

SHIN YANG SHIPPING CORPORATION BERHAD
Registration No.: 200401027554 (666062-A) (Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 6 months ended 31 December	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue		234,375	217,111	481,676	398,156
Cost of sales		(188,282)	(194,358)	(374,955)	(355,647)
Gross profit		<u>46,093</u>	<u>22,753</u>	<u>106,721</u>	<u>42,509</u>
Other income		7,189	3,000	9,573	5,492
Finance income		1,739	750	3,014	1,438
Administrative expenses		(11,856)	(7,601)	(22,604)	(14,774)
Other operating expenses		(754)	(849)	(1,137)	(849)
Impairment loss on property and equipment		(2,003)	-	(2,003)	-
Reversal of impairment on financial asset		900	-	1,700	-
Operating Profit		<u>41,308</u>	<u>18,053</u>	<u>95,264</u>	<u>33,816</u>
Finance Costs		(2,087)	(2,168)	(4,137)	(4,644)
Shares of (loss)/profit of equity accounted associates		(125)	21	(129)	92
Profit before taxation		<u>39,096</u>	<u>15,906</u>	<u>90,998</u>	<u>29,264</u>
Income tax expense	A12	(687)	(501)	(1,736)	(1,646)
Profit after taxation, representing total comprehensive income for the period		<u><u>38,409</u></u>	<u><u>15,405</u></u>	<u><u>89,262</u></u>	<u><u>27,618</u></u>
Profit after tax attributable to:					
Owners of the Company		37,927	15,056	88,186	26,968
Non controlling interests		482	349	1,076	650
		<u>38,409</u>	<u>15,405</u>	<u>89,262</u>	<u>27,618</u>
Total comprehensive income attributable to:					
Owners of the Company		37,927	15,056	88,186	26,968
Non controlling interests		482	349	1,076	650
		<u>38,409</u>	<u>15,405</u>	<u>89,262</u>	<u>27,618</u>
Earnings per share attributable to owners of the Company:					
Basic (sen)	B12	3.31	1.29	7.52	2.31
Diluted (sen)	B12	3.31	1.29	7.52	2.31

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 2022 and the accompanying explanatory notes attached to this report.*

SHIN YANG SHIPPING CORPORATION BERHAD
Registration No.: 200401027554 (666062-A) (Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited AS AT 31.12.2022 RM'000	Audited AS AT 30.06.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
	Note		
Investment in associates		4,875	5,005
Property and equipment		953,722	953,683
Other receivables		-	2,280
Other investments		59	59
Goodwill		2,064	2,064
Deferred tax assets		1,021	1,021
		961,741	964,112
CURRENT ASSETS			
Inventories		40,451	34,132
Trade receivables		162,185	181,564
Other receivables and deposits		15,464	19,126
Contract assets		896	2,455
Current tax assets		4,182	3,651
Cash and cash balances		345,767	283,173
		568,945	524,101
TOTAL ASSETS		1,530,686	1,488,213
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,216,972	1,216,972
Treasury share		(19,840)	(16,571)
Retained profits		233,855	159,984
Other reserve		(297,861)	(297,861)
Equity attributable to owners of the Company		1,133,126	1,062,524
Non Controlling interests		3,954	4,378
TOTAL EQUITY		1,137,080	1,066,902
NON-CURRENT LIABILITIES			
Lease liabilities	B9	9,773	9,115
Bank Borrowings	B9	34,850	41,320
Deferred tax liabilities		43,658	43,021
		88,281	93,456
CURRENT LIABILITIES			
Trade payables		139,968	128,324
Contract liabilities		3,601	8,050
Other payables and accruals		31,126	21,225
Provision for onerous contract		-	471
Lease liabilities	B9	10,144	8,922
Bank Borrowings	B9	106,932	147,247
Current tax liabilities		13,554	12,714
Derivative liabilities		-	902
		305,325	327,855
Total liabilities		393,606	421,311
TOTAL EQUITY AND LIABILITIES		1,530,686	1,488,213
Net assets per shares (RM)		0.97	0.92

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 2022 and the accompanying explanatory notes attached to this report.*

