

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

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2013

(The figures have not audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.03.2013 RM'000	Preceding year corresponding quarter 31.03.2012 RM'000	Current year to date 31.03.2013 RM'000	Preceding year corresponding period 31.03.2012 RM'000
Revenue		220,715	180,429	670,108	524,353
Cost of sales		(206,634)	(151,708)	(623,097)	(446,486)
Gross profit		14,081	28,721	47,011	77,867
Other income		1,671	405	5,684	7,608
Administrative expenses		(10,541)	(9,839)	(32,392)	(24,565)
Operating profits		5,211	19,287	20,303	60,910
Other operating expense		-	-	(5,755)	-
Finance Costs		(10,994)	(8,306)	(30,976)	(22,161)
Shares of profit of associates		903	2,768	9,473	5,769
(Loss)/Profit before tax		(4,880)	13,749	(6,955)	44,518
Tax income/ (expense)	A12	1,449	674	954	(3,925)
(Loss)/Profit net of tax		(3,431)	14,423	(6,001)	40,593
Other comprehensive income:					
Foreign exchange translation	A17	1,114	2,727	(3,127)	2,283
Total comprehensive income for the period		(2,317)	17,150	(9,128)	42,876
(Loss)/Profit attributable to:					
Equity holders of the parent		(3,894)	13,892	(7,241)	41,542
Non controlling interests		463	531	1,240	(949)
		(3,431)	14,423	(6,001)	40,593
Total comprehensive (expense)/income attributable to:					
Equity holders of the parent		(3,121)	16,440	(9,865)	42,543
Non controlling interests		804	710	737	333
		(2,317)	17,150	(9,128)	42,876
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(0.32)	1.16	(0.60)	3.46
Diluted (sen)	B12	(0.32)	1.16	(0.60)	3.46

