
**Third Quarter and Nine Month Year Ended 30 September 2018 Financial Statements
and Related Announcement**

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1. Unaudited Financial Statements

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

	3rd Quarter ended 30.9.2018 RM'000	3rd Quarter ended 30.9.2017 RM'000	Change %	9 months ended 30.9.2018 RM'000	9 months ended 30.9.2017 RM'000	Change %
Revenue	94,705	79,089	20%	230,423	248,222	(7%)
Cost of sales	(69,069)	(75,187)	(8%)	(186,884)	(225,127)	(17%)
Gross profit	25,636	3,902	>100%	43,539	23,095	89%
Other income	388,412	3,366	>100%	965,692	7,171	>100%
Selling and administrative expenses	(7,900)	(9,598)	(18%)	(22,548)	(24,606)	(8%)
Other operating expenses	(19,509)	(18,085)	8%	(8,674)	(2,076,571)	(100%)
Operating profit / (loss)	386,639	(20,415)	n.m.	978,009	(2,070,911)	>100%
Finance costs	7,346	(27,448)	n.m.	(20,011)	(43,515)	(54%)
Share of results of equity accounted joint ventures, net of tax	118	(696)	n.m.	(554)	(3,333)	(83%)
Share of results of equity accounted associate, net of tax	(68)	-	n.m.	(3,777)	(2,376)	59%
Profit / (Loss) before tax	394,035	(48,559)	n.m.	953,667	(2,120,135)	>100%
Income tax expense	(55)	6	n.m.	(83)	(151)	(45%)
Profit / (Loss) for the financial period	393,980	(48,553)	n.m.	953,584	(2,120,286)	>100%

1. Unaudited Financial Statements (Contd.)

	3rd Quarter ended 30.9.2018 RM'000	3rd Quarter ended 30.9.2017 RM'000	Change %	9 months ended 30.9.2018 RM'000	9 months ended 30.9.2017 RM'000	Change %
Other comprehensive income						
Exchange differences on translating foreign operations	(4,481)	15,613	n.m.	(4,641)	19,933	n.m.
Fair value loss on available-for-sale	520	-	n.m.	(2,027)	(885)	n.m.
Other comprehensive (loss) / income for the financial period, net of tax	<u>(3,961)</u>	<u>15,613</u>	n.m.	<u>(6,668)</u>	<u>19,048</u>	n.m.
Total comprehensive income / (loss) for the financial period	<u>390,019</u>	<u>(32,940)</u>	n.m.	<u>946,916</u>	<u>(2,101,238)</u>	>100%
Profit / (Loss) attributable to :						
Owners of the parent	396,012	(48,704)	n.m.	953,227	(2,120,417)	>100%
Non-controlling interest	<u>(2,032)</u>	<u>151</u>	n.m.	<u>357</u>	<u>131</u>	n.m.
Profit / (Loss) for the financial period	<u>393,980</u>	<u>(48,553)</u>	n.m.	<u>953,584</u>	<u>(2,120,286)</u>	>100%
Total comprehensive income / (loss) attributable to:						
Owners of the parent	392,051	(33,091)	n.m.	946,559	(2,101,369)	>100%
Non-controlling interest	<u>(2,032)</u>	<u>151</u>	n.m.	<u>357</u>	<u>131</u>	n.m.
Total comprehensive income / (loss) for the financial period	<u>390,019</u>	<u>(32,940)</u>	n.m.	<u>946,916</u>	<u>(2,101,238)</u>	>100%

