
Fourth Quarter And Full Year Ended 31 December 2014 Financial Statements and Related Announcement

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1. Unaudited Financial Statements

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

	4th Quarter ended 31.12.2014 RM'000	4th Quarter ended 31.12.2013 RM'000	Change %	Full year ended 31.12.2014 RM'000	Full year ended 31.12.2013 RM'000	Change %
Revenue	523,915	406,147	29%	1,928,601	1,257,446	53%
Cost of sales	(447,424)	(326,501)	37%	(1,550,147)	(992,998)	56%
Gross profit	<u>76,491</u>	<u>79,646</u>	(4%)	<u>378,454</u>	<u>264,448</u>	43%
Other income	12,500	5,044	>100%	19,977	8,625	>100%
Selling and administrative expenses	(55,140)	(26,875)	>100%	(89,504)	(65,544)	37%
Operating profit	<u>33,851</u>	<u>57,815</u>	(41%)	<u>308,927</u>	<u>207,529</u>	49%
Finance costs	(999)	(2,982)	(66%)	(15,962)	(11,200)	43%
Share of profit of jointly controlled entity	5,054	2,987	69%	10,322	2,898	>100%
Profit before tax	<u>37,906</u>	<u>57,820</u>	(34%)	<u>303,287</u>	<u>199,227</u>	52%
Income tax credit / (expense)	4,247	12,356	(66%)	(1,129)	6,968	(116%)
Profit for the financial period / year	<u>42,153</u>	<u>70,176</u>	(40%)	<u>302,158</u>	<u>206,195</u>	47%
Profit attributable to :						
Owners of the parent	41,098	70,457	(42%)	301,783	205,645	47%
Non-controlling interest	1,055	(281)	>100%	375	550	(32%)
Profit for the financial period / year	<u>42,153</u>	<u>70,176</u>		<u>302,158</u>	<u>206,195</u>	

1. Unaudited Financial Statements

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

	4th Quarter ended 31.12.2014 RM'000	4th Quarter ended 31.12.2013 RM'000	Change %	Full year ended 31.12.2014 RM'000	Full year ended 31.12.2013 RM'000	Change %
Other comprehensive income :						
<i>Item that will or may be reclassified to Profit or Loss:</i>						
Exchange differences arising on translating foreign operations	60,949	(11,049)	>100%	79,576	46,522	71%
Net change in fair value of cash flow hedges	(39,891)	8,846	>100%	(38,045)	-	n.m.
Other comprehensive income for the financial period / year, net of tax	<u>21,058</u>	<u>(2,203)</u>	>100%	<u>41,531</u>	<u>46,522</u>	(11%)
Total comprehensive income for the financial period / year	<u>63,211</u>	<u>67,973</u>	(7%)	<u>343,689</u>	<u>252,717</u>	36%
Total comprehensive income attributable to:						
Owners of the parent	62,156	68,254	(9%)	343,314	252,167	36%
Non-controlling interest	1,055	(281)	>100%	375	550	(32%)
Total comprehensive income for the financial period / year	<u>63,211</u>	<u>67,973</u>	(7%)	<u>343,689</u>	<u>252,717</u>	36%

1. Unaudited Financial Statements (Contd.)

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

	4th Quarter ended 31.12.2014 RM'000	4th Quarter ended 31.12.2013 RM'000	Change %	Full year ended 31.12.2014 RM'000	Full year ended 31.12.2013 RM'000	Change %
Other income						
Foreign exchange gain, net	8,692	-	n.m.	12,545	-	n.m.
Gain on disposal of property, plant and equipment	-	269	n.m.	-	3,066	n.m.
Interest income	2,010	131	>100%	2,759	789	>100%
Miscellaneous	1,212	16	n.m.	2,088	809	>100%
Net fair value gain on derivatives	-	681	n.m.	-	-	n.m.
Rental income	586	29	n.m.	2,585	43	>100%
Reversal of share option expenses	-	1,366	n.m.	-	1,366	n.m.
Write back of allowance on trade and other receivable no longer required	-	2,552	n.m.	-	2,552	n.m.
	<u>12,500</u>	<u>5,044</u>	148%	<u>19,977</u>	<u>8,625</u>	132%
Finance costs						
Interest expense on borrowings	14,305	7,549	89%	53,504	33,569	59%
Less: Interest capitalised in cost of construction contracts	(13,306)	(4,567)	>100%	(37,542)	(22,369)	68%
	<u>999</u>	<u>2,982</u>	(66%)	<u>15,962</u>	<u>11,200</u>	43%

