

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.09.2017 RM'000	Preceding year corresponding quarter 30.09.2016 RM'000	Current year to date 30.09.2017 RM'000	Preceding year corresponding period 30.09.2016 RM'000
Revenue		131,033	131,272	131,033	131,272
Cost of sales		(120,926)	(108,856)	(120,926)	(108,856)
Gross profit		10,107	22,416	10,107	22,416
Other income		8,543	1,490	8,543	1,490
Administrative expenses		(7,894)	(7,110)	(7,894)	(7,110)
Operating profits		10,756	16,796	10,756	16,796
Other operating expense		(61)	(6,537)	(61)	(6,537)
Finance Costs		(5,200)	(6,551)	(5,200)	(6,551)
Shares of profit /(loss) of associates		992	(2,472)	992	(2,472)
Profit before tax		6,487	1,236	6,487	1,236
Tax expense	A11	(714)	(609)	(714)	(609)
Profit net of tax		5,773	627	5,773	627
Other comprehensive income:					
Foreign exchange translation	A16	309	4,838	309	4,838
Total comprehensive income for the period		6,082	5,465	6,082	5,465
Profit attributable to:					
Equity holders of the parent		5,848	(626)	5,848	(626)
Non controlling interests		(75)	1,253	(75)	1,253
		5,773	627	5,773	627
Total comprehensive income attributable to:					
Equity holders of the parent		6,129	4,001	6,129	4,001
Non controlling interests		(47)	1,464	(47)	1,464
		6,082	5,465	6,082	5,465
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	0.49	(0.05)	0.49	(0.05)
Diluted (sen)	B12	0.49	(0.05)	0.49	(0.05)

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 2017 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 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited AS AT 30.09.2017 RM'000	Audited AS AT 30.06.2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,115,732	1,145,607
Investment in associates		4,682	7,432
Other investments		241	241
Other receivable		187,067	212,547
Intangible asset		2,070	2,064
		1,309,792	1,367,891
Current assets			
Inventories		44,164	47,265
Trade and other receivables		309,160	281,706
Other current assets		6,282	8,465
Tax recoverable		3,000	2,915
Cash and cash equivalents		108,853	83,043
		471,459	423,394
TOTAL ASSETS		1,781,251	1,791,285
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,216,972	1,216,972
Retained Earnings		234,050	228,202
Other reserve		(289,037)	(288,939)
		1,161,985	1,156,235
Non Controlling interests		3,562	3,644
Total equity		1,165,547	1,159,879
Non-current liabilities			
Borrowings	B9	86,829	101,632
Deferred tax liabilities		55,514	55,185
Deferred income		17,082	20,797
		159,425	177,614
Current liabilities			
Borrowings	B9	314,646	322,603
Trade and other payables		137,214	130,457
Other current liabilities		4,064	522
Tax payable		355	210
		456,279	453,792
Total liabilities		615,704	631,406
TOTAL EQUITY AND LIABILITIES		1,781,251	1,791,285
Net assets per shares (RM)		0.97	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 2017 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 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent						
	Equity attributable to owners of the parents,		Share capital	Share premium	Other reserve	Retained earnings	Non-controlling interests
	Equity, total	the parents, total	RM'000	RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000					
At 1 July 2016	1,170,810	1,150,035	1,200,000	16,972	(289,175)	222,864	20,321
Total comprehensive Income	5,889	5,746	-	-	408	5,338	143
Transactions with Owners:							
Disposal of subsidiaries	(6,704)	-	-	-	-	-	(6,704)
Return of capital by a subsidiary	(8,870)	-	-	-	-	-	(8,870)
Acquisition of subsidiaries	445	-	-	-	-	-	445
Dividend paid to non-controlling interests	(1,691)	-	-	-	-	-	(1,691)
Transfer pursuant to Companies Act 2016 #	-	-	(16,972)	(16,972)	-	-	-
At 30 June 2017	<u>1,159,879</u>	<u>1,156,235</u>	<u>1,216,972</u>	<u>-</u>	<u>(288,939)</u>	<u>228,202</u>	<u>3,644</u>
At 1 July 2017	1,159,879	1,156,235	1,216,972	-	(288,939)	228,202	3,644
Total comprehensive Income	5,668	5,748	-	-	(98)	5,848	(82)
At 30 September 2017	<u>1,165,547</u>	<u>1,161,983</u>	<u>1,216,972</u>	<u>-</u>	<u>(289,037)</u>	<u>234,050</u>	<u>3,562</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 2017 and the accompanying explanatory notes attached to this report.*

Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM16,972,000 for the purposes set out in Section 618(3) of the CA 2016.

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 30.09.2017 RM'000	Preceding year 30.09.2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	6,487	1,236
Adjustment for:		
Depreciation	20,554	21,587
(Gain)/ loss on disposal of fixed assets	(5,722)	6,381
Loss/(gain) on foreign exchange	233	(856)
Interest expenses	5,200	6,551
Interest income	(435)	(164)
Written off of property, plant and equipment	672	-
(Profit)/ Loss retained in associates	(992)	2,472
Operating profit before changes in working capital	25,997	37,207
Working Capital Changes		
Decrease/(Increase) in inventories	3,098	(6,739)
Decrease in receivables	17,541	24,661
Decrease/(increase) in other current assets	2,662	(17,603)
Increase in payables	2,595	13,221
Increase/(decrease) in other current liabilities	3,542	(127)
Net changes in amounts due from/to related companies	(16,293)	(57,310)
Total changes in working capital	13,145	(43,897)
Cash generated from/(used in) operations	39,142	(6,690)
Interest received	435	164
Interest paid	(5,200)	(6,551)
Income tax refund	554	-
Income tax paid	(255)	(410)
Total interest and tax paid	(4,466)	(6,797)
Net cash generated from/(used in) operating activities	34,676	(13,487)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(3,719)	(4,326)
Proceeds from disposal of property, plant and equipment	17,703	4,682
Proceed from issuance of share	-	100
Net cash generated from investing activities	13,984	456
NET CASH FLOW FROM FINANCING ACTIVITIES		
Net movement in trade financing	(1,970)	11,539
Proceeds from hire purchase	-	2,271
Repayment of hire purchase	(2,611)	(3,155)
Proceeds from term loans	-	5,600
Repayment of term loans	(17,793)	(20,114)
Net cash flow used in financing activities	(22,374)	(3,859)
Net increase/ (decrease) in cash and cash equivalents	26,286	(16,890)
Cash and cash equivalents at beginning of period	52,038	(11,745)
Effects of exchange rate changes	(93)	168
Cash and cash equivalents at end of period	78,231	(28,467)
Cash and cash equivalents comprise the following:		
Cash and bank balances	46,353	16,898
Deposit with licensed banks	62,500	10,094
Bank overdrafts	(30,622)	(55,459)
Cash and bank balances	78,231	(28,467)

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 2017 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 2017.

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 2017.

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 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
For 3 months ended 30 September 2017						
Segment Revenue						
External revenue	115,595	14,140	1,141	157	-	131,033
Inter-segment revenue	1,310	10,508	596	838	(13,252)	-
Total	116,905	24,648	1,737	995	(13,252)	131,033
Profit/ (loss) from operations	15,231	(5,076)	732	(131)	-	10,756
Other operating expense						(61)
Finance costs						(5,200)
Share of profit of associates						992
Profit before tax						6,487
Tax expense						(714)
Profit for the period						5,773
For 3 months ended 30 September 2016						
Segment Revenue						
External revenue	111,019	19,004	1,120	129	-	131,272
Inter-segment revenue	2,293	5,867	585	502	(9,247)	-
Total	113,312	24,871	1,705	631	(9,247)	131,272
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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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

A8. Segmental reporting (Cont’)

Group

	1Q 2018 (RM'000)	1Q 2017 (RM'000)	Changes (%)
Revenue	131,033	131,272	-0.2%
Profit before tax	6,487	1,236	424.8%

Revenue of the Group for the first quarter ended 30 September 2017 marginally decreased by 0.2% to RM131.0 million as compared to RM 131.3 million in the previous corresponding quarter.

