

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

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter 31.12.2021 RM'000	Preceding year corresponding quarter 31.12.2020 RM'000	Current year to date 31.12.2021 RM'000	Preceding year corresponding period 31.12.2020 RM'000
Revenue		217,111	157,709	398,156	295,852
Cost of sales		(194,358)	(147,804)	(355,647)	(275,617)
Gross profit		22,753	9,905	42,509	20,235
Other income		3,750	2,734	6,930	5,099
Other operating expenses		(849)	-	(849)	-
Administrative expenses		(7,601)	(6,056)	(14,774)	(12,201)
Operating Profit		18,053	6,583	33,816	13,133
Finance Costs		(2,168)	(2,857)	(4,644)	(6,077)
Shares of profit of associates		21	125	92	178
Profit before tax		15,906	3,851	29,264	7,234
Tax expense	A12	(501)	(50)	(1,646)	(207)
Profit net of tax		15,405	3,801	27,618	7,027
Other comprehensive income:					
Foreign exchange translation	A16	-	-	-	-
Total comprehensive income for the period		15,405	3,801	27,618	7,027
Profit attributable to:					
Equity holders of the parent		15,056	3,530	26,968	6,485
Non controlling interests		349	271	650	542
		15,405	3,801	27,618	7,027
Total comprehensive income attributable to:					
Equity holders of the parent		15,056	3,530	26,968	6,485
Non controlling interests		349	271	650	542
		15,405	3,801	27,618	7,027
Earnings per share attributable to the equity holders of the parent:					
Basic (sen)	B12	1.29	0.30	2.31	0.56
Diluted (sen)	B12	1.29	0.30	2.31	0.56

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 2021 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 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited AS AT 31.12.2021 RM'000	Audited AS AT 30.06.2021 RM'000
ASSETS			
Non-current assets	Note		
Property, plant and equipment		960,944	1,000,096
Investment in associates		4,944	4,851
Investment securities		68	68
Deferred tax assets		51	51
Intangible asset		2,064	2,064
		968,071	1,007,131
Current assets			
Inventories		38,188	40,886
Trade receivables		180,087	151,285
Other receivable and deposits		10,690	18,935
Contract assets		1,950	3,506
Current tax assets		3,229	2,695
Cash and cash equivalents		223,877	155,441
		458,021	372,748
Non-current assets classified as held for sale		-	4,937
TOTAL ASSETS		1,426,092	1,384,816
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,216,972	1,216,972
Treasury share		(9,704)	(8,983)
Retained Earnings		45,030	18,062
Other reserve		(297,861)	(297,861)
		954,437	928,190
Non Controlling interests		5,549	6,399
Total equity		959,986	934,589
Non-current liabilities			
Lease liabilities		41	4,039
Bank Borrowings	B9	52,593	49,455
Deferred tax liabilities		45,065	44,890
		97,699	98,384
Current liabilities			
Trade Payables		116,234	118,923
Contract liabilities		44,489	11,635
Other payables and accruals		26,856	21,711
Provision for onerous contract		361	361
Lease liabilities		220	4,137
Bank Borrowings	B9	176,495	191,228
Current tax liabilities		3,752	3,746
Derivative liabilities		-	102
		368,407	351,843
Total liabilities		466,106	450,227
TOTAL EQUITY AND LIABILITIES		1,426,092	1,384,816
Net assets per shares (RM)		0.82	0.79

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 2021 and the accompanying explanatory notes attached to this report.*

SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A
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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent						
		Non distributable	Distributable				
	Equity, total RM'000	Equity attributable to owners of the parents, total RM'000	Share capital RM'000	Treasury Shares RM'000	Other reserves RM'000	Retained earnings RM'000	Non- Controlling interests RM'000
At 1 July 2020	917,090	911,268	1,216,972	(8,853)	(297,861)	1,010	5,822
Profit net of tax	17,749	17,052	-	-	-	17,052	697
Total comprehensive income	17,749	17,052	-	-	-	17,052	697
Transactions with Owners:							
Purchase of treasury shares	(130)	(130)	-	(130)	-	-	-
Dividend paid to non-controlling interests	(120)	-	-	-	-	-	(120)
At 30 June 2021	934,589	928,190	1,216,972	(8,983)	(297,861)	18,062	6,399

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021
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 2021	934,589	928,190	1,216,972	(8,983)	(297,861)	18,062	6,399
Profit net of tax	27,618	26,968	-	-	-	26,968	650
Total comprehensive income	27,618	26,968	-	-	-	26,968	650
Transactions with Owners:							
Purchase of treasury shares	(721)	(721)	-	(721)	-	-	-
Dividend paid to non-controlling interests	(1,500)	-	-	-	-	-	(1,500)
At 31 December 2021	959,986	954,437	1,216,972	(9,704)	(297,861)	45,030	5,549

