
**First Quarter Ended 31 March 2016 Financial Statements
and Related Announcement**

Content	Page
1. Unaudited Financial Statements	1
1(a)(i) Statement of Comprehensive Income (Group)	1
1(a) (ii) Notes to the Statement of Comprehensive Income	2
1(b)(i) Statement of Financial Position	3
1(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities	5
1(c) Statement of Cash Flows (Group)	6
1(d)(i) Statements of Changes in Equity	8
1(d)(ii) Share Capital	10
1(d)(iii) Number of Issued Shares excluding Treasury Shares	10
1(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares	10
2. Audit	10
3. Auditors' Report	10
4. Accounting Policies	11
5. Changes in Accounting Policies	11
6. Earnings Per Ordinary Share	12
7. Net Asset Value Per Ordinary Share	12
8. Review of Group Performance	13
9. Variance From Forecast Statement	15
10. Prospects	15
11. Dividend	15
12. Dividend Declared	16
13. General mandate relating to interested person transactions	16
14. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual	16

1. Unaudited Financial Statements

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

	1st Quarter ended 31.3.2016 RM'000	1st Quarter ended 31.3.2015 RM'000	Change %
Revenue	(93,077)	326,251	n.m.
Cost of sales	97,291	(257,928)	n.m.
Gross profit	4,214	68,323	(94%)
Other income	6,708	2,861	>100%
Selling and administrative expenses	(48,311)	(24,736)	95%
Operating (loss) / profit	(37,389)	46,448	n.m.
Finance costs	(1,755)	(6,953)	(75%)
Share of post-tax profit of equity accounted associate and jointly controlled entities	(980)	(175)	>100%
(Loss) / Profit before tax	(40,124)	39,320	n.m.
Income tax expense	2	4	(50%)
(Loss) / Profit for the financial period	(40,122)	39,324	n.m.
Other comprehensive income			
Exchange differences on translating foreign operations	(98,671)	92,658	n.m.
Net gain / (loss) on cash flow hedges	6,194	(31,966)	n.m.
Other comprehensive income for the financial period, net of tax	(92,477)	60,692	n.m.
Total comprehensive income for the financial period	(132,599)	100,016	n.m.
(Loss) / Profit attributable to :			
Owners of the parent	(40,149)	39,296	n.m.
Non-controlling interest	27	28	(4%)
(Loss) / Profit for the financial period	(40,122)	39,324	n.m.
Total comprehensive income attributable to:			
Owners of the parent	(132,626)	99,988	n.m.
Non-controlling interest	27	28	(4%)
Total comprehensive income for the financial period	(132,599)	100,016	n.m.

1. Unaudited Financial Statements (Contd.)

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

	1st Quarter ended 31.3.2016 RM'000	1st Quarter ended 31.3.2015 RM'000	Change %
Other income			
Interest income	1,410	1,507	(6%)
Miscellaneous	1,485	769	93%
Net fair value gain on derivatives	2,929	-	n.m.
Rental income	858	585	47%
Gain on disposal of property, plant and equipment	26	-	n.m.
	<u>6,708</u>	<u>2,861</u>	>100%
(Loss) / Profit before tax			
The following amounts have been included in arriving at profit before tax:			
Amortisation of prepaid land lease payments	27	27	n.m.
Depreciation of property, plant and equipment	4,936	4,373	13%
Depreciation of investment properties	312	280	11%
Foreign exchange loss, net	36,866	2,498	>100%
Net fair value loss on derivatives	-	3,777	n.m.
Share grant plan expenses	-	606	n.m.
	<u>-</u>	<u>606</u>	
Income tax expense			
Current income tax	<u>(2)</u>	<u>(4)</u>	(50%)

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(i) Statement of Financial Position

