1,200,000</u>	<u>16,972</u>	<u>200,651</u>	<u>1,417,623</u>	<u>21,190</u>	<u>1,438,813</u>
			(Note B14)			
At 1 July 2011	1,200,000	16,972	173,215	1,390,187	10,071	1,400,258
Total comprehensive Income	-	-	13,321	13,321	679	14,000
At 30 September 2011	<u>1,200,000</u>	<u>16,972</u>	<u>186,536</u>	<u>1,403,508</u>	<u>10,750</u>	<u>1,414,258</u>
			(Note B14)			

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 2012 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 2012
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date	Preceding year corresponding period
	30.09.2012 RM'000	30.09.2011 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,105	17,089
Adjustment for:		
Depreciation	26,557	21,465
Dividend income	(9)	(6)
(Gain) Loss on disposal of fixed assets	(15)	761
Loss/ (Gain) on foreign exchange	194	(1,671)
Interest expenses	9,446	6,440
Interest income	(549)	(700)
Property, plant and equipment written off	8	1
Profit) retained in associates	(3,869)	(1,155)
	41,868	42,224
Operating profit before changes in working capital		
<u>Working Capital Changes</u>		
Decrease/ (increase) in inventories	18,884	(4,697)
Increase in receivables	(61,160)	(117,819)
Decrease/ (Increase) in other current assets	404	(149)
(Decrease)/ Increase in payables	(4,651)	23,666
Increase in other current liabilities	(12,323)	(7,090)
Net changes in amounts due from/to related companies	6,456	77,981
Total changes in working capital	(52,390)	(28,108)
Cash (used in)/ generated from operations	(10,522)	14,116
Interest received	549	700
Interest paid	(9,446)	(6,440)
Realised gain in foreign exchange	34	320
Tax paid	(440)	(1,197)
Total interest and tax paid	(9,303)	(6,617)
Net cash (used in)/ generated from operating activities	(19,825)	7,499
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	7	5
Capital expenditure	(56,670)	(78,063)
Proceeds from disposal of property, plant and equipment	18	571
Net cash used in investing activities	(56,645)	(77,487)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Net movement in trade financing	50,226	12,647
Proceeds from hire purchase	18,462	-
Repayment of hire purchase	(9,946)	(9,820)
Proceeds from term loans	42,750	69,255
Repayment of term loans	(41,399)	(11,382)
Net cash flow generated from financing activities	60,093	60,700
Net decrease in cash and cash equivalents	(16,377)	(9,288)
Cash and cash equivalents at beginning of period	55,013	82,841
Effects of exchange rate changes	44	(94)
Cash and cash equivalents at end of period	38,680	73,459
Cash and cash equivalents comprise the following:		
Cash and bank balances	11,765	14,325
Deposit with licensed banks	60,797	77,086
Bank overdrafts	(33,882)	(17,952)
Cash and bank balances	38,680	73,459

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 2012 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 statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRS”) MFRS 134: “Interim Financial Reporting” and Chapter 9 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the annual audited financial statements of Shin Yang Shipping Corporation Berhad (“SYSCorp” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 30 June 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2012.

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the financial year ending 30 June 2013. MFRS 1 : *First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)* has been applied. In preparing its opening MFRS Statement of Financial Position as at 1 July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is set out in Note A2 below.

These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

A2. Accounting policies and application of MFRS 1

The audited financial statements of the Group for the financial year ended 30 June 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2012 except as mentioned below :

MFRS 1 – Adoption transitional arrangements

MFRS 1 allows exemption from the application of certain MFRS to assist companies with the transition process. The following optional exemption, contained within MFRS 1, have been utilised in the preparation of the Group’s statements of financial position as at 1 July 2011

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

A2. Accounting policies and application of MFRS 1(continued)

Exchange translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. At the date of transition to MFRS, cumulative foreign currency translation differences for all foreign operations are deemed to be zero and reclassified to retained earnings at 1 July 2011. The impact arising from the changes above is summarised as follows :-

(i) Impact on financial statements as at 1 July 2011

	As previously reported RM'000	Exemption under MFRS 1 RM'000	As restated RM'000
Retained earnings	179,941	(6,726)	173,215
Currency translation differences	(6,726)	6,726	-

(ii) Impact on financial statements as at 30 September 2011

	As previously reported RM'000	Exemption under MFRS 1 RM'000	As restated RM'000
Retained earnings	191,957	(5,421)	186,536
Currency translation differences	(5,421)	5,421	-

(iii) Impact on financial statements as at 30 June 2012

	As previously reported RM'000	Exemption under MFRS 1 RM'000	As restated RM'000
Retained earnings	201,053	(2,578)	198,475
Currency translation differences	(2,578)	2,578	-

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

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 on the preceding annual financial statements.

