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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012
(The figures have not audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Individual Quarter		Cumulative Quarter	
		Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		232,792	181,946	449,393	343,923
Cost of sales		(223,671)	(157,472)	(416,462)	(294,777)
Gross profit		9,121	24,474	32,931	49,146
Other income		2,150	2,447	1,863	7,202
Administrative expenses		(11,819)	(7,615)	(21,851)	(14,726)
Operating (Loss)/ profits		(548)	19,306	15,093	41,622
Other operating expense		(5,755)	-	(5,755)	-
Finance Costs		(10,536)	(7,415)	(19,982)	(13,854)
Shares of profit of associates		4,659	1,788	8,569	3,001
(Loss)/Profit before tax		(12,180)	13,679	(2,075)	30,769
Tax expense	A12	(257)	366	(495)	(4,599)
(Loss)/Profit net of tax		(12,437)	14,045	(2,570)	26,170
Other comprehensive income:					
Foreign exchange translation	A17	(2,118)	(2,319)	(4,241)	(444)
Total comprehensive income for the period		(14,555)	11,726	(6,811)	25,726
(Loss)/Profit attributable to:					
Equity holders of the parent		(12,766)	15,635	(3,347)	27,651
Non controlling interests		329	(1,590)	777	(1,481)
		(12,437)	14,045	(2,570)	26,170
Total comprehensive (expense)/income attributable to:					
Equity holders of the parent		(14,569)	13,448	(6,744)	26,769
Non controlling interests		14	(1,722)	(67)	(1,043)
		(14,555)	11,726	(6,811)	25,726
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(1.06)	1.30	(0.28)	2.30
Diluted (sen)	B12	(1.06)	1.30	(0.28)	2.30

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 SECOND QUARTER ENDED 31 DECEMBER 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 31.12.2012 RM'000	AUDITED AS AT 30.6.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,934,422	1,899,090
Investment in associates		22,296	19,013
Other investments		157	157
Intangible asset		2,070	2,070
		1,958,945	**1,920,330**
Current assets			
Inventories		123,464	155,845
Trade and other receivables		446,401	333,016
Other current assets		73,303	55,235
Tax recoverable		7,581	5,701
Cash and cash equivalents		88,285	79,989
		739,034	**629,786**
TOTAL ASSETS		**2,697,979**	**2,550,116**
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		185,767	198,475
		1,402,739	1,415,447
Non Controlling interests		21,204	21,271
Total equity		**1,423,943**	**1,436,718**
Non-current liabilities			
Borrowings	B9	440,918	371,850
Deferred tax liabilities		123,226	123,619
		564,144	**495,469**
Current liabilities			
Borrowings	B9	473,977	412,308
Trade and other payables		184,537	184,425
Other current liabilities		50,733	20,922
Tax payable		6,465	274
		709,892	**617,929**
Total liabilities		**1,274,036**	**1,113,398**
TOTAL EQUITY AND LIABILITIES		**2,697,979**	**2,550,116**
Net assets per shares (RM)		1.17	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.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent					
	Non distributable		Distributable	Total	Non controlling interests	Total equity
	Share Capital	Share premium	Revenue reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2012	1,200,000	16,972	198,475	1,415,447	21,271	1,436,718
Total comprehensive Income		-	(12,708)	(12,708)	(67)	(12,775)
At 31 December 2012	1,200,000	16,972	185,767	1,402,739	21,204	1,423,943
			(Note B14)			
At 1 July 2011	1,200,000	16,972	173,215	1,390,187	10,071	1,400,258
Total comprehensive Income	-	-	28,095	28,095	(1,043)	27,052
At 31 December 2011	1,200,000	16,972	201,310	1,418,282	9,028	1,427,310
			(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.

