

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

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.06.2013 RM'000	Preceding year corresponding quarter (Restated) 30.06.2012 RM'000	Current year to date 30.06.2013 RM'000	Preceding year corresponding period (Restated) 30.06.2012 RM'000
Revenue		239,832	196,748	909,940	721,101
Cost of sales		(210,857)	(179,227)	(833,953)	(616,904)
Gross profit		28,975	17,521	75,987	104,197
Other income		5,743	9,663	11,427	17,271
Administrative expenses		(8,037)	(9,705)	(40,387)	(34,270)
Operating profits		26,681	17,479	47,027	87,198
Other operating expense		-	-	(5,797)	-
Finance Costs		(11,727)	(8,806)	(42,702)	(30,967)
Shares of profit of associates		853	86	10,325	5,855
Profit before tax		15,807	8,759	8,853	62,086
Tax (expense) / income	A12	(5,173)	3,066	(4,220)	(859)
Profit net of tax		10,634	11,825	4,633	61,227
Other comprehensive income:					
Foreign exchange translation	A17	2,102	674	(1,025)	1,245
Total comprehensive income for the period		12,736	12,499	3,608	62,472
Profit attributable to:					
Equity holders of the parent		10,312	14,834	3,071	57,078
Non controlling interests		322	(3,009)	1,562	4,149
		10,634	11,825	4,633	61,227
Total comprehensive income attributable to:					
Equity holders of the parent		13,517	8,126	3,652	58,397
Non controlling interests		(781)	4,373	(44)	4,075
		12,736	12,499	3,608	62,472
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	0.86	1.24	0.26	4.76
Diluted (sen)	B12	0.86	1.24	0.26	4.76

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 FOURTH QUARTER ENDED 30 JUNE 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited AS AT 30.06.2013 RM'000	(Restated) AS AT 30.06.2012 RM'000	(Restated) AS AT 01.07.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		1,644,546	1,545,964	1,316,251
Investment in associates		4,331	14,363	10,910
Other investments		44	157	157
Intangible asset		2,070	2,070	-
		1,650,991	1,562,554	1,327,318
Current assets				
Inventories		156,460	155,845	160,660
Trade and other receivables		425,085	333,016	205,782
Other current assets		55,294	55,235	24,655
Tax recoverable		5,763	5,701	4,031
Cash and cash equivalents		58,850	79,989	97,008
		701,453	629,786	492,136
TOTAL ASSETS		2,352,444	2,192,340	1,819,454
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital		1,200,000	1,200,000	1,200,000
Share premium		16,972	16,972	16,972
Retained Earnings		(86,041)	(89,112)	(125,190)
Other reserve		(1,564)	(2,578)	(6,726)
		1,129,367	1,125,282	1,085,056
Non Controlling interests		13,745	13,789	9,715
Total equity		1,143,112	1,139,071	1,094,771
Non-current liabilities				
Borrowings	B9	418,708	371,850	241,710
Deferred tax liabilities		58,894	63,490	59,463
		477,602	435,340	301,173
Current liabilities				
Borrowings	B9	502,202	412,308	274,131
Trade and other payables		169,299	184,425	148,903
Other current liabilities		59,348	20,922	-
Tax payable		881	274	476
		731,730	617,929	423,510
Total liabilities		1,209,332	1,053,269	724,683
TOTAL EQUITY AND LIABILITIES		2,352,444	2,192,340	1,819,454
Net assets per shares (RM)		0.94	0.94	0.90