	Group		Company	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	406,751	449,881	-	-
Prepaid land lease payments	7,605	7,673	-	-
Investment properties	87,630	92,241	-	-
Investment in subsidiaries	-	-	1,079,188	1,079,188
Investment in joint ventures	6,852	8,624	-	-
Investment in an associate	86,742	88,281	-	-
Held-to-maturity financial assets	70,559	110,102	-	-
	<u>666,139</u>	<u>756,802</u>	<u>1,079,188</u>	<u>1,079,188</u>
Current assets				
Held-to-maturity financial assets	28,758	16,924	-	-
Inventories	1,806,589	1,827,799	-	-
Trade and other receivables	90,525	105,656	1,175,148	1,198,273
Prepayments	182,719	214,033	244	244
Current income tax recoverable	1,027	744	-	-
Due from customers on contracts	416,145	522,734	-	-
Derivatives	950	151	-	-
Cash and cash equivalents	326,500	506,060	61,213	131,483
	<u>2,853,213</u>	<u>3,194,101</u>	<u>1,236,605</u>	<u>1,330,000</u>
TOTAL ASSETS	<u>3,519,352</u>	<u>3,950,903</u>	<u>2,315,793</u>	<u>2,409,188</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	405,962	405,962	405,962	405,962
Share premium	82,347	82,347	82,347	82,347
Treasury shares	(4,097)	(4,097)	(4,097)	(4,097)
Other reserves	201,622	294,099	778,608	778,608
Retained earnings	558,679	598,828	2,701	19,855
	<u>1,244,513</u>	<u>1,377,139</u>	<u>1,265,521</u>	<u>1,282,675</u>
Non-controlling interest	<u>4</u>	<u>(23)</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,244,517</u>	<u>1,377,116</u>	<u>1,265,521</u>	<u>1,282,675</u>
Non-current liabilities				
Loans and borrowings	1,117,873	1,181,227	1,042,800	1,105,256
Deferred tax liabilities	1,473	1,478	-	-
Trade and other payables	2,692	2,692	-	-
	<u>1,122,038</u>	<u>1,185,397</u>	<u>1,042,800</u>	<u>1,105,256</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Due to customers on contracts	15,353	16,968	-	-
Derivatives	822	9,146	-	-
Loans and borrowings	482,954	627,980	4,443	18,690
Trade and other payables	653,468	734,096	3,029	2,567
Provisions	200	200	-	-
	<u>1,152,797</u>	<u>1,388,390</u>	<u>7,472</u>	<u>21,257</u>
Total liabilities	<u>2,274,835</u>	<u>2,573,787</u>	<u>1,050,272</u>	<u>1,126,513</u>
TOTAL EQUITY AND LIABILITIES	<u>3,519,352</u>	<u>3,950,903</u>	<u>2,315,793</u>	<u>2,409,188</u>

1. Unaudited Financial Statements (Contd.)

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

	As at 31.3.2016		As at 31.12.2015	
	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Amount repayable in one year or less, or on demand	478,511	4,443	609,290	18,690
Amount repayable after one year	119,087	998,786	122,141	1,059,086

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)

	1st Quarter ended 31.3.2016 RM'000	1st Quarter ended 31.3.2015 RM'000
Operating activities		
(Loss) / Profit before tax	(40,124)	39,320
Adjustments for:		
Amortisation of prepaid land lease payments	27	27
Depreciation of property, plant and equipment	4,936	4,373
Depreciation of investment properties	312	280
Gain on disposal of property, plant and equipment	(26)	-
Interest expense	1,755	6,953
Interest income	(1,410)	(1,507)
Net fair value (gain) / loss on derivatives	(2,929)	3,777
Share grant plan expenses	-	606
Share of post-tax loss of equity accounted associate and jointly controlled entities	980	175
Unrealised loss on foreign exchange	43,756	7,088
Total adjustments	47,401	21,772
Operating cash flows before working capital changes	7,277	61,092
Changes in working capital:		
Increase in inventories	(16,199)	(212,300)
(Increase) / Decrease in receivables	(31,960)	279,387
Decrease in prepayments	17,351	33,115
(Increase) / Decrease in amount due from customers on contracts	(35,274)	141,109
Decrease in payables	(16,134)	(353,140)
Decrease in amount due to customers on contracts	(71)	(9,160)
Total changes in working capital	(82,287)	(120,989)
Cash flows used in operations	(75,010)	(59,897)
Interest paid	(17,765)	(17,835)
Taxes paid, net of refund	(283)	(1,275)
Net cash flows used in operating activities	(93,058)	(79,007)

1. Unaudited Financial Statements (Contd.)

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

	1st Quarter ended 31.3.2016 RM'000	1st Quarter ended 31.3.2015 RM'000
Investing activities		
Acquisition of property, plant and equipment	(54)	(682)
Interest received	1,410	1,507
Proceeds from maturity of held-to-maturity asset	16,484	-
Proceeds from disposal of property, plant and equipment	26	-
Net cash flows from investing activities	17,866	825
Financing activities		
Proceeds from bank borrowings	87,334	139,017
Repayments of bank borrowings	(168,863)	(14,269)
Placement of fixed deposit	(55,931)	-
Net cash flows (used in) / from financing activities	(137,460)	124,748
Net (decrease) / increase in cash and cash equivalents	(212,652)	46,566
Effects of foreign exchange rate changes	(19,860)	15,896
Cash and cash equivalents at 1 January	441,991	799,900
Cash and cash equivalents at 31 March	209,479	862,362

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

Fixed deposits with licensed banks	120,551	66,983
Cash and bank balances	205,949	795,603
Bank overdrafts	-	(26)
	326,500	862,560
Less: Restricted fixed deposits with licensed banks	(117,021)	(198)
Total cash and cash equivalents	209,479	862,362

