

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

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.03.2015 RM'000	Preceding year corresponding quarter 31.03.2014 RM'000	Current year to date 31.03.2015 RM'000	Preceding year corresponding period 31.03.2014 RM'000
Revenue		222,075	282,751	751,171	848,233
Cost of sales		(197,357)	(259,870)	(663,200)	(781,993)
Gross profit		24,718	22,881	87,971	66,240
Other income		12,554	2,225	18,446	9,903
Administrative expenses		(13,512)	(10,562)	(43,157)	(35,838)
Operating profits		23,760	14,544	63,260	40,305
Other operating expense		(10,151)	-	(10,151)	(3,949)
Finance Costs		(9,564)	(10,151)	(31,156)	(32,213)
Shares of (loss)/profit of associates		(237)	(104)	(2,585)	1,948
<b>Profit before tax</b>		<b>3,808</b>	<b>4,289</b>	<b>19,368</b>	<b>6,091</b>
Tax expense	A11	(2,769)	(782)	(9,272)	(1,977)
<b>Profit net of tax</b>		<b>1,039</b>	<b>3,507</b>	<b>10,096</b>	<b>4,114</b>
<b>Other comprehensive income:</b>					
Foreign exchange translation	A16	2,355	(89)	5,767	1,952
Total comprehensive income for the period		3,394	3,418	15,863	6,066
<b>Profit attributable to:</b>					
Equity holders of the parent		3,435	5,639	13,172	6,767
Non controlling interests		(2,396)	(2,132)	(3,076)	(2,653)
		1,039	3,507	10,096	4,114
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		5,613	5,567	18,342	8,515
Non controlling interests		(2,219)	(2,149)	(2,479)	(2,449)
		3,394	3,418	15,863	6,066
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	0.29	0.47	1.10	0.56
Diluted (sen)	B12	0.29	0.47	1.10	0.56