The increase in profit before tax due to the improvement in shipping utilisation and the gain on disposal of a vessel in current quarter.

Performance and prospects of each operating segment are discussed below:

Shipping

	1Q 2018 (RM'000)	1Q 2017 (RM'000)	Changes (%)
Revenue	115,595	111,019	4.1%
Profit before tax	14,107	8,496	66.0%

For the current quarter, the shipping segment’s revenue of RM115.6 million increased by 4.1% as compared to RM 111.0 million revenue recorded in the corresponding quarter. This was mainly due to the higher volume carried from international shipment operations in the current quarter.

The increase in profit before tax in shipping segment mainly due to the improvement of shipping profit margin in container shipping and international shipping operations segments.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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

A8. Segmental reporting (Cont’)

Shipbuilding and Ship repair

	1Q 2018 (RM'000)	1Q 2017 (RM'000)	Changes (%)
Revenue	14,140	19,004	-25.6%
Loss before tax	(8,064)	(7,472)	-7.9%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM14.1million decreased by 25.6% as lower compared to RM19.0million 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

	1Q 2018 (RM'000)	1Q 2017 (RM'000)	Changes (%)
Revenue	1,141	1,120	1.9%
Profit before tax	978	1,012	-3.4%

For the current quarter, the revenue from shipping agency segment increased by 1.9% compared to the preceding year’s corresponding quarter. The marginal decrease in profit before tax was mainly due to the lower in profit margin in shipping agency sector in current quarter.

Investment Holding

	1Q 2018 (RM'000)	1Q 2017 (RM'000)	Changes (%)
Revenue	157	129	21.7%
Loss before tax	(534)	(800)	33.3%

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 except for:-

SYSCorp had on 27 November 2017 incorporated a wholly owned subsidiary company in Malaysia under the Companies Act, 2016 ("Act"), namely Dynasys Technology & Engineering Sdn Bhd (“DTESB”).

The initial issued share capital of DTESB is RM 100.00 comprising 100 ordinary shares.

The intended principal activity of DTESB is engaging in business of engineering consultants, technical engineering services.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for current interim quarter under review.

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 30 Sep 2017 RM'000	Preceding year corresponding quarter 30 Sep 2016 RM'000	Current year to date 30 Sep 2017 RM'000	Preceding year corresponding period 30 Sep 2016 RM'000
Malaysian taxation				
Current year tax	358	278	358	278
Deferred tax	356	331	356	331
	<u>714</u>	<u>609</u>	<u>714</u>	<u>609</u>

A12. Contingent liabilities and contingent assets

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

	As at
	30.09.2017
	RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<u>194,651</u>

The Group does not have any contingent assets.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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

A13. Material commitments

There were no material commitments during the current interim quarter under review.

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 30.09.2017 RM'000	Balance due from/(to) As at 30.09.2017 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	29,701	62,179
Purchase of goods and services	(7,814)	(14,629)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	1,420	4,585
Purchase of goods and services	(689)	(4,687)

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 FIRST QUARTER ENDED 30 SEPTEMBER 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

	1Q 2018 (RM'000)	4Q 2017 (RM'000)	Changes (%)
Revenue	131,033	163,219	-19.7%
Profit before tax	6,487	10,039	-35.4%

As compared to the immediate preceding quarter, the Group's current quarter's revenue decreased by 19.7% to RM131.0 million from RM163.2 million recorded in the immediate preceding quarter.

The Group's profit before tax decrease as compared to the immediate preceding quarter is mainly due to the decrease in margin in domestic shipping and container shipping operations segments in current quarter.