1. Unaudited Financial Statements (Contd.)

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

	3rd Quarter ended 30.9.2018 RM'000	3rd Quarter ended 30.9.2017 RM'000	Change %	9 months ended 30.9.2018 RM'000	9 months ended 30.9.2017 RM'000	Change %
Other income						
Interest income	294	247	19%	1,108	18	n.m.
Miscellaneous	1,923	346	n.m.	6,210	4,394	n.m.
Extinguishment of debt	353,815	-	n.m.	353,815	-	n.m.
Overprovision for corporate guarantee	32,380	-	n.m.	32,380	-	n.m.
Rental income	-	916	n.m.	378	2,759	(86%)
Reversal of impairment of trade and other receivables	-	1,857	n.m.	-	-	n.m.
Waiver of debts	-	-	n.m.	550,602	-	n.m.
Foreign exchange gain	-	-	n.m.	21,199	-	n.m.
	<u>388,412</u>	<u>3,366</u>	>100%	<u>965,692</u>	<u>7,171</u>	>100%
Profit / (Loss) before tax						
The following amounts have been included in arriving at profit / (loss) before tax:						
<i>Selling and administrative expenses</i>						
Amortisation of prepaid land lease payments	59	30	97%	194	87	>100%
Depreciation of property, plant and equipment	3,561	4,834	(26%)	10,647	15,081	(29%)
Depreciation of investment properties	-	305	n.m.	-	945	(100%)
	<u>-</u>	<u>305</u>		<u>-</u>	<u>945</u>	

1. Unaudited Financial Statements (Contd.)

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

	3rd Quarter ended 30.9.2018 RM'000	3rd Quarter ended 30.9.2017 RM'000	Change %	9 months ended 30.9.2018 RM'000	9 months ended 30.9.2017 RM'000	Change %
Profit / (Loss) before tax (Contd.)						
The following amounts have been included in arriving at profit / (loss) before tax:						
<i>Other operating expenses</i>						
<i>Assets impairment and writing down</i>						
Impairment of property, plant and equipment	-	-	n.m.	-	299,626	n.m.
Impairment of investment properties	-	-	n.m.	-	15,455	n.m.
Impairment of trade and other receivables	-	-	n.m.	-	6,733	n.m.
Inventories written down	-	-	n.m.	-	1,509,732	n.m.
Prepayment written off	-	-	n.m.	-	47,508	n.m.
Property, plant and equipment written off	311	-	n.m.	311	482	n.m.
Impairment on investment in associate	-	-	n.m.	-	54,440	n.m.
Impairment on amount owing by joint ventures	-	-	n.m.	-	61,812	n.m.
Project deposit written off	-	-	n.m.	269	-	n.m.
<i>Others</i>						
Foreign exchange loss, net	16,345	15,383	6%	-	75,498	n.m.
Loss on disposal of property, plant and equipment	5	-	n.m.	5	4	25%
Restructuring expenses	2,826	2,632	7%	7,976	3,842	>100%
Income tax expense						
Current income tax	55	(6)	n.m.	83	157	(47%)

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(I) Statement of Financial Position

	Group		Company	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	397,519	268,703	-	-
Prepaid land lease payments	6,939	7,133	-	-
Investment in joint ventures	3,487	4,041	-	-
Investment in an associate	22,623	23,840	-	-
Available-for-sale financial assets	3,131	3,226	-	-
Trade receivables - Long Term	17,084	16,797	-	-
	<u>450,783</u>	<u>323,740</u>	<u>-</u>	<u>-</u>
Current assets				
Inventories	418,179	382,043	-	-
Trade and other receivables	94,426	65,079	-	-
Prepayments	6,952	4,724	196	28
Current income tax recoverable	1,134	1,526	-	-
Contract assets	-	38,484	-	-
Cash and cash equivalents	86,197	224,417	7,111	23,227
	<u>606,888</u>	<u>716,273</u>	<u>7,307</u>	<u>23,255</u>
Asset-held-for-sale	-	74,676	-	-
TOTAL ASSETS	<u>1,057,671</u>	<u>1,114,689</u>	<u>7,307</u>	<u>23,255</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	3,417	81,192	3,417	81,192
Share premium	297,799	82,347	297,799	82,347
Treasury shares	(4,097)	(4,097)	(4,097)	(4,097)
Other reserves	393,322	318,614	858,988	778,608
Accumulated losses	(1,207,869)	(2,138,467)	(1,817,532)	(2,515,853)
	<u>(517,428)</u>	<u>(1,660,411)</u>	<u>(661,425)</u>	<u>(1,577,803)</u>
Non-controlling interest	<u>1,853</u>	<u>1,496</u>	<u>-</u>	<u>-</u>
Total equity	<u>(515,575)</u>	<u>(1,658,915)</u>	<u>(661,425)</u>	<u>(1,577,803)</u>
Non-current liabilities				
Deferred tax liabilities	220	220	-	-
Trade and other payables	271,797	2,582	-	-
Loans and borrowings	1,007,726	-	657,522	-
	<u>1,279,743</u>	<u>2,802</u>	<u>657,522</u>	<u>-</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Contract liabilities	716	700	-	-
Loans and borrowings	-	1,639,247	-	1,114,322
Trade and other payables	292,787	1,098,475	11,210	2,336
Provisions	-	32,380	-	484,400
	<u>293,503</u>	<u>2,770,802</u>	<u>11,210</u>	<u>1,601,058</u>
Total liabilities	<u>1,573,246</u>	<u>2,773,604</u>	<u>668,732</u>	<u>1,601,058</u>
TOTAL EQUITY AND LIABILITIES	<u>1,057,671</u>	<u>1,114,689</u>	<u>7,307</u>	<u>23,255</u>