1. Unaudited Financial Statements (Contd.)

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

	4th Quarter ended 31.12.2014 RM'000	4th Quarter ended 31.12.2013 RM'000	Change %	Full year ended 31.12.2014 RM'000	Full year ended 31.12.2013 RM'000	Change %
Profit before tax						
The following amounts have been included in arriving at profit before tax:						
Amortisation of prepaid land lease payments	27	71	(62%)	108	138	(22%)
Depreciation of investment properties	286	17	n.m.	1,100	17	n.m.
Depreciation of property, plant and equipment	4,928	3,895	27%	16,587	13,022	27%
Foreign exchange loss, net	-	961	>100%	-	2,741	>100%
Loss on disposal of property, plant and equipment	426	-	n.m.	2,146	-	n.m.
Impairment on trade and other receivables	1,473	665	n.m.	1,473	665	n.m.
Property, plant and equipment written off	-	26	n.m.	50	26	92%
Net fair value loss on derivatives	16,289	-	n.m.	9,236	289	>100%
Share grant plan expenses	606	2,315	(74%)	4,145	2,315	79%
Income tax expense						
Current income tax:						
- Based on profit for the year	(235)	275	>100%	504	902	(44%)
- Underprovision in previous years	181	-	n.m.	181	360	(50%)
	(54)	275	>100%	685	1,262	(46%)
Deferred tax	(4,193)	(12,631)	(67%)	444	(8,230)	>100%
	(4,247)	(12,356)	(66%)	1,129	(6,968)	>100%

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(i) Statement of Financial Position

	Group		Company	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	282,157	290,128	-	-
Prepaid land lease payments	7,943	8,214	-	-
Investment properties	81,444	80,760	-	-
Investment in subsidiaries	-	-	1,790,099	1,541,219
Investment in jointly controlled entity	5,686	1,147	-	-
Investment in associate	110,400	-	-	-
Held-to-maturity assets	115,669	-	-	-
	<u>603,299</u>	<u>380,249</u>	<u>1,790,099</u>	<u>1,541,219</u>
Current assets				
Inventories	1,040,666	751,080	-	-
Trade and other receivables	230,195	175,149	15	15
Amount due from subsidiaries	-	-	196,536	121,347
Due from customers on contracts	413,250	459,736	-	-
Prepayments	159,969	45,191	246	160
Tax recoverable	4,908	1,247	-	-
Derivatives	22	4,539	-	-
Fixed deposits with licensed banks	12,249	40,173	-	-
Cash and bank balances	787,849	321,870	354,026	117,469
	<u>2,649,108</u>	<u>1,798,985</u>	<u>550,823</u>	<u>238,991</u>
TOTAL ASSETS	<u>3,252,407</u>	<u>2,179,234</u>	<u>2,340,922</u>	<u>1,780,210</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parents				
Share capital	405,962	405,962	405,962	405,962
Share premium	82,347	82,347	82,347	82,347
Other reserves	73,470	38,518	774,343	780,923
Retained earnings / (Accumulated losses)	656,985	411,164	8,523	(8,864)
	<u>1,218,764</u>	<u>937,991</u>	<u>1,271,175</u>	<u>1,260,368</u>
Non-controlling interest	<u>568</u>	<u>643</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,219,332</u>	<u>938,634</u>	<u>1,271,175</u>	<u>1,260,368</u>
Non-current liabilities				
Loans and borrowings	753,136	609,116	763,553	514,500
Non current payables	2,756	2,756	-	-
Deferred tax liabilities	1,344	898	-	-
	<u>757,236</u>	<u>612,770</u>	<u>763,553</u>	<u>514,500</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Due to customers on contracts	35,092	20,004	-	-
Derivatives	47,747	4,983	-	-
Loans and borrowings	556,200	242,067	303,484	3,707
Trade and other payables	636,600	360,576	2,710	1,635
Provisions	200	200	-	-
	1,275,839	627,830	306,194	5,342
Total liabilities	2,033,075	1,240,600	1,069,747	519,842
TOTAL EQUITY AND LIABILITIES	3,252,407	2,179,234	2,340,922	1,780,210

1. Unaudited Financial Statements (Contd.)

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

	31.12.2014		31.12.2013	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Amount repayable in one year or less, or on demand	263,966	292,234	242,067	-
Amount repayable after one year	29,290	723,846	94,616	514,500

