

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

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.03.2020 RM'000	Preceding year corresponding quarter 31.03.2019 RM'000	Current year to date 31.03.2020 RM'000	Preceding year corresponding period 31.03.2019 RM'000
Revenue		155,190	135,622	482,756	472,939
Cost of sales		(160,616)	(137,519)	(504,103)	(459,201)
Gross (loss)/ profit		(5,426)	(1,897)	(21,347)	13,738
Other income		5,923	7,559	12,670	12,803
Administrative expenses		(7,412)	(10,883)	(21,937)	(26,069)
Operating (Loss)/ profits		(6,915)	(5,221)	(30,614)	472
Impairment loss on property, plant and equipment		(70,494)	-	(70,494)	-
Impairment loss on receivables		(1,822)	-	(1,822)	-
Other Operating Cost		-	(5,966)	(3,748)	(5,966)
Finance Costs		(3,728)	(4,512)	(12,826)	(14,179)
Shares of (loss)/ profit of associates		(224)	1,427	94	2,138
Loss before tax		(83,183)	(14,272)	(119,410)	(17,535)
Tax income/ (expense)	A12	49	(51)	(258)	(346)
Loss net of tax		(83,134)	(14,323)	(119,668)	(17,881)
Other comprehensive (loss)/ income:					
Foreign exchange translation	A16	1,798	(867)	1,467	802
Total comprehensive loss for the period		(81,336)	(15,190)	(118,201)	(17,079)
(Loss) / Profit attributable to:					
Equity holders of the parent		(83,269)	(14,953)	(120,303)	(18,621)
Non controlling interests		135	630	635	740
		(83,134)	(14,323)	(119,668)	(17,881)
Total comprehensive (loss) / income attributable to:					
Equity holders of the parent		(81,651)	(15,730)	(118,982)	(17,897)
Non controlling interests		315	540	781	818
		(81,336)	(15,190)	(118,201)	(17,079)
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	(7.11)	(1.27)	(10.27)	(1.58)
Diluted (sen)	B12	(7.11)	(1.27)	(10.27)	(1.58)

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 2019 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 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited AS AT 31.03.2020 RM'000	Audited AS AT 30.06.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,039,765	1,193,063
Investment in associates		2,383	2,308
Other investments		181	181
Deferred tax assets		18	16
Intangible asset		2,070	2,064
		1,044,417	1,197,632
Current assets			
Inventories		65,685	63,813
Trade and other receivables		243,197	270,728
Other current assets		17,840	37,114
Tax recoverable		3,955	3,309
Cash and cash equivalents		100,916	68,759
		431,593	443,723
TOTAL ASSETS		1,476,010	1,641,355
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,216,972	1,216,972
Treasury share		(8,728)	(8,405)
Retained Earnings		26,850	147,153
Other reserve		(287,063)	(288,383)
		948,031	1,067,337
Non Controlling interests		9,285	8,504
Total equity		957,316	1,075,841
Non-current liabilities			
Borrowings	B9	76,798	76,700
Deferred tax liabilities		54,048	54,698
		130,846	131,398
Current liabilities			
Borrowings	B9	241,369	275,672
Derivative		21	21
Trade and other payables		145,483	133,613
Other current liabilities		688	24,108
Tax payable		287	702
		387,848	434,116
Total liabilities		518,694	565,514
TOTAL EQUITY AND LIABILITIES		1,476,010	1,641,355
Net assets per shares (RM)		0.81	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 2019 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 2020
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent						
		Non distributable	Distributable				Non-
	Equity, total 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	Controlling interests RM'000
At 1 July 2018	1,184,768	1,174,452	1,216,972	(4,678)	(289,701)	251,859	10,316
Effect of MFRS 9 adoption	(17,387)	(17,387)	-	-	-	(17,387)	-
	<u>1,167,381</u>	<u>1,157,065</u>	<u>1,216,972</u>	<u>(4,678)</u>	<u>(289,701)</u>	<u>234,472</u>	<u>10,316</u>
Loss net of tax	(89,158)	(86,668)	-	-	-	(86,668)	(2,490)
Other comprehensive income	1,532	1,379	-	-	1,379	-	153
Total comprehensive (loss)/ income	(87,626)	(85,289)	-	-	1,379	(86,668)	(2,337)
Transactions with Owners:							
Arising from increase in equity interest in a subsidiary	-	(651)	-	-	-	(651)	651
Disposal of subsidiary	(67)	(61)	-	-	(61)	-	(6)
Purchase of treasury shares	(3,727)	(3,727)	-	(3,727)	-	-	-
Dividend paid to non-controlling interests	(120)	-	-	-	-	-	(120)
At 30 June 2019	<u>1,075,841</u>	<u>1,067,337</u>	<u>1,216,972</u>	<u>(8,405)</u>	<u>(288,383)</u>	<u>147,153</u>	<u>8,504</u>

