
Fourth Quarter And Full Year Ended 31 December 2015 Financial Statements and Related Announcement

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1. Unaudited Financial Statements

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

	4th Quarter ended 31.12.2015 RM'000	4th Quarter ended 31.12.2014 RM'000	Change %	Full year ended 31.12.2015 RM'000	Full year ended 31.12.2014 RM'000	Change %
Revenue	241,844	523,915	(54%)	950,030	1,928,601	(51%)
Cost of sales	(211,888)	(447,424)	(53%)	(800,027)	(1,550,147)	(48%)
Gross profit	<u>29,956</u>	<u>76,491</u>	(61%)	<u>150,003</u>	<u>378,454</u>	(60%)
Other income	4,390	12,500	>100%	18,093	19,977	(9%)
Selling and administrative expenses	(27,195)	(55,140)	>100%	(87,686)	(89,504)	(2%)
Operating profit	<u>7,151</u>	<u>33,851</u>	(79%)	<u>80,410</u>	<u>308,927</u>	(74%)
Finance costs	(6,284)	(999)	>100%	(24,216)	(15,962)	52%
Share of post-tax (loss) / profit of equity accounted associate and jointly controlled entities	(22,325)	5,054	n.m.	(25,240)	10,322	n.m.
(Loss) / Profit before tax	<u>(21,458)</u>	<u>37,906</u>	n.m.	<u>30,954</u>	<u>303,287</u>	(90%)
Income tax expense	(834)	4,247	n.m.	(3,029)	(1,129)	>100%
(Loss) / Profit for the financial period / year	<u>(22,292)</u>	<u>42,153</u>	n.m.	<u>27,925</u>	<u>302,158</u>	(91%)
(Loss) / Profit attributable to :						
Owners of the parent	(21,465)	41,098	n.m.	28,516	301,783	(91%)
Non-controlling interest	(827)	1,055	n.m.	(591)	375	(100%)
(Loss) / Profit for the financial period / year	<u>(22,292)</u>	<u>42,153</u>		<u>27,925</u>	<u>302,158</u>	

1. Unaudited Financial Statements

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

	4th Quarter ended 31.12.2015 RM'000	4th Quarter ended 31.12.2014 RM'000	Change %	Full year ended 31.12.2015 RM'000	Full year ended 31.12.2014 RM'000	Change %
Other comprehensive income :						
Exchange differences on translating foreign operations	(26,208)	60,949	n.m.	184,936	79,577	>100%
Net change in fair value of cash flow hedges	54,506	(39,891)	n.m.	31,428	(38,045)	n.m.
Other comprehensive income for the financial period / year, net of tax	<u>28,298</u>	<u>21,058</u>	34%	<u>216,364</u>	<u>41,532</u>	>100%
Total comprehensive income for the financial period / year	<u>6,006</u>	<u>63,211</u>	n.m.	<u>244,289</u>	<u>343,690</u>	(29%)
Total comprehensive income attributable to:						
Owners of the parent	6,833	62,156	n.m.	244,880	343,315	(29%)
Non-controlling interest	(827)	1,055	n.m.	(591)	375	n.m.
Total comprehensive income for the financial period / year	<u>6,006</u>	<u>63,211</u>	n.m.	<u>244,289</u>	<u>343,690</u>	(29%)

1. Unaudited Financial Statements (Contd.)

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

	4th Quarter ended 31.12.2015 RM'000	4th Quarter ended 31.12.2014 RM'000	Change %	Full year ended 31.12.2015 RM'000	Full year ended 31.12.2014 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	-	-	n.m.	63	-	n.m.
Interest income	750	2,010	>100%	6,321	2,759	>100%
Miscellaneous	294	1,212	n.m.	1,515	2,088	>100%
Ineffectiveness on forward currency contracts designated as cash flow hedges	2,521	-	n.m.	7,302	-	n.m.
Gain on fair value adjustment	97	-	n.m.	97	-	n.m.
Rental income	728	586	n.m.	2,795	2,585	>100%
	<u>4,390</u>	<u>12,500</u>	(65%)	<u>18,093</u>	<u>19,977</u>	(9%)

1. Unaudited Financial Statements (Contd.)

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

	4th Quarter ended 31.12.2015 RM'000	4th Quarter ended 31.12.2014 RM'000	Change %	Full year ended 31.12.2015 RM'000	Full year ended 31.12.2014 RM'000	Change %
(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.	108	108	n.m.
Depreciation of investment properties	291	286	2%	1,195	1,100	n.m.
Depreciation of property, plant and equipment	5,580	4,928	13%	20,498	16,949	21%
Foreign exchange loss, net	18,463	-	n.m.	29,303	-	n.m.
Loss on disposal of property, plant and equipment	-	426	n.m.	-	2,146	n.m.
Impairment on trade and other receivables	-	1,473	n.m.	2,865	1,472	95%
Property, plant and equipment written off	18	-	n.m.	18	50	(64%)
Net fair value loss on derivatives	-	10,026	n.m.	-	2,973	n.m.
Ineffectiveness on forward currency contracts designated as cash flow hedges	-	6,263	n.m.	-	6,263	n.m.
Share grant plan expenses	-	606	n.m.	683	4,144	(84%)
Income tax expense						
Current income tax	714	(54)	n.m.	2,909	685	>100%
Deferred tax	120	(4,193)	n.m.	120	444	(73%)
	<u>834</u>	<u>(4,247)</u>	n.m.	<u>3,029</u>	<u>1,129</u>	>100%

