

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

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year to date 30.09.2016 RM'000	Preceding year corresponding period 30.09.2015 RM'000
Revenue		131,272	183,901	131,272	183,901
Cost of sales		(108,856)	(164,131)	(108,856)	(164,131)
Gross profit		22,416	19,770	22,416	19,770
Other income		1,490	10,149	1,490	10,149
Administrative expenses		(7,110)	(13,595)	(7,110)	(13,595)
Operating profits		16,796	16,324	16,796	16,324
Other operating expense		(6,537)	(3)	(6,537)	(3)
Finance Costs		(6,551)	(8,034)	(6,551)	(8,034)
Shares of loss of associates		(2,472)	(2,052)	(2,472)	(2,052)
<b>Profit before tax</b>		<b>1,236</b>	<b>6,235</b>	<b>1,236</b>	<b>6,235</b>
Tax expense	A11	(609)	(2,100)	(609)	(2,100)
<b>Profit net of tax</b>		<b>627</b>	<b>4,135</b>	<b>627</b>	<b>4,135</b>
<b>Other comprehensive income:</b>					
Foreign exchange translation	A16	4,838	13,203	4,838	13,203
Total comprehensive income for the period		5,465	17,338	5,465	17,338
<b>Profit attributable to:</b>					
Equity holders of the parent		(626)	4,105	(626)	4,105
Non controlling interests		1,253	30	1,253	30
		627	4,135	627	4,135
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		4,001	15,560	4,001	15,560
Non controlling interests		1,464	1,778	1,464	1,778
		5,465	17,338	5,465	17,338
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(0.05)	0.34	(0.05)	0.34
Diluted (sen)	B12	(0.05)	0.34	(0.05)	0.34

**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 2016 and the accompanying explanatory notes attached to this report.*

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

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited AS AT 30.09.2016 RM'000	Audited AS AT 30.06.2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,358,743	1,383,652
Investment in associates		1,819	1,837
Other investments		44	44
Intangible asset		2,015	2,070
		<u>1,362,621</u>	<u>1,387,603</u>
<b>Current assets</b>			
Inventories		51,721	44,968
Trade and other receivables		501,207	466,330
Other current assets		31,063	22,711
Tax recoverable		1,245	1,063
Cash and cash equivalents		26,992	30,447
		<u>612,228</u>	<u>565,519</u>
<b>TOTAL ASSETS</b>		<u><b>1,974,849</b></u>	<u><b>1,953,122</b></u>
<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		222,238	222,864
Other reserve		(289,175)	(289,347)
		<u>1,150,035</u>	<u>1,150,489</u>
<b>Non Controlling interests</b>		21,794	20,321
<b>Total equity</b>		<u><b>1,171,829</b></u>	<u><b>1,170,810</b></u>
<b>Non-current liabilities</b>			
Borrowings	B9	123,901	134,770
Deferred tax liabilities		58,337	58,006
Deferred income		9,494	7,089
		<u>191,732</u>	<u>199,865</u>
<b>Current liabilities</b>			
Borrowings	B9	394,803	374,096
Trade and other payables		212,237	204,931
Other current liabilities		3,000	3,127
Tax payable		1,248	293
		<u>611,288</u>	<u>582,447</u>
<b>Total liabilities</b>		<u><b>803,020</b></u>	<u><b>782,312</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,974,849</b></u>	<u><b>1,953,122</b></u>
Net assets per shares (RM)		0.96	0.96

**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 2016 and the accompanying explanatory notes attached to this report.*