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 2021 and the accompanying explanatory notes attached to this report.*

SHIN YANG SHIPPING CORPORATION BERHAD – 666062-A
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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2021 RM'000	Preceding year 31.12.2020 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	29,264	7,234
Adjustment for:		
Depreciation	45,030	44,274
Dividend income	-	(2)
Gain on disposal of fixed assets	(1,859)	(1,193)
Loss on foreign exchange	198	265
Interest expenses	4,644	6,077
Interest income	(1,425)	(1,060)
Property, plant and equipment written off	-	2
Share of results of associates	(92)	(178)
	75,760	55,419
Operating profit before changes in working capital		
<u>Working Capital Changes</u>		
Decrease in inventories	2,698	7,659
Increase in receivables	(33,516)	(3,097)
Decrease/ (Increase)/ in contract asset	1,826	(649)
Increase/ (Decrease) in payables	7,407	(11,137)
Increase in contract liabilities	32,854	2,160
Net changes in amounts due from/to related companies	7,414	(2,991)
Total changes in working capital	18,683	(8,055)
Cash generated from operations	94,443	47,364
Interest received	1,425	1,060
Interest paid	(4,644)	(6,077)
Income tax paid	(1,975)	(605)
Total interest and tax paid	(5,194)	(5,622)
Net cash generated from operating activities	89,249	41,742
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	-	2
Capital expenditure	(7,795)	(25,814)
Proceeds from disposal of property, plant and equipment	8,714	27,399
Net cash generated from investing activities	919	1,587
NET CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to minority interest	(1,500)	-
Net movement in trade financing	(17,742)	(18,139)
Repayment of hire purchase	(1,264)	(2,132)
Repayment of term loans	(9,286)	(11,880)
Proceed from term loans	10,000	-
Purchase of treasury share	(721)	(130)
Net movement in fixed and treasury deposit with maturity dates more than 3 months	76,600	-
Net cash flow generated from/ (used in) financing activities	56,087	(32,281)
Net increase in cash and cash equivalents	146,255	11,048
Cash and cash equivalents at beginning of period	59,072	95,768
Cash and cash equivalents at end of period	205,327	106,816
Cash and cash equivalents comprise the following:		
Cash and bank balances	60,077	31,465
Deposit with licensed banks	163,800	102,200
Bank overdrafts	(18,550)	(26,849)
Cash and cash equivalents	205,327	106,816

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 2021 and the accompanying explanatory notes attached to this report.*

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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 2021.

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 2021.

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 8 December 2021, 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 2,068,400 its own ordinary shares at average price of RM 0.34842 per share during the current quarter. As at 31 December 2021, the Company had purchased and hold a cumulative total 34,094,700 of its issued ordinary shares repurchased from open market at an overall average price at RM0.28462 per share. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

A7. Dividends

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

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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

A8. Segmental reporting

	Shipping RM'000	Shipbuilding, Ship repair and Metal Fabrication RM'000	Service providers 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 tax						29,264
Tax expense						(1,646)
Profit for the period						27,618

	Shipping RM'000	Shipbuilding, Ship repair and Metal Fabrication RM'000	Service providers RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
For 6 months ended 31 December 2020						
Segment Revenue						
External revenue	248,197	44,407	2,829	419	-	295,852
Inter-segment revenue	3,877	15,182	1,385	1,363	(21,807)	-
Total	252,074	59,589	4,214	1,782	(21,807)	295,852
Profit from operations	5,254	5,408	2,290	181	-	13,133
Finance costs						(6,077)
Share of profit of associates						178
Profit before tax						7,234
Tax expense						(207)
Profit for the period						7,027

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

A8. Segmental reporting (Cont’)

	Shipping RM'000	Shipbuilding, Ship repair and Metal Fabrication RM'000	Service providers 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 tax						15,906
Tax expense						(501)
Profit for the period						15,405

	Shipping RM'000	Shipbuilding, Ship repair and Metal Fabrication RM'000	Service providers RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
For 3 months ended 31 December 2020						
Segment Revenue						
External revenue	131,555	24,587	1,352	215	-	157,709
Inter-segment revenue	1,934	9,972	695	682	(13,283)	-
Total	133,489	34,559	2,047	897	(13,283)	157,709
Profit from operations	2,060	3,380	1,082	61	-	6,583
Finance costs						(2,857)
Share of profit of associates						125
Profit before tax						3,851
Tax expense						(50)
Profit for the period						3,801

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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

A8. Segmental reporting (Cont’)

Group	2Q 2022 (RM'000)	2Q 2021 (RM'000)	Changes (%)
Revenue	217,111	157,709	37.7%
Profit before tax	15,906	3,851	313.0%

Revenue of the Group for the second quarter ended 31 December 2021 increased by 37.7% to RM217.1 million as compared to RM157.7 million in the previous corresponding quarter.