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2012 RM'000	Preceding year corresponding period 31.12.2011 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(2,075)	30,769
Adjustment for:		
Depreciation	53,710	44,888
Dividend income	(12)	(6)
Loss on disposal of fixed assets	5,599	579
Gain on foreign exchange	(210)	(1,675)
Interest expenses	19,982	13,854
Interest income	(1,305)	(1,267)
Property, plant and equipment written off	8	1
Profit) retained in associates	(8,482)	(2,915)
Operating profit before changes in working capital	**67,215**	**84,228**
Working Capital Changes		
Decrease in inventories	32,356	3,944
Increase in receivables	(80,311)	(171,661)
Increase in other current assets	(1,810)	(71)
Increase in payables	4,448	25,290
Decrease in other current liabilities	(19,807)	(4,785)
Net changes in amounts due from/to related companies	8,339	105,230
Total changes in working capital	(56,785)	(42,053)
Cash generated from operations	**10,430**	**42,175**
Interest received	1,305	1,267
Interest paid	(19,982)	(13,854)
Realised (loss/ gain in foreign exchange	(204)	646
Tax paid	(793)	(1,902)
Total interest and tax paid	**(19,674)**	**(13,843)**
Net cash (used in)/ generated from operating activities	**(9,244)**	**28,332**
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	10	5
Capital expenditure	(123,200)	(181,121)
Proceeds from disposal of property, plant and equipment	8,859	397
Net cash used in investing activities	**(114,331)**	**(180,719)**
NET CASH FLOW FROM FINANCING ACTIVITIES		
Net movement in trade financing	71,662	43,286
Proceeds from hire purchase	18,732	-
Repayment of hire purchase	(19,807)	(19,066)
Proceeds from term loans	121,849	123,875
Repayment of term loans	(54,421)	(24,505)
Net cash flow generated from financing activities	**138,015**	**123,590**
Net increase /(decrease) in cash and cash equivalents	**14,440**	**(28,797)**
Cash and cash equivalents at beginning of period	**55,013**	**82,841**
Effects of exchange rate changes	**58**	**(42)**
Cash and cash equivalents at end of period	**69,511**	**54,002**
Cash and cash equivalents comprise the following:		
Cash and bank balances	18,700	9,024
Deposit with licensed banks	69,585	74,132
Bank overdrafts	(18,774)	(29,154)
Cash and bank balances	**69,511**	**54,002**

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. MRFS 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

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 31 December 2011

	As previously reported RM'000	**Exemption under MFRS 1 RM'000**	**As restated RM'000**
Retained earnings	207,592	(6,282)	201,310
Currency translation differences	(6,282)	6,282	-

(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	-

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

A final tax exempt (single tier) dividend of 1.00% on 1,200,000,000 ordinary shares, amounting to a dividend payable of RM 12,000,000.00 (1.00 sen per ordinary share) in respect of the financial year ended 30 June 2012, which was approved by the shareholders at the Company's seventh Annual General Meeting on 18 December 2012 was paid to entitled shareholders on 5 February 2013.

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 6 months ended 31 December 2012						
Segment Revenue						
External revenue	303,106	144,341	1,946	-	-	449,393
Inter-segment revenue	3,683	66,912	1,303	-	(77,007)	-
Total	306,789	211,253	3,249	-	(77,007)	449,393
Profit from operations	13,926	443	915	(191)	-	15,093
Other operating expense						(5,755)
Finance costs						(19,982)
Share of profit of associates						8,569
Profit before tax						(2,075)
Tax expense						(495)
Profit for the period						(2,570)
For 6 months ended 31 December 2011						
Segment Revenue						
External revenue	244,068	99,855	-	-	-	343,923
Inter-segment revenue	2,146	91,894	-	-	(94,040)	-
Total	246,214	191,749	-	-	(94,040)	343,923
Profit from operations	30,472	11,356	-	(206)	-	41,622
Finance costs						(13,854)
Share of loss of associates						3,001
Profit before tax						30,769
Tax income						(4,599)
Profit for the period						26,170

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

A9. Segmental reporting (Cont')