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(i) Statement of Financial Position

	Group		Company	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	449,881	282,157	-	-
Prepaid land lease payments	7,673	7,943	-	-
Investment properties	92,241	81,444	-	-
Investment in subsidiaries	-	-	1,079,188	1,790,099
Investment in jointly controlled entity	8,624	5,686	-	-
Investment in associate	88,281	110,400	-	-
Held-to-maturity assets	110,102	115,669	-	-
	<u>756,802</u>	<u>603,299</u>	<u>1,079,188</u>	<u>1,790,099</u>
Current assets				
Held-to-maturity assets	16,924	-	-	-
Inventories	1,827,799	1,040,666	-	-
Trade and other receivables	105,656	230,195	15	15
Amount due from subsidiaries	-	-	1,198,258	196,536
Due from customers on contracts	522,734	413,250	-	-
Prepayments	214,033	159,969	244	246
Tax recoverable	744	4,908	-	-
Derivatives	151	22	-	-
Cash and cash equivalents	506,060	800,098	131,483	354,026
	<u>3,194,101</u>	<u>2,649,108</u>	<u>1,330,000</u>	<u>550,823</u>
TOTAL ASSETS	<u>3,950,903</u>	<u>3,252,407</u>	<u>2,409,188</u>	<u>2,340,922</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	290,002	73,470	774,511	774,343
Retained earnings	598,828	656,985	19,855	8,523
	<u>1,377,139</u>	<u>1,218,764</u>	<u>1,282,675</u>	<u>1,271,175</u>
Non-controlling interest	(23)	568	-	-
Total equity	<u>1,377,116</u>	<u>1,219,332</u>	<u>1,282,675</u>	<u>1,271,175</u>
Non-current liabilities				
Loans and borrowings	1,181,227	753,136	1,105,256	763,553
Non current payables	2,692	2,756	-	-
Deferred tax liabilities	1,478	1,344	-	-
	<u>1,185,397</u>	<u>757,236</u>	<u>1,105,256</u>	<u>763,553</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Amount due to subsidiaries	-	-	766	-
Due to customers on contracts	16,968	35,092	-	-
Derivatives	9,146	47,747	-	-
Loans and borrowings	627,980	556,200	18,690	303,484
Trade and other payables	734,096	636,600	1,801	2,710
Provisions	200	200	-	-
	<u>1,388,390</u>	<u>1,275,839</u>	<u>21,257</u>	<u>306,194</u>
Total liabilities	<u>2,573,787</u>	<u>2,033,075</u>	<u>1,126,513</u>	<u>1,069,747</u>
TOTAL EQUITY AND LIABILITIES	<u>3,950,903</u>	<u>3,252,407</u>	<u>2,409,188</u>	<u>2,340,922</u>

1. Unaudited Financial Statements (Contd.)

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

	31.12.2015		31.12.2014	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Amount repayable in one year or less, or on demand	609,290	18,690	263,966	292,234
Amount repayable after one year	122,141	1,059,086	29,290	723,846

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 31.12.2015 RM'000	4th Quarter ended 31.12.2014 RM'000	Full year ended 31.12.2015 RM'000	Full year ended 31.12.2014 RM'000
Operating activities				
(Loss) / Profit before tax	(21,458)	37,906	30,954	303,287
Adjustments for:				
Amortisation of prepaid land lease payments	27	27	108	108
Depreciation of investment properties	291	286	1,195	1,100
Depreciation of property, plant and equipment	5,580	4,928	20,498	16,949
Property, plant and equipment written off	18	-	18	50
Impairment on trade and other receivables	-	1,473	2,865	1,472
Interest expense	6,284	999	24,216	15,962
Interest income	(750)	(2,010)	(6,321)	(2,759)
Loss / (Gain) on disposal of property, plant and equipment	-	426	(63)	2,146
Net fair value (gain) / loss on derivatives	-	10,026	-	2,973
Ineffectiveness on forward currency contracts designated as cash flow hedges	(2,521)	6,263	(7,302)	6,263
Unrealised loss on foreign exchange	43,387	10,156	26,991	9,903
Share of results in associate and jointly controlled entity	22,325	(5,054)	25,240	(10,322)
Share grant expenses, net	-	606	683	4,144
Total adjustments	74,641	28,126	88,128	47,989
Operating cash flows before working capital changes	53,183	66,032	119,082	351,276
Changes in working capital:				
Increase in inventories	(198,263)	(243,431)	(637,023)	(426,983)
(Increase) / Decrease in receivables	(54,445)	(18,303)	82,937	16,005
Decrease / (Increase) in prepayments	23,156	(8,381)	(30,145)	(112,314)
Decrease in amount due from customers on contracts	116,806	177,901	46,894	87,170
Increase / (Decrease) in payables	103,791	90,203	(51,357)	276,138
(Decrease) / Increase in amount due to customers on contracts	(12,609)	19,135	(23,698)	15,088
Total changes in working capital	(21,564)	17,124	(612,392)	(144,896)
Cash flows from / (used in) from operations	31,619	83,156	(493,310)	206,380
Interest paid	(13,497)	(14,305)	(72,545)	(40,974)
Taxes paid, net of refund	8,610	(1,925)	1,255	(4,346)
Net cash flows from / (used in) operating activities	26,732	66,926	(564,600)	161,060