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

The group has expanded its business activities to land transportation in February 2021. This sector has contributed RM 11.4 million of revenue to the Group in the current quarter.

The 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 2022 (RM'000)	2Q 2021 (RM'000)	Changes (%)
Revenue	163,562	131,555	24.3%
Profit before tax	12,659	1,471	760.6%

For the current quarter, the shipping segment’s revenue of RM163.6 million increased by 24.3% as compared to RM 131.6 million revenue recorded in the corresponding quarter.

The 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.

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

A8. Segmental reporting (Cont’)

Shipbuilding and Ship repair

	2Q 2022 (RM’000)	2Q 2021 (RM’000)	Changes (%)
Revenue	40,010	24,587	62.7%
Profit before tax	1,511	1,262	19.7%

For the current quarter, revenue generated from shipbuilding and ship repair segments of RM40.0 million, increased by 62.7% as compared to RM24.6 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to vessel’s work in progress for external parties to be delivered in the current quarter.

Service providers

	2Q 2022 (RM’000)	2Q 2021 (RM’000)	Changes (%)
Revenue	13,316	1,352	884.9%
Profit before tax	1,891	1,209	56.4%

For the current quarter, the revenue from service providers segment increased by 884.9% compared to the preceding year’s corresponding quarter. The newly acquired subsidiary in February 2021, Melinau Transport Sdn Bhd had contributed RM 11.4 million of revenue to the Group in this segment in current quarter under review.

Investment Holding

	2Q 2022 (RM’000)	2Q 20201 (RM’000)	Changes (%)
Revenue	223	215	3.7%
Loss before tax	(155)	(91)	-70.3%

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.

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

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 except that:

Shin Yang Shipping Corporation Berhad (“**SYSCORP**”) has on 22 February 2022 entered into a conditional share sale and purchase agreement with the respective Vendors (as defined below) to purchase:-

- (i) 500,000 ordinary shares in Kuching Barrage Management Sdn Bhd (“**KBMSB**”), representing 100% equity interest in KBMSB for a cash consideration of RM 600,000.00 (“**Proposed Acquisition of KBMSB**”);

Vendors of KBMSB	No. of Shares
Kong Lee Luang	17,500
Azman Bin Sulaiman	7,500
Shin Yang Enterprise Sdn Bhd	475,000
Total	500,000

and

- (ii) 252,500 ordinary shares in Melinau Container Services Sdn. Bhd. (“**MCSSB**”), representing 50.50% equity interest in MCSSB and 8,800,000 of 5% redeemable preference shares for a cash consideration of RM 8,800,002.00 (“**Proposed Acquisition of MCSSB**”).

Vendors of MCSSB	No. of Shares
Shin Yang Holding Sdn Bhd	245,000
Azman Bin Sulaiman	7,500
Total	252,500

The Proposed Acquisition of KBMSB and Proposed Acquisition of MCSSB are collectively referred to as the Proposed Acquisitions.

The total purchase consideration for the above Proposed Acquisitions is RM 9,400,002.00 (“**Proposed Purchase Consideration**”).

The Proposed Acquisition is deemed a related party transaction (“**RPT**”) in accordance with Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

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 (Cont’)

Upon completion of the Proposed Acquisition of KBMSB, KBMSB shall become 100% owned subsidiary of SYSCORP.

Upon completion of the Proposed Acquisition of MCSSB, MCSSB shall become 50.50% owned subsidiary of SYSCORP. The remaining 49.50% of the entire issued share capital of MCSSB shall continue to be held by the existing shareholder, Cambridge Alliance Sdn. Bhd. (Registration No. 199501020590 (349793-X), a private company limited by shares incorporated and registered in Malaysia.

The Proposed Purchase Consideration was arrived at on a “willing-buyer willing seller” basis after taking into consideration the following:

- (i) KBMSB’s NA of approximately RM 651,448, based on its unaudited financial statements for the FYE 31 December 2021;
- (ii) MCSSB’s NA of approximately RM 6,760,388 (after taking into consideration proceeds from the issuance of RPS of RM8.8 million), based on its unaudited financial statements for the FYE 31 December 2021;
- (iii) the rationale of the Proposed Acquisitions as mentioned in Section 3 of this announcement;
- (iv) the historical financial and operation performance of KBMSB and MCSSB.