	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 31 December 2012						
Segment Revenue						
External revenue	156,498	75,573	721	-	-	232,792
Inter-segment revenue	1,380	28,340	903	-	(30,623)	-
Total	157,878	103,913	1,624	-	(30,623)	232,792
Profit from operations	(1,148)	252	443	(95)	-	(548)
Other operating expense						(5,755)
Finance costs						(10,536)
Share of profit of associates						4,659
Profit before tax						(12,180)
Tax expense						(257)
Profit for the period						(12,437)
For 3 months ended 31 December 2011						
Segment Revenue						
External revenue	129,665	52,281	-	-	-	181,946
Inter-segment revenue	1,447	39,368	-	-	(40,815)	-
Total	131,112	91,649	-	-	(40,815)	181,946
Profit from operations	15,522	4,235	-	(451)	-	19,306
Finance costs						(7,415)
Share of loss of associates						1,788
Profit before tax						13,679
Tax income						366
Profit for the period						14,045

Group

	2Q 2013 (RM'000)	2Q 2012 (RM'000)	Changes (%)
Revenue	232,792	181,946	27.9%
(Loss)/ Profit After tax	(12,437)	14,045	-188.6%

Revenue of the Group for the second quarter ended 31 December 2012 was increased by 27.9% to RM232.8 million as compared to RM181.9 million in the previous corresponding quarter.
The increase was mainly attributed to the improvement of revenue generated from the shipping in the Regional and Middle East's operations. However, the Group's profit after tax dropped in current quarter by 188.6%. This was mainly due to the loss of written off with abandon of "MV Shinline 8" (refer to Announcement dated 19/10/2012) amounting to RM5.8m. The losses also largely due to the stiff competition on freight rates on domestic shipping routes and coupled with increase in bunkers and maintenance costs of the acquired container vessels to the fleet.

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

	2Q 2013 (RM'000)	2Q 2012 (RM'000)	Changes (%)
Revenue	156,498	129,665	20.7%
(Loss)/Profit After tax	(8,438)	22,495	-137.5%

For the current quarter, the shipping segment's revenue of RM156.5million was increased by 20.7% as compared to RM 129.7million 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 addition shipments of crude palm oil ("CPO") from 2nd CPO tanker in current quarter.

The net loss after tax of RM 8.4 million mainly due loss of written off with abandon of "MV Shinline 8" (refer to announcement dated 19/10/2012) amounting to RM5.8m. The losses were also due to the stiff competition on freight rates on domestic shipping routes and coupled with increase in bunkers and maintenance costs of the acquired container vessels to the fleet.

Shipbuilding and Ship repair

	2Q 2013 (RM'000)	2Q 2012 (RM'000)	Changes (%)
Revenue	75,573	52,281	44.6%
(Loss)/Profit After tax	(3,783)	3,881	-197.5%

For the current quarter, revenue generated from Shipbuilding and ship repair segment stood at RM75.6million, 44.6% higher compared to RM 52.3 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 3.8 million in Shipbuilding and ship repair segment was mainly due to the unrealised margin in the work in progress during construction.

Shipping agency

	2Q 2013 (RM'000)	2Q 2012 (RM'000)	Changes (%)
Revenue	721	-	100%
Profit After tax	(13)	-	-100%

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

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

A9. Segmental reporting (Cont')

Investment Holding

	2Q 2013 (RM'000)	2Q 2012 (RM'000)	Changes (%)
Revenue	-	-	-%
Loss After tax	(203)	(206)	0.01%

For the current quarter, the loss in investment holding segment was mainly resulted from the administrative expenses incurred 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	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	487	744	888	3,342
Deferred tax	(230)	(1,110)	(393)	1,257
	257	(366)	495	4,599

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 31 December 2012 are as follows:

	As at 31.12.2012 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	**261,878**

The Group does not have any contingent assets.