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

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent						
		Non distributable	Distributable				Non-
	Equity, total 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	Controlling interests RM'000
At 1 July 2019	1,075,841	1,067,337	1,216,972	(8,405)	(288,383)	147,153	8,504
(Loss)/ profit net of tax	(119,668)	(120,303)	-	-	-	(120,303)	635
Other comprehensive income	1,466	1,320	-	-	1,320	-	146
Total comprehensive (loss)/ income	(118,202)	(118,983)	-	-	1,320	(120,303)	781
Transactions with Owners:							
Purchase of treasury shares	(323)	(323)	-	(323)	-	-	-
At 31 March 2020	957,316	948,031	1,216,972	(8,728)	(287,063)	26,850	9,285

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 2019 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 2020
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.03.2020 RM'000	Preceding year 31.03.2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(119,410)	(17,535)
Adjustment for:		
Depreciation	74,226	71,590
Bad debts written off	1	10
Inventory written off	-	1
Impairment loss on property, plant and equipment	70,494	-
Impairment loss on receivables	1,822	-
Dividend income	(3,422)	(195)
Loss on disposal of share in associates	-	5,966
Gain on disposal of fixed assets	(2,554)	(2,572)
Gain on foreign exchange	(22)	(124)
Interest expenses	12,826	14,179
Interest income	(1,354)	(1,129)
Property, plant and equipment written off	3	-
Share of results of associates	(94)	(2,138)
	32,516	68,053
Operating profit before changes in working capital		
<u>Working Capital Changes</u>		
Increase in inventories	(1,872)	(12,304)
Decrease/ (increase) in receivables	32,752	(12,160)
Decrease/ (increase) in other current assets	19,273	(390)
(Decrease)/ increase in payables	(2,823)	35,499
(Decrease)/ Increase in other current liabilities	(22,424)	28,451
Net changes in amounts due from/to related companies	12,738	12,104
Total changes in working capital	37,644	51,200
Cash generated from operations	70,160	119,253
Interest received	1,354	1,129
Interest paid	(12,826)	(14,179)
Income tax paid	(1,637)	(874)
Total interest and tax paid	(13,109)	(13,924)
Net cash generated from operating activities	57,051	105,329
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	3,422	195
Capital expenditure	(19,807)	(97,818)
Proceeds from disposal of property, plant and equipment	26,203	17,222
Net cash generated from / (used in) investing activities	9,818	(80,401)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Net movement in trade financing	(25,405)	(41,749)
Proceeds from hire purchase	-	4,906
Repayment of hire purchase	(2,964)	(5,020)
Proceeds from term loan	20,950	52,000
Repayment of term loans	(26,380)	(33,893)
Purchase of treasury share	(323)	(3,291)
Net cash flow used in financing activities	(34,122)	(27,047)
Net increase / (decrease) in cash and cash equivalents	32,747	(2,119)
Cash and cash equivalents at beginning of period	44,786	53,745
Effects of exchange rate changes	3	6
Cash and cash equivalents at end of period	77,536	51,632
Cash and cash equivalents comprise the following:		
Cash and bank balances	35,715	33,309
Deposit with licensed banks	65,200	39,400
Bank overdrafts	(23,379)	(21,077)
Cash and bank balances	77,536	51,632

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 2019 and the accompanying explanatory notes attached to this report.*



INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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 2019.

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 2019.

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 except with the impairment of property, plant and equipment of certain vessel fleets provided of RM70.5million as to reflect the carrying value of the vessels fleets.

