NAM CHEONG LIMITED
(Formerly known as Eagle Brand Holdings Limited)
(Incorporated in Bermuda)
(Company Registration Number 25458)

Fourth Quarter and Full Year Ended 31 December 2011 Financial Statements and Related Announcement

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1. Unaudited Financial Statements

1(a)(i) Statement of Comprehensive Income (Group)

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Change %	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000	Change %
Revenue	139,539	266,867	(48%)	606,244	758,191	(20%)
Cost of sales	(106,461)	(234,664)	(55%)	(468,410)	(588,375)	(20%)
Gross profit	33,078	32,203	3%	137,834	169,816	(19%)
Other income	97	3,082	(97%)	3,057	14,498	(79%)
Selling and Administrative expenses	(7,541)	(14,806)	(49%)	(36,106)	(57,916)	(38%)
Operating profit	25,634	20,479	25%	104,785	126,398	(17%)
Finance costs	(1,417)	(1,966)	(28%)	(4,964)	(4,775)	4%
Share of profit of jointly controlled entities	1,502	-	100%	1,502	-	100%
Profit before tax	25,719	18,513	39%	101,323	121,623	(17%)
Income tax expense	668	4,500	(85%)	(8,136)	(5,776)	41%
Profit for the financial period attributable to owners of the parent	26,387	23,013	15%	93,187	115,847	(20%)

1. Unaudited Financial Statements (Contd.)

1(a)(i) Statement of Comprehensive Income (Group) (Contd.)

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Change %	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000	Change %
Other comprehensive income						
Exchange differences on translating foreign operations	(1,239)	2,284	(154%)	2,283	(6,494)	(135%)
Fair value changes on available-for-sale financial assets	-	15,010	(100%)	(1,023)	1,023	(200%)
Other comprehensive income for the financial period, net of tax	(1,239)	17,294	(107%)	1,260	(5,471)	(123%)
Total comprehensive income for the financial period attributable to owners of the parent	25,148	40,307	(38%)	94,447	110,376	(14%)

1. Unaudited Financial Statements (Contd.)

1(a)(ii) Notes to the Statement of Comprehensive Income

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Change %	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000	Change %
Other income						
Foreign exchange gain	-	-	n.m.	2,718	12,140	(78%)
Interest income	6	(26)	(123%)	53	1,018	(95%)
Miscellaneous	89	2	44	261	910	(71%)
Gain on realisation of available-for-sale financial assets	-	-	n.m.	19	-	100%
Net fair value gain on derivatives	-	3,124	(100%)	-	393	(100%)
Rental income	2	(18)	(111%)	6	12	(50%)
Gain on disposal of subsidiaries	-	-	n.m.	-	25	(100%)
	97	3,082	(97%)	3,057	14,498	(79%)
Finance costs						
Interest expense on borrowings	4,231	4,355	(3%)	15,513	16,770	(7%)
Less: Interest capitalised in cost of construction contracts	(2,814)	(2,389)	18%	(10,549)	(11,995)	(12%)
	1,417	1,966	(28%)	4,964	4,775	4%

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(a)(ii) Notes to the Statement of Comprehensive Income (Contd.)

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Change %	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000	Change %
Profit before tax						
The following amounts have been included in arriving at profit before tax:						
Foreign exchange loss	337	9,613	(96%)	-	-	n.m.
Amortisation of prepaid land lease payments	22	(304)	(107%)	90	60	50%
Depreciation of property, plant and equipment	1,591	1,385	15%	6,355	6,027	5%
Loss on disposal of property, plant and equipment	-	-	n.m.	9	5	80%
Property, plant and equipment written off	135	-	100%	135	-	100%
Net fair value loss on derivatives	(4,668)	-	(100%)	3,462	-	100%
Income tax expense						
Current income tax	(295)	(4,429)	(93%)	7,761	8,111	(4%)
Deferred tax	(373)	(71)	425%	375	(2,335)	(116%)
	(668)	(4,500)	(85%)	8,136	5,776	41%

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(i) Statement of Financial Position

