

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

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 30.06.2019 RM'000	Preceding year corresponding quarter 30.06.2018 RM'000	Current year to date 30.06.2019 RM'000	Preceding year corresponding period 30.06.2018 RM'000
Revenue		164,045	174,415	636,984	621,104
Cost of sales		(176,812)	(164,519)	(636,013)	(566,787)
Gross (loss)/ profit		(12,767)	9,896	971	54,317
Other income		8,095	15,704	20,899	33,807
Administrative expenses		(7,145)	(6,138)	(33,214)	(32,097)
Operating (Loss)/ profits		(11,817)	19,462	(11,344)	56,027
Other operating expenses		(52,007)	(10,102)	(57,974)	(10,164)
Finance Costs		(4,793)	(4,709)	(18,973)	(19,383)
Shares of profit of associates		265	344	2,403	1,894
(Loss)/ Profit before tax		(68,352)	4,995	(85,888)	28,374
Tax expense	A12	(186)	(294)	(532)	(2,137)
(Loss)/ Profit net of tax		(68,538)	4,701	(86,420)	26,237
Other comprehensive (loss)/ income:					
Foreign exchange translation	A16	395	(233)	1,198	(444)
Total comprehensive (loss)/ income for the period		(68,143)	4,468	(85,222)	25,793
(Loss) / Profit attributable to:					
Equity holders of the parent		(68,754)	3,528	(87,376)	24,341
Non controlling interests		216	1,173	956	1,896
		(68,538)	4,701	(86,420)	26,237
Total comprehensive (loss) / income attributable to:					
Equity holders of the parent		(15,730)	3,621	(86,295)	24,234
Non controlling interests		540	847	1,073	1,559
		(15,190)	4,468	(85,222)	25,793
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(5.87)	0.29	(7.44)	2.03
Diluted (sen)	B12	(5.87)	0.29	(7.44)	2.03

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
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INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited AS AT 30.06.2019 RM'000	Audited AS AT 30.06.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,198,157	1,200,140
Investment in associates		3,667	3,715
Other investments		141	141
Intangible asset		2,025	2,064
		1,203,990	1,206,060
Current assets			
Inventories		69,995	44,739
Trade and other receivables		257,500	349,138
Other current assets		21,551	29,819
Tax recoverable		3,464	3,556
Cash and cash equivalents		70,836	77,044
		423,346	504,296
TOTAL ASSETS		1,627,336	1,710,356
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,216,972	1,216,972
Treasury share		(8,405)	(4,678)
Retained Earnings		165,830	251,859
Other reserve		(297,861)	(289,701)
		1,076,536	1,174,452
Non Controlling interests		5,025	10,316
Total equity		1,081,561	1,184,768
Non-current liabilities			
Borrowings	B9	77,361	62,428
Deferred tax liabilities		51,430	52,107
		128,791	114,535
Current liabilities			
Borrowings	B9	277,190	290,630
Trade and other payables		131,154	119,874
Other current liabilities		8,136	-
Tax payable		504	549
		416,984	411,053
Total liabilities		545,775	525,588
TOTAL EQUITY AND LIABILITIES		1,627,336	1,710,356
Net assets per shares (RM)		0.92	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 FOURTH QUARTER ENDED 30 JUNE 2019
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
(Loss)/ profit net of tax	(86,420)	(87,376)	-	-	-	(87,376)	956
Other comprehensive income	1,294	1,081	-	-	1,081	-	213
Total comprehensive income	(85,126)	(86,295)	-	-	1,081	(87,376)	1,169
Transactions with Owners:							
Purchase of treasury shares	(3,727)	(3,727)	-	(3,727)	-	-	-
Disposal of subsidiaries	(14,234)	(7,894)	-	-	(9,241)	1,347	(6,340)
Dividend paid to non-controlling interests	(120)	-	-	-	-	-	(120)
At 30 June 2019	1,081,561	1,076,536	1,216,972	(8,405)	(297,861)	165,830	5,025