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 interim quarter under review

A6. 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.

A7. 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.

A8. Dividends

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2012, of 1.0% on 1,200,000,000 ordinary shares, amounting to a dividend payable of RM12,000,000.00 (1.00 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 2013.

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(Incorporated in Malaysia)

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

A9. Segmental reporting

Segmental information in respect of the Group’s business segments comprising shipping, shipbuilding, ship repair & metal fabrication and shipping agency are presented as follows:

	Shipping RM’000	Shipbuilding & Ship repair RM’000	Shipping agency RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 3 months ended 30 September 2012						
Segment Revenue						
External revenue	146,608	68,768	1,225	-	-	216,601
Inter-segment revenue	2,303	38,572	400	-	(41,275)	-
Total	148,911	107,340	1,625	-	(41,275)	216,601
Profit from operations	15,074	191	472	(96)	-	15,641
Finance costs						(9,446)
Share of profit of associates						3,910
Profit before tax						10,105
Tax expense						(238)
Profit for the period						9,867
For 3 months ended 30 September 2011						
Segment Revenue						
External revenue	114,403	47,574	-	-	-	161,977
Inter-segment revenue	699	52,526	-	-	(53,225)	-
Total	115,102	100,100	-	-	(53,225)	161,977
Profit from operations	14,950	7,121	-	245	-	22,316
Finance costs						(6,440)
Share of loss of associates						1,213
Profit before tax						17,089
Tax income						(4,964)
Profit for the period						12,125

Group

	1Q 2013 (RM’000)	1Q 2012 (RM’000)	Changes (%)
Revenue	216,601	161,977	33.7%
Profit After tax	9,867	12,125	-18.6%

Revenue of the Group for the first quarter ended 30 September 2012 was increased by 33.7% to RM216.6 million as compared to RM161.9 million in the previous corresponding quarter.

The increase was mainly attributed to the improvement of revenue generated from the international shipping in the Regional and Middle East’s operations. However, the Group’s profit after tax dropped in current quarter by 18.6%. This was mainly due to the unrealised margin in the work in progress under shipbuilding segment and slightly slower shipments of timber products from the international shipping operations.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

A9. Segmental reporting (Cont’)

Performance and prospects of each operating segment are discussed below:

Shipping

	1Q 2013 (RM'000)	1Q 2012 (RM'000)	Changes (%)
Revenue	146,608	114,403	28.2%
Profit After tax	13,129	9,559	37.3%

For the current quarter, the shipping segment’s revenue of RM146.6million was increased by 28.2% as compared to RM 114.4 million revenue recorded in the corresponding quarter. This was mainly due to higher volume shipped from the Middle East’s shipping operations, additional revenues generated from the additional vessels in the containers shipping operations and also 3 shipments of crude palm oil (“CPO”) from our CPO tanker in current quarter.

The profit after tax increased by 37.3% to RM 13.1 million from RM 9.6 million in the corresponding quarter mainly attributed to the improvement of margin in the Regional and Middle East’s shipping operations.

Shipbuilding and Ship repair

	1Q 2013 (RM'000)	1Q 2012 (RM'000)	Changes (%)
Revenue	68,768	47,574	44.5%
(Loss)/Profit After tax	(3,575)	2,382	-250.1%

For the current quarter, revenue generated from Shipbuilding and ship repair segment stood at RM68.8million, 44.5% higher compared to RM 47.6 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to higher ship repair income generated in the current quarter.

The net losses after tax of RM 3.6 million in Shipbuilding and ship repair segment was mainly due to the unrealised margin in the work in progress during construction.

Shipping agency

	1Q 2013 (RM'000)	1Q 2012 (RM'000)	Changes (%)
Revenue	1,225	-	100%
Profit After tax	409	-	100%

The revenue from shipping agency segment was derived from its newly acquired subsidiary in January 2012. Hence, there is no comparative figure for the preceding year’s corresponding quarter.

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

A9. Segmental reporting (Cont’)

Investment Holding

	1Q 2013 (RM’000)	1Q 2012 (RM’000)	Changes (%)
Revenue	-	-	-%
(Loss)/Profit After tax	(96)	184	-152.2%

For the current quarter, the loss in investment holding segment was mainly due to the increase in administrative expenses during the current quarter.

A10. Material events subsequent to the end of the quarter 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.

A11. Changes in the composition of the Group

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

A12. Tax expense

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30 Sep 2012 RM’000	Preceding year corresponding quarter 30 Sep 2011 RM’000	Current year to date 30 Sep 2012 RM’000	Preceding year corresponding period 30 Sep 2011 RM’000
Malaysian taxation				
Current year tax	401	2,596	401	2,596
Deferred tax	(163)	2,368	(163)	2,368
	<u>238</u>	<u>4,964</u>	<u>238</u>	<u>4,964</u>

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 30 September 2012 are as follows:

	As at 30.09.2012 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	264,449

The Group does not have any contingent assets.