	Group		Company	
		Restated		
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	127,704	129,684	-	-
Prepaid land lease payments	8,766	9,008	-	-
Investment in subsidiaries	-	-	1,140,777	14,810
Available-for-sale financial assets	-	46,891	-	-
	136,470	185,583	1,140,777	14,810
Current assets				
Inventories	193,100	246,103	-	-
Trade and other receivables	73,045	97,322	17	10
Amount due from subsidiaries	-	-	-	67,196
Amount due from jointly controlled entity	6,324	-	-	-
Due from customers on contracts	470,025	366,784	-	-
Prepayments	53,438	44,131	-	-
Derivatives	2,032	1,584	-	-
Fixed deposits with licensed banks	364	613	-	-
Cash and bank balances	26,654	51,537	-	1
	824,982	808,074	17	67,207
TOTAL ASSETS	961,452	993,657	1,140,794	82,017
EQUITY AND LIABILITIES				
Equity				
Share capital	369,007	369,007	369,007	6,838
Share premium	703	703	779,311	703
Other reserves	96	(1,902)	1,366	1,366
Retained earnings / (Accumulated losses)	104,250	57,687	(13,194)	(6,769)
Equity attributable to owners of the parent	474,056	425,495	1,136,490	2,138
Non-current liabilities				
Amount due to subsidiaries	-	-	-	21,424
Loans and borrowings	23,311	56,652	-	-
Deferred tax liabilities	9,043	8,666	-	-
	32,354	65,318	-	21,424

1. Unaudited Financial Statements (Contd.)

1(b)(i) Statement of Financial Position (contd.)

	Group		Company	
		Restated		
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Amount due to subsidiaries	-	-	1,158	57,339
Due to customers on contracts	32,608	224	-	-
Derivatives	5,100	1,191	-	-
Income tax payable	613	1,912	-	-
Loans and borrowings	302,285	322,475	-	-
Trade and other payables	114,236	176,668	3,146	1,116
Provisions	200	374	-	-
	455,042	502,844	4,304	58,455
Total liabilities	487,396	568,162	4,304	79,879
TOTAL EQUITY AND LIABILITIES	961,452	993,657	1,140,794	82,017

1. Unaudited Financial Statements (Contd.)

1(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

	As at 31.12.2011		Restated As at 31.12.2010	
	Secured RM'000	**Unsecured RM'000**	**Secured RM'000**	**Unsecured RM'000**
Amount repayable in one year or less, or on demand	302,285	-	322,475	-
Amount repayable after one year	23,311	-	56,652	-

Details of any collaterals

The Group borrowings are primarily secured by fixed deposits, proceeds from sale of vessels, and charges over certain properties and assets.

1. Unaudited Financial Statements (Contd.)

1(c) Statement of Cash Flows (Group)

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000
Operating activities				
Profit before tax	25,719	18,513	101,323	121,623
Adjustments for:				
Amortisation of prepaid land lease payments	22	(304)	90	60
Depreciation of property, plant and equipment	1,591	1,385	6,355	6,027
Gain on disposal of subsidiaries	-	-	-	(25)
Interest expense	1,417	1,966	4,964	4,775
Interest income	(6)	26	(53)	(1,018)
Loss on disposal of property, plant and equipment	-	-	9	5
Property, plant and equipment written off	135	-	135	-
Net fair value (gain) / loss on derivatives	(4,668)	(3,124)	3,462	(393)
Reversal of provisions	-	-	-	(2,800)
Share option expenses	-	7	-	50
Unrealised loss / (gain) on foreign exchange	2,791	5,907	(4,083)	(5,425)
Total adjustments	1,282	5,863	10,879	1,256
Operating cash flows before working capital changes	27,001	24,376	112,202	122,879

1. Unaudited Financial Statements (Contd.)

1(c) Statement of Cash Flows (Group) (Contd.)