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 THIRD QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 31.03.2013 RM'000	AUDITED AS AT 30.6.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,965,456	1,899,090
Investment in associates		24,225	19,013
Other investments		157	157
Intangible asset		2,070	2,070
		<u>1,991,908</u>	<u>1,920,330</u>
Current assets			
Inventories		149,230	155,845
Trade and other receivables		433,972	333,016
Other current assets		61,411	55,235
Tax recoverable		7,931	5,701
Cash and cash equivalents		84,200	79,989
		<u>736,744</u>	<u>629,786</u>
TOTAL ASSETS		<u><u>2,728,652</u></u>	<u><u>2,550,116</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		172,270	198,475
		<u>1,389,242</u>	<u>1,415,447</u>
Non Controlling interests		22,019	21,271
Total equity		<u>1,411,261</u>	<u>1,436,718</u>
Non-current liabilities			
Borrowings	B9	413,193	371,850
Deferred tax liabilities		120,932	123,619
		<u>534,125</u>	<u>495,469</u>
Current liabilities			
Borrowings	B9	530,801	412,308
Trade and other payables		156,289	184,425
Other current liabilities		94,845	20,922
Tax payable		1,331	274
		<u>783,266</u>	<u>617,929</u>
Total liabilities		<u>1,317,391</u>	<u>1,113,398</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,728,652</u></u>	<u><u>2,550,116</u></u>
Net assets per shares (RM)		1.16	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
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INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2013
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	Distributable 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			(6,001)	(6,001)	(1,240)	(7,241)
Transaction with Owners:						
Dividend on Ordinary Share	-	-	(12,000)	(12,000)	-	(12,000)
Currency Translation Difference			(8,204)	(8,204)	1,988	(6,216)
At 31 March 2013	<u>1,200,000</u>	<u>16,972</u>	<u>172,270</u>	<u>1,389,242</u>	<u>22,019</u>	<u>1,411,261</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			40,593	40,593	949	41,542
Transaction with Owners:						
Dividend on Ordinary Share	-	-	(21,000)	(21,000)	-	(21,000)
Currency Translation Difference			(3,416)	(3,416)	(1,282)	(4,698)
At 31 March 2012	<u>1,200,000</u>	<u>16,972</u>	<u>189,392</u>	<u>1,406,364</u>	<u>9,738</u>	<u>1,416,102</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
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INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date	Preceding year corresponding period
	31.03.2013 RM'000	31.03.2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(6,955)	44,518
Adjustment for:		
Depreciation	95,277	70,100
Dividend income	(12)	(6)
Loss on disposal of fixed assets	6,219	2,887
Loss/(Gain) on foreign exchange	937	(2,132)
Interest expenses	30,976	22,161
Interest income	(1,830)	(1,839)
Property, plant and equipment written off	8	67
Profit retained in associates	(9,341)	(5,638)
	115,279	130,117
Operating profit before changes in working capital		
<u>Working Capital Changes</u>		
Decrease in inventories	6,610	12,314
Increase in receivables	(59,767)	(171,895)
Increase in other current assets	(37,612)	(10,371)
Increase in payables	20,961	64,302
Decrease/(increase) in other current liabilities	(9,453)	147
Net changes in amounts due from/to related companies	15,553	41,898
Total changes in working capital	(63,708)	(63,605)
Cash generated from operations	51,571	66,512
Interest received	1,830	1,839
Interest paid	(30,976)	(22,161)
Realised (loss)/ gain in foreign exchange	(1,297)	838
Tax paid	(3,645)	(2,936)
Total interest and tax paid	(34,088)	(22,419)
Net cash generated from operating activities	17,483	44,093
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	10	5
Capital expenditure	(171,599)	(235,440)
Proceeds from disposal of property, plant and equipment	8,859	2,047
Net cash used in investing activities	(162,730)	(233,388)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(12,000)	(21,000)
Net movement in trade financing	108,324	72,980
Proceeds from hire purchase	33,680	-
Repayment of hire purchase	(27,442)	(28,393)
Proceeds from term loans	97,250	190,115
Repayment of term loans	(63,153)	(40,095)
Net cash flow generated from financing activities	136,659	173,608
Net (decrease)/ increase in cash and cash equivalents	(8,588)	(19,616)
Cash and cash equivalents at beginning of period	55,013	82,841
Effects of exchange rate changes	49	(10)
Cash and cash equivalents at end of period	46,474	67,144
Cash and cash equivalents comprise the following:		
Cash and bank balances	31,762	3,186
Deposit with licensed banks	52,438	74,430
Bank overdrafts	(37,726)	(10,473)
Cash and bank balances	46,474	67,144

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

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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 March 2012

	As previously reported RM'000	Exemption under MFRS 1 RM'000	As restated RM'000
Retained earnings	200,483	(11,091)	189,392
Currency translation differences	(11,091)	11,091	-

(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 sen per ordinary share, amounting to RM12,000,000.00 in respect of the financial year ended 30 June 2012, was paid on 5 February 2013.

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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 9 months ended						
31 March 2013						
Segment Revenue						
External revenue	451,545	215,694	2,869	-	-	670,108
Inter-segment revenue	10,447	84,518	1,956	-	(96,921)	-
Total	461,992	300,212	4,825	-	(96,921)	670,108
Profit from operations	15,660	4,225	712	(294)	-	20,303
Other operating expense						(5,755)
Finance costs						(30,976)
Share of profit of associates						9,473
Loss before tax						(6,955)
Tax income						954
Loss for the period						(6,001)
For 9 months ended						
31 March 2012						
Segment Revenue						
External revenue	383,603	138,895	1,855	-	-	524,353
Inter-segment revenue	3,153	119,964	-	-	(123,117)	-
Total	386,756	258,859	1,855	-	(123,117)	524,353
Profit from operations	48,878	9,566	2,619	(153)	-	60,910
Finance costs						(22,161)
Share of loss of associates						5,769
Profit before tax						44,518
Tax expense						(3,925)
Profit for the period						40,593