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 4 December 2019, 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 1,845,900 its own ordinary shares at average price of RM 0.15843 per share during the current quarter. As at 31 March 2020, the Company had purchased and hold a cumulative total 30,696,300 of its issued ordinary shares repurchased from open market at an overall average price at RM0.28434 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 THIRD QUARTER ENDED 31 MARCH 2020

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

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 9 months ended 31 March 2020						
Segment Revenue						
External revenue	360,143	117,688	4,429	496	-	482,756
Inter-segment revenue	7,966	18,914	1,722	2,357	(30,959)	-
Total	368,109	136,602	6,151	2,853	(30,959)	482,756
(Loss)/Profit from operations	(23,492)	(10,425)	2,872	431	-	(30,614)
Impairment loss on property, plant and equipment						(70,494)
Impairment of receivables						(1,822)
Other operating expense						(3,748)
Finance costs						(12,826)
Share of profit of associates						94
Loss before tax						(119,410)
Tax expense						(258)
Loss for the period						(119,668)

	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 9 months ended 31 March 2019						
Segment Revenue						
External revenue	391,483	76,588	4,543	325	-	472,939
Inter-segment revenue	7,213	20,339	2,091	2,547	(32,190)	-
Total	398,696	96,927	6,634	2,872	(32,190)	472,939
Profit/ (loss) from operations	10,113	(13,548)	3,172	735	-	472
Other operating expense						(5,966)
Finance costs						(14,179)
Share of profit of associates						2,138
Loss before tax						(17,535)
Tax expense						(346)
Loss for the period						(17,881)

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

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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 March 2020						
Segment Revenue						
External revenue	120,456	33,727	908	99	-	155,190
Inter-segment revenue	2,334	7,417	1,119	786	(11,656)	-
Total	122,790	41,144	2,027	885	(11,656)	155,190
(Loss)/Profit from operations	(6,299)	(1,075)	617	(158)	-	(6,915)
Impairment loss on property, plant and equipment						(70,494)
Impairment of receivables						(1,822)
Finance costs						(3,728)
Share of loss of associates						(224)
Loss before tax						(83,183)
Tax income						49
Loss for the period						(83,134)

	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 March 2019						
Segment Revenue						
External revenue	113,663	20,419	1,393	147	-	135,622
Inter-segment revenue	2,125	7,924	655	849	(11,553)	-
Total	115,788	28,343	2,048	996	(11,553)	135,622
Profit/ (loss) from operations	3,613	(9,584)	584	166	-	(5,221)
Other operating expenses						(5,966)
Finance costs						(4,512)
Share of profit of associates						1,427
Loss before tax						(14,272)
Tax expense						(51)
Loss for the period						(14,323)

Group

	3Q 2020 (RM’000)	3Q 2019 (RM’000)	Changes (%)
Revenue	155,190	135,622	14.4%
Loss before tax	(83,183)	(14,272)	-482.8%

Revenue of the Group for the third quarter ended 31 March 2020 increased by 14.4% to RM155.2 million as compared to RM135.6 million in the previous corresponding quarter.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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

A8. Segmental reporting (Cont’)

The increase was mainly due to the higher revenue generated from shipping, shipbuilding and ship repair segments in the current quarter.

The loss before tax were due to the impairment loss on property, plant and equipment of RM 70.5million and impairment loss on receivables of RM 1.8million recognized and the decrease in margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred in current quarter. The impairment of property, plant and equipments provided was in line when events and change in circumstances indicated the carrying value is affected due to the current covid-19 pandemic which have significantly disrupted some business operation and demand of the current fleet utilization. As well as due to the unrealised margin on production overheads of new shipbuilding’s work in progress during construction in Shipbuilding and ship repair segments.

Performance and prospects of each operating segment are discussed below:

Shipping

	3Q 2020 (RM'000)	3Q 2019 (RM'000)	Changes (%)
Revenue	120,456	113,663	6.0%
(Loss)/Profit before tax	(79,276)	(2,092)	-3,689.5%

For the current quarter, the shipping segment’s revenue of RM120.5 million increased by 6.0% as compared to RM 113.7 million revenue recorded in the corresponding quarter. This was mainly due to the higher volume carried from domestic and international shipment operations in the current quarter.