**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 2014 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 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited AS AT 31.03.2015 RM'000	Audited AS AT 30.06.2014 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,529,147	1,584,083
Investment in associates		7,740	6,906
Other investments		44	44
Intangible asset		2,255	2,070
		<b>1,539,186</b>	<b>1,593,103</b>
<b>Current assets</b>			
Inventories		94,253	131,005
Trade and other receivables		538,274	463,433
Other current assets		14,080	83,491
Tax recoverable		715	555
Cash and cash equivalents		63,866	55,616
		<b>711,188</b>	<b>734,100</b>
<b>TOTAL ASSETS</b>		<b>2,250,374</b>	<b>2,327,203</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,200,000	1,200,000
Share premium		16,972	16,972
Retained Earnings		242,636	199,805
Other reserve		(323,707)	(299,815)
		<b>1,135,901</b>	<b>1,116,962</b>
<b>Non Controlling interests</b>		<b>13,533</b>	<b>16,012</b>
<b>Total equity</b>		<b>1,149,434</b>	<b>1,132,974</b>
<b>Non-current liabilities</b>			
Borrowings	B9	240,576	311,266
Deferred tax liabilities		68,349	66,137
		<b>308,925</b>	<b>377,403</b>
<b>Current liabilities</b>			
Borrowings	B9	452,180	529,777
Trade and other payables		313,369	271,740
Other current liabilities		21,182	14,630
Tax payable		5,283	679
		<b>792,014</b>	<b>816,826</b>
<b>Total liabilities</b>		<b>1,100,939</b>	<b>1,194,229</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,250,373</b>	<b>2,327,203</b>
Net assets per shares (RM)		0.95	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 2014 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 2015**  
**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
<b>At 1 July 2013</b>	1,124,944	1,108,692	1,200,000	16,972	(300,777)	192,497	16,252
<b>Total comprehensive Income</b>	7,229	8,270	-	-	962	7,308	(1,041)
<b>Transactions with Owners:</b>							
Acquisition of a Subsidiary	6	-	-	-	-	-	6
Acquisition of additional Shares in a subsidiary	855	-	-	-	-	-	855
Dividend paid to non-controlling interests	(60)	-	-	-	-	-	(60)
<b>At 30 June 2014</b>	<u>1,132,974</u>	<u>1,116,962</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(299,815)</u>	<u>199,805</u>	<u>16,012</u>
						(Note B14)	
<b>At 1 July 2014</b>	1,132,974	1,116,962	1,200,000	16,972	(299,815)	199,805	16,012
<b>Total comprehensive Income</b>	16,460	18,939	-	-	5,767	13,172	(2,479)
<b>Transfer from Revaluation Reserve</b>	-	-	-	-	(29,659)	29,659	-
<b>At 31 March 2015</b>	<u>1,149,434</u>	<u>1,135,901</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(323,707)</u>	<u>242,636</u>	<u>13,533</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 2014 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 2015**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current year to date 31.03.2015 RM'000	Preceding year 31.03.2014 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,368	6,091
Adjustment for:		
Depreciation	74,769	83,103
Dividend income	(1)	(1)
Loss on disposal of fixed assets	10,106	3,822
(Gain)/Loss on foreign exchange	(4,043)	261
Interest expenses	31,156	32,213
Interest income	(1,169)	(1,471)
Fixed asset written off	1	-
Loss/(Profit) retained in associates	2,585	(2,387)
	<b>132,772</b>	<b>121,631</b>
<b>Operating profit before changes in working capital</b>		
<u>Working Capital Changes</u>		
Decrease/ (Increase) in inventories	64,525	(28,510)
(Increase) /Decrease in receivables	(42,319)	106,140
Decrease in other current assets	31,073	39,243
Increase/(Decrease) in payables	69,076	(7,220)
Increase/(Decrease) in other current liabilities	3,399	(52,765)
Net changes in amounts due from/to related companies	(41,104)	(2,144)
	84,650	54,744
<b>Cash generated from operations</b>	<b>217,422</b>	<b>176,375</b>
Interest received	1,169	1,471
Interest paid	(31,156)	(32,213)
Income tax refunded	-	6,806
Income tax paid	(1,599)	(1,211)
	<b>(31,586)</b>	<b>(25,147)</b>
<b>Total interest and tax paid</b>	<b>(31,586)</b>	<b>(25,147)</b>
<b>Net cash generated from operating activities</b>	<b>185,836</b>	<b>151,228</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	1	1
Capital expenditure	(52,356)	(54,314)
Proceeds from disposal of property, plant and equipment	30,096	4,916
Proceeds from disposal of share in a associate company	(1,354)	-
	<b>(23,613)</b>	<b>(49,397)</b>
<b>Net cash used in investing activities</b>	<b>(23,613)</b>	<b>(49,397)</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net movement in trade financing	5,036	(70,621)
Proceeds from hire purchase	6,462	21,333
Repayment of hire purchase	(20,086)	(25,376)
Proceeds from term loans	28,264	37,522
Repayment of term loans	(106,184)	(80,442)
Repayment of Revolving credit	(68,800)	-
	<b>(155,308)</b>	<b>(117,584)</b>
<b>Net cash flow used in financing activities</b>	<b>(155,308)</b>	<b>(117,584)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>6,915</b>	<b>(15,753)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>24,283</b>	<b>31,082</b>
<b>Effects of exchange rate changes</b>	<b>(66)</b>	<b>(69)</b>
	<b>31,132</b>	<b>15,260</b>
<b>Cash and cash equivalents at end of period</b>	<b>31,132</b>	<b>15,260</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	24,907	11,864
Deposit with licensed banks	38,958	47,797
Bank overdrafts	(32,733)	(44,401)
	<b>31,132</b>	<b>15,260</b>
<b>Cash and bank balances</b>	<b>31,132</b>	<b>15,260</b>

**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 2014 and the accompanying explanatory notes attached to this report.*

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

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**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 2014.

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 2014.