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

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**  
**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 2015</b>	1,160,167	1,138,305	1,200,000	16,972	(293,353)	214,686	21,862
<b>Total comprehensive Income</b>	11,442	12,184	-	-	4,006	8,178	(742)
<b>Transactions with Owners:</b>							
Dividend paid to non-controlling interests	(799)	-	-	-	-	-	(799)
<b>At 30 June 2016</b>	<u>1,170,810</u>	<u>1,150,489</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(289,347)</u>	<u>222,864</u>	<u>20,321</u>
						(Note B14)	
<b>At 1 July 2016</b>	1,170,810	1,150,489	1,200,000	16,972	(289,347)	222,864	20,321
<b>Total comprehensive Income</b>	1,010	(454)	-	-	172	(626)	1,464
<b>Transactions with Owners:</b>							
Acquisition of a subsidiary	9	-	-	-	-	-	9
<b>At 30 September 2016</b>	<u>1,171,829</u>	<u>1,150,035</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(289,175)</u>	<u>222,238</u>	<u>21,794</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 2016 and the accompanying explanatory notes attached to this report.*

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

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current year to date 30.09.2016 RM'000	Preceding year 30.09.2015 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,236	6,235
Adjustment for:		
Depreciation	21,587	23,116
Loss/(Gain) on disposal of fixed assets	6,381	(237)
Gain on foreign exchange	(856)	(7,316)
Interest expenses	6,551	8,034
Interest income	(164)	(505)
Loss retained in associates	2,472	2,052
	<b>37,207</b>	<b>31,379</b>
<b>Operating profit before changes in working capital</b>		
<u>Working Capital Changes</u>		
Increase in inventories	(6,739)	(16,634)
Decrease/(Increase) in receivables	24,661	(96,086)
(Increase)/Decrease in other current assets	(17,603)	18,703
Increase in payables	13,221	42,515
(Decrease)/ Increase in other current liabilities	(127)	999
Net changes in amounts due from/to related companies	(57,310)	15,648
Total changes in working capital	(43,897)	(34,855)
<b>Cash used in operations</b>	<b>(6,690)</b>	<b>(3,476)</b>
Interest received	164	505
Interest paid	(6,551)	(8,034)
Income tax paid	(410)	(1,363)
<b>Total interest and tax paid</b>	<b>(6,797)</b>	<b>(8,892)</b>
<b>Net cash used in operating activities</b>	<b>(13,487)</b>	<b>(12,368)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(4,326)	(14,600)
Proceeds from disposal of property, plant and equipment	4,682	237
Proceed from issuance of share	100	-
<b>Net cash generated from/ (used in) investing activities</b>	<b>456</b>	<b>(14,363)</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net movement in trade financing	11,539	21,816
Proceeds from hire purchase	2,271	180
Repayment of hire purchase	(3,155)	(6,888)
Proceeds from term loans	5,600	-
Repayment of term loans	(20,114)	(22,994)
<b>Net cash flow used in financing activities</b>	<b>(3,859)</b>	<b>(7,886)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(16,890)</b>	<b>(34,617)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(11,745)</b>	<b>25,603</b>
<b>Effects of exchange rate changes</b>	<b>168</b>	<b>275</b>
<b>Cash and cash equivalents at end of period</b>	<b>(28,467)</b>	<b>(8,739)</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	16,898	10,563
Deposit with licensed banks	10,094	37,883
Bank overdrafts	(55,459)	(54,185)
Cash at bank restricted in use	-	(3,000)
<b>Cash and bank balances</b>	<b>(28,467)</b>	<b>(8,739)</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 2016 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 2016.

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 2016.

**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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**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 3 months ended</b>						
<b>30 September 2016</b>						
<b>Segment Revenue</b>						
External revenue	111,019	19,004	1,120	129	-	131,272
Inter-segment revenue	2,293	5,867	585	502	(9,247)	-
<b>Total</b>	<b>113,312</b>	<b>24,871</b>	<b>1,705</b>	<b>631</b>	<b>(9,247)</b>	<b>131,272</b>
Profit/ (loss) from operations	20,369	(4,164)	1,012	(421)	-	16,796
Other operating expense						(6,537)
Finance costs						(6,551)
Share of loss of associates						(2,472)
Profit before tax						1,236
Tax expense						(609)
Profit for the period						627
<b>For 3 months ended</b>						
<b>30 September 2015</b>						
<b>Segment Revenue</b>						
External revenue	141,414	41,171	1,183	133	-	183,901
Inter-segment revenue	1,895	29,693	519	502	(32,609)	-
<b>Total</b>	<b>143,309</b>	<b>70,864</b>	<b>1,702</b>	<b>635</b>	<b>(32,609)</b>	<b>183,901</b>
Profit/(loss) from operations	17,683	(1,669)	823	(513)	-	16,324
Other operating expense						(3)
Finance costs						(8,034)
Share of loss of associates						(2,052)
Profit before tax						6,235
Tax expense						(2,100)
Profit for the period						4,135