The loss before tax in shipping segment were mainly due to the impairment loss on property, plant and equipment of RM 70.5million and impairment loss on receivables of RM 1.8million recognized and the decrease in margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred in current quarter.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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

A8. Segmental reporting (Cont’)

Shipbuilding and Ship repair

	3Q 2020 (RM'000)	3Q 2019 (RM'000)	Changes (%)
Revenue	33,727	20,419	65.2%
Loss before tax	(3,922)	(12,653)	69.0%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM33.7million increased by 65.2% as compared to RM20.4 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to delivery of two (2) 37.25m harbour tugs to external party during the current quarter.

The reduced 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 in Shipbuilding and ship repair segments.

Shipping agency

	3Q 2020 (RM'000)	3Q 2019 (RM'000)	Changes (%)
Revenue	908	1,393	-34.8%
Profit before tax	389	581	-33.0%

For the current quarter, the revenue from shipping agency segment decreased by 34.8% compared to the preceding year’s corresponding quarter. The decrease in profit before tax was in line with the reduction in revenue in current quarter.

Investment Holding

	3Q 2020 (RM'000)	3Q 2019 (RM'000)	Changes (%)
Revenue	99	147	-32.7%
Loss before tax	(374)	(108)	-246.3%

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 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.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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

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 (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 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	113	112	908	861
Deferred tax	(162)	(61)	(650)	(515)
	<u>(49)</u>	<u>51</u>	<u>258</u>	<u>346</u>

A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 31 March 2020 are as follows:

	As at 31.03.2020 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	<u>236,082</u>

The Group does not have any contingent assets.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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 31.03.2020 RM'000	Balance due from/(to) As at 31.03.2020 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	22,798	57,135
Purchase of goods and services	(8,722)	(15,924)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	883	4,051
Purchase of goods and services	(570)	(14,943)

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 2020

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

	3Q 2020 (RM'000)	2Q 2020 (RM'000)	Changes (%)
Revenue	155,190	155,859	-0.4%
Loss before tax	(83,183)	(22,818)	-264.5%

As compared to the immediate preceding quarter, the Group's current quarter's revenue has slight decreased by 0.4% to RM155.2 million from RM155.9 million recorded in the immediate preceding quarter.

The loss before tax increased significantly were due to the impairment loss on property, plant and equipment of RM 70.5million, impairment loss on receivables of RM 1.8million recognized and the decrease in margin in shipping segments on bulk carriers sector and barges & tugboats for preparation and docking costs incurred in current quarter. And as well as 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, especially the current covid-19 pandemic which has significantly disrupted many business operations around the world and Movement Control Order in Malaysia.

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 yet positive with the recent stability in crude oil price. The Group is prepared to weather this challenge 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 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 2020

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	74,867	166,502	241,369
Long-term borrowings	76,798	-	76,798
	<u>151,665</u>	<u>166,502</u>	<u>318,167</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 28 May 2020.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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

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 31.03.2020	Current year to date 31.03.2020
Loss attributable to equity holders of the Company (RM'000)	(83,269)	(120,303)
Weighted average number of ordinary shares in issue ('000)	1,170,534	1,170,952
Basic earnings per share (sen)	<u>(7.11)</u>	<u>(10.27)</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 THIRD QUARTER ENDED 31 MARCH 2020

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 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 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(378)	(306)	(1,354)	(1,129)
Sundry income	(607)	(3,589)	(1,093)	(4,497)
Interest expenses	3,728	4,512	12,826	14,179
Depreciation	24,813	24,442	74,226	71,590
Impairment loss on property, plant and equipment	70,494	-	70,494	-
Impairment loss on receivables	1,822	-	1,822	-
Gain on disposal of property, plant and equipment	(5,173)	(675)	(2,554)	(2,572)
Property, plant and equipment written off	-	-	3	-
Realised foreign exchange gain	337	204	616	363
Unrealised foreign exchange loss/(gain)	288	219	(22)	(124)

B14. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2019 was not qualified.

Authorised for issue

The interim report for the third quarter ended 31 March 2020 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2020.

By order of the Board

Richard Ling Peng Liing
Company Secretary
29th May 2020