

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.12.2013 RM'000	Preceding year corresponding quarter 31.12.2012 RM'000	Current year to date 31.12.2013 RM'000	Preceding year corresponding period 31.12.2012 RM'000
Revenue		268,790	232,792	565,482	449,393
Cost of sales		(255,418)	(223,671)	(522,123)	(416,462)
Gross profit		13,372	9,121	43,359	32,931
Other income		3,859	2,150	7,678	4,013
Administrative expenses		(12,825)	(11,819)	(25,276)	(21,851)
Operating profits/ (loss)		4,406	(548)	25,761	15,093
Other operating expense		-	(5,755)	(3,949)	(5,755)
Finance Costs		(10,692)	(10,536)	(22,062)	(19,982)
Shares of profit of associates		1,015	4,659	2,052	8,569
(Loss)/ Profit before tax		(5,271)	(12,180)	1,802	(2,075)
Tax expense	A11	(544)	(257)	(1,195)	(495)
(Loss)/ Profit net of tax		(5,815)	(12,437)	607	(2,570)
Other comprehensive income:					
Foreign exchange translation	A16	575	(2,118)	2,041	(4,241)
Total comprehensive income for the period		(5,240)	(14,555)	2,648	(6,811)
Profit attributable to:					
Equity holders of the parent		(5,190)	(12,766)	1,128	(3,347)
Non controlling interests		(625)	329	(521)	777
		(5,815)	(12,437)	607	(2,570)
Total comprehensive income attributable to:					
Equity holders of the parent		(5,276)	(14,569)	2,348	(6,744)
Non controlling interests		36	14	300	(67)
		(5,240)	(14,555)	2,648	(6,811)
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(0.43)	(1.06)	0.09	(0.28)
Diluted (sen)	B12	(0.43)	(1.06)	0.09	(0.28)

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 2013 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 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited AS AT 31.12.2013 RM'000	(Restated) AS AT 30.06.2013 RM'000	(Restated) AS AT 01.07.2012 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		1,618,664	1,639,271	1,552,867
Investment in associates		5,893	3,039	2,685
Other investments		44	44	157
Intangible asset		1,215	2,070	2,070
		1,625,816	1,644,424	1,557,779
Current assets				
Inventories		137,351	151,743	155,845
Trade and other receivables		455,955	545,765	333,016
Other current assets		84,140	82,703	55,235
Tax recoverable		7,196	7,767	5,701
Cash and cash equivalents		75,108	59,818	79,989
		759,750	847,796	629,786
TOTAL ASSETS		2,385,566	2,492,220	2,187,565
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		193,625	192,497	201,320
Other reserve		(298,850)	(300,777)	(300,242)
		1,111,747	1,108,692	1,118,050
Non Controlling interests		15,952	16,252	15,011
Total equity		1,127,699	1,124,944	1,133,061
Non-current liabilities				
Borrowings	B9	404,959	402,061	371,850
Deferred income		-	-	5,907
Deferred tax liabilities		56,812	57,138	58,818
		461,771	459,199	436,575
Current liabilities				
Borrowings	B9	434,382	519,794	412,308
Trade and other payables		291,361	315,587	184,425
Other current liabilities		69,833	72,599	20,922
Tax payable		520	97	274
		796,096	908,077	617,929
Total liabilities		1,258,267	1,367,276	1,054,504
TOTAL EQUITY AND LIABILITIES		2,385,566	2,492,220	2,187,565
Net assets per shares (RM)		0.93	0.92	0.93