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 FOURTH QUARTER ENDED 30 JUNE 2013
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent						
	Non distributable			Distributable			
	Equity, total RM'000	Equity attributable to owners of the parents, total RM'000	Share capital RM'000	Share premium RM'000	Foreign currency translation RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 July 2011 (Restated)	1,094,771	1,085,056	1,200,000	16,972	(6,726)	(125,190)	9,715
Total comprehensive Income	65,300	61,226	-	-	4,148	57,078	4,074
Transactions with Owners:							
Dividend on Ordinary Share	(21,000)	(21,000)	-	-	-	(21,000)	-
At 30 June 2012	<u>1,139,071</u>	<u>1,125,282</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(2,578)</u>	<u>(89,112)</u>	<u>13,789</u>
						(Note B14)	
At 1 July 2012 (Restated)	1,139,071	1,125,282	1,200,000	16,972	(2,578)	(89,112)	13,789
Total comprehensive Income	4,041	4,085	-	-	1,014	3,071	(44)
At 30 June 2013	<u>1,143,112</u>	<u>1,129,367</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(1,564)</u>	<u>(86,041)</u>	<u>13,745</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 FOURTH QUARTER ENDED 30 JUNE 2013
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 30.06.2013 RM'000	Preceding year corresponding period 30.06.2012 (Restated) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8,853	62,086
Adjustment for:		
Depreciation	100,529	83,145
Dividend income	(14)	(6)
Loss on disposal of fixed assets	6,583	2,883
Gain on foreign exchange	(3,134)	(3,081)
Interest expenses	42,702	30,967
Interest income	(2,119)	(2,138)
Property, plant and equipment written off	8	67
Profit retained in associates	(10,325)	(5,682)
Operating profit before changes in working capital	143,083	168,241
Working Capital Changes		
(Increase)/Decrease in inventories	(613)	4,169
Increase in receivables	(110,795)	(110,505)
Increase in other current assets	(8,764)	(9,767)
Increase in payables	71,869	27,766
(Decrease)/increase in other current liabilities	(13,632)	147
Net changes in amounts due from/to related companies	17,167	34,508
Total changes in working capital	(44,768)	(53,682)
Cash generated from operations	98,315	114,559
Interest received	2,117	2,138
Interest paid	(42,702)	(30,967)
Realised gain in foreign exchange	3,288	2,155
Tax paid	(3,380)	(2,967)
Total interest and tax paid	(40,677)	(29,497)
Net cash generated from operating activities	57,638	84,918
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	12	5
Capital expenditure	(217,945)	(297,698)
Proceeds from disposal of property, plant and equipment	15,813	2,055
Proceeds /(cost of acquisition) from disposal of share in investment	57	(9,350)
Net cash used in investing activities	(202,063)	(304,988)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(9,000)	(21,000)
Net movement in trade financing	91,807	82,138
Proceeds from hire purchase	37,493	8,987
Repayment of hire purchase	(34,882)	(38,036)
Proceeds from term loans	120,750	251,223
Repayment of term loans	(85,674)	(94,477)
Net cash flow generated from financing activities	120,494	188,835
Net decrease in cash and cash equivalents	(23,931)	(31,235)
Cash and cash equivalents at beginning of period	55,013	82,841
Effects of exchange rate changes	-	(37)
Cash and cash equivalents at end of period	31,082	51,569
Cash and cash equivalents comprise the following:		
Cash and bank balances	15,355	15,954
Deposit with licensed banks	43,495	60,633
Bank overdrafts	(27,768)	(25,018)
Cash and bank balances	31,082	51,569

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.*

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2013

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 and total comprehensive income 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 :

(a) Business combination

MFRS 1 provides the option to apply MFRS 3: Business Combinations (“MFRS 3”), prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

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

(a) Business combination (continued)

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognized under FRS is not adjusted.

(b) Property, plant and equipment

The Group has previously adopted revaluation model for its vessels and revalue the vessels at least once in every five years by the directors based on the valuation reports of independent professional valuers with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from market value.

Upon transition to MFRS, the Group elected to measure all its property, plant and equipment using the cost model under MFRS 116: Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to reverse the revaluation to fair value back to historical costs less depreciation to date. In this method, the carrying amounts will be re-calculated to historical costs as if there had not been a revaluation. Any changes to the value of the vessels will be charged or credited to retained earnings.

(c) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations maintain in equity as at the date of transition to MFRS.

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2013

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

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

The reconciliations of equity and total comprehensive income for comprehensive period and equity at the date of transition reported under FRS to those period and at the date of transition under MFRS are provided below :-

(i) Reconciliation of equity as at 1 July 2011

	FRS RM'000	Reconciliation RM'000	MFRS RM'000
Property, Plant and Equipment	1,682,665	(366,414)	1,316,251
Deferred tax liability	124,987	(65,524)	59,463
Retained earnings/ (Accumulated losses)	179,941	(305,131)	(125,190)
Non-controlling interest	10,071	(356)	9,715
Investment in associates	15,508	(4,598)	10,910

(ii) Reconciliation of equity as at 30 June 2012

	FRS RM'000	Reconciliation RM'000	MFRS RM'000
Property, Plant and Equipment	1,899,090	(353,126)	1,545,964
Deferred tax liability	123,619	(60,129)	63,490
Retained earnings/ (Accumulated losses)	201,053	(290,165)	(89,112)
Non-controlling interest	21,271	(7,482)	13,789
Investment in associates	19,013	(4,650)	14,363

(iii) Reconciliations of total comprehensive Income for the year ended 30 June 2012

	FRS RM'000	Reconciliation RM'000	MFRS RM'000
Cost of sales	(629,982)	13,078	(616,904)
Operating Profit	74,120	13,078	89,198
Profit before tax	49,008	13,078	62,086
Profit after tax	48,149	13,078	61,227
Total comprehensive income	49,394	13,078	62,472
Profit attributable to Equity holders of the parent	44,886	12,192	57,078
Profit attributable to Non-controlling interests	3,263	886	4,149

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

There were no dividend was paid during the current interim quarter under review.

