

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

**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.06.2017 RM'000	Preceding year corresponding quarter 30.06.2016 RM'000	Current year to date 30.06.2017 RM'000	Preceding year corresponding period 30.06.2016 RM'000
Revenue		163,219	220,034	599,080	723,686
Cost of sales		(138,114)	(213,640)	(544,468)	(639,647)
Gross profit		25,105	6,394	54,612	84,039
Other income		30,575	18,066	47,959	35,829
Administrative expenses		(16,584)	(13,418)	(47,539)	(60,029)
Operating profits		39,096	11,042	55,032	59,839
Other operating expense		(12,328)	(13,856)	(19,008)	(21,932)
Finance Costs		(5,661)	(7,452)	(24,504)	(31,760)
Shares of (loss)/ profit of associates		(11,068)	1,387	(8,132)	(2,152)
<b>Profit/ (Loss) before tax</b>		10,039	(8,879)	3,388	3,995
Tax income	A11	2,455	7,060	1,269	2,841
<b>Profit/ (Loss) net of tax</b>		12,494	(1,819)	4,657	6,836
<b>Other comprehensive income:</b>					
Foreign exchange translation	A16	907	(1,039)	5,538	11,501
Total comprehensive income for the period		13,401	(2,858)	10,195	18,337
<b>Profit/ (Loss) attributable to:</b>					
Equity holders of the parent		11,073	(1,743)	5,788	7,692
Non controlling interests		1,421	(76)	(1,131)	(856)
		12,494	(1,819)	4,657	6,836
<b>Total comprehensive income/ (loss) attributable to:</b>					
Equity holders of the parent		12,023	(1,926)	10,871	18,434
Non controlling interests		1,378	(932)	(676)	(97)
		13,401	(2,858)	10,195	18,337
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	0.92	(0.15)	0.48	0.64
Diluted (sen)	B12	0.92	(0.15)	0.48	0.64