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000
Changes in working capital:				
(Increase) / Decrease in inventories	(5,447)	140,094	66,706	61,749
Decrease in receivables	26,795	4,104	16,288	125,147
Decrease in prepayments	(4,337)	(44,131)	(9,307)	(44,131)
(Increase) / Decrease in amount due from customers on contracts	(103,654)	(152,925)	(103,241)	33,012
Increase / (Decrease) in payables	21,072	29,849	(52,929)	(183,802)
Decrease in provision	-	(17,490)	(174)	(17,490)
(Decrease) / Increase in amount due to customers on contracts	(8,567)	(339)	32,384	59
Total changes in working capital	(74,138)	(40,838)	(50,273)	(25,456)
Cash flows (used in) / from operations	(47,137)	(16,462)	61,929	97,423
Interest paid	(4,231)	(4,355)	(15,513)	(16,770)
Taxes paid, net of refund	(760)	(128)	(9,060)	(29,454)
Net cash flows (used in) / from operating activities	(52,128)	(20,945)	37,356	51,199
Investing activities				
Acquisition of property, plant and equipment	(5,515)	(778)	(7,238)	(11,149)
Addition of prepaid land lease	(11)	-	(11)	(1,483)
Interest received	6	(26)	53	1,018
Acquisition of equity instruments	-	(6,585)	-	(45,868)
Investment in jointly controlled entity	40	-	-	-
Proceed from disposal of subsidiaries	-	-	-	232,734
Proceeds from disposal of property, plant and equipment	-	-	12	470
Net cash flows used in investing activities	(5,480)	(7,389)	(7,184)	175,722

1. Unaudited Financial Statements (Contd.)

1(c) Statement of Cash Flows (Group) (Contd.)

	4th Quarter ended 31.12.2011 RM'000	Restated 4th Quarter ended 31.12.2010 RM'000	Full year ended 31.12.2011 RM'000	Restated Full year ended 31.12.2010 RM'000
Financing activities				
Dividend paid	-	-	-	(2,500)
Proceeds from bank borrowings	120,188	86,789	155,561	279,228
Repayments of bank borrowings	(86,148)	(107,227)	(210,464)	(277,192)
Repayments of hire purchase	(870)	(1,009)	(3,811)	(4,845)
(Placement)/ Upliftment of fixed deposits	3,667	1,665	249	95,412
Capital distribution	-	(212,831)	-	(212,831)
Net cash flows (used in) / from financing activities	36,837	(232,613)	(58,465)	(122,728)
Net (decrease) / increase in cash and cash equivalents	(20,771)	(260,947)	(28,293)	104,193
Effects of foreign exchange rate changes	(1,248)	1,775	2,402	(6,305)
Cash and cash equivalents at 1 October / 1 January	44,545	307,589	48,417	(49,471)
Cash and cash equivalents at 31 December	22,526	48,417	22,526	48,417

Cash and cash equivalents comprise the following as at the statements of financial position date:

Cash and bank balances	26,654	51,537	26,654	51,537
Bank overdrafts	(4,128)	(3,120)	(4,128)	(3,120)
Total cash and cash equivalents	22,526	48,417	22,526	48,417

1. Unaudited Financial Statements (Contd.)

1(d)(i) Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Contributed surplus RM'000	Statutory reserve fund RM'000	Foreign exchange reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Equity attributable to owners of the parent RM'000
Group									
Restated									
At 1 January 2010	430,078	-	1,534	287,485	42,541	(214)	-	(230,807)	530,617
Profit for the period	-	-	-	-	-	-	-	35,991	35,991
Other comprehensive income	-	-	-	-	-	(2,935)	-	-	(2,935)
Share option expenses	-	-	14	-	-	-	-	-	14
At 31 March 2010	430,078	-	1,548	287,485	42,541	(3,149)	-	(194,816)	563,687
Profit for the period	-	-	-	-	-	-	-	13,674	13,674
Other comprehensive income	-	-	-	-	-	(3,425)	(595)	-	(4,020)
Share option expenses	-	-	13	-	-	-	-	-	13
At 30 June 2010	430,078	-	1,561	287,485	42,541	(6,574)	(595)	(181,142)	573,354
Profit for the period	-	-	-	-	-	-	-	43,169	43,169
Dividends	-	-	-	-	-	-	-	(2,500)	(2,500)
Other comprehensive income	-	-	-	-	-	(2,418)	(13,392)	-	(15,810)
Share option expenses	-	-	16	-	-	-	-	-	16
Capital reduction	(61,071)	-	-	(287,485)	(42,541)	-	-	181,043	(210,054)
At 30 September 2010	369,007	-	1,577	-	-	(8,992)	(13,987)	40,570	388,175
Profit for the period	-	-	-	-	-	-	-	23,013	23,013
Other comprehensive income	-	-	-	-	-	2,284	15,010	-	17,294
Share option expenses	-	-	7	-	-	-	-	-	7
Exercise of share options	47	703	(217)	-	-	-	-	-	533
Capital reduction	(47)	-	-	-	2,416	-	-	(5,896)	(3,527)
At 31 December 2010	369,007	703	1,367	-	2,416	(6,708)	1,023	57,687	425,495

