

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

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.03.2018 RM'000	Preceding year corresponding quarter 31.03.2017 RM'000	Current year to date 31.03.2018 RM'000	Preceding year corresponding period 31.03.2017 RM'000
Revenue		175,736	142,899	446,688	435,861
Cost of sales		(158,694)	(146,436)	(402,268)	(406,354)
Gross profit / (loss)		17,042	(3,537)	44,420	29,507
Other income		2,489	2,511	18,103	17,384
Administrative expenses		(8,758)	(9,159)	(25,959)	(30,955)
Operating profits / (loss)		10,773	(10,185)	36,564	15,936
Other operating income/ (expense)		-	4,119	(61)	(6,681)
Finance Costs		(4,626)	(5,897)	(14,674)	(18,842)
Shares of profit of associates		528	2,131	1,550	2,935
<b>Profit / (Loss) before tax</b>		<b>6,675</b>	<b>(9,832)</b>	<b>23,379</b>	<b>(6,652)</b>
Tax income/ (expense)	A12	129	38	(1,843)	(1,185)
<b>Profit / (Loss) net of tax</b>		<b>6,804</b>	<b>(9,794)</b>	<b>21,536</b>	<b>(7,837)</b>
<b>Other comprehensive income:</b>					
Foreign exchange translation	A16	(343)	(760)	(211)	4,631
Total comprehensive income for the period		6,461	(10,554)	21,325	(3,206)
<b>Profit / (Loss) attributable to:</b>					
Equity holders of the parent		6,507	(7,140)	20,813	(5,285)
Non controlling interests		297	(2,654)	723	(2,552)
		6,804	(9,794)	21,536	(7,837)
<b>Total comprehensive income / (loss) attributable to:</b>					
Equity holders of the parent		6,191	(7,589)	20,613	(1,152)
Non controlling interests		270	(2,965)	712	(2,054)
		6,461	(10,554)	21,325	(3,206)
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	0.54	(0.60)	1.73	(0.44)
Diluted (sen)	B12	0.54	(0.60)	1.73	(0.44)

**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 THIRD QUARTER ENDED 31 MARCH 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited AS AT 31.03.2018 RM'000	Audited AS AT 30.06.2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,177,896	1,145,607
Investment in associates		7,065	7,432
Other investments		241	241
Other receivable		161,289	212,547
Intangible asset		2,070	2,064
		<b>1,348,561</b>	<b>1,367,891</b>
<b>Current assets</b>			
Inventories		48,673	47,265
Trade and other receivables		257,568	281,706
Other current assets		13,708	8,465
Tax recoverable		3,479	2,915
Cash and cash equivalents		78,314	83,043
		<b>401,742</b>	<b>423,394</b>
<b>TOTAL ASSETS</b>		<b>1,750,303</b>	<b>1,791,285</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,216,972	1,216,972
Retained Earnings		249,015	228,202
Treasury share		(692)	-
Other reserve		(289,518)	(288,939)
		<b>1,175,777</b>	<b>1,156,235</b>
<b>Non Controlling interests</b>		<b>4,322</b>	<b>3,644</b>
<b>Total equity</b>		<b>1,180,099</b>	<b>1,159,879</b>
<b>Non-current liabilities</b>			
Borrowings	B9	69,347	101,632
Deferred tax liabilities		56,188	55,185
Deferred income		18,718	20,797
		<b>144,253</b>	<b>177,614</b>
<b>Current liabilities</b>			
Borrowings	B9	291,867	322,603
Trade and other payables		120,459	130,457
Other current liabilities		13,399	522
Tax payable		226	210
		<b>425,951</b>	<b>453,792</b>
<b>Total liabilities</b>		<b>570,204</b>	<b>631,406</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,750,303</b>	<b>1,791,285</b>
Net assets per shares (RM)		0.98	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**  
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**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**  
**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	Treasury Share RM'000	Non- Controlling interests RM'000
<b>At 1 July 2016</b>	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)	-	-	-	-
<b>At 30 June 2017</b>	<b>1,159,879</b>	<b>1,156,235</b>	<b>1,216,972</b>	<b>-</b>	<b>(288,939)</b>	<b>228,202</b>	<b>-</b>	<b>3,644</b>
<b>At 1 July 2017</b>	1,159,879	1,156,235	1,216,972	-	(288,939)	228,202	-	3,644
Total comprehensive income	20,912	20,234	-	-	(579)	20,813	-	678
Share buy back	(692)	(692)	-	-	-	-	(692)	-
<b>At 31 March 2018</b>	<b>1,180,099</b>	<b>1,175,777</b>	<b>1,216,972</b>	<b>-</b>	<b>(289,518)</b>	<b>249,015</b>	<b>(692)</b>	<b>4,322</b>