1. Unaudited Financial Statements (Contd.)

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

	As at 30.9.2018		As at 31.12.2017	
	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Amount repayable in one year or less, or on demand	-	-	570,940	1,068,307
Amount repayable after one year	136,474	871,252	-	-

Details of any collaterals

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

1. Unaudited Financial Statements (Contd.)

1(c) Statement of Cash Flows (Group)(Pending)

	3rd Quarter ended 30.9.2018 RM'000	3rd Quarter ended 30.9.2017 RM'000	9 months ended 30.9.2018 RM'000	9 months ended 30.9.2017 RM'000
Operating activities				
Profit / (Loss) before tax	394,035	(48,559)	953,667	(2,120,135)
Adjustments for:				
Amortisation of prepaid land lease payments	59	30	194	87
Depreciation of property, plant and equipment	3,561	4,834	10,647	15,081
Depreciation of investment properties	-	305	-	945
Extinguishment of debt	(353,815)	-	(353,815)	-
Loss on disposal of property, plant and equipment	5	-	5	4
Impairment on property, plant and equipment	-	-	-	299,626
Impairment on investment in associate	-	-	-	54,440
Impairment on amount owing by joint ventures	-	-	-	61,812
Impairment on investment properties	-	-	-	15,455
(Reversal of) / Impairment on trade and other receivables	-	(1,857)	-	6,733
Inventories written down	-	-	-	1,509,732
Interest expense	(7,346)	27,448	20,011	43,515
Interest income	(294)	(247)	(1,108)	(18)
Overprovision for corporate guarantee	(32,380)	-	(32,380)	-
Prepayment written off	-	-	-	47,508
Property, plant and equipment written off	311	-	311	482
Project deposit written off	-	-	269	-
Share of results of equity accounted joint ventures, net of tax	(118)	696	554	3,333
Share of results of equity accounted associate, net of tax	68	-	3,777	2,376
Unrealised loss / (gain) on foreign exchange	7,167	15,407	(23,976)	82,815
Waiver of debts	-	-	(550,602)	-
Total adjustments	(382,782)	46,616	(926,113)	2,143,926
Operating cash flows before working capital changes	11,253	(1,943)	27,554	23,791
Changes in working capital:				
(Increase) / Decrease in inventories	(59,676)	(10,344)	(103,367)	127,471
(Increase) / Decrease in receivables	(21,305)	62,501	(13,409)	(6,805)
Decrease / (Increase) in prepayments	1,874	2,688	(2,209)	(21,881)
(Increase) / Decrease in contract assets	(524)	(13,142)	37,960	86,367
Increase / (Decrease) in payables	55,272	(14,640)	16,990	(113,613)
Increase / (Decrease) in contract liabilities	668	(1,439)	-	(2,927)
Total changes in working capital	(23,691)	25,624	(64,035)	68,612