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 31.12.2014 RM'000	4th Quarter ended 31.12.2013 RM'000	Full year ended 31.12.2014 RM'000	Full year ended 31.12.2013 RM'000
Operating activities				
Profit before tax	37,906	57,820	303,287	199,227
Adjustments for:				
Amortisation of prepaid land lease payments	27	71	108	138
Amortisation of transaction cost for Medium Term Notes	-	2,735	335	2,735
Depreciation of investment properties	286	17	1,100	17
Depreciation of property, plant and equipment	4,928	3,895	16,587	13,022
Property, plant and equipment written off	-	26	50	26
Impairment on trade and other receivables	1,473	665	1,473	665
Interest expense	999	2,982	15,962	11,200
Interest income	(2,010)	(131)	(2,759)	(789)
Loss / (Gain) on disposal of property, plant and equipment	426	(269)	2,146	(3,066)
Gain on bargain purchase of a subsidiary	-	(146)	-	(146)
Net fair value loss / (gain) on derivatives	16,289	(681)	9,236	289
Unrealised loss / (gain) on foreign exchange	10,156	5,192	9,903	8,804
Reversal of share option expenses	-	(1,366)	-	(1,366)
Write back of allowance on trade and other receivable no longer required	-	(2,552)	-	(2,552)
Share of profit of jointly controlled entity	(5,054)	(2,987)	(10,322)	(2,898)
Share grant expenses, net	606	2,315	4,145	2,315
Total adjustments	28,126	9,766	47,964	28,394
Operating cash flows before working capital changes	66,032	67,586	351,251	227,621
Changes in working capital:				
Increase in inventories	(243,431)	(61,017)	(426,983)	(401,703)
(Increase) / Decrease in receivables	(18,303)	(45,357)	(35,297)	32,107
(Increase) / Decrease in prepayments	(8,381)	5,550	(112,314)	(25,298)
Decrease / (Increase) in amount due from customers on contracts	177,901	(135,968)	50,845	(82,199)
Increase / (Decrease) in payables	90,203	(123,598)	276,138	29,919
Increase / (Decrease) in amount due to customers on contracts	19,135	(8,564)	15,088	20,004
Total changes in working capital	17,124	(368,954)	(232,523)	(427,170)
Cash flows from / (used in) from operations	83,156	(301,368)	118,728	(199,549)
Interest paid	(14,305)	(3,524)	(53,504)	(29,544)
Taxes paid, net of refund	(1,925)	820	(4,346)	(482)
Net cash flows from / (used in) operating activities	66,926	(304,072)	60,878	(229,575)

1. Unaudited Financial Statements (Contd.)

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

	4th Quarter ended 31.12.2014 RM'000	4th Quarter ended 31.12.2013 RM'000	Full year ended 31.12.2014 RM'000	Full year ended 31.12.2013 RM'000
Investing activities				
Acquisition of property, plant and equipment	(370)	4,503	(6,087)	(44,028)
Acquisition of investment properties	-	(79,433)	-	(79,433)
Cash inflow on acquisition of subsidiary	-	2,314	-	2,314
Interest received	2,010	131	2,759	789
Investment in jointly controlled entity	(432)	2,370	(7,000)	(2,464)
Purchase of held-to-maturity asset	(110,397)	-	(110,397)	-
Investment in associate	(110,400)	-	(110,400)	-
Proceeds from disposal of plant and equipment	109,417	269	148,297	7,273
Net cash flows used in investing activities	(110,172)	(69,846)	(82,828)	(115,549)
Financing activities				
Dividends paid	-	-	(54,675)	(25,920)
Proceeds from bank borrowings	37,704	124,000	155,196	347,901
Proceeds from issuance of Medium Term Notes	38,799	(7,421)	553,596	227,315
Proceeds from issuance of shares	-	-	-	118,599
Repayments of bank borrowings	(18,036)	(10,508)	(191,823)	(183,453)
Repayments of hire purchase	-	-	-	(717)
Placement of fixed deposits	-	-	(25)	-
Purchase of treasury shares	(6,607)	-	(12,011)	-
Net cash flows from financing activities	51,860	106,071	450,258	483,725
Net increase / (decrease) in cash and cash equivalents	8,614	(267,847)	428,308	138,601
Effects of foreign exchange rate changes	4,261	(7,896)	12,815	9,292
Cash and cash equivalents at 1 October / 1 January	787,025	634,520	358,777	210,884
Cash and cash equivalents at 31 December	799,900	358,777	799,900	358,777
Cash and cash equivalents comprise the following as at the statements of financial position date:				
Fixed deposits with licensed banks	12,249	40,173	12,249	40,173
Cash and bank balances	787,849	321,870	787,849	321,870
Bank overdrafts	-	(3,093)	-	(3,093)
	800,098	358,950	800,098	358,950
Less: Restricted fixed deposits with licensed banks	(198)	(173)	(198)	(173)
Total cash and cash equivalents	799,900	358,777	799,900	358,777