SHIN YANG SHIPPING CORPORATION BERHAD
Registration No.: 200401027554 (666062-A) (Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Attributable To Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1 July 2021	1,216,972	(8,983)	(297,861)	18,062	928,190	6,399	934,589
Profit after taxation for the financial year	-	-	-	141,922	141,922	920	142,842
	<u>1,216,972</u>	<u>(8,983)</u>	<u>(297,861)</u>	<u>159,984</u>	<u>1,070,112</u>	<u>7,319</u>	<u>1,077,431</u>
Acquisition of non-controlling interests	-	-	-	-	-	59	59
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	-	(7,588)	-	-	(7,588)	-	(7,588)
- Dividends	-	-	-	-	-	(3,000)	(3,000)
-by subsidiaries to non-controlling interests	-	-	-	-	-	(3,000)	(3,000)
Total transactions with owners	<u>-</u>	<u>(7,588)</u>	<u>-</u>	<u>-</u>	<u>(7,588)</u>	<u>(3,000)</u>	<u>(10,588)</u>
Balance at 30 June 2022	<u>1,216,972</u>	<u>(16,571)</u>	<u>(297,861)</u>	<u>159,984</u>	<u>1,062,524</u>	<u>4,378</u>	<u>1,066,902</u>

SHIN YANG SHIPPING CORPORATION BERHAD
Registration No.: 200401027554 (666062-A) (Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Attributable To Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1 July 2022	1,216,972	(16,571)	(297,861)	159,984	1,062,524	4,378	1,066,902
Profit after taxation for the financial year	-	-	-	88,186	88,186	1,076	89,262
	<u>1,216,972</u>	<u>(16,571)</u>	<u>(297,861)</u>	<u>248,170</u>	<u>1,150,710</u>	<u>5,454</u>	<u>1,156,164</u>
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	-	(3,269)	-	-	(3,269)	-	(3,269)
- Dividend paid	-	-	-	(14,315)	(14,315)	-	(14,315)
- Dividends -by subsidiaries to non-controlling interests	-	-	-	-	-	(1,500)	(1,500)
Total transactions with owners	<u>-</u>	<u>(3,269)</u>	<u>-</u>	<u>(14,315)</u>	<u>(17,584)</u>	<u>-</u>	<u>(19,084)</u>
Balance at 31 December 2022	<u>1,216,972</u>	<u>(19,840)</u>	<u>(297,861)</u>	<u>233,855</u>	<u>1,133,126</u>	<u>3,954</u>	<u>1,137,080</u>

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 2022 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 2022
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2022 RM'000	Preceding year 31.12.2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	90,998	29,264
Adjustment for:		
Depreciation	46,071	45,030
Fair value change on forward contracts	(902)	-
Gain on bargain purchase	(1,287)	-
Net gain on disposal of property and equipment	(4,444)	(1,859)
Interest expenses	4,137	4,644
Interest income	(3,014)	(1,438)
Impairment loss on property and equipment	2,003	-
Net changes in provision for onerous contract	(470)	-
Reversal of impairment loss on trade receivable	(1,700)	-
Loss / (Profit) retained in associates	129	(92)
Unrealised loss on foreign exchange	1,022	198
Operating profit before working capital changes	132,543	75,747
Working Capital Changes		
(Increase)/ Decrease in inventories	(6,319)	2,698
Decrease/ (Increase) in trade and other receivables	30,946	(33,516)
Increase in trade and other payables	22,162	7,407
Decrease in contract assets	1,559	1,826
(Decrease)/ increase in contract liabilities	(4,448)	32,854
Net changes in related companies balances	10,500	7,463
Net changes in holding company balances	15	(49)
Total changes in working capital	54,415	18,683
CASH FROM OPERATIONS	186,958	94,430
Interest income received	3,014	1,438
Interest expenses paid	(4,137)	(4,644)
Income tax paid	(1,573)	(1,975)
Total interest and tax paid	(2,696)	(5,181)
NET CASH FROM OPERATING ACTIVITIES	184,262	89,249
CASH FLOW (FOR)/FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	(20,032)	-
Purchase of property and equipment	(52,461)	(7,795)
Proceeds from disposal of property and equipment	15,291	8,714
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(57,202)	919
CASH FLOW (FOR)/FROM FINANCING ACTIVITIES		
Acquisition of treasury shares	(3,268)	(721)
Dividend paid	(14,315)	-
Dividend paid to minority interest	(1,500)	(1,500)
Proceeds from lease liabilities	6,523	-
Proceeds from term loan	-	10,000
Repayment of principal portion of lease liabilities	(5,121)	(1,264)
Repayment of term loans	(8,613)	(9,286)
Net movement in fixed and treasury deposit with maturity dates more than 3 months	-	76,600
Net movement in trade financing	(31,030)	(17,742)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(57,324)	56,087
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,736	146,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	265,391	59,072
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	335,127	205,327

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2022 RM'000	Preceding year 31.12.2021 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	119,867	60,077
Deposit with licensed banks	225,900	163,800
Bank overdrafts	(10,640)	(18,550)
Cash and cash equivalents	335,127	205,327

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 2022 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 2022 and the accompanying explanatory notes attached to the audited financial statements.