**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.

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

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

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

**A7. Dividends**

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

**A8. Segmental reporting**

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

	Shipping RM’000	Shipbuilding, Ship repair and Metal Fabrication RM’000	Shipping agency RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
<b>For 9 months ended</b>						
<b>31 March 2015</b>						
<b>Segment Revenue</b>						
External revenue	477,275	270,315	3,255	326	-	751,171
Inter-segment revenue	6,083	79,720	1,516	1,525	(88,844)	-
<b>Total</b>	<b>483,358</b>	<b>350,035</b>	<b>4,771</b>	<b>1,851</b>	<b>(88,844)</b>	<b>751,171</b>
Profit/ (loss) from operations	29,566	34,457	623	(1,386)	-	63,260
Other operating expense						(10,151)
Finance costs						(31,156)
Share of loss of associates						(2,585)
Profit before tax						19,368
Tax expense						(9,272)
Profit for the period						10,096
<b>For 9 months ended</b>						
<b>31 March 2014</b>						
<b>Segment Revenue</b>						
External revenue	468,012	376,818	3,223	180	-	848,233
Inter-segment revenue	5,843	34,914	1,760	1,494	(44,011)	-
<b>Total</b>	<b>473,855</b>	<b>411,732</b>	<b>4,983</b>	<b>1,674</b>	<b>(44,011)</b>	<b>848,233</b>
Profit / (loss) from operations	8,931	32,451	579	(1,656)	-	40,305
Other operating expense						(3,949)
Finance costs						(32,213)
Share of profit of associates						1,948
Profit before tax						6,091
Tax expense						(1,977)
Profit for the period						4,114

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(Incorporated in Malaysia)

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

**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 and Metal Fabrication RM'000	Shipping agency RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
<b>For 3 months ended 31 March 2015</b>						
<b>Segment Revenue</b>						
External revenue	153,115	67,812	1,060	88	-	222,075
Inter-segment revenue	2,488	14,748	540	529	(18,305)	-
<b>Total</b>	<b>155,603</b>	<b>82,560</b>	<b>1,600</b>	<b>617</b>	<b>(18,305)</b>	<b>222,075</b>
Profit/ (loss) from operations	11,878	12,575	(268)	(425)	-	23,760
Other operating expense						(10,151)
Finance costs						(9,564)
Share of loss of associates						(237)
Profit before tax						3,808
Tax expense						(2,769)
Profit for the period						1,039

<b>For 3 months ended 31 March 2014</b>						
<b>Segment Revenue</b>						
External revenue	159,587	122,187	917	60	-	282,751
Inter-segment revenue	2,090	9,890	515	498	(12,993)	-
<b>Total</b>	<b>161,677</b>	<b>132,077</b>	<b>1,432</b>	<b>558</b>	<b>(12,993)</b>	<b>282,751</b>
Profit/(Loss) from operations	4,636	10,722	(308)	(506)	-	14,544
Finance costs						(10,151)
Share of loss of associates						(104)
Profit before tax						4,289
Tax expense						(782)
Profit for the period						3,507

**Group**

	3Q 2015 (RM'000)	3Q 2014 (RM'000)	Changes (%)
Revenue	222,075	282,751	-21.5%
Profit before tax	3,808	4,289	-11.2%

**R**

Revenue of the Group for the third quarter ended 31 March 2015 decreased by 21.5% to RM222.1 million as compared to RM282.8 million in the previous corresponding quarter.

The decrease was mainly due to the lower revenue generated from the shipbuilding operations in the current quarter. The decrease in profit was due to the loss on disposal of non profitable container vessels and a bulk carrier on certain non-economical routes which amounting to RM9.3million in current quarter. The improvement in the operating profit margin in both shipbuilding & domestic shipping segment were resulting from the global reduction in bunker price and delivery of 6 vessels to the end buyers.