1. Unaudited Financial Statements (Contd.)

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

Group	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Share grant reserve RM'000	Retained earnings RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2015	405,962	82,347	(7,090)	115,780	(38,045)	2,825	656,985	1,218,764	568	1,219,332
Profit for the period	-	-	-	-	-	-	39,296	39,296	28	39,324
Other comprehensive income	-	-	-	92,658	(31,966)	-	-	60,692	-	60,692
Contributions by and distributions to owners:										
Share grant plan expenses	-	-	-	-	-	606	-	606	-	606
At 31 March 2015	405,962	82,347	(7,090)	208,438	(70,011)	3,431	696,281	1,319,358	596	1,319,954
At 1 January 2016	405,962	82,347	(4,097)	300,716	(6,617)	-	598,828	1,377,139	(23)	1,377,116
Loss for the period	-	-	-	-	-	-	(40,149)	(40,149)	27	(40,122)
Other comprehensive income	-	-	-	(98,671)	6,194	-	-	(92,477)	-	(92,477)
At 31 March 2016	405,962	82,347	(4,097)	202,045	(423)	-	558,679	1,244,513	4	1,244,517

1. Unaudited Financial Statements (Contd.)

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

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Contributed surplus RM'000	Retained profit RM'000	Equity attributable to owners of the parent RM'000
Company							
At 1 January 2015	405,962	82,347	(7,090)	2,825	778,608	8,523	1,271,175
Loss for the period	-	-	-	-	-	(2,687)	(2,687)
Contributions by and distributions to owners:							
Share grant plan expenses	-	-	-	606	-	-	606
At 31 March 2015	405,962	82,347	(7,090)	3,431	778,608	5,836	1,269,094
At 1 January 2016	405,962	82,347	(4,097)	-	778,608	19,855	1,282,675
Loss for the period	-	-	-	-	-	(17,154)	(17,154)
At 31 March 2016	405,962	82,347	(4,097)	-	778,608	2,701	1,265,521

Notes:

(a) There were no share granted in 1Q of FY2016 under the Nam Cheong Group 2013 Share Grant Plan ("2013 Share Grant Plan"). During 1Q 2016, there were neither share grant being released (1Q 2015: Nil) nor lapsed (1Q 2015: 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 corresponding period of immediately preceding year.

As at 31 March 2016 and 31 March 2015, the total number of issued shares excluding treasury shares was 2,096,465,885 and 2,096,255,325 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 1Q 2016, there were no treasury shares was acquired and re-issued pursuant to the 2013 Share Grant Plan.

As at 31 March 2016, 6,678,597 treasury 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 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

Other than the changes mentioned in item no. 5 below, 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 2015.

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 Group has revised the estimated useful lives of vessels from 20 years to 25 years pursuant to the Group's recent operational and sector review of our vessels. It is the Group's practice to regularly review on fleet composition to ensure that the fleet remains competitive and market relevant. As the Group's fleet composition has gradually grew towards a fleet with more enhanced specification, the useful life of the vessels is expected to be 25 years. Accordingly, the Group has revised the estimated useful lives of the vessels from 20 to 25 years.

In accordance with IFRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting estimate has been applied from 1 January 2016. Accordingly, the adoption of the change in accounting estimate has no effect in prior years.

The impact of the change in accounting estimate as at 31 March 2016 is as follows:

	1Q 2016 impact RM'000 (Decrease) / Increase
Statement of comprehensive income :	
Depreciation of property, plant and equipment	(1,136)
Profit before tax	1,136
Statement of financial position :	
Property, plant and equipment	(1,136)

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	
	1st Quarter ended 31.3.2016	1st Quarter ended 31.3.2015
Earnings per ordinary shares of the Group for the financial period based on net (loss) / profit attributable to shareholders:		
(i) Based on weighted average		
number of ordinary shares in issue (Sen)	(1.92)	1.87
Weighted average number of shares	2,096,465,885	2,096,255,325
(ii) On a fully diluted basis (Sen)	(1.92)	1.87
Adjusted weighted average number of shares	2,096,465,885	2,101,266,168

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 31.3.2016	As at 31.12.2015	As at 31.3.2016	As at 31.12.2015
Net asset value per ordinary share (Sen)	59.4	65.7	60.4	61.2
Ordinary shares in issue	2,096,465,885	2,096,465,885	2,096,465,885	2,096,465,885

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)

1Q 2016 vs 1Q 2015

	1Q 2016				1Q 2015				Variance			
	Revenue		Gross Profit		Revenue		Gross Profit		Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	(97,058)	104%	10,691	(11%)	310,657	95%	62,155	20%	(407,715)	(131%)	(51,464)	(83%)
Vessel Chartering	3,981	(4%)	(6,477)	(163%)	15,594	5%	6,168	40%	(11,613)	(74%)	(12,645)	(205%)
Total	(93,077)	100%	4,214	(5%)	326,251	100%	68,323	21%	(419,328)	(129%)	(64,109)	(94%)