**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 FOURTH QUARTER ENDED 30 JUNE 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited AS AT 30.06.2017 RM'000	Audited AS AT 30.06.2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,159,897	1,383,652
Investment in associates		3,931	1,837
Other investments		44	44
Intangible asset		2,064	2,070
		<b>1,165,936</b>	<b>1,387,603</b>
<b>Current assets</b>			
Inventories		47,642	44,968
Trade and other receivables		518,372	466,330
Other current assets		16,045	22,711
Tax recoverable		8,037	1,063
Cash and cash equivalents		82,244	30,447
		<b>672,340</b>	<b>565,519</b>
<b>TOTAL ASSETS</b>		<b>1,838,276</b>	<b>1,953,122</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		269,444	222,864
Other reserve		(288,913)	(289,347)
		<b>1,197,503</b>	<b>1,150,489</b>
<b>Non Controlling interests</b>		<b>1,708</b>	<b>20,321</b>
<b>Total equity</b>		<b>1,199,211</b>	<b>1,170,810</b>
<b>Non-current liabilities</b>			
Borrowings	B9	99,330	134,770
Deferred tax liabilities		60,734	58,006
Deferred income		7,755	7,089
		<b>167,819</b>	<b>199,865</b>
<b>Current liabilities</b>			
Borrowings	B9	325,619	374,096
Trade and other payables		142,067	204,931
Other current liabilities		3,251	3,127
Tax payable		309	293
		<b>471,246</b>	<b>582,447</b>
<b>Total liabilities</b>		<b>639,065</b>	<b>782,312</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,838,276</b>	<b>1,953,122</b>
Net assets per shares (RM)		0.99	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 FOURTH QUARTER ENDED 30 JUNE 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the Parent						
	Equity attributable to owners of the parents,		Non distributable		Distributable		
	Equity, total	Equity, total	Share capital	Share premium	Other reserve	Retained earnings	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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>
<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>	5,546	6,222	-	-	434	5,788	(676)
<b>Owners:</b>							
Acquisition of a subsidiary	445	-	-	-	-	-	445
Disposal of a subsidiary	22,470	40,792	-	-	-	40,792	(18,322)
Dividend paid to non-controlling interests	(60)	-	-	-	-	-	(60)
<b>At 30 June 2017</b>	<u>1,199,211</u>	<u>1,197,503</u>	<u>1,200,000</u>	<u>16,972</u>	<u>(288,913)</u>	<u>269,444</u>	<u>1,708</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 FOURTH QUARTER ENDED 30 JUNE 2017**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current year to date 30.06.2017 RM'000	Preceding year 30.06.2016 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,388	3,995
Adjustment for:		
Bad debt written off	-	4
Depreciation	96,976	106,333
Dividend income	(1,007)	(3)
Loss on disposal of fixed assets	14,754	16,858
Gain on disposal of investment	(4,480)	-
(Gain)/ Loss on foreign exchange	(8,455)	9,597
Interest expenses	24,504	31,760
Interest income	(749)	(1,089)
Inventory written off	-	2
Gain on Capital Contribution	(21,937)	-
Fixed asset written off	2,922	-
Loss retained in associates	8,132	2,152
	<b>114,048</b>	<b>169,609</b>
<b>Operating profit before changes in working capital</b>		
<b>Working Capital Changes</b>		
(Increase)/ Decrease in inventories	(2,850)	29,795
Increase in receivables	(29,138)	(18,485)
Decrease in other current assets	7	14,427
Increase/(Decrease) in payables	24,243	(38,211)
Increase in other current liabilities	-	887
Net changes in amounts due from/to related companies	18,768	20,630
Total changes in working capital	11,030	9,043
<b>Cash generated from operations</b>	<b>125,078</b>	<b>178,652</b>
Interest received	749	1,089
Interest paid	(24,504)	(32,086)
Income tax refunded	750	823
Income tax paid	(3,092)	(2,139)
<b>Total interest and tax paid</b>	<b>(26,097)</b>	<b>(32,313)</b>
<b>Net cash generated from operating activities</b>	<b>98,981</b>	<b>146,339</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	1,007	3
Capital expenditure	(40,922)	(125,347)
Proceeds from disposal of property, plant and equipment	58,354	93,432
Purchase of interests in associated company	4,831	-
<b>Net cash generated from /(used in) investing activities</b>	<b>23,270</b>	<b>(31,912)</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest	(60)	(599)
Net movement in trade financing	(2,344)	(30,632)
Proceeds from hire purchase	4,668	2,302
Repayment of hire purchase	(16,544)	(20,434)
Proceeds from term loan	29,180	24,242
Repayment of term loans	(74,892)	(135,364)
<b>Net cash flow used in financing activities</b>	<b>(59,992)</b>	<b>(160,485)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>62,259</b>	<b>(46,058)</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>10</b>	<b>251</b>
<b>Cash and cash equivalents at end of period</b>	<b>50,524</b>	<b>(20,204)</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	17,943	12,081
Deposit with licensed banks	64,300	16,312
Bank overdrafts	(31,719)	(45,597)
Cash at bank restricted in use	-	(3,000)
<b>Cash and bank balances</b>	<b>50,524</b>	<b>(20,204)</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 explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since 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.

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**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

**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 12 months ended 30 June 2017</b>						
<b>Segment Revenue</b>						
External revenue	506,792	87,132	4,619	537	-	599,080
Inter-segment revenue	5,907	22,062	2,249	2,240	(32,458)	-
Total	512,699	109,194	6,868	2,777	(32,458)	599,080
Profit/ (loss) from operations	78,655	(26,266)	2,913	(270)	-	55,032
Other operating expense						(19,008)
Finance costs						(24,504)
Share of loss of associates						(8,132)
Profit before tax						3,388
Tax income						1,269
Profit for the period						4,657
<b>For 12 months ended 30 June 2016</b>						
<b>Segment Revenue</b>						
External revenue	554,723	163,871	4,595	497	-	723,686
Inter-segment revenue	5,963	67,849	2,382	2,008	(78,202)	-
Total	560,686	231,720	6,977	2,505	(78,202)	723,686
Profit/ (loss) from operations	73,453	(16,209)	3,391	(796)	-	59,839
Other operating expense						(21,932)
Finance costs						(31,760)
Share of loss of associates						(2,152)
Profit before tax						3,995
Tax income						2,841
Profit for the period						6,836