1. Unaudited Financial Statements (Contd.)

1(d)(i) Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Contributed surplus RM'000	Statutory reserve fund RM'000	Foreign exchange reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Equity attributable to owners of the parent RM'000
Group (Contd.)									
Restated									
At 1 January 2011	369,007	703	1,367	-	2,416	(6,708)	1,023	57,687	425,495
Profit for the period	-	-	-	-	-		-	17,642	17,642
Other comprehensive income	-	-	-	-	-	(1,295)	-	-	(1,295)
At 31 March 2011	369,007	703	1,367	-	2,416	(8,003)	1,023	75,329	441,842
Profit for the period	-	-	-	-	-	-	-	2,367	2,367
Other comprehensive income	-	-	-	-	-	2,161	(1,023)	-	1,138
Dividends	-	-	-	-	-	-	-	(45,886)	(45,886)
At 30 June 2011	369,007	703	1,367	-	2,416	(5,842)	-	31,810	399,461
Profit for the period	-	-	-	-	-	-	-	46,791	46,791
Other comprehensive income	-	-	-	-	-	2,656	-	-	2,656
At 30 September 2011	369,007	703	1,367	-	2,416	(3,186)	-	78,601	448,908
Profit for the period	-	-	-	-	-	-	-	26,387	26,387
Disposal of investment	-	-	-	-	(2,416)	3,154	-	(738)	-
Other comprehensive income	-	-	-	-	-	(1,239)	-	-	(1,239)
At 31 December 2011	369,007	703	1,367	-	-	(1,271)	-	104,250	474,056

1. Unaudited Financial Statements (Contd.)

1(d)(i) Statements of Changes in Equity (Contd.)

	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Contributed surplus RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
Company						
At 1 January 2010	67,909	-	1,534	287,485	(140,268)	216,660
Loss for the period	-	-	-	-	(544)	(544)
Share option expenses	-	-	14	-	-	14
At 31 March 2010	67,909	-	1,548	287,485	(140,812)	216,130
Loss for the period	-	-	-	-	(2,663)	(2,663)
Share option expenses	-	-	13	-	-	13
At 30 June 2010	67,909	-	1,561	287,485	(143,475)	213,480
Loss for the period	-	-	-	-	(412)	(412)
Share option expenses	-	-	15	-	-	15
Capital reduction	(61,071)	-	-	(287,485)	138,502	(210,054)
At 30 September 2010	6,838	-	1,576	-	(5,385)	3,029
Loss for the period	-	-	-	-	(1,384)	(1,384)
Exercise of share options	-	703	(210)	-	-	493
At 31 December 2010	6,838	703	1,366	-	(6,769)	2,138

1. Unaudited Financial Statements (Contd.)

1(d)(i) Statements of Changes in Equity (Contd.)

	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
Company					
At 1 January 2011	6,838	703	1,366	(6,769)	2,138
Loss for the period	-	-	-	(737)	(737)
At 31 March 2011	6,838	703	1,366	(7,506)	1,401
Loss for the period	-	-	-	(509)	(509)
Issuance of shares	362,169	778,608	-	-	1,140,777
At 30 June 2011	369,007	779,311	1,366	(8,015)	1,141,669
Loss for the period	-	-	-	(3,580)	(3,580)
At 30 September 2011	369,007	779,311	1,366	(11,595)	1,138,089
Loss for the period	-	-	-	(1,599)	(1,599)
At 31 December 2011	369,007	779,311	1,366	(13,194)	1,136,490

Notes:
(a) Share capital, share premium and other reserves of the Group were reclassified to conform with the "pooling-of-interest" method mentioned in Note 4 on page 15.
(b) There were no share options granted in 3Q of FY2011 under the Eagle Brand Share Option Scheme 2006.