1. Unaudited Financial Statements (Contd.)

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

	3rd Quarter ended 30.9.2018 RM'000	3rd Quarter ended 30.9.2017 RM'000	9 months ended 30.9.2018 RM'000	9 months ended 30.9.2017 RM'000
Operating activities (Contd.)				
Cash flows (used in) / from operations	(12,438)	23,681	(36,481)	92,403
Interest paid	(6,136)	(11,747)	(11,308)	(43,515)
Taxes paid, net of refund	(2)	(11)	309	(278)
Net cash flows (used in) / from operating activities	<u>(18,576)</u>	<u>11,923</u>	<u>(47,480)</u>	<u>48,610</u>
Investing activities				
Acquisition of property, plant and equipment	(5,261)	-	(89,393)	(882)
Interest received	294	247	1,108	18
Proceeds from disposal available-for-sale financial assets	-	1,571	-	25,755
Proceeds from disposal of property, plant and equipment	4	-	4	7
Net cash flows (used in) / from investing activities	<u>(4,963)</u>	<u>1,818</u>	<u>(88,281)</u>	<u>24,898</u>
Financing activities				
Proceeds from bank borrowings	-	-	-	82,131
Repayments of bank borrowings	(620)	-	(9,949)	(138,579)
Repayments of medium term notes	(9,391)	(7,192)	(9,391)	(7,192)
Proceeds from issuance of shares	66,005	-	66,005	-
Increase in fixed deposits pledged	-	-	33	-
Net cash flows from / (used in) financing activities	<u>55,994</u>	<u>(7,192)</u>	<u>46,698</u>	<u>(63,640)</u>
Net increase / (decrease) in cash and cash equivalents	32,455	6,549	(89,063)	9,868
Effects of foreign exchange rate changes	1,415	(1,040)	(8,033)	(5,817)
Cash and cash equivalents at 1 July / 1 January	<u>52,057</u>	<u>161,160</u>	<u>183,023</u>	<u>162,618</u>
Cash and cash equivalents at 30 September	<u>85,927</u>	<u>166,669</u>	<u>85,927</u>	<u>166,669</u>
Cash and cash equivalents comprise the following as at the statements of financial position date:				
Fixed deposits with licensed banks	272	23,663	272	23,663
Cash and bank balances	85,927	184,980	85,927	184,980
Bank overdrafts	-	(18,311)	-	(18,311)
	<u>86,199</u>	<u>190,332</u>	<u>86,199</u>	<u>190,332</u>
Less: Restricted fixed deposits with licensed banks	(272)	(23,663)	(272)	(23,663)
Total cash and cash equivalents	<u>85,927</u>	<u>166,669</u>	<u>85,927</u>	<u>166,669</u>

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	Available- for-sale reserve RM'000	Retained earnings / (Accumulated loss) RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2017	405,962	82,347	(4,097)	327,787	-	556,814	1,368,813	(780)	1,368,033
Loss for the period	-	-	-	-	-	(2,071,864)	(2,071,864)	131	(2,071,733)
Other comprehensive income	-	-	-	4,320	-	-	4,320	-	4,320
Fair value loss on available- for-sale	-	-	-	-	(885)	-	(885)	-	(885)
Capital reorganisation	(324,770)	-	-	-	-	324,770	-	-	-
At 30 June 2017	81,192	82,347	(4,097)	332,107	(885)	(1,190,280)	(699,616)	(649)	(700,265)
Loss for the period	-	-	-	-	-	(48,704)	(48,704)	151	(48,553)
Other comprehensive income	-	-	-	15,613	-	-	15,613	-	15,613
At 30 September 2017	81,192	82,347	(4,097)	347,720	(885)	(1,238,984)	(732,707)	(498)	(733,205)

1. Unaudited Financial Statements (Contd.)

1(d)(i) 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	Contributed surplus RM'000	(Accumulated loss) RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
Group										
At 1 January 2018, previously reported	81,192	82,347	(4,097)	320,986	(2,372)	-	(2,138,467)	(1,660,411)	1,496	(1,658,915)
Adoption of IFRS 15	-	-	-	996	-	-	(19,370)	(18,374)	-	(18,374)
At 1 January 2018, restated	81,192	82,347	(4,097)	321,982	(2,372)	-	(2,157,837)	(1,678,785)	1,496	(1,677,289)
Profit for the period	-	-	-	-	-	-	557,215	557,215	2,389	559,604
Other comprehensive income	-	-	-	(160)	-	-	-	(160)	-	(160)
Fair value loss on available- for-sale	-	-	-	-	(2,547)	-	-	(2,547)	-	(2,547)
Arising from dilution of equity interests in subsidiary	-	-	-	-	-	-	(3,259)	(3,259)	-	(3,259)
At 30 June 2018	81,192	82,347	(4,097)	321,822	(4,919)	-	(1,603,881)	(1,127,536)	3,885	(1,123,651)
Profit for the period	-	-	-	-	-	-	396,012	396,012	(2,032)	393,980
Other comprehensive income	-	-	-	(4,481)	-	-	-	(4,481)	-	(4,481)
Fair value loss on available-for-sale	-	-	-	-	520	-	-	520	-	520
Allotment and Issuance of Non-Sustainable Debt shares	1,772	150,280	-	-	-	-	-	152,052	-	152,052
Allotment and Issuance of Rights shares	833	65,172	-	-	-	-	-	66,005	-	66,005
Capital reorganisation (Note)	(80,380)	-	-	-	-	80,380	-	-	-	-
At 30 September 2018	3,417	297,799	(4,097)	317,341	(4,399)	80,380	(1,207,869)	(517,428)	1,853	(515,575)