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 FOURTH QUARTER ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 30.06.2019 RM'000	Preceding year 30.06.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(85,888)	28,374
Adjustment for:		
Depreciation	96,168	83,630
Dividend income	(199)	(5)
Impairment loss on other receivables	52,521	8
Reversal of provision for doubtful debts	-	(12,171)
Loss on disposal of share in associate	5,979	-
Gain on disposal of fixed assets	(4,663)	(11,027)
Loss on foreign exchange	1,239	2,385
Interest expenses	18,973	19,383
Interest income	(1,579)	(2,054)
Impairment loss of investment in associate	-	10,102
Property, plant and equipment written off	(19)	2,207
Share of results of associates	(2,403)	(1,894)
	80,129	118,938
Operating profit before changes in working capital		
Working Capital Changes		
(Increase)/ Decrease in inventories	(25,256)	2,510
Decrease in receivables	13,119	42,174
Decrease / (Increase) in other current assets	8,223	(22,723)
Increase in payables	2,211	17,006
Increase in other current liabilities	8,136	8,118
Net changes in amounts due from/to related companies	11,787	58,781
Total changes in working capital	18,220	105,866
Cash generated from operations	98,349	224,804
Interest received	1,579	2,054
Interest paid	(18,973)	(19,383)
Income tax (paid)/ refunded	(872)	53
Total interest and tax paid	(18,266)	(17,276)
Net cash generated from operating activities	80,083	207,528
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	199	5
Proceeds from disposal subsidiaries	2,362	-
Investment in associates	2,627	-
Capital expenditure	(103,253)	(162,192)
Proceeds from disposal of property, plant and equipment	20,626	24,265
Net cash used in investing activities	(77,439)	(137,922)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(120)	(520)
Net movement in trade financing	(6,570)	(10,118)
Proceeds from hire purchase	6,280	10,202
Repayment of hire purchase	(6,676)	(8,086)
Proceeds from term loan	52,000	-
Repayment of term loans	(45,561)	(55,428)
Purchase of treasury share	(3,727)	(4,678)
Net cash flow used in financing activities	(4,374)	(68,628)
Net decrease in cash and cash equivalents	(1,730)	978
Cash and cash equivalents at beginning of period	53,745	52,038
Disposal of subsidiaries	(6,538)	-
Effects of exchange rate changes	6	(31)
Cash and cash equivalents at end of period	45,483	52,985



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 30.06.2019 RM'000	Preceding year 30.06.2018 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	29,136	31,294
Deposit with licensed banks	41,700	45,100
Bank overdrafts	(25,353)	(23,409)
Cash and bank balances	45,483	52,985

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.*

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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 1,445,000 its own ordinary shares at average price of RM 0.30146 per share during the current quarter. As at 30 June 2019, the Company had purchased and hold a cumulative total 28,741,400 of its issued ordinary shares repurchased from open market at an overall average price at RM0.29242 per share. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.



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INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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 12 months ended 30 June 2019						
Segment Revenue						
External revenue	519,149	111,439	5,908	488	-	636,984
Inter-segment revenue	10,512	27,610	2,778	3,362	(44,262)	-
Total	529,661	139,049	8,686	3,850	(44,262)	636,984
Profit/ (loss) from operations	9,063	(25,448)	3,946	1,095	-	(11,344)
Other operating expenses						(5,453)
Impairment loss on other receivables						(52,521)
Finance costs						(18,973)
Share of profit of associates						2,403
Loss before tax						(85,888)
Tax expense						(532)
Loss for the period						(86,420)
For 12 months ended 30 June 2018						
Segment Revenue						
External revenue	491,961	123,453	5,252	438	-	621,104
Inter-segment revenue	7,970	30,097	2,359	3,385	(43,811)	-
Total	499,931	153,550	7,611	3,823	(43,811)	621,104
Profit/ (loss) from operations	63,548	(10,980)	4,800	(1,341)	-	56,027
Other operating expenses						(10,164)
Finance costs						(19,383)
Share of profit of associates						1,894
Profit before tax						28,374
Tax expense						(2,137)
Profit for the period						26,237

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

A8. Segmental reporting (Cont’)

Group	FYE 2019 (RM'000)	FYE 2018 (RM'000)	Changes (%)
Revenue	636,984	621,104	2.6%
(Loss)/ Profit before tax	(85,888)	28,374	-402.7%

Revenue of the Group for the year ended 30 June 2019 increased by 2.6% to RM637.0million as compared to RM621.1 million in the previous corresponding year.

The increase in revenue were was mainly due to the higher revenue generated from the domestic shipping segments in the current year.

The loss before tax were due to the impairment loss on other receivables of RM 52.5million from United Arab Emirates’s companies recognised in the current year. And also due to the lower margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred for the current year. The unrealized margin on production overheads of new shipbuilding’s work in progress during construction also resulted in the losses incurred for the year.