1. Unaudited Financial Statements (Contd.)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the financial period under review.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2011 and 31 December 2010, the total number of issued shares was 1,913,144,482 and 1,170,120,754 respectively. The Company does not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on preceding year.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with auditing standard or practice.

The figures have not been audited or reviewed by the Company’s auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4.Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Pursuant to the completion of the acquisition of 100% of Nam Cheong Dockyard Sdn Bhd and 50% of Nam Cheong Offshore Pte Ltd by the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2011 are prepared using the “pooling-of-interest” method. As such, the comparative financial information in the consolidated financial statements of the Group has been restated to reflect the acquisition as if it had occurred prior to 1 January 2010. Such manner of presentation reflects the economic substance of the combining entities as a single economic enterprise, although the legal parent-subsidiary relationship was not established until 28 April 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The accounting policies adopted are consistent with those stated in the Circular to Shareholders dated 29 March 2011 and item 4 above, except that the Group has adopted new Financial Reporting Standard which became effective for annual periods beginning on or after 1 January 2011.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
		Restated
	Full year ended 31.12.2011	**Full year ended 31.12.2010**
Earnings per ordinary shares of the Group for the financial period based on net profit attributable to shareholders:		
(i) Based on weighted average number of ordinary shares in issue (Sen)	4.87	6.06
Weighted average number of shares	1,913,144,482	1,913,144,482
(ii) On a fully diluted basis (Sen)	4.87	6.06
Adjusted weighted average number of shares	1,913,144,482	1,913,144,482

The share options granted in the prior years under the Eagle Brand Share Option Scheme 2006 Scheme have no impact to the adjusted weighted average number of shares as it has an anti-dilutive effect on the earnings per share.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
		Restated		
	As at 31.12.2011	**As at 31.12.2010**	**As at 31.12.2011**	**As at 31.12.2010**
Net asset value per ordinary share (Sen)	24.8	22.2	59.4	0.2
Ordinary shares in issue	1,913,144,482	1,913,144,482	1,913,144,482	1,170,120,754

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of Group Performance

FY 2011 vs FY 2010

	FY 2011				FY 2010 (Restated)				Variance			
	Revenue RM'000	%	Gross Profit RM'000	Gross Profit Margin %	Revenue RM'000	%	Gross Profit RM'000	Gross Profit Margin RM'000	Revenue RM'000	%	Gross Profit RM'000	%
Shipbuilding	564,595	93%	105,005	19%	717,534	95%	132,842	19%	(152,939)	(21%)	(27,837)	(21%)
Vessel Chartering	41,649	7%	32,829	79%	40,657	5%	36,974	91%	992	2%	(4,145)	(11%)
Total	606,244	100%	137,834	23%	758,191	100%	169,816	22%	(151,947)	(20%)	(31,982)	(19%)

(a) Statements of comprehensive income (Group)

FY 2011 vs FY 2010

Revenue for full year ended 31 December 2011 (“FY 2011") of RM606.2 million was RM151.9 million, or 20%, lower as compared to RM758.2 million achieved during the previous full year ended 31 December 2010 (“FY 2010"). The decrease was mainly due to lower shipbuilding segment revenue recognized over the year as a result of the spill-over effect of the economic downturn in 2008/2009, where fewer order of new vessels were received for delivery in 2010/2011.

Gross profit decreased by 19%, from RM169.8 million in FY2010 to RM137.8 million, in tandem with lower revenue recorded. Notwithstanding the decline in FY2011 revenue and gross profit, the Group was able to maintain a healthy gross profit margin of 23% (FY2010: 22%).

Other income was higher for FY 2010 as compared to FY 2011 due to the foreign exchange gain of RM12.1 million arising from the depreciation of USD during FY 2010.

8. (contd.)

Review of Group Performance (contd.)

(a) Statements of comprehensive income (Group) (contd.)

FY 2011 vs FY 2010 (contd.)

The Group also derived RM1.5 million in the form of shared profits contribution from its Joint Venture ("JV") company established in 3Q 2011.

Net profit after taxation for FY2011 of RM93.2 million was lower than RM115.8 million in FY2010. Our net profit margin in FY2011 has increased 0.1% from 15.3% in FY2010 to 15.4%.

