

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.12.2018 RM'000	Preceding year corresponding quarter 31.12.2017 RM'000	Current year to date 31.12.2018 RM'000	Preceding year corresponding period 31.12.2017 RM'000
Revenue		177,630	139,920	337,317	270,952
Cost of sales		(174,522)	(122,648)	(321,682)	(243,574)
Gross profit		3,108	17,272	15,635	27,378
Other income		2,989	7,070	5,244	15,614
Administrative expenses		(7,199)	(9,307)	(15,186)	(17,201)
Operating (Loss)/ profits		(1,102)	15,035	5,693	25,791
Other operating expense		-	-	-	(61)
Finance Costs		(4,757)	(4,849)	(9,667)	(10,048)
Shares of profit of associates		352	30	711	1,022
(Loss)/ Profit before tax		(5,507)	10,216	(3,263)	16,704
Tax expense	A12	(153)	(1,257)	(295)	(1,972)
(Loss)/ Profit net of tax		(5,660)	8,959	(3,558)	14,732
Other comprehensive (loss)/ income:					
Foreign exchange translation	A16	51	(177)	1,669	132
Total comprehensive (loss)/ income for the period		(5,609)	8,782	(1,889)	14,864
(Loss) / Profit attributable to:					
Equity holders of the parent		(5,910)	8,459	(3,668)	14,307
Non controlling interests		250	500	110	425
		(5,660)	8,959	(3,558)	14,732
Total comprehensive (loss) / income attributable to:					
Equity holders of the parent		(5,864)	8,284	(2,167)	14,413
Non controlling interests		255	498	278	451
		(5,609)	8,782	(1,889)	14,864
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(0.50)	0.70	(0.31)	1.19
Diluted (sen)	B12	(0.50)	0.70	(0.31)	1.19

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 2018 and the accompanying explanatory notes attached to this report.*

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited AS AT 31.12.2018 RM'000	Audited AS AT 30.06.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,188,924	1,200,140
Investment in associates		4,254	3,715
Other investments		141	141
Intangible asset		2,070	2,064
		1,195,389	1,206,060
Current assets			
Inventories		47,947	44,739
Trade and other receivables		371,099	349,138
Other current assets		19,515	29,819
Tax recoverable		3,926	3,556
Cash and cash equivalents		62,770	77,044
		505,257	504,296
TOTAL ASSETS		1,700,646	1,710,356
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,216,972	1,216,972
Treasury share		(7,475)	(4,678)
Retained Earnings		248,191	251,859
Other reserve		(288,200)	(289,701)
		1,169,488	1,174,452
Non Controlling interests		10,594	10,316
Total equity		1,180,082	1,184,768
Non-current liabilities			
Borrowings	B9	87,901	62,428
Deferred tax liabilities		51,653	52,107
		139,554	114,535
Current liabilities			
Borrowings	B9	246,640	290,630
Trade and other payables		116,355	119,874
Other current liabilities		17,083	-
Tax payable		932	549
		381,010	411,053
Total liabilities		520,564	525,588
TOTAL EQUITY AND LIABILITIES		1,700,646	1,710,356
Net assets per shares (RM)		0.99	0.98

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 2018 and the accompanying explanatory notes attached to this report.*

SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A
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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent						
	Equity, total RM'000	Non distributable	Distributable				Non- Controlling interests RM'000
Equity attributable to owners of the parents, total RM'000		Share capital RM'000	Treasury Shares RM'000	Other reserves RM'000	Retained earnings RM'000		
At 1 July 2017	1,159,879	1,156,235	1,216,972	-	(288,939)	228,202	3,644
Profit net of tax	30,514	23,657	-	-	-	23,657	6,857
Other comprehensive income	(827)	(762)	-	-	(762)	-	(65)
Total comprehensive income	29,687	22,895	-	-	(762)	23,657	6,792
Transactions with Owners:							
Purchase of treasury shares	(4,678)	(4,678)	-	(4,678)	-	-	-
Dividend paid to non-controlling interests	(120)	-	-	-	-	-	(120)
At 30 June 2018	1,184,768	1,174,452	1,216,972	(4,678)	(289,701)	251,859	10,316
At 1 July 2018	1,184,768	1,174,452	1,216,972	(4,678)	(289,701)	251,859	10,316
Profit net of tax	(3,558)	(3,668)	-	-	-	(3,668)	110
Other comprehensive income	1,669	1,501	-	-	1,501	-	168
Total comprehensive income	(1,889)	(2,167)	-	-	1,501	(3,668)	278
Transactions with Owners:							
Purchase of treasury shares	(2,797)	(2,797)	-	(2,797)	-	-	-
At 31 December 2018	1,180,082	1,169,488	1,216,972	(7,475)	(288,200)	248,191	10,594

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 2018 and the accompanying explanatory notes attached to this report.*

SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A
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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2018 RM'000	Preceding year 31.12.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(3,263)	16,704
Adjustment for:		
Depreciation	47,148	40,492
Dividend income	(195)	-
Bad debts written off	10	-
Inventories written off	1	-
Gain on disposal of fixed assets	(1,897)	(6,861)
(Gain)/ Loss on foreign exchange	(343)	670
Interest expenses	9,667	10,048
Interest income	(823)	(915)
Property, plant and equipment written off	-	1,846
Share of results of associates	(711)	(1,022)
	49,594	60,962
Operating profit before changes in working capital		
<u>Working Capital Changes</u>		
(Increase)/ Decrease in inventories	(3,208)	3,059
Increase in receivables	(22,502)	(33,682)
Decrease in other current assets	10,305	1,293
(Decrease)/ Increase in payables	(8,766)	5,127
Increase in other current liabilities	17,083	22,283
Net changes in amounts due from/to related companies	7,257	36,037
Total changes in working capital	169	34,117
Cash generated from operations	49,763	95,079
Interest received	823	915
Interest paid	(9,667)	(10,048)
Income tax refunded	-	527
Income tax paid	(327)	(522)
Total interest and tax paid	(9,171)	(9,128)
Net cash generated from operating activities	40,592	85,951
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	195	-
Capital expenditure	(50,133)	(45,484)
Proceeds from disposal of property, plant and equipment	16,400	19,166
Net cash used in investing activities	(33,538)	(26,318)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(400)
Net movement in trade financing	(49,561)	(34,476)
Proceeds from hire purchase	706	1,697
Repayment of hire purchase	(3,516)	(5,589)
Proceeds from term loan	52,000	-
Repayment of term loans	(22,702)	(31,412)
Purchase of treasury share	(2,797)	(59)
Net cash flow used in financing activities	(25,870)	(70,239)
Net decrease in cash and cash equivalents	(18,816)	(10,606)
Cash and cash equivalents at beginning of period	53,745	52,038
Effects of exchange rate changes	(3)	(8)
Cash and cash equivalents at end of period	34,926	41,424
Cash and cash equivalents comprise the following:		
Cash and bank balances	23,370	10,787
Deposit with licensed banks	39,400	59,950
Bank overdrafts	(27,844)	(29,313)
Cash and bank balances	34,926	41,424

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 2018 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 2018.

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 2018.

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 5 December 2018, shareholders of the Company had approved and renewed their approval authority for the Company’s plan to repurchase its own ordinary shares. The Company has purchased a total of 2,195,000 its own ordinary shares at average price of RM 0.2840 per share during the current quarter. As at 31 December 2018, the Company had purchased and hold a cumulative total 25,605,600 of its issued ordinary shares repurchased from open market at an overall average price at RM0.2919 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
For 6 months ended 31 December 2018						
Segment Revenue						
External revenue	277,820	56,169	3,150	178	-	337,317
Inter-segment revenue	5,088	12,415	1,436	1,698	(20,637)	-
Total	282,908	68,584	4,586	1,876	(20,637)	337,317
Profit/ (loss) from operations	16,155	(12,848)	3,487	(1,101)	-	5,693
Other operating expense						-
Finance costs						(9,667)
Share of profit of associates						711
Loss before tax						(3,263)
Tax expense						(295)
Loss for the period						(3,558)
For 6 months ended 31 December 2017						
Segment Revenue						
External revenue	236,798	31,335	2,555	264	-	270,952
Inter-segment revenue	2,791	19,062	969	1,687	(24,509)	-
Total	239,589	50,397	3,524	1,951	(24,509)	270,952
Profit/ (loss) from operations	33,827	(9,435)	2,303	(904)	-	25,791
Other operating expense						(61)
Finance costs						(10,048)
Share of profit of associates						1,022
Profit before tax						16,704
Tax expense						(1,972)
Profit for the period						14,732

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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
For 3 months ended 31 December 2018						
Segment Revenue						
External revenue	142,439	33,571	1,526	94	-	177,630
Inter-segment revenue	2,507	6,071	776	849	(10,203)	-
Total	144,946	39,642	2,302	943	(10,203)	177,630
Profit/ (loss) from operations	6,493	(8,584)	1,607	(618)	-	(1,102)
Finance costs						(4,757)
Share of profit of associates						352
Loss before tax						(5,507)
Tax expense						(153)
Loss for the period						(5,660)
For 3 months ended 31 December 2017						
Segment Revenue						
External revenue	121,204	17,195	1,414	107	-	139,920
Inter-segment revenue	1,481	8,554	373	849	(11,257)	-
Total	122,685	25,749	1,787	956	(11,257)	139,920
Profit/ (loss) from operations	18,596	(4,359)	1,571	(773)	-	15,035
Finance costs						(4,849)
Share of profit of associates						30
Profit before tax						10,216
Tax expense						(1,257)
Profit for the period						8,959

Group

	2Q 2019 (RM'000)	2Q 2018 (RM'000)	Changes (%)
Revenue	177,630	139,920	27.0%
(Loss)/ Profit before tax	(5,507)	10,216	-153.9%

Revenue of the Group for the second quarter ended 31 December 2018 increased by 27.0% to RM177.6 million as compared to RM139.9 million in the previous corresponding quarter.