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

**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**

	<b>3Q 2015 (RM'000)</b>	<b>3Q 2014 (RM'000)</b>	<b>Changes (%)</b>
Revenue	153,115	159,587	-4.1%
Loss before tax	(3,884)	(1,683)	-130.8%

For the current quarter, the shipping segment’s revenue of RM153.1 million, 4.1% lower as compared to RM 159.6 million revenue recorded in the corresponding quarter. This was mainly due to the marginal decrease in volume carried from domestic, container shipping and bulk shipment operations in the current quarter.

The Shipping segment incurred a loss before tax of RM3.88 million in current quarter. This was mainly due to the loss on disposal of non profitable container vessels and a bulk carrier on certain non-economical routes which amounting to RM9.3million in current quarter. However some of these non operating losses recovered by the improvement of shipping profit margin in view of global reduction of bunker price in domestic, container shipping and bulk shipment operations segments.

**Shipbuilding and Ship repair**

	<b>3Q 2015 (RM'000)</b>	<b>3Q 2014 (RM'000)</b>	<b>Changes (%)</b>
Revenue	67,812	122,187	-44.5%
Profit before tax	8,621	7,164	20.3%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM67.8million decreased by 44.5% as lower compared to RM 122.2 million revenue recorded in the corresponding quarter. The decrease in revenue was mainly due to vessel’s work in progress for external parties to be delivered in the following quarters.

The increase of profit before tax in shipbuilding and ship repair segment was mainly due to the increase in profit margin on delivery of 6 units of high value vessels to oil and gas sectors and resource based sector in the current quarter.

**Shipping agency**

	<b>3Q 2015 (RM'000)</b>	<b>3Q 2014 (RM'000)</b>	<b>Changes (%)</b>
Revenue	1,016	917	10.8%
Loss before tax	(185)	(366)	49.5%

For the current quarter, the revenue from shipping agency segment increased by 10.8% compared to the preceding year’s corresponding quarter. The loss before tax incurred was mainly due to higher administrative cost from associate company in current quarter.



**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

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

**A8. Segmental reporting (Cont’)**

**Investment Holding**

	<b>3Q 2015 (RM'000)</b>	<b>3Q 2014 (RM'000)</b>	<b>Changes (%)</b>
Revenue	88	60	46.7%
Loss before tax	(744)	(826)	9.9%

The revenue from Investment Holding segment was derived from the interest income from the financial institutions. For the current quarter, the loss in investment holding segment was mainly resulted from the finance costs and administrative expenses incurred during the current quarter.

**A9. Material events subsequent to the end of the quarter period**

There were no significant 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 significant 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 except that:

Micaline Sdn Bhd, a 55% owned subsidiary of SYSCorp, had, on 31 October 2014 acquired a 69.80% owned subsidiary company in Singapore under Company Act, Cap. 50 Republic of Singapore, namely Bayshore Shipping Services Pte. Ltd. (“BSS”). The authorized and issued and paid-up share capital of BSS is SGD 100,000.00 divided into 100,000 ordinary shares of SGD 1.00 each of which 100,000 ordinary shares of SGD 1.00 each have been issued as follows:

<b>Shareholders</b>	<b>Shareholdings (number of share)</b>	<b>Shareholdings (%)</b>
Micaline Sdn Bhd	69,800	69.8%
G.A. Chartering Pte. Ltd.	30,000	30.0%
Ling Lu Kuang	200	0.2%
<b>Total</b>	<b>100,000</b>	<b>100%</b>

The principal activity of BSS is engaged in ship management services and as manager for providing commercial management and marketing services in relation to vessels' shipments activities. The Company commenced business on 1 January 2015.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015

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

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 Mar 2015	31Mar 2014	31 Mar 2015	31 Mar 2014
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	2,731	945	7,060	2,466
Deferred tax	38	(163)	2,212	(489)
	<u>2,769</u>	<u>782</u>	<u>9,272</u>	<u>1,977</u>

A12. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 31 March 2015 are as follows:

	As at 31.03.2015 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<u>304,106</u>

The Group does not have any contingent assets.