A14. Material commitments

Material commitments of the Group as at 30 September 2012 are as follow:

	As at 30.09.2012 RM'000
<u>Capital Expenditure</u>	RM'000
<u>Approved and contracted for:-</u>	
- Construction of an additional 1 unit of cargo vessel for international shipping operations	42,750
- Construction of an additional 3 units shipping vessels	14,010
	<u>56,760</u>
<u>Approved but not contracted for:-</u>	
- Construction of shipyard in RAK, UAE	16,065
	<u>16,065</u>
Total	<u>72,825</u>

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.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

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 Quarter to date 30.09.2012 RM'000	Balance due from/(to) As at 30.09.2012 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	53,981	107,841
Purchase of goods and services	31,661	(34,097)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	2,765	12,288
Purchase of goods and services	1,130	(31,681)

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

A16. 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.

A17. 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 2012

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

B1. Review of performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note A9

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

	1Q 2013 (RM'000)	4Q 2012 (RM'000)	Changes (%)
Revenue	216,601	196,748	10.1%
Profit After tax	9,867	7,556	30.6%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 10.1% to RM216.6million from RM196.7million recorded in the immediate preceding quarter. The increase in revenue was mainly contributed by higher freight income from Middle East operations and containers shipping operations during the quarter.

The Group's profit after tax was increased by 30.6% to RM 9.9 million from RM 7.6 million in the immediate preceding quarter. This was mainly attributed by the improvement of margin in the Regional and Middle East's shipping operations and also 3 shipments of CPO from our CPO tanker in current quarter.

B3. Commentary on Prospects

The performance of the Group is largely dependent on the volatility of world fuel market 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 shipping industry had shown slight signs of recovery. Vessel overcapacity continues to put petroleum and chemical freight rates under pressure over the short term. Business cycles are unavoidable and the Group has prepared itself for the continuing uncertainties in global economic situations. The prospects for the shipping industry continue to remain challenging. However, the Group is confident in the stability of domestic & coastal shipping and Middle East operations and operational costs management will be an important priority in the few quarters ahead.

The other dependents on shipbuilding operations include the corresponding price movement of the marine mild steel plates, other heavy equipments and global trend of demand for newly constructed vessels, especially from the niche markets in oil and gas industry both domestically and regionally. The demand for new build of high value vessels to serve in the oil and gas industry is seem to show sign of improvement to the sector.

B4. Statements by Directors

The Group did not disclose or announce any profit forecast or projection in any public document in the current quarter or prior financial year.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

B5. Profit forecast or profit guarantee

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

B6. Sales of unquoted investments and/or properties

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

B7. Quoted securities

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

B8. 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	74,200	Within 18 months
(ii) Part finance expansion of shipbuilding capacity and new shipbuilding facilities	61,200	47,409	Within 12 months
(iii) Estimated listing expenses	8,000	6,220	Immediate
(iv) Working capital	5,959	7,740	Immediate
	<u>190,859</u>	<u>135,569</u>	

B9. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	284,143	143,700	427,843
Long-term borrowings	407,608	-	407,608
	<u>691,751</u>	<u>143,700</u>	<u>851,451</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	14,178	-	14,178
	<u>18,078</u>	<u>-</u>	<u>18,078</u>

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 28 November 2012.

B11. Changes in material litigation

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

B12. 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 30.09.2012	Current year to date 30.09.2012
Profit attributable to equity holders of the Company (RM'000)	9,419	9,419
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>0.79</u>	<u>0.79</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.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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

B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

The profit of the Group for the interim quarter is arrived at after crediting/(charging):-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(549)	(700)	(549)	(700)
Sundry income	(107)	(173)	(107)	(173)
Interest expenses	9,446	6,440	9,446	6,440
Depreciation	26,557	21,465	26,557	21,465
Property, plant and equipment				
Written off	8	1	8	1
(Gain)/ Loss on disposal of property, Plant and equipment	(15)	761	(154)	761
Realised foreign exchange gain	(34)	(320)	(34)	(320)
Unrealised foreign exchange loss	190	65	190	65

B14. Breakdown of realised and unrealised profit or loss

The breakdown of the retained profits of the Group as at 30 September 2012, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 30.09.2012 (RM'000)	Accumulated quarter ended 30.06.2012 (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realized	637,966	622,688
- Unrealized	(17,648)	(15,813)
	620,318	606,875
Less: Consolidation adjustments	(419,667)	(420,339)
Total Group's retained profits	200,651	186,536

B15. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2012 was not qualified.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

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 2012 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2012.

By order of the Board

Richard Ling Peng Liing
Company Secretary
28 November 2012