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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 March 2013						
Segment Revenue						
External revenue	148,439	71,353	923	-	-	220,715
Inter-segment revenue	6,764	17,606	653	-	(25,023)	-
Total	155,203	88,959	1,576	-	(25,023)	220,715
Profit from operations	1,735	3,782	(203)	(103)	-	5,211
Finance costs						(10,994)
Share of profit of associates						903
Loss before tax						(4,880)
Tax income						1,449
Loss for the period						(3,431)
For 3 months ended 31 March 2012						
Segment Revenue						
External revenue	139,535	39,039	1,855	-	-	180,429
Inter-segment revenue	1,007	28,070	-	-	(29,077)	-
Total	140,542	67,109	1,855	-	(29,077)	180,429
Profit from operations	18,406	(1,791)	2,619	53	-	19,287
Finance costs						(8,306)
Share of loss of associates						2,768
Profit before tax						13,749
Tax income						674
Profit for the period						14,423

Group

	3Q 2013 (RM'000)	3Q 2012 (RM'000)	Changes (%)
Revenue	220,715	180,429	22.3%
(Loss)/ Profit After tax	(3,431)	14,423	-123.8%

Revenue of the Group for the third quarter ended 31 March 2013 was increased by 22.3% to RM220.7 million as compared to RM180.4 million in the previous corresponding quarter.

The increase was mainly attributed to the improvement of revenue generated from the shipping in the International operations and ship new build and repair segments. However, the Group incurred an overall loss in the current quarter. This was largely due to the stiff competition on freight rates on domestic shipping routes, coupled with increase in bunkers and maintenance costs on the acquired container vessels and also some high depreciation charges on the newly constructed cargo vessels recently added to the fleet. The losses were also due to the unrealised margin in the work in progress during construction for shipbuilding and ship repair segments.

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A9. Segmental reporting (Cont’)

Performance and prospects of each operating segment are discussed below:

Shipping

	3Q 2013 (RM'000)	3Q 2012 (RM'000)	Changes (%)
Revenue	148,439	139,535	6.4%
Profit After tax	(1,758)	17,397	-110.1%

For the current quarter, the shipping segment's revenue of RM148.4million increased by 6.4% as compared to RM 139.5million revenue recorded in the corresponding quarter. This was mainly due to additional revenues generated from the additional vessels in the containers shipping operations and also additional shipments of crude palm oil (“CPO”) from the two CPO tankers in the current quarter.

The net losses after tax of RM1.8 million in shipping segment was mainly due to the stiff competition on freight rates on domestic shipping routes, coupled with increase in bunkers and maintenance costs on the acquired container vessels and CPO tankers to the fleet.

Shipbuilding and Ship repair

	3Q 2013 (RM'000)	3Q 2012 (RM'000)	Changes (%)
Revenue	71,353	39,039	82.8%
Loss After tax	(1,120)	(5,367)	79.1%

For the current quarter, revenue generated from shipbuilding and ship repair segments stood at RM71.4million, 82.8% higher compared to RM 39.0 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to higher ship new build and repair income generated in the current quarter.

The net losses after tax of RM 1.1 million in shipbuilding and ship repair segments was mainly due to the unrealised margin in the work in progress during construction.

Shipping agency

	3Q 2013 (RM'000)	3Q 2012 (RM'000)	Changes (%)
Revenue	923	1,855	-50.2%
(Loss)/Profit After tax	(398)	2,340	-117.0%

For the current quarter, the revenue from shipping agency segment decreased by 50.2% to RM0.9million as compared to the preceding year's corresponding quarter. The losses were mainly resulted from the increase in administrative expenses and finance costs in the current quarter in relation to the drawdown of the new banking facilities.

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A9. Segmental reporting (Cont’)

Investment Holding

	3Q 2013 (RM'000)	3Q 2012 (RM'000)	Changes (%)
Revenue	-	-	-%
(Loss)/ profit After tax	(155)	53	-392.5%

For the current quarter, the losses in investment holding segment was mainly resulted from the administrative and finance 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 (income)/ expense

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 Mar 2013 RM'000	Preceding year corresponding quarter 31 Mar 2012 RM'000	Current year to date 31 Mar 2013 RM'000	Preceding year corresponding period 31 Mar 2012 RM'000
Malaysian taxation				
Current year tax	845	(614)	1,733	2,728
Deferred tax	(2,294)	(60)	(2,687)	1,197
	<u>(1,449)</u>	<u>(674)</u>	<u>(954)</u>	<u>3,925</u>

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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 March 2013 are as follows:

	As at 31.03.2013 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	251,764

The Group does not have any contingent assets.