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 2013 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 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	Other reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 July 2012	1,133,061	1,118,050	1,200,000	16,972	(300,242)	201,320	15,011
Total comprehensive Income	3,883	2,642	-	-	(535)	3,177	1,241
Transactions with Owners:							
Dividend on Ordinary Share	(12,000)	(12,000)	-	-	-	(12,000)	-
At 30 June 2013	<u>1,124,944</u>	<u>1,108,692</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(300,777)</u>	<u>192,497</u>	<u>16,252</u>
			(Note B14)				
At 1 July 2013	1,124,944	1,108,692	1,200,000	16,972	(300,777)	192,497	16,252
Total comprehensive Income	2,755	3,055	-	-	1,927	1,128	(300)
At 31 December 2013	<u>1,127,699</u>	<u>1,111,747</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(298,850)</u>	<u>193,625</u>	<u>15,952</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 2013 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 2013
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2013 RM'000	Preceding year 30.06.2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,802	4,372
Adjustment for:		
Bad debts recovered	-	(99)
Depreciation	48,726	98,751
Dividend income	(1)	(14)
Loss on disposal of fixed assets	3,944	5,722
Gain on foreign exchange	193	651
Interest expenses	22,062	42,799
Interest income	(964)	(2,355)
Property, plant and equipment written off	-	8
Profit retained in associates	(2,342)	(6,408)
	73,420	143,306
Operating profit before changes in working capital		
<u>Working Capital Changes</u>		
Decrease in inventories	25,349	4,168
Decrease/(Increase) in receivables	112,610	(216,300)
Increase in other current assets	(1,526)	(27,468)
(Decrease)/Increase in payables	(18,077)	128,003
(Decrease)/increase in other current liabilities	(3,213)	51,677
Net changes in amounts due from/to related companies	(24,602)	5,686
Total changes in working capital	90,541	(54,234)
Cash generated from operations	163,961	89,072
Interest received	964	2,355
Interest paid	(22,062)	(43,954)
Income tax refunded	278	250
Income tax paid	(842)	(3,846)
Total interest and tax paid	(21,662)	(45,194)
Net cash generated from operating activities	142,299	43,878
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	1	11
Capital expenditure	(43,888)	(165,844)
Proceeds from disposal of property, plant and equipment	4,800	8,869
Proceeds from disposal of share in investment	-	242
Net cash used in investing activities	(39,087)	(304,988)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(12,000)
Net movement in trade financing	(64,842)	96,285
Proceeds from hire purchase	19,556	4,407
Repayment of hire purchase	(17,057)	(35,378)
Proceeds from term loans	38,035	125,070
Repayment of term loans	(57,523)	(89,464)
Net cash flow (used in)/generated from financing activities	(81,831)	88,920
Net increase/ (decrease) in cash and cash equivalents	21,381	(23,924)
Cash and cash equivalents at beginning of period	31,082	55,013
Effects of exchange rate changes	(114)	(8)
Cash and cash equivalents at end of period	52,349	31,082
Cash and cash equivalents comprise the following:		
Cash and bank balances	23,068	16,323
Deposit with licensed banks	52,040	43,495
Bank overdrafts	(22,759)	(28,736)
Cash and bank balances	52,349	31,082

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 2013 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 2013.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2013.

A2. Auditor’s report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and of its subsidiaries on the preceding annual financial statements.

A3. Seasonal or cyclical factors

The Group’s operations were not significantly affected by seasonal or cyclical factors.

A4. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current interim quarter under review

A5. Material changes in estimates

There were no changes in estimates of amounts that have had a material effect in the current interim quarter under review.

A6. Debt and equity securities

There is no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buybacks, share cancellations, share held as treasury shares and resale of treasury shares for the current interim quarter under review.

A7. Dividends

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

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

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

A8. 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 2013						
Segment Revenue						
External revenue	308,424	254,682	2,306	70	-	565,482
Inter-segment revenue	3,754	24,973	1,245	1,046	(31,018)	-
Total	312,178	279,655	3,551	1,116	(31,018)	565,482
Profit/ (loss) from operations	4,295	21,729	887	(1,150)	-	25,761
Other operating expense						(3,949)
Finance costs						(22,062)
Share of profit of associates						2,052
Profit before tax						1,802
Tax expense						(1,195)
Profit for the period						607
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	-	(71,898)	-
Total	306,789	211,253	3,249	-	(71,898)	449,393
Profit/ (loss) from operations	8,171	443	915	(191)	-	9,338
Finance costs						(19,982)
Share of profit of associates						8,569
Loss before tax						(2,075)
Tax expense						(495)
Loss for the period						(2,570)

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

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

A8. 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 2013						
Segment Revenue						
External revenue	147,135	120,281	1,338	36	-	268,790
Inter-segment revenue	2,994	16,553	442	522	(20,511)	-
Total	150,129	136,834	1,780	558	(20,511)	268,790
(Loss)/ profit from operations	(10,158)	15,198	580	(1,215)	-	4,405
Finance costs						(10,692)
Share of profit of associates						1,015
Loss before tax						(5,271)
Tax expense						(544)
Loss for the period						(5,815)
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
(Loss)/ profit from operations	(6,903)	252	443	(95)	-	(6,303)
Finance costs						(10,536)
Share of profit of associates						4,659
Loss before tax						(12,180)
Tax expense						(257)
Loss for the period						(12,437)

Group

	2Q 2014 (RM'000)	2Q 2013 (RM'000)	Changes (%)
Revenue	268,790	232,792	15.5%
Loss before tax	(5,271)	(12,180)	56.7%

Revenue of the Group for the second quarter ended 31 December 2013 increased by 15.5% to RM268.8 million as compared to RM232.8 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 3 units new built vessels and repair and maintenance of vessels during the current quarter under review.

The loss before tax in current quarter was mainly due to the lower profit margin in international shipping segment.

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

A8. Segmental reporting (Cont’)

Performance and prospects of each operating segment are discussed below:

Shipping

	2Q 2014 (RM'000)	2Q 2013 (RM'000)	Changes (%)
Revenue	147,135	156,498	-6.0%
Loss before tax	(8,000)	(8,505)	5.9%

For the current quarter, the shipping segment’s revenue of RM147.1 million decreased by 6% as compared to RM 156.5 million revenue recorded in the corresponding quarter. This was mainly due to the lower volume carried from the international shipping operation in the current quarter.

The loss before tax in current quarter was mainly due to the lower profit margin in international shipping segment.