A14. Material commitments

Material commitments of the Group as at 31 December 2012 are as follow:

	As at 31.12.2012
Capital Expenditure	**RM'000**
Approved and contracted for:-	
- Construction of an additional 1 unit of cargo vessel for international shipping operations	14,250
- Construction of an additional 3 units shipping vessels	14,010
	28,260
Approved but not contracted for:-	
- Construction of shipyard in RAK, UAE	16,065
	16,065
Total	**44,325**

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

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 31.12.2012 RM'000	Balance due from/(to) As at 31.12.2012 RM'000
(a)	Transactions with related companies of Shin Yang Holding Sendirian Berhad		
	Sales of goods and services	58,091	133,825
	Purchase of goods and services	25,909	(28,902)
(b)	Transactions with companies in which certain Directors of the Company have substantial interests		
	Sales of goods and services	2,085	6,511
	Purchase of goods and services	1,694	(36,509)

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.

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

	2Q 2013 (RM'000)	1Q 2013 (RM'000)	Changes (%)
Revenue	232,792	216,601	7.5%
(Loss)/ Profit After tax	(12,437)	9,867	-226.0%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 7.5% to RM232.8million from RM216.6million recorded in the immediate preceding quarter. The increase in revenue was mainly contributed by higher volume shipped from the Middle East's shipping operations, additional revenues generated from the additional vessels in the containers shipping operations and also addition shipments of crude palm oil ("CPO") from 2nd CPO tanker in current quarter.

The Group's incurred a net loss after tax were due to net loss of RM 3.8 million in Shipbuilding and ship repair segment which was mainly due to the unrealised margin in the work in progress during construction. And net loss after tax of RM 8.4 million mainly due to the loss of written off with abandon of "MV Shinline 8" (refer to Announcement dated 19/10/2012) amounting to RM5.8m. The losses also due to the stiff competition on freight rates on domestic shipping routes and coupled with increase in bunkers and maintenance costs of the acquired container vessels to the fleet.

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.

Vessel overcapacity continues to put bulk cargo, 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 and the Group is prepared with a flexible and market driven routes to the fleet movement. 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.

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

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.

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	48,780	Within 12 months
(iii)	Estimated listing expenses	8,000	6,220	Immediate
(iv)	Working capital	5,959	7,740	Immediate
		190,859	136,940	

B9. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	321,117	152,860	473,977
Long-term borrowings	440,918	-	440,918
	762,035	152,860	914,895

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

B9. Borrowings and debt securities (Cont')

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	13,203	-	13,203
	17,103	-	17,103

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 27 February 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 31.12.2012	Current year to date 31.12.2012
Profit attributable to equity holders of the Company (RM'000)	(12,766)	(3,347)
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	(1.06)	(0.28)

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

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
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Interest income	(756)	(567)	(1,305)	(1,267)
Sundry income	(777)	(49)	(884)	(222)
Interest expenses	10,536	7,415	19,982	13,854
Depreciation	27,153	23,423	53,710	44,888
Property, plant and equipment Written off	-	-	8	1
Loss /(gain)on disposal of property, Plant and equipment	5,614	(182)	5,599	579
Realised foreign exchange loss/ (gain)	230	(3,114)	196	(3,434)
Unrealised foreign exchange loss	132	154	322	219

B14. Breakdown of realised and unrealised profit or loss

The breakdown of the retained profits of the Group as at 31 December 2012, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 31.12.2012 (RM'000)	**Accumulated quarter ended 30.06.2012 (RM'000)**
Total retained profits of the Company and its subsidiaries		
- Realized	1,079702	634,928
- Unrealized	(17,587)	(15,813)
	1,062,115	**619,115**
Less: Consolidation adjustments	(876,348)	(420,640)
Total Group's retained profits	**185,767**	**198,475**

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.

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 second quarter ended 31 December 2012 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2013.

By order of the Board

Richard Ling Peng Liing
Company Secretary
28 February 2013