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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 12 months ended						
20 June 2013						
Segment Revenue						
External revenue	601,499	304,385	4,055	-	-	909,940
Inter-segment revenue	8,278	99,445	2,398	-	(110,120)	-
Total	609,777	403,830	6,453	-	(110,120)	909,940
Profit/(loss) from operations	39,426	7,563	1,194	(1,157)	-	47,026
Other operating expense						(5,797)
Finance costs						(42,702)
Share of profit of associates						10,325
Profit before tax						8,852
Tax expense						(4,220)
Profit for the period						4,633
For 12 months ended						
30 June 2012 (Restated)						
Segment Revenue						
External revenue	537,666	177,765	3,542	2,128	-	721,101
Inter-segment revenue	4,267	128,744	201	12,325	(145,537)	-
Total	541,933	258,859	1,855	14,453	(145,537)	721,101
Profit from operations	78,747	6,869	2,326	(744)	-	87,198
Finance costs						(30,967)
Share of profit of associates						5,855
Profit before tax						62,086
Tax expense						(859)
Profit for the period						61,227

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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						
30 June 2013						
Segment Revenue						
External revenue	149,955	88,691	1,186	-	-	239,832
Inter-segment revenue	(2,169)	14,927	442	-	(13,200)	-
Total	147,786	103,618	1,628	-	(13,200)	239,832
Profit/(loss) from operations	23,724	3,338	482	(863)	-	26,681
Finance costs						(11,727)
Share of profit of associates						853
Profit before tax						15,807
Tax expense						(5,173)
Profit for the period						10,634
For 3 months ended						
30 June 2012 (Restated)						
Segment Revenue						
External revenue	154,063	38,870	1,687	2,128	-	196,748
Inter-segment revenue	1,114	8,781	201	12,325	(22,421)	-
Total	155,177	47,651	1,888	14,453	(22,421)	196,748
Profit/(loss) from operations	19,559	(2,697)	902	(285)	-	17,479
Finance costs						(8,806)
Share of profit of associates						86
Profit before tax						8,759
Tax income						3,066
Profit for the period						11,825

Group

	4Q 2013 (RM'000)	4Q 2012 (RM'000)	Changes (%)
Revenue	239,832	196,748	21.9%
Profit before tax	15,087	8,759	72.2%

Revenue of the Group for the fourth quarter ended 30 June 2013 increased by 21.9% to RM239.8 million as compared to RM196.7 million in the previous corresponding quarter. The increase was mainly attributed to the improvement of revenue generated from the ship new build and repair segments with delivery of 2 units new built vessels and 144 ship repair vessels.

The increase in the net profit before tax in current quarter by 72.2% to RM15.1 million as compared to RM 8.8million in the previous corresponding quarter was mainly attributed by the improvement in profit margin in both domestic shipping and shipbuilding and repair segment.

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A9. Segmental reporting (Cont’)

Performance and prospects of each operating segment are discussed below:

Shipping

	4Q 2013 (RM'000)	4Q 2012 (RM'000)	Changes (%)
Revenue	149,954	154,063	-2.7%
Profit before tax	17,399	15,554	11.9%

For the current quarter, the shipping segment’s revenue of RM149.9million decreased by 2.7% as compared to RM 154.1million revenue recorded in the corresponding quarter. This was mainly due to the lower volume carried from the bulk cargo shipping operation in the current quarter.

The net profit before tax in shipping segment increased by 19.3% to RM18.6 million in current quarter as compared to RM15.6million recorded in the corresponding quarter. This was mainly due to improvement to the shipping of containerised shipments, tugs and barges for infrastructure projects in current quarter.

Shipbuilding and Ship repair

	4Q 2013 (RM'000)	4Q 2012 (RM'000)	Changes (%)
Revenue	88,691	38,870	128.2%
Loss before tax	(1,448)	(6,217)	76.7%

For the current quarter, revenue generated from shipbuilding and ship repair segments stood at RM88.7million, 128.2% higher compared to RM 38.9 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to delivery of 2 units new built vessels and 144 ship repair vessels.

The Shipbuilding and ship repair segment was managing its net losses before tax to RM1.4 million in current quarter. The loss was mainly due to the unrealised margin in the work in progress during construction.