(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.*

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**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current year to date 31.03.2018 RM'000	Preceding year 31.03.2017 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	23,379	(6,652)
Adjustment for:		
Depreciation	61,204	73,319
(Gain)/ Loss on disposal of fixed assets	(7,561)	6,696
Gain on disposal of investment	-	(1,884)
Loss / (Gain) on foreign exchange	808	(3,556)
Interest expenses	14,674	18,842
Interest income	(1,415)	(298)
Fixed asset written off	2,063	934
Gain retained in associates	(1,550)	(2,935)
<b>Operating profit before changes in working capital</b>	<b>91,602</b>	<b>84,466</b>
<u>Working Capital Changes</u>		
Increase in inventories	(1,432)	(6,149)
Decrease in receivables	1,004	38,336
(Increase)/ Decrease in other current assets	(5,270)	4,772
Decrease in payables	(5,409)	(1,703)
Increase/ (Decrease) in other current liabilities	12,877	(3,127)
Net changes in amounts due from/to related companies	69,062	58,294
Total changes in working capital	70,832	90,423
<b>Cash generated from operations</b>	<b>162,434</b>	<b>174,889</b>
Interest received	1,415	298
Interest paid	(14,674)	(18,842)
Income tax refunded	125	750
Income tax paid	(689)	(1,975)
<b>Total interest and tax paid</b>	<b>(13,823)</b>	<b>(19,769)</b>
<b>Net cash generated from operating activities</b>	<b>148,611</b>	<b>155,120</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(109,297)	(33,791)
Proceeds from disposal of property, plant and equipment	20,072	39,367
Purchase of interests in associated company	-	(2,569)
Payment of Capital	-	(19,710)
<b>Net cash used in investing activities</b>	<b>(89,225)</b>	<b>(16,703)</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest	(400)	(1,631)
Net movement in trade financing	(19,264)	(1,729)
Proceeds from hire purchase	9,532	4,090
Repayment of hire purchase	(7,492)	(10,098)
Proceeds from term loan	-	29,180
Repayment of term loans	(44,353)	(68,007)
Purchase of treasury share	(692)	-
<b>Net cash flow used in financing activities</b>	<b>(62,669)</b>	<b>(48,195)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(3,283)</b>	<b>90,222</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>52,038</b>	<b>(11,745)</b>
<b>Effects of exchange rate changes</b>	<b>(17)</b>	<b>716</b>
<b>Cash and cash equivalents at end of period</b>	<b>48,738</b>	<b>79,193</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	15,714	85,988
Deposit with licensed banks	62,600	17,000
Bank overdrafts	(29,576)	(23,795)
Cash at bank restricted in use	-	-
<b>Cash and bank balances</b>	<b>48,738</b>	<b>79,193</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 2017 and the accompanying explanatory notes attached to this report.*

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**

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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 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**

Repurchase of shares as Treasury Shares

On 31 October 2017, the shareholders of the Company renewed their approval for the Company’s plan to repurchase its own ordinary shares. The Company has purchase a total of 2,596,100 its own ordinary shares at average price of RM 0.2435 per share during the current quarter. As at 31 March 2018, the Company holds 2,838,100 of its issued ordinary shares repurchased from open market at an overall average price at RM0.2437 per share. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