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

**A8. Segmental reporting (Cont’)**

**Group**

	<b>1Q 2017 (RM'000)</b>	<b>1Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	131,272	183,901	-28.6%
Profit before tax	1,236	6,235	-80.2%

Revenue of the Group for the first quarter ended 30 September 2016 decreased by 28.6% to RM131.2 million as compared to RM183.9 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 before tax due to the decrease in margin in shipbuilding segments in current quarter.

Performance and prospects of each operating segment are discussed below:

**Shipping**

	<b>1Q 2017 (RM'000)</b>	<b>1Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	111,019	141,414	-21.5%
Profit before tax	8,496	11,572	-26.6%

For the current quarter, the shipping segment’s revenue of RM111.0 million decreased by 21.5% as compared to RM 141.4 million revenue recorded in the corresponding quarter. This was mainly due to the lower volume carried from bulk shipment operations and UAE shipment operations in the current quarter.

The decrease in profit before tax in shipping segment mainly due to the loss on disposal of 1 unit of bulk carrier on certain non-economical routes which amounting to RM6.5 million in current quarter. However, there were some improvement of shipping profit margin in domestic and container shipping operations segments.

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

**A8. Segmental reporting (Cont’)**

**Shipbuilding and Ship repair**

	<b>1Q 2017 (RM'000)</b>	<b>1Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	19,004	41,171	-53.8%
Loss before tax	(7,472)	(5,342)	-39.9%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM19.0million decreased by 53.8% as lower compared to RM41.1million revenue recorded in the corresponding quarter. The decrease in revenue was mainly due to less vessel’s work in progress for external parties to be delivered in the following quarters.

The losses in Shipbuilding and ship repair segment were mainly due the lesser vessels under work in progress during construction.

**Shipping agency**

	<b>1Q 2017 (RM'000)</b>	<b>1Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	1,120	1,183	-5.3%
Profit before tax	1,012	816	24.0%

For the current quarter, the revenue from shipping agency segment decreased by 5.3% compared to the preceding year’s corresponding quarter. The increase in profit before tax was mainly due to the improvement in profit margin in current quarter.

**Investment Holding**

	<b>1Q 2017 (RM'000)</b>	<b>1Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	129	133	-3.0%
Loss before tax	(800)	(811)	-1.4%

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.



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

**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 changes in the composition of the Group for current interim quarter under review except that:

Danum Shipping Sdn Bhd (“**DSSB**”), a 100%-owned subsidiary of SYSCORP, had on 29<sup>th</sup> July 2016, incorporated a 55% owned subsidiary company in Malaysia under the Companies Act, 1965 (“**Act**”), namely Sinar Asiamas Sdn Bhd (“**SAMSB**”). Sarawak Oil Palms Berhad (“**SOPB**”) owns the remaining 45% of shareholding in SAMSB.

The authorised and issued and paid-up share capital of SAMSB is RM 100,000.00 divided into 100,000 ordinary shares of RM 1.00 each (“**Shares**”) of which 100,000 ordinary shares of RM 1.00 each have been issued.

The principal activity of SAMSB is engaging in Commercial, Technical and Shipping Managers.

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**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
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	278	3,462	278	3,462
Deferred tax	331	(1,362)	331	(1,362)
	<u>609</u>	<u>2,100</u>	<u>609</u>	<u>2,100</u>

**A12. Contingent liabilities and contingent assets**

The contingent liabilities of the Group as at 30 September 2016 are as follows:

	As at 30.09.2016 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<u>224,783</u>

The Group does not have any contingent assets.