Shipping agency

	4Q 2013 (RM'000)	4Q 2012 (RM'000)	Changes (%)
Revenue	1,186	1,687	-29.7%
Profit / (Loss) before tax	429	(293)	246.4%

For the current quarter, the revenue from shipping agency segment decreased by 29.7% to RM1.2million as compared to the preceding year’s corresponding quarter. The increase in profit before tax was mainly resulted from the decrease in administrative expenses and finance costs in the current quarter as compared to the preceding year’s corresponding quarter.

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A9. Segmental reporting (Cont’)

Investment Holding

	4Q 2013 (RM'000)	4Q 2012 (RM'000)	Changes (%)
Revenue	-	-	-%
Loss before tax	(1,293)	(285)	-353.7%

For the current quarter, the increase in losses in investment holding segment was mainly resulted from the higher 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 expense / (income)

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Malaysian taxation				
Current year tax	2,694	(2,961)	3,539	2,161
Deferred tax	2,479	(105)	681	(1,302)
	<u>5,173</u>	<u>(3,066)</u>	<u>4,220</u>	<u>859</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 30 June 2013 are as follows:

	As at 30.06.2013 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	338,448

The Group does not have any contingent assets.

A14. Material commitments

Material commitments of the Group as at 30 June 2013 are as follow:

	As at 30.06.2013 RM'000
<u>Capital Expenditure</u>	RM'000
<u>Approved and contracted for:-</u>	
- Construction of an additional 3 units shipping vessels	15,850
	----- 15,850
<u>Approved but not contracted for:-</u>	
- Construction of shipyard in RAK, UAE	16,065
	----- 16,065
Total	31,915

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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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 30.06.2013 RM'000	Balance due from/(to) As at 30.06.2013 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	55,948	64,492
Purchase of goods and services	30,358	(52,787)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	1,750	20,308
Purchase of goods and services	1,710	(38,770)

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 FOURTH QUARTER ENDED 30 JUNE 2013

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

	4Q 2013 (RM'000)	3Q 2013 (RM'000)	Changes (%)
Revenue	239,832	220,715	8.7%
Profit /(Loss) before tax	15,807	(4,880)	423.9%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 8.7% to RM239.8million from RM220.7million recorded in the immediate preceding quarter. The increase in revenue was mainly contributed by delivery of 2 units new built vessels and 144 ship repair vessels and also for the shipping of containerised shipments, tugs and barges for infrastructure projects in the current quarter.

The Group achieve a profit before tax of RM 15.8 million in current quarter, an increase of 423.9% as compared to the loss before tax of 4.9million recorded in immediate preceding quarter. The improvement was due to the lower bunkers and maintenance costs in current quarter. The profit was further strengthening due to the improvement in routes scheduling and new routes from container vessels and CPO tankers.

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 movements. 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.

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2013

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	117,700	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>180,440</u>	

B9. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	324,311	177,891	502,202
Long-term borrowings	418,708	-	418,708
	<u>743,019</u>	<u>177,891</u>	<u>920,910</u>

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 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	11,253	-	11,253
	<u>15,153</u>	<u>-</u>	<u>15,153</u>

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 29 August 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 30.06.2013	Current year to date 30.06.2013
Profit attributable to equity holders of the Company (RM’000)	10,312	3,071
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>0.86</u>	<u>0.26</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 FOURTH QUARTER ENDED 30 JUNE 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 (charging)/crediting:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(289)	(292)	(2,119)	(2,138)
Sundry income	(639)	(10,545)	(1,787)	(10,786)
Interest expenses	11,726	8,806	42,702	30,967
Depreciation	5,252	21,854	100,529	83,145
Property, plant and equipment				
Written off	-	-	8	67
Loss/(gain) on disposal of property, Plant and equipment	365	(4)	6,584	2,883
Realised foreign exchange loss/(gain)	3,655	(2,254)	3,288	(3,092)
Unrealised foreign exchange loss	1,349	1,407	2,702	113

B14. Breakdown of realised and unrealised profit or loss

The breakdown of the retained profits of the Group as at 30 June 2013, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 30.06.2013 (RM'000)	Accumulated quarter ended 30.06.2012 (Restated) (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realized	838,442	634,928
- Unrealized	(47,023)	(15,813)
	791,419	619,115
Less: Consolidation adjustments	(877,460)	(708,227)
Total Group's retained profits	(86,041)	(89,112)

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 FOURTH QUARTER ENDED 30 JUNE 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 fourth quarter ended 30 June 2013 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2013.

By order of the Board

Richard Ling Peng Liing
Company Secretary
30 August 2013