4Q 2011 vs 4Q 2010

	4Q 2011				4Q 2010 (Restated)				Variance			
	Revenue RM'000	%	Gross Profit RM'000	Gross Profit Margin %	Revenue RM'000	%	Gross Profit RM'000	Gross Profit Margin RM'000	Revenue RM'000	%	Gross Profit RM'000	%
Shipbuilding	127,810	92%	23,336	18%	252,910	95%	17,849	7%	(125,100)	(49%)	5,487	31%
Vessel Chartering	11,729	8%	9,742	83%	13,957	5%	14,354	103%	(2,228)	(16%)	(4,612)	(32%)
Total	139,539	100%	33,078	24%	266,867	100%	32,203	12%	(127,328)	(48%)	875	3%

8. (contd.)

Review of Group Performance (contd.)

4Q 2011 vs 4Q 2010 (contd.)

The economic slowdown in 2008/2009 still had effect on our quarter sales with our revenue for the 3 months ended 31 December 2011 ("4Q2011") of RM139.5 million was RM127.3 million lower as compared to RM266.9 million recorded for the 3 months ended 31 December 2010 ("4Q 2010"). The decrease was mainly attributed to the decrease in our shipbuilding segment revenue of RM125.1 million.

Despite lower revenue recorded in 4Q2011, gross profit increased by 3%, to reach RM33.1 million from RM32.2 million in 4Q2010. The significantly higher gross profit margin of 24% in 4Q 2011, compared to 12% recorded in 4Q 2010, was mainly contributed by the recognition of sales of larger vessels.

As a result of the increase in gross profit, our net profit after taxation for 4Q 2011 increased by RM3.4 million to RM26.4 million from RM23.0 million in 4Q 2010 which translated to an improvement in net profit margin of 10.3% (4Q2011 : 18.9%, 4Q2010 : 8.6%)

Total Assets

Total assets of the Group decreased by RM32.2 million from RM993.7 million as at 31 December 2010 to RM961.5 million as at 31 December 2011 mainly due to the distribution of the investment in Petra Perdana Berhad's shares, a company listed on Bursa Malaysia, amounted to RM46.9 million as dividend in specie to the previous shareholders of Nam Cheong Dockyard Sdn Bhd.

Total Liabilities

Total liabilities of the Group decreased by RM80.8 million from RM568.2 million as at 31 December 2010 to RM487.4 million as at 31 December 2011 mainly due to the settlement of loans and borrowings of RM53.5 million and repayment of trade and other payables of RM62.4 million from the collection of balance purchase price upon the delivery of vessels. However there is an increased in our amount due to customer on contract of RM32.4 million in 31 December 2011. As a result, the Group's net gearing ratio improved from 0.77 as at 31 December 2010 to 0.63 as at 31 December 2011.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no material change from the previous prospect statements.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The general outlook for Offshore Support Vessel market is on an uptrend, spurred by Exploration and Production ("E&P") spending and resilient oil prices. Accordingly, oil majors will continue to invest in equipment and vessels driven by good activity level of existing offshore projects. In addition new business relating to top side maintenance, hook up and commissioning, and exploitation of reserves from marginal fields also have created new opportunities for the Group. The uptrend of investments is evidenced by the sale of 9 units of our vessels, i.e. 5 units of Anchor Handling Tug Supply ("AHTS") vessels, 2 units of Platform Supply Vessels ("PSV"), 1 unit of Multi-purpose Support vessel and 1 Accommodation Work Barge, in the second half of 2011. We expect to see a continuing demand for AHTS vessels, PSV especially order flows to long standing yards with good track record of building quality vessels that meet asset owners' expectations and timely delivery.

As at 31 December 2011, the Group's order book stands at approximately RM638 million in value, comprising 11 units of vessels, which are scheduled for delivery stretching till end of 2012.

Going forward, the Directors are of the opinion that our order book will continue to register healthy growth in view of the increase in global E&P spending.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

Yes.

Name of dividend	Final
Dividend type	Cash
Dividend per share	S$0.002
Tax rate	Not applicable
Date of payment	To be announced at a later date

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows :-

	FY2011 RM'000	FY2010 RM'000
Proposed final ordinary dividend*	9,183	-
Preference shares	-	-
Total	**9,183**	-

* FY2011 proposed final ordinary dividend are estimated based on share capital of 1,913,144,482 ordinary shares at the end of the financial year.