A14. Material commitments

Material commitments of the Group as at 31 March 2013 are as follow:

	As at 31.03.2013 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	14,250
- Construction of an additional 2 units shipping vessels	11,849
	<u>26,099</u>
<u>Approved but not contracted for:-</u>	
- Construction of shipyard in RAK, UAE	16,065
	<u>16,065</u>
Total	<u>42,164</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.

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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 31.03.2013 RM'000	Balance due from/(to) As at 31.03.2013 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	57,517	76,435
Purchase of goods and services	27,975	(40,691)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	2,012	5,348
Purchase of goods and services	1,470	(37,254)

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.

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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

	3Q 2013 (RM'000)	2Q 2013 (RM'000)	Changes (%)
Revenue	220,715	232,792	-5.2%
Loss After tax	(3,431)	(12,437)	72.4%

As compared to the immediate preceding quarter, the Group's current quarter's revenue decreased by 5.2% to RM220.7million from RM232.8million recorded in the immediate preceding quarter. The decrease in revenue was mainly contributed by lower volume shipped and freight rates from the domestic shipping operations.

The Group were managed to reduce net losses after tax to RM 3.4 million from RM12.4million. The losses were due to the stiff competition on freight rates on domestic shipping routes, coupled with increase in bunkers and maintenance costs of the acquired container vessels and some high depreciation charges on newly constructed cargo vessels recently added to the fleet. The losses were also further due to the unrealised margin in the work in progress during construction incurred in shipbuilding and ship repair segments.

However, the reduced losses for the current quarter as compared to the immediate preceding quarter was due to the improvement in routes scheduling of the acquired container vessels, CPO tankers and cargo vessels.

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. 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 sustainable and market driven routes for its fleet movement. The Group is confident in the stability of the domestic & coastal shipping and Middle East operations and operational costs management will be an important priority in the next few quarters ahead.

The other dependents for 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, infrastructure development and manufacturing industries have show signs of improvement.

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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	84,200	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
	<u>190,859</u>	<u>146,940</u>	

B9. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	348,480	182,321	530,801
Long-term borrowings	413,193	-	413,193
	<u>761,673</u>	<u>182,321</u>	<u>943,994</u>

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2013

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	12,228	-	12,228
	<u>16,128</u>	<u>-</u>	<u>16,128</u>

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 30 May 2013.

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 31.03.2013	Current year to date 31.03.2013
Profit attributable to equity holders of the Company (RM’000)	(3,894)	(7,241)
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>(0.32)</u>	<u>(0.60)</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 THIRD QUARTER ENDED 31 MARCH 2013

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 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(525)	(572)	(1,830)	(1,846)
Sundry income	(264)	(19)	(1,148)	(241)
Interest expenses	10,994	8,306	30,976	22,161
Depreciation	41,567	25,213	95,277	70,100
Property, plant and equipment				
Written off	-	66	8	67
Loss on disposal of property, Plant and equipment	620	2,308	6,219	2,887
Realised foreign exchange gain	(563)	(192)	(367)	(838)
Unrealised foreign exchange loss /(gain)	1,031	(456)	1,353	(1,294)

B14. Breakdown of realised and unrealised profit or loss

The breakdown of the retained profits of the Group as at 31 March 2013, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 31.03.2013 (RM'000)	Accumulated quarter ended 30.06.2012 (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realized	1,065,776	634,928
- Unrealized	(16,612)	(15,813)
	1,049,164	619,115
Less: Consolidation adjustments	(876,894)	(420,640)
Total Group's retained profits	172,270	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.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2013

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 third quarter ended 31 March 2013 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 May 2013.

By order of the Board

Richard Ling Peng Liing
Company Secretary
30 May 2013