	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 June 2019						
Segment Revenue						
External revenue	127,666	34,851	1,365	163	-	164,045
Inter-segment revenue	3,299	7,271	687	815	(12,072)	-
Total	130,965	42,122	2,052	978	(12,072)	164,045
(Loss)/Profit from operations	(1,050)	(11,901)	774	360	-	(11,817)
Other operating income						514
Impairment loss on other receivables						(52,521)
Finance costs						(4,793)
Share of profit of associates						265
Loss before tax						(68,352)
Tax expense						(186)
Loss for the period						(68,538)

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

A8. Segmental reporting (Cont’)

Group

	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 June 2018						
Segment Revenue						
External revenue	127,656	45,196	1,479	84	-	174,415
Inter-segment revenue	2,858	4,283	587	849	(8,577)	-
Total	130,514	49,479	2,066	933	(8,577)	174,415
Profit/ (loss) from operations	18,051	336	1,560	(485)	-	19,462
Other operating expenses						(10,102)
Finance costs						(4,709)
Share of profit of associates						344
Profit before tax						4,995
Tax expense						(294)
Profit for the period						4,701

Group

	4Q 2019 (RM'000)	4Q 2018 (RM'000)	Changes (%)
Revenue	164,045	174,415	-5.9%
(Loss)/ Profit before tax	(68,352)	4,995	-1468.4%

Revenue of the Group for the fourth quarter ended 30 June 2019 decreased by 5.9% to RM164.0 million as compared to RM174.4 million in the previous corresponding quarter.

The decrease was mainly due to the lower revenue generated from the international shipping segments and shipbuilding segment in the current quarter.

The loss before tax were due to the impairment loss on other receivables of RM 52.5million from United Arab Emirates’s companies recognised in the current quarter and the decrease in margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred. And also due to 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

	4Q 2019 (RM'000)	4Q 2018 (RM'000)	Changes (%)
Revenue	127,666	127,656	0.0%
(Loss)/Profit before tax	(54,138)	7,029	-870.2%

For the current quarter, the shipping segment’s revenue maintained at RM 127.7 million compared to revenue recorded in the corresponding quarter.

The loss before tax in shipping segment were due to the impairment loss on other receivables of RM 52.5million from United Arab Emirates’s companies recognised in the current quarter and the decrease in margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred in current quarter.

Shipbuilding and Ship repair

	4Q 2019 (RM'000)	4Q 2018 (RM'000)	Changes (%)
Revenue	34,851	45,196	-22.9%
Loss before tax	(15,348)	(2,791)	-449.9%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM34.9 million decreased by 22.9% as compared to RM45.2 million 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 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

	4Q 2019 (RM'000)	4Q 2018 (RM'000)	Changes (%)
Revenue	1,365	1,479	-7.7%
Profit before tax	1,089	1,559	-30.1%

For the current quarter, the revenue from shipping agency segment decreased by 7.7% 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

	4Q 2019 (RM'000)	4Q 2018 (RM'000)	Changes (%)
Revenue	163	84	94.0%
Profit /(Loss) before tax	45	(802)	105.6%

The revenue from Investment Holding segment was derived from the rental income, interest income from the financial institutions and dividend income from associate company

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:

- 1) Shin Yang Shipping Corporation Berhad (“**SYSCorp**”) has on 24 May 2019 received a stamped Certificate of De-registration from our Ras Al Khaimah office, that Aya Shin Yang FZC, an associate company of SYSCorp had, on 11 May 2019 been dissolved under member’s voluntary de-registration pursuant to the Ras Al Khaimah Economic Zone Authority’s Regulations in United Arab Emirates.

Pursuant to the above member’s voluntary de-registration, Aya Shin Yang FZC has ceased to be an associated company of SYSCorp.

- 2) Shin Yang Shipping Sdn Bhd, a wholly owned subsidiary of SYSCorp had on 27th June 2019 disposed of its 50.50% equity interest comprising 252,500 shares in the capital of PT Shinline (“**PTSL**”) to CT Nusantara (Malaysia) Sdn. Bhd. for a cash consideration of USD 126,250 (equivalent to RM 523,306.25) (“**Disposal**”).

Pursuant to the Disposal, PTSL has ceased to be a subsidiary, and becomes an associate company of the SYSCorp.