The accounting policies and methods of computations 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 2022.

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 6 December 2022, 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 3,030,000 its own ordinary shares at average price of RM 0.75408 per share during the current quarter. As at 31 December 2022, the Company had purchased and hold a cumulative total 56,314,700 of its issued ordinary shares repurchased from open market at an overall average price at RM0.35230 per share. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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

A7. Dividends

There were no dividend paid during the current interim quarter under review.

A8. Segmental reporting

	Shipping RM'000	Shipbuilding, Ship repair and Metal Fabrication RM'000	Service providers RM'000	Gas RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
For 6 months ended 31 December 2022							
Segment Revenue							
External revenue	420,503	23,000	30,580	7,161	432	-	481,676
Inter-segment revenue	3,499	27,543	16,573	1,938	5,874	(55,427)	-
Total	<u>424,002</u>	<u>50,543</u>	<u>47,153</u>	<u>9,099</u>	<u>6,306</u>	<u>(55,427)</u>	<u>481,676</u>
Profit from operations	89,107	(1,367)	5,870	2,060	(406)	-	95,264
Finance costs							(4,137)
Share of loss of associates							(129)
Profit before taxation							<u>90,998</u>
Income tax expense							<u>(1,736)</u>
Profit for the period							<u>89,262</u>

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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	Service providers RM’000	Gas RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 6 months ended 31 December 2021							
Segment Revenue							
External revenue	310,146	60,466	27,099	-	445	-	398,156
Inter-segment revenue	2,285	14,422	3,865	-	5,043	(25,615)	-
Total	312,431	74,888	30,964	-	5,488	(25,615)	398,156
Profit from operations	20,339	8,465	5,077	-	(65)	-	33,816
Finance costs							(4,644)
Share of profit of associates							92
Profit before taxation							29,264
Income tax expense							(1,646)
Profit for the period							27,618

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(Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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	Service providers RM’000	Gas RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 3 months ended 31 December 2022							
Segment Revenue							
External revenue	200,500	15,264	15,007	3,388	216	-	234,375
Inter-segment revenue	2,261	9,796	7,724	1,033	4,688	(25,502)	-
Total	202,761	25,060	22,731	4,421	4,904	(25,502)	234,375
Profit from operations	40,453	(1,969)	2,256	852	(284)	-	41,308
Finance costs							(2,087)
Share of loss of associates							(125)
Profit before taxation							39,096
Income tax expense							(687)
Profit for the period							38,409

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(Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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	Service providers RM’000	Gas RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 3 months ended 31 December 2021							
Segment Revenue							
External revenue	163,562	40,010	13,316	-	223	-	217,111
Inter-segment revenue	1,674	6,690	1,597	-	4,182	(14,143)	-
Total	165,236	46,700	14,913	-	4,405	(14,143)	217,111
Profit from operations	13,215	3,159	1,779	-	(100)	-	18,053
Finance costs							(2,168)
Share of profit of associates							21
Profit before taxation							15,906
Income tax expense							(501)
Profit for the period							15,405

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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

A8. Segmental reporting (Cont’)

Group

	2Q 2023 (RM'000)	2Q 2022 (RM'000)	Changes (%)
Revenue	234,375	217,111	8.0%
Profit before tax	39,096	15,906	145.8%

Revenue of the Group for the second quarter ended 31 December 2022 increased by 8.0% to RM234.4 million as compared to RM217.1 million in the previous corresponding quarter.

The increase in revenue was mainly due to the higher revenue generated from the shipping segments in the current quarter as compared to last preceding quarter.

The increase in profit before tax in the current quarter were mainly due to the increase of margin and shipment volume in shipping segments on bulk carriers and container sectors.

Performance and prospects of each operating segment are discussed below:

Shipping

	2Q 2023 (RM'000)	2Q 2022 (RM'000)	Changes (%)
Revenue	200,500	163,562	22.6%
Profit before tax	39,839	12,659	214.7%

For the current quarter, the shipping segment’s revenue of RM200.5 million increased by 22.6% as compared to RM 163.6 million revenue recorded in the corresponding quarter.