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**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 2018</b>						
<b>Segment Revenue</b>						
External revenue	364,305	78,256	3,773	354	-	446,688
Inter-segment revenue	5,112	25,814	1,772	2,536	(35,234)	-
Total	<u>369,417</u>	<u>104,070</u>	<u>5,545</u>	<u>2,890</u>	<u>(35,234)</u>	<u>446,688</u>
Profit/ (loss) from operations	45,497	(11,317)	3,240	(856)	-	36,564
Other operating expense						(61)
Finance costs						(14,674)
Share of profit of associates						1,550
Profit before tax						<u>23,379</u>
Tax expense						(1,843)
Profit for the period						<u>21,536</u>
<b>For 9 months ended</b>						
<b>31 March 2017</b>						
<b>Segment Revenue</b>						
External revenue	378,090	53,948	3,428	395	-	435,861
Inter-segment revenue	4,619	16,011	1,714	1,506	(23,850)	-
Total	<u>382,709</u>	<u>69,959</u>	<u>5,142</u>	<u>1,901</u>	<u>(23,850)</u>	<u>435,861</u>
Profit/ (loss) from operations	33,090	(18,916)	2,749	(987)	-	15,936
Other operating expense						(6,681)
Finance costs						(18,842)
Share of profit of associates						2,935
Loss before tax						<u>(6,652)</u>
Tax expense						(1,185)
Loss for the period						<u>(7,837)</u>

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**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 2018</b>						
<b>Segment Revenue</b>						
External revenue	127,507	46,921	1,218	90	-	175,736
Inter-segment revenue	2,321	6,752	803	849	(10,725)	-
<b>Total</b>	<b>129,828</b>	<b>53,673</b>	<b>2,021</b>	<b>939</b>	<b>(10,725)</b>	<b>175,736</b>
Profit/ (loss) from operations	11,670	(1,882)	937	48	-	10,773
Other operating income						-
Finance costs						(4,626)
Share of profit of associates						528
Profit before tax						6,675
Tax income						129
Profit for the period						6,804

<b>For 3 months ended 31 March 2017</b>						
<b>Segment Revenue</b>						
External revenue	123,526	18,244	997	132	-	142,899
Inter-segment revenue	1,331	6,768	578	502	(9,179)	-
<b>Total</b>	<b>124,857</b>	<b>25,012</b>	<b>1,575</b>	<b>634</b>	<b>(9,179)</b>	<b>142,899</b>
Profit/ (loss) from operations	2,318	(12,014)	355	(844)	-	(10,185)
Other operating income						4,119
Finance costs						(5,897)
Share of profit of associates						2,131
Loss before tax						(9,832)
Tax income						38
Loss for the period						(9,794)

**Group**

	3Q 2018 (RM'000)	3Q 2017 (RM'000)	Changes (%)
Revenue	175,736	142,899	23.0%
Profit / (Loss) before tax	6,675	(9,832)	167.9%

Revenue of the Group for the third quarter ended 31 March 2018 increased by 23.0% to RM175.7 million as compared to RM142.9 million in the previous corresponding quarter.

The increase was mainly due to the higher revenue generated from the ship repair and metal fabrication segments in the current quarter.

The profit before tax due to the improvement in shipping utilisation in current quarter.

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**

**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 2018 (RM'000)</b>	<b>3Q 2017 (RM'000)</b>	<b>Changes (%)</b>
Revenue	127,507	123,526	3.2%
Profit before tax	11,023	6,122	80.1%

For the current quarter, the shipping segment’s revenue of RM127.5 million increased by 3.2% as compared to RM 123.5 million revenue recorded in the corresponding quarter. This was mainly due to the higher volume carried from bulk operations in the current quarter.

The increase in profit before tax in shipping segment due to the increase in margin in liquid and dry bulk shipping and containers segments in current quarter.

**Shipbuilding and Ship repair**

	<b>3Q 2018 (RM'000)</b>	<b>3Q 2017 (RM'000)</b>	<b>Changes (%)</b>
Revenue	46,921	18,244	157.2%
Loss before tax	(4,680)	(14,997)	68.8%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM46.9million increased by 157.2% as compared to RM18.2million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to more repair and metal fabrication works in the following quarters.