The purchase consideration of KBMSB will be settled by SYSCORP to the Vendors of KBMSB in their respective proportion under the SSPA, in the following manner:

- (i) payment of RM 60,000.00, being 10% of the purchase consideration, upon the execution of the SSPA; and
- (ii) payment of RM 540,000.00, being 90% of the purchase consideration (“Balance Sum for KBMSB”) within 3 months from the fulfilment of all conditions precedent of the SSPA (“Completion Period of KBMSB”).

The purchase consideration of MCSSB will be settled by SYSCORP to the Vendors of MCSSB in their respective proportion under the SSPA, in the following manner:

- (i) payment of RM 880,000.00, being 10% of the purchase consideration, upon the execution of the SSPA; and
- (ii) payment of RM 7,920,002.00, being 90% of the purchase consideration (“Balance Sum for MCSSB”) within 3 months from the fulfilment of all conditions precedent of the SSPA (“Completion Period of MCSSB”).

The Purchase Consideration will be satisfied entirely in cash via internally generated funds in SYSCORP Group.

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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

There were no changes in the composition of the Group for current interim quarter under review.

A12. Tax expense

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	664	206	1,471	519
Deferred tax	(163)	(156)	175	(312)
	<u>501</u>	<u>50</u>	<u>1,646</u>	<u>207</u>

A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 31 December 2021 are as follows:

	As at 31.12.2021 RM'000
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our subsidiaries and associates	154,664

The Group does not have any contingent assets.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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 31.12.2021 RM'000	Balance due from/(to) As at 31.12.2021 RM'000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	33,858	32,165
Purchase of goods and services	(10,633)	(20,654)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	2,333	5,119
Purchase of goods and services	(899)	(16,506)

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

A16. Other Comprehensive Income

Foreign exchange translation gain/(loss) represents the surplus/(shortfall) arising from restating payables, receivables and bank balances denominated in foreign currency to Ringgit using foreign exchange rates prevailing at period end rate.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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 2022 (RM'000)	1Q 2022 (RM'000)	Changes (%)
Revenue	217,111	181,045	19.9%
Profit before tax	15,906	13,358	19.1%

As compared to the immediate preceding quarter, the Group's current quarter's revenue has increased by 19.9% to RM217.1million from RM181.0 million recorded in the immediate preceding quarter.

The increase in revenue was mainly due to the higher revenue generated from shipbuilding & ship repair segments and bulk carriers & container sectors in the current period under review.

The increase in profit before tax were in line with the increase in revenue generated during the current quarter.

B3. Commentary on Prospects

The performance of the Group is largely dependent on the volatility of world fuel market price, quality of crews' standard, domestic & regional demand for transportation of dry bulk and general cargoes, movement of Ringgit Malaysia and world economic situations, especially on the outcome of vaccination from the outbreak of Covid-19 pandemic to endemic, which has significantly disrupted many business operations.

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 stability in crude oil price and positive improvement in the Baltic Dry Index. The Group is prepared to weather this challenge with 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.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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

B3. Commentary on Prospects (Cont')

The other dependents for shipbuilding and ship repair 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.

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	52,420	124,075	176,495
Long-term borrowings	52,593	-	52,593
	<u>105,013</u>	<u>124,075</u>	<u>229,088</u>



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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 28 February 2022.

B11. Changes in material litigation

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

B12. Earnings per share

(a) Basic

The basic earnings per share for the current interim quarter and current financial year-to-date are computed as follows:

	Current year quarter 31.12.2021	Current year to date 31.12.2021
Profit attributable to equity holders of the Company (RM'000)	15,056	26,968
Weighted average number of ordinary shares in issue (‘000)	1,166,843	1,167,409
Basic earnings per share (sen)	<u>1.29</u>	<u>2.31</u>

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

(b) Diluted

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

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

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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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(736)	(377)	(1,425)	(886)
Sundry income	(246)	(937)	(1,072)	(1,560)
Interest expenses	2,168	2,857	4,644	6,077
Depreciation	22,399	21,946	45,030	44,274
Gain on disposal of property, plant and equipment	(437)	(287)	(1,859)	(1,193)
Property, plant and equipment written off	-	-	-	2
Realised foreign exchange loss/ (gain)	543	(181)	628	(438)
Unrealised foreign exchange loss/ (gain)	250	(76)	198	265

B14. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2021 was not qualified.

Authorised for issue

The interim report for the second quarter ended 31 December 2021 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2022.

By order of the Board

Richard Ling Peng Liing
Company Secretary
28th February 2022