1. Unaudited Financial Statements (Contd.)

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

	Attributable to owners of the Company						Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Share grant reserve RM'000	Foreign exchange reserve RM'000	Fair value reserves RM'000				
Group										
At 1 January 2013	369,007	703	1,366	-	(10,319)	-	231,439	592,196	-	592,196
Profit for the period	-	-	-	-	-	-	135,188	135,188	831	136,019
Other comprehensive income										
Exchange differences on translating foreign operations	-	-	-	-	57,571	-	-	57,571	-	57,571
Net change in fair value of cash flow hedges	-	-	-	-	-	(8,846)	-	(8,846)	-	(8,846)
Total other comprehensive income for the financial period, net of tax	-	-	-	-	57,571	(8,846)	-	48,725	-	48,725
Total comprehensive income for the financial period	-	-	-	-	57,571	(8,846)	135,188	183,913	831	184,744
Contributions by and distributions to owners										
Issuance of shares	36,955	84,325	-	-	-	-	-	121,280	-	121,280
Shares issuance expenses	-	(2,681)	-	-	-	-	-	(2,681)	-	(2,681)
Dividend	-	-	-	-	-	-	(25,920)	(25,920)	-	(25,920)
Total contributions by and distributions to owners	36,955	81,644	-	-	-	-	(25,920)	92,679	-	92,679
Transactions with non-controlling shareholders										
Acquisition from a non-controlling interests	-	-	-	-	-	-	-	-	93	93
Total transactions with non- controlling shareholders	-	-	-	-	-	-	-	-	93	93
At 30 September 2013	405,962	82,347	1,366	-	47,252	(8,846)	340,707	868,788	924	869,712

1. Unaudited Financial Statements (Contd.)

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

	Attributable to owners of the Company					Retained earnings	Total	Non-controlling interest	Total equity	
	Share capital	Share premium	Share option reserve	Share grant reserve	Foreign exchange reserve					Fair value reserves
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 30 September 2013	405,962	82,347	1,366	-	47,252	(8,846)	340,707	868,788	924	869,712
Profit for the period	-	-	-	-	-	-	70,457	70,457	(281)	70,176
Other comprehensive income										
Exchange differences on translating foreign operations	-	-	-	-	(11,049)	-	-	(11,049)	-	(11,049)
Net change in fair value of cash flow hedges	-	-	-	-	-	8,846	-	8,846	-	8,846
Total other comprehensive income for the financial period, net of tax	-	-	-	-	(11,049)	8,846	-	(2,203)	-	(2,203)
Total comprehensive income for the financial period	-	-	-	-	(11,049)	8,846	70,457	68,254	(281)	67,973
Contributions by and distributions to owners										
Shares issuance expenses	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Others										
Reversal of share option expenses	-	-	(1,366)	-	-	-	-	(1,366)	-	(1,366)
Issue of Share grant	-	-	-	2,315	-	-	-	2,315	-	2,315
Total others	-	-	(1,366)	2,315	-	-	-	949	-	949
At 31 December 2013	405,962	82,347	-	2,315	36,203	-	411,164	937,991	643	938,634

1. Unaudited Financial Statements (Contd.)

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

	Attributable to owners of the Company							Non-controlling interest RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Fair value reserves RM'000	Retained earnings RM'000			Total RM'000
Group										
At 1 January 2014	405,962	82,347	2,315	-	36,203	-	411,164	937,991	643	938,634
Profit for the period	-	-	-	-	-	-	260,685	260,685	(680)	260,005
Other comprehensive income										
Exchange differences on translating foreign operations	-	-	-	-	18,627	-	-	18,627	-	18,627
Net change in fair value of cash flow hedges	-	-	-	-	-	1,846	-	1,846	-	1,846
Total other comprehensive income for the financial period, net of tax	-	-	-	-	18,627	1,846	-	20,473	-	20,473
Total comprehensive income for the financial period	-	-	-	-	18,627	1,846	260,685	281,158	(680)	280,478
Contributions by and distributions to owners										
Dividends paid	-	-	-	-	-	-	(54,675)	(54,675)	-	(54,675)
Total contributions by and distributions to owners	-	-	-	-	-	-	(54,675)	(54,675)	-	(54,675)
Others										
Purchase of treasury shares	-	-	-	(5,840)	-	-	-	(5,840)	-	(5,840)
Issuance of treasury shares	-	-	(3,634)	4,921	-	-	(1,287)	-	-	-
Issue of share grant	-	-	3,539	-	-	-	-	3,539	-	3,539
Total others	-	-	(95)	(919)	-	-	(1,287)	(2,301)	-	(2,301)
At 30 September 2014	405,962	82,347	2,220	(919)	54,830	1,846	615,887	1,162,173	(37)	1,162,136

