NAM CHEONG LIMITED
(Incorporated in Bermuda)
(Company Registration Number 25458)

Unaudited Condensed Interim Financial Statements
For the Three Months Ended 31 March 2022

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	The Group 3 months ended 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000	Change %
Revenue	4	53,902	59,805	(10%)
Cost of sales		(42,128)	(43,563)	(3%)
Gross profit		11,774	16,242	(28%)
Other income	5	19,139	960	>100%
Selling and administrative expenses		(7,159)	(6,370)	12%
Other operating expenses		(5,804)	(16,911)	(66%)
Operating profit/(loss)		17,950	(6,079)	<(100%)
Finance costs		(6,062)	(9,320)	(35%)
Share of results of equity accounted joint ventures, net of tax		(110)	(820)	(87%)
Share of results of equity accounted associates, net of tax		683	-	n.m.
Profit/(Loss) before tax	6	12,461	(16,219)	<(100%)
Income tax expense	7	(346)	(650)	(47%)
Profit/(Loss) for the financial period		12,115	(16,869)	<(100%)
Other comprehensive income/(loss)				
Exchange differences on translating foreign operations		1,847	(2,819)	<(100%)
Other comprehensive income/(loss) for the financial period, net of tax		1,847	(2,819)	<(100%)
Total comprehensive income/(loss) for the financial period		13,962	(19,688)	<(100%)
Profit/(Loss) attributable to:				
Owners of the parent		11,647	(17,007)	<(100%)
Non-controlling interest		468	138	>100%
Profit/(Loss) for the financial period		12,115	(16,869)	<(100%)
Total comprehensive income/(loss) attributable to:				
Owners of the parent		13,494	(19,826)	<(100%)
Non-controlling interest		468	138	>100%
Total comprehensive income/(loss) for the financial period		13,962	(19,688)	<(100%)
Earnings per share for profit/(loss) for the period attributable to the owners of the Company				
Weighted average number of shares in issue (basic)		7,850,869,123	7,611,296,595	
Weighted average number of shares in issue (diluted)		7,991,227,939	7,611,296,595	
Basic loss per share (Malaysia sen)		0.15	(0.03)	
Diluted loss per share (Malaysia sen)		0.15	(0.03)	

For the 3 months ended 31 March 2021, the basic and diluted loss per share are the same as the outstanding contingently issuable shares were anti-dilutive.

n.m. : Not meaningful

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	354,265	390,324	-	-
Subsidiaries		-	-	-	-
Joint ventures		1,888	1,996	-	-
Associates		1,364	680	-	-
Other investment		-	-	-	-
		357,517	393,000	-	-
Current assets					
Inventories		25,381	23,968	-	-
Trade and other receivables	11	169,252	156,751	183	152
Prepayments		8,381	5,143	48	78
Current tax recoverable		1,232	706	-	-
Fixed deposits		1,039	1,233	-	-
Cash and bank balances		31,008	25,472	62	77
		236,293	213,273	293	307
TOTAL ASSETS		593,810	606,273	293	307
EQUITY AND LIABILITIES					
Equity					
Share capital	12	3,904	3,836	3,904	3,836
Share premium	12	310,850	309,357	310,850	309,357
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		316,997	315,150	781,384	781,384
Accumulated losses		(1,289,359)	(1,301,006)	(1,908,400)	(1,898,378)
		(661,705)	(676,760)	(816,359)	(807,898)
Non-controlling interest		1,391	923	-	-
Total equity		(660,314)	(675,837)	(816,359)	(807,898)
Non-current liabilities					
Deferred tax liabilities		2,839	2,839	-	-
Lease liabilities		7,764	9,873	-	-
		10,603	12,712	-	-

Condensed Interim Statements of Financial Position (Cont'd)

		The Group		The Company	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Contd.)					
Current liabilities					
Lease liabilities		7,593	7,543	-	-
Borrowings	13	950,148	947,662	685,822	681,138
Trade and other payables		241,163	268,769	86,793	83,031
Current tax payable		581	1,388	-	-
Provisions		44,036	44,036	44,037	44,036
		1,243,521	1,269,398	816,652	808,205
Total liabilities		1,254,124	1,282,110	816,652	808,205
TOTAL EQUITY AND LIABILITIES		593,810	606,273	293	307