The increase was mainly due to the higher revenue generated from the domestic shipping segments and shipbuilding segment in the current quarter.

The loss before tax due to the decrease in margin in shipping segments on barges & tugboats for preparation costs and docking costs incurred and the unrealised margin on production overheads of new shipbuilding's work in progress during construction in Shipbuilding and ship repair segments.

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

	2Q 2019 (RM'000)	2Q 2018 (RM'000)	Changes (%)
Revenue	142,439	121,204	17.5%
Profit before tax	5,676	17,098	-66.8%

For the current quarter, the shipping segment’s revenue of RM142.4million increased by 17.5% as compared to RM 121.2 million revenue recorded in the corresponding quarter. This was mainly due to the higher volume carried from domestic shipping operations in the current quarter.

The decrease in profit before tax in shipping segment due to the decrease in margin in shipping segments on barges & tugboats for preparation costs and docking costs incurred in current quarter.

Shipbuilding and Ship repair

	2Q 2019 (RM'000)	2Q 2018 (RM'000)	Changes (%)
Revenue	33,571	17,195	95.2%
Loss before tax	(11,883)	(7,186)	-65.4%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM33.6million increased by 95.2% as compared to RM17.2million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to the progressive claim on the new shipbuilding’s works in the current quarters.

The net losses before tax in Shipbuilding and ship repair segment was mainly due to the unrealised margin on production overheads of new shipbuilding’s work in progress during construction.

Shipping agency

	2Q 2019 (RM'000)	2Q 2018 (RM'000)	Changes (%)
Revenue	1,526	1,414	7.9%
Profit before tax	1,603	1,325	21.0%

For the current quarter, the revenue from shipping agency segment increased by 7.9% 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.

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

A8. Segmental reporting (Cont’)

Investment Holding

	2Q 2019 (RM’000)	2Q 2018 (RM’000)	Changes (%)
Revenue	94	107	-12.1%
Loss before tax	(903)	(1,021)	11.6%

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.

A12. Tax expense

The taxation of the Group for the current interim quarter under review is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2018 RM’000	31 Dec 2017 RM’000	31 Dec 2018 RM’000	31 Dec 2017 RM’000
Malaysian taxation				
Current year tax	316	247	749	606
Deferred tax	(163)	1,010	(454)	1,366
	153	1,257	295	1,972

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

A13. Contingent liabilities and contingent assets

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

	As at 31.12.2018 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	216,738

The Group does not have any contingent assets.

A14. Material commitments

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

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.

	Current Quarter to date 31.12.2018 RM'000	Balance due from/(to) As at 31.12.2018 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	30,899	69,819
Purchase of goods and services	(7,656)	(6,018)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	1,003	10,492
Purchase of goods and services	(652)	(12,420)

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 SECOND QUARTER ENDED 31 DECEMBER 2018

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

	2Q 2019 (RM'000)	1Q 2019 (RM'000)	Changes (%)
Revenue	177,630	159,687	11.2%
(Loss)/ Profit before tax	(5,507)	2,244	-345.4%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 11.2% to RM176.6 million from RM159.7 million recorded in the immediate preceding quarter.

The Group incurred a net losses before tax in the current quarter was mainly due to the decrease in margin in shipping segments on barges & tugboats for preparation costs and docking costs incurred and the unrealised margin on production overheads of new shipbuilding's work in progress during construction in Shipbuilding and ship repair 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 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, which will remain as the engine of growth of the sector. 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.



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	83,810	162,830	246,640
Long-term borrowings	87,901	-	87,901
	<u>171,711</u>	<u>162,830</u>	<u>334,541</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 SECOND QUARTER ENDED 31 DECEMBER 2018

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 February 2019.

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:

	Current year quarter 31.12.2018	Current year to date 31.12.2018
Loss attributable to equity holders of the Company (RM'000)	(5,910)	(3,668)
Weighted average number of ordinary shares in issue (‘000)	1,174,946	1,176,335
Basic earnings per share (sen)	<u>(0.50)</u>	<u>(0.31)</u>

Earnings per share is computed based on the weighted average number of ordinary shares in issue (net of treasury shares).

(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.

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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 (loss)/ 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 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(392)	(480)	(823)	(915)
Sundry income	(541)	(4,740)	(908)	(5,619)
Interest expenses	4,757	4,849	9,667	10,048
Depreciation	23,620	19,938	47,148	40,492
Gain on disposal of property, Plant and equipment	(3,059)	(1,139)	(1,897)	(6,861)
Realised foreign exchange (gain)/ loss	(86)	(1,347)	159	(1,320)
Unrealised foreign exchange (gain)/ loss	(90)	437	(343)	670

B14. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2018 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 second quarter ended 31 December 2018 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2019.

By order of the Board

Richard Ling Peng Liing
Company Secretary
28th February 2019