1. Unaudited Financial Statements (Contd.)

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

	Attributable to owners of the Company						Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Fair value reserves RM'000				
Group										
At 30 September 2014	405,962	82,347	2,220	(919)	54,830	1,846	615,887	1,162,173	(37)	1,162,136
Profit for the period	-	-	-	-	-	-	41,098	41,098	1,055	42,153
Other comprehensive income										
Exchange differences on translating foreign operations	-	-	-	-	60,949	-	-	60,949	-	60,949
Net change in fair value of cash flow hedges	-	-	-	-	-	(39,891)	-	(39,891)	-	(39,891)
Total other comprehensive income for the financial period, net of tax	-	-	-	-	60,949	(39,891)	-	21,058	-	21,058
Total comprehensive income for the financial period	-	-	-	-	60,949	(39,891)	41,098	62,156	1,055	63,211
Contributions by and distributions to owners										
Dividends paid	-	-	-	-	-	-	-	-	(450)	(450)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(450)	(450)
Others										
Purchase of treasury shares	-	-	-	(6,171)	-	-	-	(6,171)	-	(6,171)
Issue of share grant	-	-	606	-	-	-	-	606	-	606
Total others	-	-	606	(6,171)	-	-	-	(5,565)	-	(5,565)
At 31 December 2014	405,962	82,347	2,826	(7,090)	115,779	(38,045)	656,985	1,218,764	568	1,219,332

1. Unaudited Financial Statements (Contd.)

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

Company	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Share grant reserve RM'000	Contributed surplus RM'000	(Accumulated losses) RM'000	Equity attributable to owners of the parent RM'000
At 1 January 2013	369,007	703	1,366	-	778,608	(15,001)	1,134,683
Profit for the period	-	-	-	-	-	31,984	31,984
Contributions by and distributions to owners							
Issuance of shares	36,955	84,325	-	-	-	-	121,280
Shares issuance expenses	-	(2,681)	-	-	-	-	(2,681)
Dividends paid	-	-	-	-	-	(25,920)	(25,920)
Total contributions by and distributions to owners	36,955	81,644	-	-	-	(25,920)	92,679
At 30 September 2013	405,962	82,347	1,366	-	778,608	(8,937)	1,259,346
Profit for the period	-	-	-	-	-	73	73
Others							
Reversal of share option expenses	-	-	(1,366)	-	-	-	(1,366)
Issue of Share grant	-	-	-	2,315	-	-	2,315
Total Others	-	-	(1,366)	2,315	-	-	949
At 31 December 2013	405,962	82,347	-	2,315	778,608	(8,864)	1,260,368

1. Unaudited Financial Statements (Contd.)

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

	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	Treasury shares RM'000	Contributed surplus RM'000	Retained earnings / (Accumulated losses) RM'000	Equity attributable to owners of the parent RM'000
Company							
At 1 January 2014	405,962	82,347	2,315	-	778,608	(8,864)	1,260,368
Profit for the period	-	-	-	-	-	72,102	72,102
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(54,675)	(54,675)
Total contributions by and distributions to owners	-	-	-	-	-	(54,675)	(54,675)
Others							
Purchase of treasury shares	-	-	-	(5,840)	-	-	(5,840)
Issuance of treasury shares	-	-	(3,634)	4,921	-	(1,287)	-
Issue of share grant	-	-	3,539	-	-	-	3,539
Total others	-	-	(95)	(919)	-	(1,287)	(2,301)
At 30 September 2014	405,962	82,347	2,220	(919)	778,608	7,276	1,275,494
Profit for the period	-	-	-	-	-	1,247	1,247
Others							
Purchase of treasury shares	-	-	-	(6,171)	-	-	(6,171)
Issue of share grant	-	-	605	-	-	-	605
Total others	-	-	605	(6,171)	-	-	(5,566)
At 31 December 2014	405,962	82,347	2,825	(7,090)	778,608	8,523	1,271,175

Notes:

(a) There were no shares granted in 4Q 2014 under the Nam Cheong Group 2013 Share Grant Plan ("2013 Share Grant Plan"). During 4Q 2014, there were neither shares granted nor released (4Q 2013: Nil) nor lapsed (4Q 2013: Nil) under the 2013 Share Grant Plan.

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 2014 and 31 December 2013, the total number of issued shares excluding treasury shares was 2,096,255,325 and 2,103,144,482 respectively.

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.

During 4Q 2014, the Company acquired 5,400,000 shares (4Q 2013 : Nil) ordinary shares in the Company by way of on-market purchases.

In 4Q 2014, there were no treasury shares re-issued pursuant to the 2013 Share Grant Plan.

As at 31 December 2014, 6,889,157 treasury shares were held that may be issued upon the vesting of shares grant under 2013 Share Grant Plan.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the most recently audited annual financial statements for the year ended 31 December 2013 except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") which came into effect this financial year from 1 January 2014. The adoption of these new revised IFRS has no material effect on the financial statements.

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

Not applicable.