Condensed Interim Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Available-for-sale reserve RM'000	Share grant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
The Group										
At 1 January 2022	3,836	309,357	(4,097)	316,775	(4,401)	2,776	(1,301,006)	(676,760)	923	(675,837)
Profit for the period	-	-	-	-	-	-	11,647	11,647	468	12,115
Other comprehensive income	-	-	-	1,847	-	-	-	1,847	-	1,847
Issuance of term loan shares	68	1,493	-	-	-	-	-	1,561	-	1,561
At 31 March 2022	3,904	310,850	(4,097)	318,622	(4,401)	2,776	(1,289,359)	(661,705)	1,391	(660,314)
At 1 January 2021	3,552	303,028	(4,097)	312,171	(4,401)	2,591	(1,387,767)	(774,923)	3,494	(771,429)
Loss for the period	-	-	-	-	-	-	(17,007)	(17,007)	138	(16,869)
Other comprehensive income	-	-	-	(2,819)	-	-	-	(2,819)	-	(2,819)
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	-	5,066	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	-	1,547	-	1,547
Share grant plan expenses	-	-	-	-	-	139	-	139	-	139
At 31 March 2021	3,836	309,357	(4,097)	309,352	(4,401)	2,730	(1,404,774)	(787,997)	3,632	(784,365)

Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Contributed surplus RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
The Company							
At 1 January 2022	3,836	309,357	(4,097)	2,776	778,608	(1,898,378)	(807,898)
Loss for the period	-	-	-	-	-	(10,022)	(10,022)
Issuance of term loan shares	68	1,493	-	-	-	-	1,561
At 31 March 2022	3,904	310,850	(4,097)	2,776	778,608	(1,908,400)	(816,359)
At 1 January 2021	3,552	303,028	(4,097)	2,591	778,608	(1,860,274)	(776,592)
Loss for the period	-	-	-	-	-	(13,151)	(13,151)
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	1,547
Share grant plan expenses	-	-	-	139	-	-	139
At 31 March 2021	3,836	309,357	(4,097)	2,730	778,608	(1,873,425)	(782,991)

Condensed Interim Consolidated Statements of Cash Flows

	The Group	
	3 months ended 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000
Operating activities		
Profit/(Loss) before tax	12,461	(16,219)
Adjustments for:		
Accretion of non-current trade payables	-	2,969
Depreciation of property, plant and equipment	7,133	5,461
(Gain)/Loss on disposal of property, plant and equipment	(3,093)	564
Gain on waiver of debts	(15,450)	-
Interest expense	6,062	9,320
Interest income	(273)	(507)
Share grant expense	-	139
Share of results of equity accounted joint ventures, net of tax	110	820
Share of results of equity accounted associate, net of tax	(683)	-
Total adjustments	(6,194)	18,766
Operating cash before working capital changes	6,267	2,547
Changes in working capital:		
Changes in inventories	(1,413)	(1,330)
Changes in receivables	21,002	5,398
Changes in prepayments	(3,230)	(1,324)
Changes in payables	(7,618)	(1,870)
Total changes in working capital	8,741	874
Cash from operations	15,008	3,421
Interest paid	(2,543)	(3,433)
Taxes paid, net of refund	(1,687)	(970)
Net cash from/(used in) operating activities	10,778	(982)

Condensed Interim Consolidated Statements of Cash Flows (Cont'd)

	The Group	
	3 months ended 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000
Investing activities		
Acquisition of property, plant and equipment	(5,649)	(426)
Interest received	273	507
Subscription of shares in a joint venture	-	(2,383)
Proceeds from disposal of property, plant and equipment	3,777	-
Net cash used in investing activities	(1,599)	(2,302)
Financing activities		
Repayments of bank borrowings	(3,777)	-
Payments of lease liabilities	(1,951)	(192)
Net cash used in financing activities	(5,728)	(192)
Net changes in cash and cash equivalents	3,451	(3,476)
Effects of exchange fluctuations on cash and cash equivalents	(44)	(965)
Cash and cash equivalents at 1 January	26,416	96,066
Cash and cash equivalents at 31 March	29,823	91,625

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

Fixed deposits with licensed banks	1,039	2,002
Cash and bank balances	31,008	89,912
	32,047	91,914
Less: Restricted cash with licensed banks	(1,935)	-
Less: Restricted fixed deposits with licensed banks	(289)	(289)
Total cash and cash equivalents	29,823	91,625

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Nam Cheong Limited (the "Company") is incorporated as a limited liability company and domiciled in Bermuda. The Company's shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the three months ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those relating to investment holding. The principal activities of the Group are those of shipbuilding and vessel chartering.