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>3Q 2018 (RM'000)</b>	<b>3Q 2017 (RM'000)</b>	<b>Changes (%)</b>
Revenue	1,218	997	22.2%
Profit before tax	929	356	161.0%

For the current quarter, the revenue from shipping agency segment increased by 22.2% compared to the preceding year’s corresponding quarter. The increase in profit before tax was mainly due to the higher 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>3Q 2018 (RM'000)</b>	<b>3Q 2017 (RM'000)</b>	<b>Changes (%)</b>
Revenue	90	132	-31.8%
Loss before tax	(597)	(1,313)	54.5%

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. 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:

The Company had incorporated a wholly owned subsidiary company in Malaysia under the Companies Act, 2016 ("Act"), namely Dynasys Technology & Engineering Sdn Bhd ("DTESB"). The current issued share capital of DTESB is RM 20,000.00 comprising 20,000 ordinary shares.

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

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

**A12. Tax (income)/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 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
<b>Malaysian taxation</b>				
Current year tax	234	131	840	795
Deferred tax	(363)	(169)	1,003	390
	<u>(129)</u>	<u>(38)</u>	<u>1,843</u>	<u>1,185</u>

**A13. Contingent liabilities and contingent assets**

The contingent liabilities of the Group as at 31 March 2018 are as follows:

	<b>As at 31.03.2018 RM'000</b>
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<b><u>174,355</u></b>

The Group does not have any contingent assets.

**A14. Material commitments**

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

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**

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

**A15. 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 31.03.2018 RM’000</b>	<b>Balance due from/(to) As at 31.03.2018 RM’000</b>
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	27,031	74,709
Purchase of goods and services	(8,241)	(26,050)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	649	4,461
Purchase of goods and services	(1,176)	(5,678)

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

**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 2018**

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**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 2018 (RM'000)</b>	<b>2Q 2018 (RM'000)</b>	<b>Changes (%)</b>
Revenue	175,736	139,920	25.6%
Profit before tax	6,675	10,216	-34.7%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 25.6% to RM175.7 million from RM139.9 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 ship repair and fabrication segment and international shipping operations segment 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 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 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 THIRD QUARTER ENDED 31 MARCH 2018**

**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	231,676	60,191	291,867
Long-term borrowings	69,347	-	69,347
	<u>301,023</u>	<u>60,191</u>	<u>361,214</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 THIRD QUARTER ENDED 31 MARCH 2018**

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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 2018.

**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 31.03.2018</b>	<b>Current year to date 31.03.2018</b>
Profit attributable to equity holders of the Company (RM'000)	6,507	20,813
Weighted average number of ordinary shares in issue ('000)	1,200,000	1,200,000
Basic earnings per share (sen)	<u>0.54</u>	<u>1.73</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 2018**

**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 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(500)	(109)	(1,415)	(298)
Sundry income	(567)	(1,269)	(6,186)	(6,574)
Interest expenses	4,626	5,897	14,674	18,842
Depreciation	20,712	23,831	61,204	73,319
(Gain)/Loss on disposal of property, Plant and equipment	(700)	(188)	(7,561)	6,696
Realised foreign exchange loss/ (gain)	1,235	637	(85)	1,536
Unrealised foreign exchange loss/ (gain)	138	(2,011)	808	(5,283)

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

The breakdown of the retained profits of the Group as at 31 March 2018, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows:

	Accumulated quarter ended 31.03.2018	Accumulated quarter ended 31.03.2017
	(RM'000)	(RM'000)
<b>Total retained profits of the Company and its subsidiaries</b>		
- Realized	768,026	696,104
- Unrealized	(34,644)	(31,823)
	<b>733,382</b>	<b>664,281</b>
Less: Consolidation adjustments	(484,367)	(460,816)
<b>Total Group's retained profits</b>	<b>249,015</b>	<b>203,465</b>

**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 THIRD QUARTER ENDED 31 MARCH 2018**

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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 2018 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2018.

By order of the Board

Richard Ling Peng Liing  
Company Secretary  
28 May 2018