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

A11. Changes in the composition of the Group (Continued)

There were no changes in the composition of the Group for current interim quarter under review except that: (continued)

- 3) SYSCorp has on 23rd July 2019 received a stamped Share Sale and Purchase Agreement from our Ras Al Khaimah office, that Shin Yang Shipping Sdn Bhd, a wholly owned subsidiary of SYSCorp had on 27th June 2019 disposed of its 41.0% equity interest comprising 1,640 shares of AED 1,000 each in the capital of Shin Yang Free Zone Company (“SYFZC”) for a cash consideration of AED 1,640,000 (equivalent to RM 1,838,495.76) (“Disposal ”)

Pursuant to the Disposal, SYFZC has ceased to be a subsidiary, and becomes an associate company of the SYSCorp.

A12. Tax expense/(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 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	RM’000	RM’000	RM’000	RM’000
Malaysian taxation				
Current year tax	348	294	1,209	1,134
Deferred tax	(162)	-	(677)	1,003
	<u>186</u>	<u>294</u>	<u>532</u>	<u>2,137</u>

A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 30 June 2019 are as follows:

	As at 30.06.2019 RM’000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<u>216,535</u>

The Group does not have any contingent assets.

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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

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 30.06.2019 RM'000	Balance due from/(to) As at 30.06.2019 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	28,020	69,830
Purchase of goods and services	(8,617)	(12,038)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	967	3,519
Purchase of goods and services	(1,041)	(13,384)

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 FOURTH QUARTER ENDED 30 JUNE 2019

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

	4Q 2019 (RM'000)	3Q 2019 (RM'000)	Changes (%)
Revenue	164,045	135,622	21.0%
Loss before tax	(68,352)	(14,272)	-378.9%

As compared to the immediate preceding quarter, the Group's current quarter's revenue increased by 21.0% to RM164.0 million from RM135.6 million recorded in the immediate preceding quarter.

The loss before tax due to the impairment loss on other receivables of RM 52.5million from United Arab Emirates's companies recognised in the current quarter and the decrease in margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred. And also due to 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.

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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	78,365	198,825	277,190
Long-term borrowings	77,361	-	77,361
	<u>155,726</u>	<u>198,825</u>	<u>354,551</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>

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 30 August 2019.

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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

B11. Changes in material litigation

- 1) Shin Yang Shipping Sdn. Bhd. (“SYS” or “the Plaintiff”), a wholly owned subsidiary of the Company, had on 18th April 2019, via its solicitors, Messrs. Izan Lau & Tiong, Advocates, commenced the service of writ with amended Statement of Claims in the High Court of Sabah & Sarawak at Miri against MK Bumimas Sdn Bhd (Company No. 635837-X) (“the Defendant”) for the following.

The Plaintiff had chartered to the Defendant two (2) units of 47.5 metres Landing Craft vessel with Official No. 335048 and 335049 respectively (“the said Vessels”) by way of two (2) separate BIMCO Standard Bareboat Charter Agreements “Barecon 2001” dated 15 July 2014. The Defendant, as the Charterer of the said Vessels inter alia failed/refused and/or neglected to make remaining outstanding payments for the charter of the said Vessels in accordance with the Bareboat Charter Agreements dated 15 July 2014.

The particulars of the Plaintiff’s Claim are as follows:

- (a) The outstanding monthly hire balance of the said Vessels amounting to a sum of RM4,266,632.07 as at 30th September 2018;
- (b) Further and/or alternatively damages to be assessed by this Honourable Court;

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 30.06.2019	Current year to date 30.06.2019
Loss attributable to equity holders of the Company (RM’000)	(68,754)	(87,376)
Weighted average number of ordinary shares in issue (’000)	1,171,762	1,174,424
Basic earnings per share (sen)	<u>(5.87)</u>	<u>(7.44)</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.

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

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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

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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
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(450)	(639)	(1,579)	(2,054)
Sundry income	(3,139)	(141)	(7,636)	(6,327)
Interest expenses	4,793	4,709	18,973	19,383
Depreciation	24,578	22,426	96,168	83,630
Gain on disposal of property, Plant and equipment	(2,091)	(3,466)	(4,663)	(11,027)
Realised foreign exchange loss	21	3,671	384	3,586
Unrealised foreign exchange loss	1,363	1,577	1,239	2,385

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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.

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Authorised for issue

The interim report for the fourth quarter ended 30 June 2019 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 August 2019.

By order of the Board

Richard Ling Peng Liing
Company Secretary
30th August 2019