1. Unaudited Financial Statements (Contd.)

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

Company	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Contributed surplus RM'000	Retained earnings / (Accumulated loss) RM'000	Equity attributable to owners of the parent RM'000
At 1 January 2017	405,962	82,347	(4,097)	778,608	58,413	1,321,233
Loss for the period	-	-	-	-	(5,088)	(5,088)
Capital reorganisation	(324,770)	-	-	-	324,770	-
At 30 June 2017	81,192	82,347	(4,097)	778,608	378,095	1,316,145
Loss for the period	-	-	-	-	(1,337,021)	(1,337,021)
At 30 September 2017	81,192	82,347	(4,097)	778,608	(958,926)	(20,876)
At 1 January 2018	81,192	82,347	(4,097)	778,608	(2,515,853)	(1,577,803)
Profit for the period	-	-	-	-	36,952	36,952
At 30 June 2018	81,192	82,347	(4,097)	778,608	(2,478,901)	(1,540,851)
Profit for the period	-	-	-	-	661,369	661,369
Allotment and Issuance of Non-Sustainable Debt shares	1,772	150,280	-	-	-	152,052
Allotment and Issuance of Rights shares	833	65,172	-	-	-	66,005
Capital reorganisation (Note)	(80,380)	-	-	80,380	-	-
At 30 September 2018	3,417	297,799	(4,097)	858,988	(1,817,532)	(661,425)

Note:

On 31 August 2018, the issued and paid-up share capital of the Company was reduced (the “Capital Reduction”) from HK\$210,314,448.20 divided into 2,103,144,482 ordinary shares (including 6,678,597 treasury shares) of HK\$0.10 each to HK\$2,103,144.482 divided into 2,103,144,482 ordinary shares of par value HK\$0.001 each. The credit arising from the Capital Reduction in the sum of HK\$208,211,3034 (equivalent to approximately RM80,380,000) was credited to the contributed surplus of the Company.

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.

Pursuant to the Rights Issue, an aggregate of 1,573,224,089 Rights Shares have been issued and allotted on 26 September 2018.

Pursuant to the Proposed Non-Sustainable Debt Shares Issuance, an aggregate of 3,348,250,793 Non-Sustainable Debt Shares have been issued and allotted on 26 September 2018.

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 30 September 2018 and 30 September 2017, the total number of issued shares excluding treasury shares was 7,017,940,767 and 2,096,465,885 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.

There were no movement in the treasury shares during 3Q 2018.

As at 30 September 2018, 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 2017.

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 have adopted the IFRS 15 - Revenue from Contracts with Customers in the financial period beginning on 1 January 2018 with cumulative retrospective effect in accordance with the transitional provisions.

The effect of the changes was reflected in the Statements of Changes in Equity.

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	
	3rd Quarter ended	3rd Quarter ended	9 months ended	9 months ended
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
Earnings / (loss) per ordinary shares of the Group for the financial period based on net profit / (loss) attributable to shareholders:				
(i) Based on weighted average number of ordinary shares in issue (Sen)	17.60	(2.32)	44.37	(101.14)
Weighted average number of shares	2,249,998,983	2,096,465,885	2,148,205,977	2,096,465,885
(ii) On a fully diluted basis (Sen)	17.60	(2.32)	44.37	(101.14)
Adjusted weighted average number of shares	2,249,998,983	2,096,465,885	2,148,205,977	2,096,465,885

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	As at	As at	As at
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
Net asset value per ordinary share (Sen)	(7.3)	(79.1)	(9.4)	(75.3)
Ordinary shares in issue	7,017,940,767	2,096,465,885	7,017,940,767	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)