Revenue for first quarter ended 31 March 2016 ("1Q 2016") of RM(93.1) million was RM419.3 million, or 129%, lower as compared to RM326.3 million achieved during the previous year corresponding first quarter ended 31 March 2015 ("1Q 2015"). The lower revenue came from shipbuilding segment which recorded revenue of RM(97.1) million for 1Q 2016, representing a decrease of 131% as compared to RM310.7 million recorded for 1Q 2015. This was mainly due to the reversal of revenue from Perdana Petroleum Berhad's ("Perdana") cancellation of an Accommodation Work Barge ("AWB") in which construction was in advanced stage and a lower number of vessel deliveries in 1Q 2016 as compared to 1Q 2015 (1Q 2016: 1 unit; 1Q 2015: 6 units).

The vessel chartering segment's revenue in 1Q 2016 of RM4.0 million was lower compared to RM15.6 million achieved in 1Q 2015. The decrease was mainly due to the lower utilisation in 1Q 2016.

8. (contd.)

Review of Group Performance (contd.)

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

1Q 2016 vs 1Q 2015 (contd.)

In tandem with the lower revenue, gross profit in 1Q 2016 of RM4.2 million decreased by 94% from RM68.3 million recorded in 1Q 2015. The chartering segment continue to record gross loss in 1Q 2016 due to lower utilisation rate of vessels.

Other income was higher for 1Q 2016 as compared to 1Q 2015 mainly due to net fair value gain on derivatives of RM2.9 million.

Selling and administrative expenses increased by RM23.6 million in 1Q 2016 mainly due to a adverse foreign exchange movement of RM36.9 million, resulting from the strengthening of Singapore Dollars ("SGD") against US Dollars ("USD"). With outstanding SGD debts making up the major portion of debts and functional currency of USD in the subsidiaries, such net foreign exchange loss is recorded in line with stronger SGD.

Finance cost decreased to RM1.8 million in 1Q 2016 as compared to RM7.0 in 1Q 2015, as a result of higher interest expense being capitalised in cost of construction in 1Q 2016.

Share of profit in jointly controlled entities recorded a gain of RM0.6 million in 1Q 2016. However, the gain was offset by the share of loss in associate of RM1.5 million in 1Q 2016 due to the lower vessel utilisation rate achieved by our associate.

Net loss after taxation for 1Q 2016 was RM40.1 million.

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group decreased by RM431.6 million from RM3.95 billion as at 31 December 2015 ("FY2015") to RM3.52 billion as at 31 March 2016 ("PE2016") mainly due to:

- (i) the decrease in amount due from customer on contracts by RM106.6 million from RM522.7 million in FY2015 to RM416.1 million in PE2016. This is mainly due to the reversal of revenue from Perdana's cancellation of an AWB.
- (ii) the decrease in the cash and cash equivalents mainly due to repayment of loan and borrowings of RM168.9 million in PE2016.

Total Liabilities

Total liabilities of the Group reduced by RM299.0 million from RM2.57 billion in FY2015 to RM2.27 billion in PE2016, mainly due to the decrease in the total amount of loans and borrowings by RM208.4 million.

As a result of decreased in cash and cash equivalents, the Group's net gearing ratio increased from 0.95 times in FY2015 to 1.02 times in PE2016.

8. (contd.)

Review of Group Performance (contd.)

(c) Statement of Cash Flows (Group)

1Q 2016 vs 1Q 2015

Net cash flows used in operating activities of RM93.1 million in 1Q 2016 was mainly due to the increase in receivables and amount due from customers on contract of RM67.2 million.

Net cash flows from investing activities of RM17.9 million in 1Q 2016 was mainly attributed to the proceeds from maturity of held-to-maturity asset of RM16.5 million.

Net cash flows used in financing activities of RM137.5 million in 1Q 2016 was mainly attributed to the repayments of bank borrowing of RM168.9 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

Due to lower oil prices, oil companies have been cutting capital expenditure and operating costs over the past year. The outlook for the O&M sector remains weak and the Group anticipates that the progress of vessel sales and shipbuilding to remain slow.

In response to the increasingly challenging business environment that the Group is operating in, the Group has deferred the schedule of deliveries of its vessels currently under construction, both at customers' requests and also at the Group's initiative.

The Group has a gross order book of approximately RM1.1 billion as at March 31, 2016, comprising a mix of OSVs due for deliveries up till 2018.

11. 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.

11. Dividend (contd.)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared in the period under review.

13. General mandate relating to interested person transactions

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

14. 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.

15. 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 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Datuk Tiong Su Kouk
Executive Chairman

Leong Seng Keat
Chief Executive Officer

Singapore
12 May 2016