**A13. Material commitments**

Material commitments of the Group as at 30 September 2016 are as follow:

**Lease commitments**

On 1 July 2009, the Group entered into a lease contract with SAQR Port Authority, Hulayla Industrial Park, United Arab Emirates to lease an industrial plot of land for the purpose of carrying out shipbuilding, offshore fabrication and marine related services. The contract will be for 25 years, commencing from the date of the contract or the date at which Hulayla Industrial Park becomes operational, whichever is the latest, at an annual rent of AED5,100,000.00.

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

**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 30.09.2016 RM'000</b>	<b>Balance due from/(to) As at 30.09.2016 RM'000</b>
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	30,193	131,025
Purchase of goods and services	(8,633)	(35,579)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	793	8,649
Purchase of goods and services	(592)	(20,413)

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.

**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>1Q 2017 (RM'000)</b>	<b>4Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	131,272	220,034	-40.3%
Profit / (loss) before tax	1,236	(8,879)	113.9%

As compared to the immediate preceding quarter, the Group's current quarter's revenue decreased by 40.3% to RM131.2 million from RM220.0 million recorded in the immediate preceding quarter.

The Group stood a profit mainly due to the improvement of shipping profit margin in domestic shipping and container shipping operations segments.

**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 dry 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 positive with the recent decline in crude oil price 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 and container shipping and challenging projects development 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. The emphasis is on taking steps to aggressively to carry out repair and maintenance and fabrication works to meet the requirements of the niche markets from operating expenditures in the oil and gas industry and also to meet the potential requirements of the resource based sectors.

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**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 RM'000</b>	<b>unsecured RM'000</b>	<b>Total RM'000</b>
<b>1. Total borrowings</b>			
Short-term borrowings	289,009	105,794	394,803
Long-term borrowings	123,901	-	123,901
	<u>412,910</u>	<u>105,794</u>	<u>518,704</u>

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

	<b>Secured USD'000</b>	<b>unsecured USD'000</b>	<b>Total USD'000</b>
<b>2. Borrowings denominated in USD</b>			
Short-term borrowings	2,985	-	2,985
Long-term borrowings	-	-	-
	<u>2,985</u>	<u>-</u>	<u>2,985</u>

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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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 29 November 2016.

**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 30.09.2016</b>	<b>Current year to date 30.09.2016</b>
Loss attributable to equity holders of the Company (RM'000)	(626)	(626)
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>(0.05)</u>	<u>(0.05)</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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**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 Sep 2016 RM'000	30 Sep 2015 RM'000	30 Sep 2016 RM'000	30 Sep 2015 RM'000
Interest income	(164)	(505)	(164)	(505)
Sundry income	(1,327)	(1,798)	(1,327)	(1,798)
Interest expenses	6,551	8,034	6,551	8,034
Depreciation	21,587	23,116	21,587	23,116
Loss/(Gain) on disposal of property, Plant and equipment	6,381	(237)	6,381	(237)
Realised foreign exchange (gain)/ loss	(23)	2,067	(23)	(2,067)
Unrealised foreign exchange gain	(856)	(7,316)	(856)	(7,316)

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

The breakdown of the retained profits of the Group as at 30 September 2016, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 30.09.2016  (RM'000)	Accumulated quarter ended 30.09.2015  (RM'000)
<b>Total retained profits of the Company and its subsidiaries</b>		
- Realized	717,974	718,515
- Unrealized	(34,125)	(40,040)
	<b>683,849</b>	<b>678,475</b>
Less: Consolidation adjustments	(461,611)	(459,684)
<b>Total Group's retained profits</b>	<b>222,238</b>	<b>218,791</b>

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

The auditors' report on the financial statements for the year ended 30 June 2016 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 first quarter ended 30 September 2016 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 November 2016.

By order of the Board

Richard Ling Peng Liing  
Company Secretary  
29 November 2016