2. Basis of preparation

The condensed interim financial statements for the three months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRS, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Malaysia ringgit ("RM") which is the Company's functional currency. All financial information is presented in RM and rounded to the nearest thousand, unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. The vessels utilisation of the chartering business is affected by monsoon.

4. Segment and revenue information

The Group is organised into the following main business segments:
(i) Shipbuilding
(ii) Vessel chartering
(iii) Others - investment holding and trading of vessel machineries

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
3 months ended 31 March 2022					
Revenue					
External revenue	-	53,902	-	-	53,902
Results					
Interest income	5	268	2,794	(2,794)	273
Depreciation of property, plant and equipment	(328)	(6,814)	(1)	10	(7,133)
Gain on disposal of property, plant and equipment	-	3,093	-	-	3,093
Gain on waiver of debt	-	15,450	-	-	15,450
Restructuring expenses	-	-	(68)	-	(68)
Finance costs	-	(5,193)	(3,657)	2,788	(6,062)
Share of results of joint ventures	-	-	(110)	-	(110)
Share of results of associates	-	-	683	-	683
(Loss)/Profit before tax	(3,956)	20,890	(4,473)	-	12,461

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 31 March 2022					
Additions to non-current assets	36	5,619	-	-	5,655
Investment in joint ventures	-	-	1,888	-	1,888
Investment in associate	-	-	1,364	-	1,364
Segment assets	235,588	1,732,218	16,296	(1,390,292)	593,810
Segment liabilities	2,168,969	2,321,858	1,165,043	(4,401,746)	1,254,124
3 months ended 31 March 2021					
Revenue					
External revenue	-	59,805	-	-	59,805
Results					
Interest income	264	243	2,775	(2,775)	507
Depreciation of property, plant and equipment	(318)	(5,142)	(1)	-	(5,461)
Loss on disposal of property, plant and equipment	-	(564)	-	-	(564)
Restructuring expenses	-	-	(375)	-	(375)
Finance costs	-	(8,420)	(3,631)	2,731	(9,320)
Share of results of joint ventures	-	-	(820)	-	(820)
(Loss)/Profit before tax	(8,553)	8,213	(15,879)	-	(16,219)

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 31 December 2021					
Additions to non-current assets	322	44,849	-	-	45,171
Investment in associate	-	-	1,996	-	1,996
Investment in joint ventures	-	-	680	-	680
Segment assets	262,491	1,012,058	6,977	(675,253)	606,273
Segment liabilities	1,458,187	1,614,121	1,144,950	(2,935,148)	1,282,110

	31.03.2022 RM'000	31.12.2021 RM'000
Non-current assets		
Malaysia	357,510	392,993
Singapore	7	7
	357,517	393,000

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

	31.03.2022 RM'000	31.12.2021 RM'000
Property, plant and equipment	354,265	390,324
Investment in associates	1,364	680
Investment in joint ventures	1,888	1,996
	357,517	393,000

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5. Other income

	The Group	
	3 months ended 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000
Gain on disposal of property, plant and equipment	3,093	-
Interest income	273	507
Miscellaneous	323	453
Gain on waiver of debts	15,450	-
	19,139	960

6. Profit/(Loss) before tax

	The Group	
	3 months ended 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000
The following amounts have been included in arriving at profit/(loss) before tax:		
Cost of sales		
Depreciation of property, plant and equipment	6,703	5,045
Administrative expenses		
Depreciation of property, plant and equipment	430	416
Other operating expenses		
Accretion of non-current trade payables	-	2,969
Foreign exchange loss, net	5,736	13,003
Loss on disposal of property, plant and equipment	-	564
Restructuring expenses	68	375

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	3 months ended 31.03.2022 RM'000	**3 months ended 31.03.2021 RM'000**
Current income tax expense:		
- Current year	1,000	650
- Overprovision in prior year	(654)	-
	346	650

8. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following are transactions with related parties made at terms agreed between the parties:

	The Group	
	3 months ended 31.03.2022 RM'000	**3 months ended 31.03.2021 RM'000**
Joint ventures		
- interest income	238	232
Other related parties in which directors and key management have interest		
- purchases	147	53
- rental expense	201	192

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

9. Net asset value

	The Group		The Company	
	31.03.2022	**31.03.2021**	**31.03.2022**	**31.03.2021**
Net asset value per ordinary share (Malaysia sen)	(8.3)	(8.6)	(10.3)	(10.3)
Ordinary shares in issue	7,944,259,058	7,816,909,146	7,944,259,058	7,816,909,146

10. Property, plant and equipment

During the three months ended 31 March 2022, the Group acquired assets amounting to RM5,655,000 (31 March 2021: RM10,060,000) and disposed of assets amounting to RM36,715,000 (31 March 2021: RM90,854,000).

11. Trade and other receivables

	The Group		The Company	
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Trade receivables from a third party	10,402	11,060	-	-
Less: Allowance for impairment losses	(10,402)	(11,060)	-	-
	-	-	-	-
Current				
Trade receivables	121,453	121,653	-	-
Less: Allowance for impairment losses	(21,273)	(20,516)	-	-
	100,180	101,157	-	-
Amount due from subsidiaries (non-trade)	-	-	86,392	103,696
Amounts due from associates and joint ventures (non-trade)	65,285	56,393	-	-
Deposits and other receivables	31,219	26,416	183	152
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(86,392)	(103,696)
- amounts due from associate and joint ventures (non-trade)	(25,226)	(25,000)	-	-
- other receivables	(2,206)	(2,205)	-	-
	69,072	55,604	183	152
Total trade and other receivables	169,252	156,751	183	152

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

11. Trade and other receivables (Cont'd)

As at even date, RM19.4 million (or 19.4%) of the net trade receivables of RM100.2 million in 1Q2022 has been collected from the customers subsequent to 1Q2022. The Group continue to monitor the aging and collection of receivables on an on-going basis. For those receivables which are past due and doubtful of collection, reminders have been sent to the relevant customers before issuance of demand letters and the recovery of debts via legal proceedings where necessary.

12. Share capital and share premium

	The Group and the Company			
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
	'000	**'000**	**RM'000**	**RM'000**
	Number of ordinary shares			
Share capital				
Issued and fully paid				
At 1 January	7,816,909	7,272,641	3,836	3,552
Issuance of non-sustainable debt shares	-	416,918	-	218
Issuance of term loan shares	127,350	127,350	68	66
	7,944,259	7,816,909	3,904	3,836

Share premium

	The Group		The Company	
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	309,357	303,028	309,357	303,028
Issuance of non-sustainable debt shares	-	4,848	-	4,848
Issuance of term loan shares	1,493	1,481	1,493	1,481
	310,850	309,357	310,850	309,357

Share premium is the amount subscribed for ordinary shares in the capital of the Company in excess of the nominal value.

13. Borrowings

	The Group		The Company	
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bilateral facilities debt (secured)	99,410	102,626	-	-
Term loan - sustainable debts (unsecured)	850,738	845,036	685,822	681,138
	950,148	947,662	685,822	681,138
Represented by:				
Current	950,148	947,662	685,822	681,138

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13. Borrowings (Cont'd)

Bilateral Facilities Debt

The maturity date of the Bilateral Facilities Debt was 31 December 2020.

Term Loan - Sustainable Debts

The tenor of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. The principal shall be repaid in eight half-yearly instalments from 2021 to 2024 in the percentage of 10%, 20%, 30% and 40%, respectively.

The repayment of the borrowings have been suspended since the financial year ended 31 December 2020. Consequently, the non-current borrowings became repayable on demand and were classified as current liabilities. The Group is currently in discussions with the lenders to review its options of restructuring its debts. Please refer to Paragraph 6 of Other Information Required by Listing Rule Appendix 7.2 for further information.

Borrowings are secured by the underlying assets, comprising leasehold land, buildings and vessels with carrying amount of RM5,772,000 (31.12.2021 – RM5,813,000), RM1,607,000 (31.12.2021 – RM1,618,000) and RM39,611,904 (31.12.2021 – RM42,734,000), respectively.

14. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and of the Company as at 31 March 2022 and 31 December 2021:

	The Group		The Company	
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at amortised cost				
Trade and other receivables	169,252	156,751	183	152
Cash and bank balances	31,008	25,472	62	77
Fixed deposits	1,039	1,233	-	-
	201,299	183,456	245	229
Financial liabilities at amortised cost				
Bilateral facilities debt	99,410	102,626	-	-
Term loan	850,738	845,036	685,822	681,138
Lease liabilities	15,357	17,416	-	-
Trade and other payables	240,889	268,142	86,647	82,885
	1,206,394	1,233,220	772,469	764,023

Other Information Required by Listing Rule Appendix 7.2

1. 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.

   There were no movement in the treasury shares during the three months ended 31 March 2022. As at 31 March 2022, 6,678,597 shares were held as treasury shares by the Company.

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

   The condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 31 March 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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 accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2021.

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 and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2021.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. 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) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

1Q2022 vs 1Q2021

	1Q2022				1Q2021				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	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	53,902	100%	11,774	22%	59,805	100%	16,242	27%	(5,903)	(10%)	(4,468)	(28%)
Total	53,902	100%	11,774	22%	59,805	100%	16,242	27%	(5,903)	(10%)	(4,468)	(28%)

For the three months ended 31 March 2022 ("1Q2022"), the Group's revenue from vessel chartering division decreased by 10% from RM59.8 million in the previous corresponding three months ended 31 March 2021 ("1Q2021") to RM53.9 million in 1Q2022 due to lower fleet size as a result of the settlement with the trade creditors since FY2021.

The shipbuilding segment did not register any revenue for both 1Q2022 and 1Q2021 as there was no vessel scheduled for delivery during the period.

In line with the decrease in chartering revenue, gross profit and gross profit margin decreased by 28% to RM11.8 million and 22% in 1Q2022 from RM59.8 million and 27% in 1Q2021.

Other income was higher at RM19.1 million in 1Q2022 as compared to RM1.0 million recorded in 1Q2021 mainly due to the gain on waiver of debts by trade creditors amounting to RM15.5 million in 1Q2022 as a result of successful negotiation and settlement with the trade creditors.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)
(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

1Q2022 vs 1Q2021

Selling and administrative expenses increased from RM6.4 million to RM7.2 million in 1Q2022, mainly due to the increase in staff cost as well as other cost related to the mitigation of COVID-19.

Other operating expenses of RM5.8 million in 1Q2022 was significantly lower than RM16.9 million recorded in 1Q2021 mainly due to the decrease in foreign exchange loss by RM7.3 million, as well as the absence of accretion of non-current trade payables of RM2.9 million recorded in 1Q2021.

Finance costs decreased to RM6.1 million in 1Q2022 from RM9.3 million recorded in 1Q2021, mainly due to the decrease in finance cost related to vessel financing during the period.

Share of results of equity accounted joint ventures and associates improved to loss of RM0.1 million and profit of RM0.7 million in 1Q2022 as compared to loss of RM0.8 million and RMNil in 1Q2021 respectively mainly due to higher vessel utilisation rate.

Mainly due to the increase in gain on waiver of debts recorded in 1Q2021, the Group registered a net profit after tax of RM12.1 million in 1Q2022 as compared to a net loss after tax of RM16.9 million in 1Q2021.

(b) Condensed Interim Statements of Financial Position (Group)

Total Assets
Total assets of the Group decreased by 2.1% or RM12.5 million from RM606.3 million as at 31 December 2021 ("FY2021") to RM593.8 million as at 31 March 2022 ("1Q2022") mainly due to:

(i) Property, plant and equipment decreased by RM36.0 million or 9.2% from RM390.3 million to RM354.3 million mainly due to disposal of 5 units of vessels amounting to RM25.7 million and the return of a unit of vessel to the trade creditor as part of the settlement of the trade payable during the period; and