A13. Material commitments

Material commitments of the Group as at 31 March 2015 are as follow:

	As at 31.03.2015 RM'000
<b><u>Capital Expenditure</u></b>	
<b><u>Approved and contracted for:-</u></b>	
- Construction of 1 unit of Pneumatic Cement Carrier	21,600
- Construction of 2 unit of 250ft Dumb Barge	8,080
	<u>29,680</u>
<b><u>Approved but not contracted for:-</u></b>	
- Construction of shipyard in RAK, UAE	16,065
<b>Total</b>	<u><u>45,745</u></u>

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

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

**A13. Material commitments (Cont’)**

**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.

	<b>Current Quarter to date 31.03.2015 RM’000</b>	<b>Balance due from/(to) As at 31.03.2015 RM’000</b>
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	48,270	100,962
Purchase of goods and services	(23,307)	(23,017)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	3,150	3,382
Purchase of goods and services	(1,040)	(10,581)

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

**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.

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

**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**

	<b>3Q 2015 (RM'000)</b>	<b>2Q 2015 (RM'000)</b>	<b>Changes (%)</b>
Revenue	222,075	273,158	-18.7%
Profit before tax	3,808	13,810	-72.4%

As compared to the immediate preceding quarter, the Group's current quarter's revenue decreased by 18.7% to RM222.1 million from RM273.2 million recorded in the immediate preceding quarter.

The Group recorded a decrease of 72.4% profit largely due to the loss on disposal of non profitable container vessels and a bulk carrier on certain non-economical routes which amounting to RM9.3million in current quarter. The improvement in the operating profit margin in both shipbuilding & domestic shipping segment were resulting from the global reduction in bunker price and delivery of 6 vessels to the end buyers.

**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 and demand 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, both domestically and internationally. The Group is confident in the stability of the domestic, coastal and container shipping and challenging in Middle East operations. The continuous improvement in terms of operational costs management, fleet efficiency and routes enhancement would 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.

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

**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**

	<b>Secured</b>	<b>unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1. Total borrowings</b>			
Short-term borrowings	299,533	152,647	452,180
Long-term borrowings	240,576	-	240,576
	<u>540,109</u>	<u>152,647</u>	<u>692,756</u>

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

	<b>Secured</b>	<b>unsecured</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>2. Borrowings denominated in USD</b>			
Short-term borrowings	3,981	-	3,981
Long-term borrowings	4,671	-	4,671
	<u>8,652</u>	<u>-</u>	<u>8,652</u>

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

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

**B10. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at 28 May 2015.

**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:

	<b>Current year quarter 31.03.2015</b>	<b>Current year to date 31.03.2015</b>
Profit attributable to equity holders of the Company (RM'000)	3,435	13,172
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>0.29</u>	<u>1.10</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 2015**

**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 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(354)	(507)	(1,169)	(1,471)
Sundry income	(572)	(1,097)	(3,628)	(2,736)
Interest expenses	9,564	10,151	31,156	32,213
Depreciation	22,388	29,228	74,769	83,103
Loss/ (gain) on disposal of property, Plant and equipment	9,306	(122)	10,106	3,822
Realised foreign exchange (gain) / loss	(6,342)	5	(4,716)	261
Unrealised foreign exchange gain	(3,926)	(103)	(4,070)	(847)

**B14. Breakdown of realised and unrealised profit or loss**

The breakdown of the retained profits of the Group as at 31 March 2015, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 31.03.2015	Accumulated quarter ended 31.03.2014
	(RM'000)	(RM'000)
<b>Total retained profits of the Company and its subsidiaries</b>		
- Realized	728,447	690,544
- Unrealized	(34,973)	(49,222)
	<b>693,474</b>	<b>641,322</b>
Less: Consolidation adjustments	(450,838)	(442,058)
<b>Total Group's retained profits</b>	<b>242,636</b>	<b>199,264</b>

**B15. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 June 2014 was not qualified.

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

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**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 2015 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2015.

By order of the Board

Richard Ling Peng Liing  
Company Secretary  
29 May 2015