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		Group	
	4th Quarter ended 31.12.2014	4th Quarter ended 31.12.2013	Full year ended 31.12.2014	Full year ended 31.12.2013
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)	1.96	3.35	14.36	9.83
Weighted average number of shares	2,097,948,803	2,103,144,482	2,101,406,231	2,091,171,879
(ii) On a fully diluted basis (Sen)	1.96	3.33	14.36	9.82
Adjusted weighted average number of shares	2,097,948,803	2,114,857,525	2,101,406,231	2,094,124,208

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	
	As at 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
Net asset value per ordinary share (Sen)	58.2	44.6	60.6	59.9
Ordinary shares in issue	2,096,255,325	2,103,144,482	2,096,255,325	2,103,144,482

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

(a) Statements of comprehensive income (Group)

FY 2014 vs FY 2013

	FY 2014				FY 2013				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	1,840,502	95%	355,157	19%	1,192,367	95%	236,926	20%	648,135	54%	118,231	50%
Vessel Chartering	88,099	5%	23,297	26%	65,079	5%	27,522	42%	23,020	35%	(4,225)	(15%)
Total	1,928,601	100%	378,454	20%	1,257,446	100%	264,448	21%	671,155	53%	114,006	43%

Revenue for the full year ended 31 December 2014 ("FY 2014") of RM1.9 billion was RM671.2 million, or 53%, higher as compared to RM1.3 billion achieved during the previous corresponding full year ended 31 December 2013 ("FY 2013"). The shipbuilding segment recorded revenue of RM1.8 billion in FY 2014, representing an increase of 54% or RM648.1 million as compared to RM1.2 billion recorded for FY 2013. The increase in shipbuilding revenue was attributed to an increase in the number of vessels delivered to the customers in FY 2014. A total of 24 vessels were delivered to the customers in FY 2014 while 20 vessels were delivered in FY 2013.

The vessel chartering segment registered an increase in revenue of RM23.0 million, or 35%, from RM65.1 million for FY 2013 to RM88.1 million for FY 2014. The improvement in charter revenue was mainly attributed to the expansion of Nam Cheong's chartering fleet since the second quarter of FY 2013.

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 (Contd.)

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

FY 2014 vs FY 2013

Gross profit increased by 43%, from RM264.4 million for FY 2013 to RM378.5 million recorded for FY 2014, which is in tandem with higher revenue recorded. The gross profit margin for FY 2013 and FY 2014 were consistent at the range of 20% to 21%. The vessel chartering segment commands a gross profit margin of 26%, while the shipbuilding segment recorded a gross profit margin of 19% for FY 2014. The decrease in vessel chartering margin was mainly due to chartering-in of a vessel to fulfil a newly secured time charter contract as a result of unavailability of a similar but committed vessel owned by the Group.

Other income was higher for FY 2014 as compared to FY 2013 due to net foreign exchange gain of RM12.5 million.

Selling and administrative expense increased by RM24.0 million mainly due to the net fair value loss on derivatives of RM9.2 million and share grant plan expense of RM4.1 million. Finance cost increased by RM4.8 million in FY 2014 pursuant to the issuance of additional Medium Term Notes ("MTN") in 3Q 2014.

Share of profit in jointly controlled entities recorded a gain of RM10.3 million as more assets have been deployed by the jointly controlled entities.

As a result of the rise in overall revenue, net profit after taxation for FY 2014 increased by RM96.0 million or 47% to RM302.2 million from RM206.2 million in FY 2013. The net profit margin was maintained at 16% for both FY 2014 and FY 2013.

4Q 2014 vs 4Q 2013

	4Q 2014				4Q 2013				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	506,619	97%	74,481	15%	385,143	95%	79,512	21%	121,476	32%	(5,031)	(6%)
Vessel Chartering	17,296	3%	2,010	12%	21,004	5%	134	1%	(3,708)	(18%)	1,876	14
Total	523,915	100%	76,491	15%	406,147	100%	79,646	20%	117,768	29%	(3,155)	(4%)

8. (contd.)

Review of Group Performance (contd.)

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

4Q 2014 vs 4Q 2013 (contd.)

Revenue for the three months ended 31 December 2014 ("4Q 2014") of RM523.9 million was RM117.8 million, or 29%, higher as compared to RM406.1 million recorded during the previous year corresponding three months ended 31 December 2013 ("4Q 2013"). Revenue from the shipbuilding segment increased by 32% to RM506.6 million for 4Q 2014 from RM385.1 million recorded for 4Q 2013, was attributed to the progressive recognition of revenue derived from the Platform Supply Vessels ("PSV") sold in 4Q 2014 which contributed 40% of the total shipbuilding revenue for 4Q 2014.

The vessel chartering revenue decreased by 18% from RM21.0 million for 4Q 2013 to RM17.3 million for 4Q 2014, mainly due to disposal of a vessel in 4Q 2014.