Shipbuilding and Ship repair

	2Q 2014 (RM'000)	2Q 2013 (RM'000)	Changes (%)
Revenue	120,281	75,573	59.2%
Profit /(loss) before tax	3,236	(3,804)	185.1%

For the current quarter, revenue generated from shipbuilding and ship repair segments stood at RM120.3 million, 59.2% higher compared to RM 75.6 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to the delivery of 3 units of specific high end vessels in the current quarter under review.

The Shipbuilding and ship repair segment was achieving a profit of RM3.2 million in current quarter. The increase was mainly attributed to the improvement of profit contribution from the vessels completion and vessels repair works in the current quarter under review.

Shipping agency

	2Q 2014 (RM'000)	2Q 2013 (RM'000)	Changes (%)
Revenue	1,338	721	85.6%
Profit before tax	557	332	67.8%

For the current quarter, the revenue from shipping agency segment increased by 85.6% compared to the preceding year’s corresponding quarter. The increase in profit before tax was mainly resulted from the improvement of profit contribution from the commission received in the current quarter as compared to the preceding year’s corresponding quarter.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

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

A8. Segmental reporting (Cont’)

Investment Holding

	2Q 2014 (RM’000)	2Q 2013 (RM’000)	Changes (%)
Revenue	36	-	100%
Loss before tax	(1,064)	(204)	-421.6%

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.

A9. 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.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

A11. Tax expense

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM’000	RM’000	RM’000	RM’000
Malaysian taxation				
Current year tax	707	487	1,521	888
Deferred tax	(163)	(230)	(326)	(393)
	<u>544</u>	<u>257</u>	<u>1,195</u>	<u>495</u>

A12. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 31 December 2013 are as follows:

	As at 31.12.2013 RM’000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	381,303

The Group does not have any contingent assets.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

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

A13. Material commitments

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

	As at 31.12.2013
<u>Capital Expenditure</u>	RM’000
<u>Approved but not contracted for:-</u>	
- Construction of shipyard in RAK, UAE	16,065
Total	16,065

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.

A14. Significant related party transactions

Related parties are those defined under FRS 124: Related Party Disclosures. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than those available to other third parties.

	Current Quarter to date 31.12.2013 RM’000	Balance due from/(to) As at 31.12.2013 RM’000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	48,744	89,889
Purchase of goods and services	23,299	(51,881)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	1,369	8,789
Purchase of goods and services	3,927	(20,002)

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

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

A15. Significant events

There were no material events subsequent to the end of the current interim reporting quarter that have not been reflected in the financial statements for the current interim quarter under review.

A16. Other Comprehensive Income

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

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 A8

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

	2Q 2014 (RM'000)	1Q 2014 (RM'000)	Changes (%)
Revenue	268,790	296,692	-9.4%
(Loss)/Profit before tax	(5,271)	7,073	-174.5%

As compared to the immediate preceding quarter, the Group's current quarter's revenue decreased by 9.4% to RM268.8 million from RM296.7 million recorded in the immediate preceding quarter. The decrease in revenue was mainly lower volume carried from the international shipping operation in the current quarter.

The Group incurred a loss before tax of RM 5.2 million largely due to higher operating costs, especially bunker costs and maintenance & upkeep costs in the cargo and container 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 and container 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 & machineries 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 resources based industries have show signs of improvement.

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

There was no corporate proposal announced at the date of this quarterly report.

B9. Borrowings and debt securities

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	331,754	102,628	434,382
Long-term borrowings	404,958	-	404,958
	<u>736,712</u>	<u>102,628</u>	<u>839,340</u>

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

	Secured USD'000	unsecured USD'000	Total USD'000
2. Borrowings denominated in USD			
Short-term borrowings	3,900	-	3,900
Long-term borrowings	9,303	-	9,303
	<u>13,203</u>	<u>-</u>	<u>13,203</u>

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

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 27 February 2014.

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 31.12.2013	Current year to date 31.12.2013
Profit attributable to equity holders of the Company (RM'000)	(5,190)	1,128
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>(0.43)</u>	<u>0.09</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 SECOND QUARTER ENDED 31 DECEMBER 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
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(505)	(756)	(964)	(1,305)
Sundry income	(972)	(777)	(1,639)	(884)
Interest expenses	10,692	10,536	22,062	19,982
Depreciation	22,023	27,153	48,726	53,710
Property, plant and equipment				
Written off	-	-	-	8
Loss on disposal of property, plant and equipment	-	5,614	3,944	5,599
Realised foreign exchange loss	83	230	256	196
Unrealised foreign exchange (gain)/loss	(781)	132	(744)	322

B14. Breakdown of realised and unrealised profit or loss

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

	Accumulated quarter ended 31.12.2013 (RM'000)	Accumulated quarter ended 30.06.2013 (Restated) (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realized	685,637	656,901
- Unrealized	(49,119)	(25,222)
	636,518	631,679
Less: Consolidation adjustments	(442,893)	(439,182)
Total Group's retained profits	193,625	192,497

B15. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2013 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 2013 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2014.

By order of the Board

Richard Ling Peng Liing
Company Secretary
28 February 2014