The increase in revenue was mainly due to the improvement in utilization rates in shipping segment. The increase in profit before tax in shipping segment were mainly due to the increase of margin and shipment volume in shipping segments on bulk carriers and container sectors.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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

A8. Segmental reporting (Cont’)

Shipbuilding and Ship repair

	2Q 2023 (RM’000)	2Q 2022 (RM’000)	Changes (%)
Revenue	15,264	40,010	-61.8%
(Loss)/ Profit before tax	(3,197)	1,511	-311.6%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM15.3 million, decreased by 61.8% as compared to RM40.0 million revenue recorded in the corresponding quarter. The decrease in revenue was mainly due lesser shipbuilding work for external parties in the current quarter.

The loss before tax in Shipbuilding and ship repair segment were due to low and weak margin on shipbuilding’s work in progress under construction and slow demand in ship repair segments.

Service providers

	2Q 2023 (RM’000)	2Q 2022 (RM’000)	Changes (%)
Revenue	15,007	13,316	12.7%
Profit before tax	2,008	1,891	6.2%

For the current quarter, the revenue from service providers segment increased by 12.7% compared to the preceding year’s corresponding quarter.

The increase in profit before tax in service providers segment were mainly due to the increase in profit margin in shipping agency sector.

Gas

	2Q 2023 (RM’000)	2Q 2022 (RM’000)	Changes (%)
Revenue	3,388	-	N/A
Profit before tax	849	-	N/A

The group has expanded its business activity in industrial gas segment by acquiring a subsidiary, namely Piasau Gas Sdn Bhd in July 2022.

This segment has contributed RM 3.4 million revenue and RM 0.8 million profit before tax to the group in the current quarter.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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

A8. Segmental reporting (Cont’)

Investment Holding

	2Q 2023 (RM’000)	2Q 2022 (RM’000)	Changes (%)
Revenue	216	223	-3.1%
Loss before tax	(403)	(155)	-160.0%

The revenue from Investment Holding segment was derived from the rental income and interest income from the financial institutions. For the current quarter, the loss in investment holding segment was mainly resulted from the 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.

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. Income 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 2022 RM’000	31 Dec 2021 RM’000	31 Dec 2022 RM’000	31 Dec 2021 RM’000
Malaysian taxation				
Current year tax	844	664	1,099	1,471
Deferred tax	(157)	(163)	637	175
	<u>687</u>	<u>501</u>	<u>1,736</u>	<u>1,646</u>

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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 2022 are as follows:

	As at 31.12.2022 RM’000
Corporate guarantees given to licensed banks in consideration of credit facilities granted to subsidiaries and associates	<u>97,881</u>

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 31.12.2022 RM’000	Balance due from/(to) As at 31.12.2022 RM’000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	43,739	39,070
Purchase of goods and services	(8,182)	(19,738)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	4,025	4,869
Purchase of goods and services	(904)	(3,569)

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

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

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 2022

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 before tax for the current quarter as compared with the immediate preceding quarter

	2Q 2023 (RM'000)	1Q 2023 (RM'000)	Changes (%)
Revenue	234,375	247,301	-5.2%
Profit before tax	39,096	51,902	-24.7%

As compared to the immediate preceding quarter, the Group's current quarter's revenue has decreased by 5.2% to RM234.4 million from RM247.3 million recorded in the immediate preceding quarter.

The decrease in revenue was mainly lesser shipbuilding work for external parties and some softening of the container shipment volume in the current quarter.

The decrease in profit before tax in shipbuilding and ship repair segment were due to low and weak margin on shipbuilding's work in progress under construction and slow demand in ship repair segments

B3. Commentary on Prospects

The performance of the Group is largely dependent on the volatility of world fuel market price, standard of skills and experiences of ship crews, domestic and regional demand for transportation of dry bulk and general cargoes, movement of the Malaysian Ringgit and the world economic situation, all of which may significantly disrupt business operations.

While the prospects for the shipping industry continue to remain challenging with the recent hike in crude oil price and positive improvement in the Baltic Dry Index. The Group is prepared to weather this challenge with selective market driven routes based on fleet load utilization. The Group is confident in the stability of the domestic, bulk carrier and container shipping operations given the high lifting volume and market demands. The continuous improvement in operational costs management, fleet efficiency and routes enhancement would be an important priority in the next few quarters.

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

B3. Commentary on Prospects (Cont’)

Other factors contributing to the prospects of the shipbuilding and ship repair operations include the price movements of marine mild steel plates, other heavy equipments, machineries and the global trend of demand for newly constructed vessels especially from the niche market segments in the oil and gas industry. In order to improve the performance and manage the operating expenditures of the shipbuilding sector, the Group is taking initiatives such as focusing on improving the Group's ship repair operations to meet the requirements of the niche market segments in the oil and gas industry and also the requirements of other potential markets from the resource-based sectors.