Gross profit decreased by 4% from RM79.6 million in 4Q 2013 to RM76.5 million in 4Q 2014. The gross profit margin was maintained at the range of 15% to 20%. The gross profit margin for the shipbuilding decreased from 21% in 4Q 2013 to 15% in 4Q 2014 mainly due to higher contribution from build-to-order vessel which have lower margin. Gross profit margin for the vessel chartering segment was at 12% in 4Q 2014 mainly due to lower utilisation in 4Q 2014.

Other income was higher for 4Q 2014 as compared to 4Q 2013 mainly due to net foreign exchange gain of RM8.7 million.

Selling and administrative expense increased by RM28.3 million mainly due to net fair value loss on derivatives of RM16.3 million and higher amount of commission paid to ship brokers which is in line with business expansion.

As a result of the higher overall selling and administrative expenses, net profit after taxation for 4Q 2014 decreased by RM28 million to RM42.2 million from RM70.2 million in 4Q 2013.

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group increased by RM1.1 billion from RM2.2 billion as at 31 December 2013 ("FY 2013") to RM3.3 billion as at 31 December 2014 ("FY 2014") mainly due to :

- (i) the investment in associate, PT Pelayaran Nasional Bina Buana Raya Tbk, of RM110.4 million and the acquisition of unquoted debt securities of RM115.7 million.
- (ii) the increase in inventories by RM289.6 million from RM751.1 million in FY 2013 to RM1.0 billion in FY 2014 as a result of progresses of works for its built-to-stock vessels under the shipbuilding programme; and
- (iii) the increase in cash and bank balances of RM466.1 million to RM787.8 million from RM321.9 million, which was mainly attributed to the proceeds received from the issuance of additional MTN of S\$200 million in 3Q 2014.

8. (contd.)

Review of Group Performance (contd.)

(b) Statements of financial position (Group) (contd.)

Total Liabilities

Total liabilities of the Group increased by RM792.5 million from RM1.2 billion in FY 2013 to RM2.0 billion in FY 2014 mainly due to the increase in trade and other payables of RM276.0 million and the increase in loans and borrowings of RM458.2 million as a result of issuance of additional MTN.

The Group's net gearing ratio decreased from 0.52 times in FY 2013 to 0.42 times in FY 2014 mainly due to the increase in cash and bank balances.

(c) Statements of cash flows (Group)

4Q 2014 vs 4Q 2013

Net cash flows from operating activities was RM66.9 million in 4Q 2014 mainly due decreased in amount due from customers on contracts by RM177.9 million, as a result of proceeds received from customers.

Net cash flows used in investing activities for 4Q 2014 was RM110.2 million of which RM220.8 million was utilised for the acquisition of investment and unquoted debt securities and partly offset by the sales proceeds from disposal of property, plant and equipment of RM109.4 million.

Net cash flows from financing activities for 4Q 2014 of RM51.9 million was mainly attributed to the proceeds from the bank borrowings of RM37.7 million.

FY 2014 vs FY 2013

As a result of the rise in the profit in FY 2014, net cash flows from operating activities increased to RM60.8 million in FY 2014 as compared to net cash flow used in operating activities of RM229.6 million in FY 2013.

Net cash flows used in investing activities for FY 2014 was RM82.8 million of which RM220.8 million was utilised for the acquisition of investment and unquoted debt securities and partly offset by the sales proceeds from disposal of property, plant and equipment of RM148.3 million.

Net cash flows from financing activities for FY 2014 of RM450.3 million was mainly attributed to the proceeds from the issuance of MTN of S\$ 200 million.

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 statement.

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

Despite the recent volatility in global oil prices, companies within the shallow water segment of the offshore and marine sector remain resilient, with projects needing oil prices at around US\$25 – US\$50 per barrel to stay profitable¹. Being a specialist in the shallow water segment, we are also less affected by the current volatility in oil prices compared to our deepwater counterparts.

Over the next few years, we continue to expect the increase in cumulative planned offshore infrastructure development in the shallow water segment, as a result of more fields coming on stream than decommissioned². In addition, we also expect the planned global delivery of more than 100 modern jackup rigs between 2015-2017³, and when deployed, will drive demand for modern OSVs. We continue to see demand for AHTS vessels, and other offshore vessels, especially in the shallow water region.

As at 31 December 2014, our order book value stood at approximately RM1.7 billion, comprising a mix of OSV that are due for deliveries up to 2016.

Source:

¹ *Offshore & Marine Sector: Five Ways to Identify Bright Spots - Business Times, 5 December 2014*

² *IHS Petrodata, January 2015*

³ *Rigzone, November 2014*

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend	Proposed First and Final dividend
Dividend type	Cash
Dividend per share	S\$0.015
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?