14. General mandate relating to interested person transactions

The Group has not obtained a general mandate from shareholders for interested person transactions.

15. Segmental Reporting

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Unallocated RM'000	Eliminations RM'000	Total RM'000
Financial year ended 31 December 2011						
Revenue						
External revenue	564,595	41,649	-	-	-	606,244
Results						
Interest income	35	-	18	-	-	53
Depreciation of property, plant and equipment	(2,367)	(3,988)	-	-	-	(6,355)
Amortisation of prepaid land lease payments	-	(90)	-	-	-	(90)
Finance costs	(3,172)	(1,792)	-	-	-	(4,964)
Share of results of jointly controlled entity	-	-	-	-	-	1,502
Profit before Tax	97,803	6,814	(3,294)	-	-	101,323
As at 31 December 2011						
Assets						
Additions to non-current assets	7,191	47	-	-	-	7,238
Segment assets	895,109	78,239	17	-	(11,913)	961,452
Segment liabilities	444,970	50,025	4,314	-	(11,913)	487,396

15. Segmental Reporting (Contd.)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Unallocated RM'000	Eliminations RM'000	Total RM'000
Financial year ended 31 December 2010						
Restated						
Revenue						
External revenue	717,534	40,657	-	-	-	758,191
Results						
Interest income	152	-	866	-	-	1,018
Depreciation of property, plant and equipment	(2,137)	(3,890)	-	-	-	(6,027)
Amortisation of prepaid land lease payments	-	(60)	-	-	-	(60)
Finance costs	(2,254)	(2,521)	-	-	-	(4,775)
Profit before Tax	91,129	33,509	(3,015)	-	-	121,623
As at 31 December 2010						
Assets						
Additions to non-current assets	9,202	1,947	-	-	-	11,149
Segment assets	1,011,160	107,388	3,753	-	(128,644)	993,657
Segment liabilities	609,629	85,556	1,621	-	(128,644)	568,162

15. Segmental Reporting (Contd.)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows

	2011 RM'000	2010 RM'000
Revenue		
Asia	502,033	391,625
Europe	-	187,432
Middle East	42,026	89,199
North Africa	453	47,444
North America	61,732	42,491
	606,244	758,191

	2011 RM'000	2010 RM'000
Non-current assets	96,943	144,763
Malaysia	39,527	40,820
Singapore	136,470	185,583

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2011 RM'000	2010 RM'000
Property, plant and equipment	127,704	129,684
Prepaid land lease payments	8,766	9,008
Available-for-sales financial assets	-	46,891
	136,470	185,583

16. Review of segment performance

Please refer to paragraph 8

17. A breakdown of Sales

	GROUP		
	FY2011 RM'000	**FY2010 RM'000**	**% of increase /(decrease)**
a) Sales reported for first half year	215,183	317,642	(32%)
b) Operating profit/loss after tax before deducting minority interests reported for first half year	20,009	49,666	(60%)
c) Sales reported for second half year	391,061	440,549	(11%)
d) Operating profit/loss after tax before deducting minority interests reported for second half year	73,178	66,181	11%

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Tiong Chiong Soon	41 years	1. Son of Executive Chairman, Chief Executive Officer and substantial shareholder, Datuk Tiong Su Kouk. 2. Brother of Non-executive Director, Tiong Chiong Hiiung. 3. Brother-in-law of Executive Director, Leong Seng Keat.	Director of Nam Cheong Dockyard Sdn Bhd since 1 November 2009. Tiong Chiong Soon is responsible for the shipyard operation in Miri, Sarawak, Malaysia.	Not applicable

BY ORDER OF THE BOARD

Chang Ai Ling
Company Secretary
27 February 2012

AmFraser Securities Pte. Ltd. (A member of AmInvestment Bank Group) and Kim Eng Corporate Finance Pte. Ltd. are the joint financial advisers to the Company for the acquisition of the entire issued and paid up share capital of Nam Cheong Dockyard Sdn Bhd and 50% of the issued and paid up share capital of Nam Cheong Offshore Pte. Ltd. ("Joint Financial Advisers"). The Joint Financial Advisers assume no responsibility for the contents of this announcement.