The decrease in total assets was partially offset by the following:
(i) Trade and other receivables increased by RM12.5 million or 8.0% from RM156.8 million as at FY2021 to RM169.3 million as at 1Q2022 mainly due to the disposal of one unit of vessel on a deferred payment basis during the period;
(ii) Prepayment increased by RM3.3 million from RM5.1 million to RM8.4 million due to prepayment made for the purchase of engines, equipment, tools and consumables in relation to the Group's vessels; and
(iii) Cash and bank balances increased by RM5.5 million or 21.7% from RM25.5 million to RM31.0 million mainly due to the collection from customers during the period.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)
(b) Condensed Interim Statements of Financial Position (Group) (Cont'd)

Total Liabilities
Total liabilities of the Group decreased by 2.2% or RM28.0 million from RM1.28 billion as at FY2021 to RM1.25 billion as at 1Q2022 mainly due to the decrease in trade payables by RM27.6 million in 1Q2022 as a result of settlement with the trade creditors during the period.

Negative working capital
The increase in net working capital of RM48.9 million, or 4.6%, from negative RM1.06 billion as at FY2021 to negative RM1.01 billion as at 1Q2022 was mainly due to the decrease in trade and other payables of RM27.6 million, the increase in trade and other receivables by RM12.5 million and the increase in cash and bank balance of RM5.5 million.

The following steps, which has been announced previously, have been taken by the Group as part of on-going measures to position the Group to ride out this incredibly challenging market environment and also to address its debt obligations:

(i) The Group has been holding discussions with its principal lenders and has appointed advisors to help address significant debt maturities, which may include, inter alia, extension of the maturities and/or restructuring of existing loans ("Restructuring").

As a positive development, the Group's wholly owned subsidiary, Nam Cheong Dockyard ("NCD") applied and was formally admitted into the Corporate Debt Restructuring Committee of Malaysia ("CDRC"), a committee under the purview of Bank Negara Malaysia (the Central Bank of Malaysia) in October 2020, for the CDRC's assistance to mediate between NCD and its financial creditors. These financial institution creditors are expected to observe an informal standstill, and withhold from any proceedings against, inter alia, NCD and its subsidiaries. Since November 2020, NCD has been engaging actively with both financial creditors and trade creditors.

(ii) The Group has been reviewing it's cash flow projections, in the face of the great business uncertainties, operational disruptions and costs containment measures. It has been entering into discussions with various parties regarding possible actions to contain operating costs and to preserve working capital to fund the Group's operations.

(iii) The Group has explored various strategies to bolster its financial position whilst continuing its cost rationalisation measures to improve overall competitiveness.

However, no definitive agreements in relation to the Restructuring have been entered into by the Group as at even date. Pending the conclusion of definitive agreements in relation to the Restructuring to be entered into by the Group, there can be no assurance or reasonable certainty that any discussions or any Restructuring options will materialise or be successfully concluded. Please refer to the Company's announcement on SGXNET for more information.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)
(c) Condensed Interim Consolidated Statements of Cash Flows (Cont'd)

1Q2022

Net cash from operating activities of RM10.8 million in 1Q2022 was mainly due to collection from customers during the period.

Net cash used in investing activities of RM1.6 million in 1Q2022 was mainly due to payment made for acquisition of property, plant and equipment ("PPE") of RM5.6 million. The effect is partially offset by the proceeds received from disposal of PPE amounting to RM3.8 million.

Net cash used in financing activities of RM5.7 million in 1Q2022 was mainly due to repayment of bank borrowings and lease liabilities.

7. 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.

8. 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

Malaysia has commenced its transition to endemic phase after nearly two years of battling the Covid-19 pandemic, but there remains room for economic recovery to pre-pandemic levels. The outlook for the offshore & marine industry continues to remain uncertain but the Group will work closely with its partners and various stakeholders to ensure a smooth navigation through this unprecedented and challenging business environment.

The Group has seen success in its negotiations with its creditors in FY2021 and will continue to work on its restructuring options. The Group will provide relevant updates as and when there is further progress.

9. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?
None.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

9. Dividend (Cont'd)

(c) Date payable
Not applicable.

(d) Books closure date
Not applicable.

10. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared in the period under review as the Company is working through its restructuring arrangement and wishes to enhance the financial strength of the Company.

11. General mandate relating to interested person transactions

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

12. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Board of Directors of Nam Cheong Limited hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

13. Confirmation from the Board

We, the undersigned, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and of the Company for the three months ended 31 March 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

Leong Seng Keat
Chief Executive Officer

14 May 2022