9M 2018 vs 9M 2017

	9M 2018				9M 2017				Variance			
	Revenue		Gross Profit		Revenue		Gross Profit		Revenue		Gross Profit	
	RM'000	%	RM'000	Margin %	RM'000	%	RM'000	Margin %	RM'000	%	RM'000	%
Shipbuilding	144,705	63%	14,696	10%	187,965	84%	7,125	4%	(43,260)	(23%)	7,571	106%
Vessel Chartering	85,718	37%	28,843	34%	60,257	16%	15,970	27%	25,461	42%	12,873	81%
Total	230,423	100%	43,539	19%	248,222	100%	23,095	9%	(17,799)	(7%)	20,444	89%

Revenue for nine months ended 30 September 2018 ("9M 2018") of RM230.4 million is RM17.8 million, or 7%, lower as compared to RM248.2 million achieved during the previous year corresponding nine months ended 30 September 2017 ("9M 2017"). The shipbuilding segment managed to retain the same amount of vessel sales and delivery of 3 units each in 9M 2018 and 9M 2017 respectively, albeit a lower revenue of RM144.7 million in 9M 2018 as compared to RM188.0 million in 9M 2017 due to the sale of different vessel types.

On the other hand, the vessel chartering segment registered an increase in revenue of RM25.5 million, or 42%, from RM60.3 million for 9M 2017 to RM85.7 million for 9M 2018, mainly attributed to the increase in utilisation rate and addition of six vessels to the chartering fleet during the financial period.

8. (contd.)

Review of Group Performance (Contd.)

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

9M 2018 vs 9M 2017

Gross profit increased by RM20.4 million or 89%, from RM23.1 million in 9M 2017 to RM43.5 million recorded in 9M 2018. The gross profit margin for shipbuilding segment normalised at 10% in 9M 2018. The chartering segment had shown significant improvement by registering a gross profit of RM28.8 million in 9M 2018 as compared to gross profit of RM16.0 million in 9M 2017, mainly attributed to the increase in utilisation rates and addition of six vessels into the chartering fleet during the financial period.

Other income increased to RM965.7 million in 9M 2018 as compared to RM7.2 million recorded in 9M 2017 mainly due to the extinguishment of debt of RM353.8 million and waiver of debt of RM550.6 million.

Selling and administrative expenses decreased by RM2.1 million or 8% to RM22.5 million during 9M 2018, primarily due to the continuous effort in cost rationalisation.

Finance costs decreased by RM23.5 million in 9M 2018, and as a result of the adjustment of interest expense in accordance with the Scheme of Arrangements as compared to RM43.5 million recorded in 9M 2017.

Share of result in joint ventures and associate recorded net losses of RM0.6 million and RM3.8 million respectively in 9M 2018 due to low vessel utilisation rate.

Mainly as a result of the waiver of debts and extinguishment of debt, the Group registered a net profit after tax of RM953.6 million in 9M2018 as compared to a net loss after tax of RM2.12 billion in 9M 2017.

3Q 2018 vs 3Q 2017

	3Q 2018				3Q 2017				Variance			
	Revenue		Gross Profit		Revenue		Gross Profit		Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	45,930	48%	5,945	13%	58,956	75%	507	1%	(13,026)	(22%)	5,438	>100%
Vessel Chartering	48,775	52%	19,691	40%	20,133	25%	3,395	17%	28,642	142%	16,296	>100%
Total	94,705	100%	25,636	27%	79,089	100%	3,902	5%	15,616	20%	21,734	557%

8. (contd.)

Review of Group Performance (contd.)

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

3Q 2018 vs 3Q 2017 (contd.)

Revenue for the three months ended 30 September 2018 ("3Q 2018") of RM94.7 million was RM15.6 million or 20% higher as compared to RM79.1 million registered during the previous year corresponding three months ended 30 September 2017 ("3Q 2017"). The shipbuilding segment managed to retain the same amount of vessel sales and delivery of 1 unit each in 3Q 2018 and 3Q 2017 respectively, albeit a lower revenue of RM45.9 million in 3Q 2018 as compared to RM59.0 million in 3Q 2017 due to sale of different vessel types.