Name of dividend	Proposed Final dividend	Proposed Special dividend
Dividend type	Cash	Cash
Dividend per share	S\$0.005	S\$0.005
Tax rate	Not applicable	Not applicable
Date of payment	29 May 2014	29 May 2014

11. Dividend (contd.)

(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 :-

	FY2014 RM'000	FY2013 RM'000
Proposed final dividend *	83,248	27,338
Proposed final special dividend	-	27,337
Total	83,248	54,675

* 2014 proposed final dividend are estimated based on share capital of 2,096,255,325 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	Eliminations RM'000	Total RM'000
Financial year ended 31 December 2014					
Revenue					
External revenue	1,840,502	88,099	-	-	1,928,601
Results					
Interest income	679	6	2,074	-	2,759
Depreciation of property, plant and equipment	(1,220)	(14,474)	(893)	-	(16,587)
Depreciation of investment property	-	-	(1,100)	-	(1,100)
Amortisation of prepaid land lease payments	-	(108)	-	-	(108)
Finance costs	(1,609)	(3,553)	(10,800)	-	(15,962)
Share of results of jointly controlled entities	-	-	10,322	-	10,322
Profit before Tax	319,908	7,804	(24,425)	-	303,287
As at 31 December 2014					
Assets					
Additions to non-current assets	3,197	-	2,890	-	6,087
Investment in jointly controlled entity	-	-	5,686	-	5,686
Investment In associate	-	-	110,400	-	110,400
Segment assets	2,123,184	249,345	879,878	-	3,252,407
Segment liabilities	909,849	57,976	1,065,250	-	2,033,075

15. Segmental Reporting (Contd.)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial year ended 31 December 2013					
Revenue					
External revenue	1,192,367	65,079	-	-	1,257,446
Results					
Interest income	444	-	345	-	789
Depreciation of property, plant and equipment	(1,654)	(10,978)	(390)	-	(13,022)
Depreciation of investment property	-	-	(17)	-	(17)
Amortisation of prepaid land lease payments	-	(138)	-	-	(138)
Finance costs	14,133	(1,771)	(23,562)	-	(11,200)
Share of results of jointly controlled entity	-	-	2,898	-	2,898
Profit before Tax	189,924	22,336	(13,033)	-	199,227
As at 31 December 2013					
Assets					
Additions to non-current assets	1,646	146,613	79,706	-	227,965
Investment in jointly controlled entities	-	-	2,464	-	2,464
Segment assets	1,313,108	136,809	729,317	-	2,179,234
Segment liabilities	600,391	108,723	531,486	-	1,240,600

15. Segmental Reporting (Contd.)

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

	2014	2013
	RM'000	RM'000
Revenue		
Asia	1,493,706	962,614
Europe	14,754	916
Middle East	315,459	272,248
Africa	104,682	21,668
	<u>1,928,601</u>	<u>1,257,446</u>
	2014	2013
	RM'000	RM'000
Non-current assets		
Malaysia	512,484	292,296
Singapore	90,815	87,953
	<u>603,299</u>	<u>380,249</u>

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

	2014	2013
	RM'000	RM'000
Property, plant and equipment	282,157	290,128
Prepaid land lease payments	7,943	8,214
Investment properties	81,444	80,760
Investment in jointly controlled entity	5,686	1,147
Investment In Associates	110,400	-
Held-to-maturity assets	115,669	-
	<u>603,299</u>	<u>380,249</u>

16. Review of segment performance

Please refer to paragraph 8

17. A breakdown of Sales

	GROUP		% of increase
	FY2014 RM'000	FY2013 RM'000	
a) Sales reported for first half year	786,064	510,072	54%
b) Operating profit after tax before deducting minority interests reported for first half year	134,366	76,855	75%
c) Sales reported for second half year	1,142,537	747,374	53%
d) Operating profit after tax before deducting minority interests reported for second half year	167,792	129,340	30%

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	Details of changes in duties and position held, if any during the year
Tiong Chiong Soon	45 years	<p>1. Son of Executive Chairman and substantial shareholder, Datuk Tiong Su Kouk</p> <p>2. Brother of Executive Vice Chairman, Tiong Chiong Hiiung</p> <p>3. Brother-in-law of Chief Executive Officer, Leong Seng Keat</p>	<p>1. Tiong Chiong Soon is responsible for the shipyard in Miri, Sarawak, Malaysia;</p> <p>2. He was appointed as the General Manager of the Group since 2009; and</p> <p>3. Director of Nam Cheong Dockyard Sdn Bhd since 30.6.2010.</p>	Not applicable	Not applicable

BY ORDER OF THE BOARD

Datuk Tiong Su Kouk
Executive Chairman
12 February 2015