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 FIRST QUARTER ENDED 30 SEPTEMBER 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

	Secured RM'000	unsecured RM'000	Total RM'000
1. Total borrowings			
Short-term borrowings	260,449	54,197	314,646
Long-term borrowings	86,829	-	86,829
	<u>347,278</u>	<u>54,197</u>	<u>401,475</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	3,600	-	3,600
Long-term borrowings	-	-	-
	<u>3,600</u>	<u>-</u>	<u>3,600</u>

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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 30 November 2017.

B11. Changes in material litigation

There were no material litigations during the current interim quarter up to the date of this interim report except for:

Shin Yang Shipping Sdn. Bhd. (“SYS” or “the Plaintiff”), a wholly owned subsidiary of the Company, had on 13th September 2017, via its solicitors, Ali Budiardjo, Nugroho, Reksodiputro - Counsellors at Law, filed its claim in the North Jakarta District Court at Central Jakarta against PT Gemilang Raya Maritime (“the Defendant”) for the following.

The Plaintiff has sold and delivered four (4) Vessels by way of Protocol of Delivery and Acceptance dated 6 October 2016 to the Defendant. The Defendant as the purchaser for the Vessels did not comply to its legal obligation to make the necessary payments of the Vessels purchased in accordance to the Memorandum of Agreement dated 1 October 2016. The Plaintiff had sent two (2) demand letters to the Defendant each dated 20 March 2017 and 27 April 2017 respectively, however, the Defendants did not respond to any of the Plaintiff’s demand letters.

The particulars of the Statement of Claim are as follows:

Total purchase consideration sum of RM6,000,000.00 (Six Million Malaysian Ringgit) which comprise of the following details:-

- The purchase price of Tugboat Danum 89 (presently vessel’s name has been changed to GRM Indramayu) with the amount of RM1,900,000.00 (one million nine hundred thousand Malaysian Ringgit);
- The purchase price of Tugboat Danum 95 (presently vessel’s name has been changed to GRM Asahan) with the amount of RM1,900,000.00 (one million nine hundred thousand Malaysian Ringgit);
- The purchase price of Barge Ship Linau 51 (presently vessel’s name has been changed to GRM Polewali) with the amount of RM1,100,000.00 (one million one hundred thousand Malaysian Ringgit);
- The purchase price of Barge Ship Linau 52 (presently vessel’s name has been changed to GRM Sipirok) with the amount of RM1,100,000.00 (one million one hundred thousand Malaysian Ringgit).

The Litigation is not expected to have any material impact on the earnings and the net assets of the Group for the financial year ending 30 June 2018

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

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

B12. Earnings per share

(a) Basic

The basic earnings per share for the current interim quarter and current financial year-to-date are computed as follows:

	Current year quarter 30.09.2017	Current year to date 30.09.2017
Loss attributable to equity holders of the Company (RM'000)	5,848	5,848
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>0.49</u>	<u>0.49</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 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 Sep 2017 RM'000	Preceding year corresponding quarter 30 Sep 2016 RM'000	Current year to date 30 Sep 2017 RM'000	Preceding year corresponding period 30 Sep 2016 RM'000
Interest income	(435)	(164)	(435)	(164)
Sundry income	(879)	(1,327)	(879)	(1,327)
Interest expenses	5,200	6,551	5,200	6,551
Depreciation	20,554	21,587	20,554	21,587
(Gain) /loss on disposal of property, Plant and equipment	(5,722)	6,381	(5,722)	6,381
Realised foreign exchange loss/(gain)	27	(23)	27	(23)
Unrealised foreign exchange loss/(gain)	233	(856)	233	(856)

B14. Breakdown of realised and unrealised profit or loss

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

	Accumulated quarter ended 30.09.2017 (RM'000)	Accumulated quarter ended 30.09.2016 (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realized	750,300	718,515
- Unrealized	(33,068)	(40,040)
	717,232	678,475
Less: Consolidation adjustments	(483,182)	(459,684)
Total Group's retained profits	234,050	218,791

B15. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2017 was not qualified.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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 2017 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 November 2017.

By order of the Board

Richard Ling Peng Liing
Company Secretary
30 November 2017