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	48,392	68,684	117,076
Long-term borrowings	44,623	-	44,623
	<u>93,015</u>	<u>68,684</u>	<u>161,699</u>

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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

B9. Borrowings and debt securities (Cont’)

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 24 February 2023.

B11. Changes in material litigation

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

Shin Yang Shipping Sdn Bhd (“the Plaintiff”), a wholly owned subsidiary of SYSCORP, had filed a claim at the North Jakarta District Court at Central Jakarta vide Suit No. 323/Pdt.G/2017/PIN.JKT.UTR on 13 September 2017 against PT Gemilang Raya Maritime, for the outstanding purchase consideration of RM6,000,000.00 due and payable by PT Gemilang Raya Maritime to the Plaintiff, arising from the sale of 4 vessels known as tugboat Danum 89, tugboat Danum 95, barge ship Linau 51 and barge ship Linau 52 (collectively, “Vessels”) by the Plaintiff to PT Gemilang Raya Maritime pursuant to 4 respective Memorandum of Agreement all dated 1 October 2016.

The North Jakarta District Court had declined to exercise jurisdiction to hear the substance of the dispute between the Plaintiff and PT Gemilang Raya Maritime. As a result, the Plaintiff had subsequently on 14 February 2019, filed a suit at the Kuala Lumpur High Court vide Suit No. WA-27NCC-17-02/2019 against Ng Yew Loon (“1st Defendant”), Ng Seow Teng (“2nd Defendant”) and PT Gemilang Raya Maritime (“3rd Defendant”), for fraud and/or conspiracy to commit fraud and/or conspiracy with an intent to injure the Plaintiff and/or conversion and detinue of the Vessels.

The Company has received the ground of judgements from its counsel, Sativale Mathew Arun Advocates and Solicitors from the Kuala Lumpur High Court on 16 February 2023 as follows:

1. Granting, as against PT Gemilang Raya Maritime: -
 - (i) A declaration that, the Plaintiff is now and has at all times remained the lawful owners in all respects of the Vessels namely, Danum 95 (“GRM Asahan”), Danum 89 (“GRM Indramayu”), Linau 51 (“GRM Polewali”) and Linau 52 (“GRM Sipirok”);

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

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

B11. Changes in material litigation (Cont’)

- (ii) A declaration that the PT Gemilang Raya Maritime is not and has never been the legal and/or beneficial owner of the aforesaid Vessels;
 - (iii) An order that PT Gemilang Raya Maritime do pay to the Plaintiff the sum of RM 8,314,486.46 for the Vessels, with interest thereon at the rate of 5% per annum from 1.11.2016 until full payment; and
 - (iv) That PT Gemilang Raya Maritime pay the Plaintiff costs of RM 50,000.00, subject to allocator.
2. The High Court found that the Plaintiff had failed to establish any its claims against the 1st and 2nd Defendants. The High Court accordingly dismissed the Plaintiff’s claim against the 1st and 2nd Defendants. For costs, the High Court ordered the Plaintiff to pay RM 120,000.00 to the 1st and 2nd Defendants, subject to allocator

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 31.12.2022	Current year to date 31.12.2022
Profit attributable to equity holders of the Company (RM’000)	37,927	88,186
Weighted average number of ordinary shares in issue (’000)	1,145,182	1,173,137
Basic earnings per share (sen)	<u>3.31</u>	<u>7.52</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 SECOND QUARTER ENDED 31 DECEMBER 2022

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 before tax 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,739)	(750)	(3,014)	(1,438)
Sundry income	(967)	(246)	(1,470)	(1,072)
Interest expenses	2,087	2,168	4,137	4,644
Depreciation	23,125	22,399	46,071	45,030
Fair value change in forward contract	-	-	(902)	-
Gain on disposal of property and equipment	(5,037)	(437)	(4,444)	(1,859)
Net change in provision for onerous contract	-	-	(470)	-
Reversal of impairment loss on financial asset	(900)	-	(1,700)	-
Realised foreign exchange loss	877	543	543	628
Unrealised foreign exchange loss	2,299	250	1,022	198

B14. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2022 was not qualified.

Authorised for issue

The interim report for the second quarter ended 31 December 2022 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 February 2023.

By order of the Board

Richard Ling Peng Liing
Company Secretary
24th February 2023