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**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

**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</b>						
<b>30 June 2017</b>						
<b>Segment Revenue</b>						
External revenue	128,703	33,184	1,191	141	-	163,219
Inter-segment revenue	1,288	6,051	535	734	(8,608)	-
<b>Total</b>	<b>129,991</b>	<b>39,235</b>	<b>1,726</b>	<b>875</b>	<b>(8,608)</b>	<b>163,219</b>
Profit/ (loss) from operations	45,565	(7,350)	164	717	-	39,096
Other operating expenses						(12,328)
Finance costs						(5,661)
Share of loss of associates						(11,068)
Profit before tax						10,039
Tax income						2,455
Profit for the period						12,494
<b>For 3 months ended</b>						
<b>30 June 2016</b>						
<b>Segment Revenue</b>						
External revenue	126,589	92,221	1,103	121	-	220,034
Inter-segment revenue	1,606	21,682	771	502	(24,561)	-
<b>Total</b>	<b>128,195</b>	<b>113,903</b>	<b>1,874</b>	<b>623</b>	<b>(24,561)</b>	<b>220,034</b>
Profit/ (loss) from operations	26,002	(17,288)	1,065	1,263	-	11,042
Other operating expense						(13,856)
Finance costs						(7,452)
Share of profit of associates						1,387
Loss before tax						(8,879)
Tax income						7,060
Loss for the period						(1,819)

**Group**

	4Q 2017 (RM’000)	4Q 2016 (RM’000)	Changes (%)
Revenue	163,219	220,034	-25.8%
Profit /(Loss) before tax	10,039	(8,879)	213.1%

Revenue of the Group for the fourth quarter ended 30 June 2017 decreased by 25.8% to RM163.2 million as compared to RM220.0 million in the previous corresponding quarter.

The decrease in revenue was mainly due to the lower revenue generated from the shipbuilding, ship repair and metal fabrication segments in the current quarter.

The Group generating a profit before tax due to the improvement of profit margin in domestic and container shipping operations segments.

**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

**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>4Q 2017 (RM'000)</b>	<b>4Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	128,703	126,589	1.7%
Profit before tax	19,422	9,927	95.6%

For the current quarter, the shipping segment’s revenue of RM128.7million slight increased by 1.7% as compared to RM 126.6 million revenue recorded in the corresponding quarter. This was mainly due to the higher volume carried from domestic and container shipment operations in the current quarter.

The increase in profit before tax in shipping segment due to the increase in margin in domestic and container shipping operations segments.

**Shipbuilding and Ship repair**

	<b>4Q 2017 (RM'000)</b>	<b>4Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	33,184	92,221	-64.0%
Loss before tax	(10,157)	(20,693)	50.9%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM33.2million decreased by 64.0% as compared to RM92.2million 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 quarter.

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

**Shipping agency**

	<b>4Q 2017 (RM'000)</b>	<b>4Q 2016 (RM'000)</b>	<b>Changes (%)</b>
Revenue	1,191	1,103	8.0%
Profit before tax	547	1,005	-45.6%

For the current quarter, the revenue from shipping agency segment increased by 8.0% compared to the preceding year’s corresponding quarter. The decrease in profit before tax was mainly due to the lower in profit margin in current quarter.



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

**A8. Segmental reporting (Cont’)**

**Investment Holding**

	<b>4Q 2017 (RM’000)</b>	<b>4Q 2016 (RM’000)</b>	<b>Changes (%)</b>
Revenue	141	121	16.5%
Profit before tax	227	882	-74.3%

The revenue from Investment holding segment was derived from the interest income from the financial institutions.