On the other hand, the vessel chartering revenue recorded an increase of 142% from RM20.1 million for 3Q 2017 to RM48.8 million for 3Q 2018, mainly attributed to the increase of utilisation rates and the addition of six vessels to the chartering fleet during 9M 2018.

Gross profit increased by RM21.7 million or 557% from RM3.9 million in 3Q 2017 to RM25.6 million in 3Q 2018 mainly attributed to the increase in revenue for the chartering segment which in turn contributed to the increase in overall gross profit margins from 5% in 3Q 2017 to 27% in 3Q 2018.

Other income increased to RM388.4 million in 3Q 2018 as compared to RM3.4 million recorded in 3Q 2017 mainly due to the extinguishment of debt of RM353.8 million.

Selling and administrative expenses decreased by RM1.7 million or 18% to RM7.9 million during 3Q 2018, mainly due to the continuous effort in cost rationalisation.

Finance costs decreased by RM34.8 million in 3Q 2018, and as a result of the adjustment of interest expense in accordance with the Scheme of Arrangements, the Group recorded an income of RM7.3 million.

Share of results of equity accounted joint ventures contributed positively to the financial performance of the Group by RM0.1 million in 3Q 2018, a turn-around from the net loss of RM0.7 million registered in 3Q 2017 mainly attributed to the improvement in vessel utilisation. Whereas, the share of results of equity accounted associate incurred additional losses of RM0.1 million during the period due to the protracted low vessel utilisation rate.

Mainly as a result of the waiver of debts and extinguishment of debt, the Group recorded profit after tax of RM394.0 million in 3Q 2018 as compared to a net loss after taxation of RM48.6 million in 3Q 2017.

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group decreased by RM57.0 million from RM1.11 billion as at 31 December 2017 ("FY2017") to RM1.06 billion as at 30 September 2018 ("PE2018") mainly due to the decrease in cash and cash equivalents of RM 138.2 which was partially offset with the increase in property, plant and equipment of RM128.8 million.

Total Liabilities

Total liabilities of the Group decreased by RM1.2 billion from RM2.77 billion in FY2017 to RM1.57 billion in PE2018, mainly due to the decrease in the trade and other payables of RM536.5 million and loan and borrowings of RM631.5 million.

8. (contd.)

Review of Group Performance (contd.)

(c) Statement of Cash Flows (Group)

9M 2018 vs 9M 2017

Net cash flows used in operating activities of RM47.5 million in 9M 2018 was mainly due to increase in inventories of RM103.4 million.

Net cash flows used in investing activities of RM88.3 million in 9M 2018 was due to the acquisition of property, plant and equipment of RM89.4 million which was partially offset with interest received of RM1.1 million.

Net cash flows from financing activities of RM46.7 million in 9M 2018 was mainly due to proceeds from shares issuance of RM66.0 million which was partially offset with repayment of bank borrowings of RM10.0 million and medium term notes of RM 9.4 million.

3Q 2018 vs 3Q 2017

Net cash flows used in operating activities of RM18.6 million in 3Q 2018 was mainly due to increase in receivables of RM 21.6 million.

Net cash flows used in investing activities of RM5.0 million in 3Q 2018 was attributed to the acquisition of property, plant and equipment of RM5.3 million.

Net cash flows from financing activities of RM56.0 million in 3Q 2018 was mainly due to proceeds from shares issuance of RM66.0 million which was partially offset with repayment of medium term notes of RM9.4 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

According to the Petronas Activity Outlook 2018-2020, stable outlook can generally be expected for AHTS and PSV to fulfil Exploration and Production commitment. However, comparatively lower activities can be expected for higher capacity AHTS, in the current cost optimisation environment. As for accommodation and maintenance vessels, steady outlook can be expected as Brownfield Hook-Up & Commissioning (HUC) will persist due to increasing number of projects and ageing facilities.

In response to the uptick in the O&M activities in Malaysia, the Group has been deploying its vessels for charter in Malaysia and hence the vessel chartering segment is expected to continue its growth momentum.

On the other hand, the Group will continue to monitor and review the shipbuilding schedule, together with deferment and cancellation plans, for its remaining vessels which have yet to be delivered, through ongoing communication and consultation with its stakeholders.

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.

(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 nine months ended 30 September 2018 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

Singapore
14 November 2018