**A9. Valuation of property, plant and equipment**

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

**A10. 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.

**A11. 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:

Shin Yang FZC (“**SYFZC**”), a 90%-owned indirect subsidiary of SYSCORP, had on current quarter :-

- a) partial disposal of 15% shareholding in Shin Yang Shipbuilding & Engineering RMC FZC (“**SYSBE**”) to Solaris Petra Sdn Bhd.
- b) partial disposal of 15% shareholding in Aya Shin Yang FZC (“**AYA**”) to Dayang Dimensi Sdn Bhd.

As a result of the partial disposals, SYSBE and AYA will cease to be indirect subsidiaries and become indirect associate companies of SYSCORP.

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

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

**A11. Tax 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 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	(4,792)	(739)	(3,997)	2,667
Deferred tax	2,337	(6,321)	2,728	(5,508)
	<u>(2,455)</u>	<u>(7,060)</u>	<u>(1,269)</u>	<u>(2,841)</u>

**A12. Contingent liabilities and contingent assets**

The contingent liabilities of the Group as at 30 June 2017 are as follows:

	As at 30.06.2017 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<u>193,862</u>

The Group does not have any contingent assets.

**A13. Material commitments**

Material commitments of the Group as at 30 June 2017 are as follow:

	As at 30.06.2017 USD
<b>Capital Expenditure</b>	
<b>Approved and contracted for:-</b>	
- 30 units 20-foot High Cube Reefer Containers and Machinery	<u>160,500</u>
<b>Total</b>	<u>160,500</u>

**Lease commitments**

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

**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 30.06.2017 RM'000</b>	<b>Balance due from/(to) As at 30.06.2017 RM'000</b>
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	35,343	85,182
Purchase of goods and services	(8,103)	(22,211)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	1,094	2,993
Purchase of goods and services	(407)	(3,906)

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

**A15. 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 2017**

**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>4Q 2017 (RM'000)</b>	<b>3Q 2017 (RM'000)</b>	<b>Changes (%)</b>
Revenue	163,219	142,899	14.2%
Profit / (Loss) before tax	10,039	(9,832)	202.1%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 14.2% to RM163.2 million from RM142.9 million recorded in the immediate preceding quarter.

The Group's recorded a profit before tax mainly due to the increase in margin in domestic 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 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 and stable 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 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 FOURTH QUARTER ENDED 30 JUNE 2017**

**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	258,297	67,322	325,619
Long-term borrowings	99,330	-	99,330
	<u>357,627</u>	<u>67,322</u>	<u>424,949</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	3,600	-	3,600
Long-term borrowings	-	-	-
	<u>3,600</u>	<u>-</u>	<u>3,600</u>

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

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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 August 2017.

**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 30.06.2017</b>	<b>Current year to date 30.06.2017</b>
Profit attributable to equity holders of the Company (RM'000)	11,073	5,788
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>0.92</u>	<u>0.48</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 2017**

**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 30 Jun 2017 RM'000	Preceding year corresponding quarter 30 Jun 2016 RM'000	Current year to date 30 Jun 2017 RM'000	Preceding year corresponding period 30 Jun 2016 RM'000
Interest income	(451)	(419)	(749)	(1,089)
Sundry income	(3,529)	(90)	(10,103)	(2,257)
Interest expenses	5,661	7,452	24,504	31,760
Depreciation	23,657	34,653	96,976	106,333
Loss on disposal of property, Plant and equipment	8,058	10,972	14,754	16,858
Realised foreign exchange (gain)/ loss	(1,308)	7,668	228	13,928
Unrealised foreign exchange gain	(1,169)	(14,311)	(6,452)	(15,109)

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

The breakdown of the retained profits of the Group as at 30 June 2017, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 30.06.2017 (RM'000)	Accumulated quarter ended 30.06.2016 (RM'000)
<b>Total retained profits of the Company and its subsidiaries</b>		
- Realized	759,697	708,043
- Unrealized	(29,431)	(24,571)
	<b>730,266</b>	<b>683,472</b>
Less: Consolidation adjustments	(460,822)	(460,608)
<b>Total Group's retained profits</b>	<b>269,444</b>	<b>222,864</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.

**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

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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 fourth quarter ended 30 June 2017 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2017.

By order of the Board

Richard Ling Peng Liing  
Company Secretary  
30 August 2017