1. Unaudited Financial Statements (Contd.)

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

	4th Quarter ended 31.12.2015 RM'000	4th Quarter ended 31.12.2014 RM'000	Full year ended 31.12.2015 RM'000	Full year ended 31.12.2014 RM'000
Investing activities				
Acquisition of property, plant and equipment	(32,515)	(370)	(33,985)	(6,250)
Interest received	750	2,010	6,321	2,759
Investment in jointly controlled entity	-	(432)	-	(7,000)
Purchase of held-to-maturity asset	-	(110,397)	-	(110,397)
Investment in associate	-	(110,400)	-	(110,400)
Proceeds from disposal of held-to-maturity asset	-	-	10,716	-
Proceeds from disposal of plant and equipment	(1)	109,417	85	145,108
Net cash flows used in investing activities	(31,766)	(110,172)	(16,863)	(86,180)
Financing activities				
Dividends paid	-	-	(84,896)	(55,125)
Proceeds from bank borrowings	295,581	37,704	751,063	155,197
Proceeds from issuance of Medium Term Notes	-	38,799	210,240	456,765
Repayments of bank borrowings	(83,144)	(18,036)	(361,754)	(191,823)
Repayments of Medium Term Notes	(275,077)	-	(275,077)	-
Placement of fixed deposits	1,001	-	(63,871)	(25)
Purchase of treasury shares	-	(6,607)	(2,292)	(12,011)
Net cash flows (used in) / from financing activities	(61,639)	51,860	173,413	352,978
Net (decrease) / increase in cash and cash equivalents	(66,673)	8,614	(408,050)	427,858
Effects of foreign exchange rate changes	(39,741)	4,261	50,141	13,265
Cash and cash equivalents at 1 October / 1 January	548,405	787,025	799,900	358,777
Cash and cash equivalents at 31 December	441,991	799,900	441,991	799,900
Cash and cash equivalents comprise the following as at the statements of financial position date:				
Fixed deposits with licensed banks	67,599	12,249	67,599	12,249
Cash and bank balances	438,461	787,849	438,461	787,849
	506,060	800,098	506,060	800,098
Less: Restricted fixed deposits with licensed banks	(64,069)	(198)	(64,069)	(198)
Total cash and cash equivalents	441,991	799,900	441,991	799,900

1. Unaudited Financial Statements (Contd.)

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

	Attributable to owners of the Company									
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity 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	-	-	-	-	18,627	1,846	-	20,473	-	20,473
Contributions by and distributions to owners										
Dividend 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	-	-	4,921	(3,634)	-	-	(1,287)	-	-	-
Issue of share grant	-	-	-	3,539	-	-	-	3,539	-	3,539
Total transactions with non-controlling shareholders	-	-	(919)	(95)	-	-	(1,287)	(2,301)	-	(2,301)
At 30 September 2014	405,962	82,347	(919)	2,220	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									Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	
Group										
At 30 September 2014	405,962	82,347	(919)	2,220	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	-	-	-	-	60,950	(39,891)	-	21,059	-	21,059
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	-	-	-	605	-	-	-	605	-	605
Total others	-	-	(6,171)	605	-	-	-	(5,566)	-	(5,566)
At 31 December 2014	405,962	82,347	(7,090)	2,825	115,780	(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)

	Attributable to owners of the Company							Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000			
Group										
At 1 January 2015	405,962	82,347	(7,090)	2,825	115,780	(38,045)	656,985	1,218,764	568	1,219,332
Profit for the period	-	-	-	-	-	-	49,981	49,981	236	50,217
Other comprehensive income	-	-	-	-	211,144	(23,078)	-	188,066	-	188,066
Contributions by and distributions to owners :										
Dividends paid	-	-	-	-	-	-	(84,896)	(84,896)	-	(84,896)
Total contributions by and distributions to owners	-	-	-	-	-	-	(84,896)	(84,896)	-	(84,896)
Others										
Share grant plan expenses	-	-	-	683	-	-	-	683	-	683
Purchase of treasury shares	-	-	(2,292)	-	-	-	-	(2,292)	-	(2,292)
Treasury shares re-issued for share awards vested	-	-	-	-	-	-	-	-	-	-
	-	-	5,285	(3,508)	-	-	(1,777)	-	-	-
Total others	-	-	2,993	(2,825)	-	-	(1,777)	(1,609)	-	(1,609)
At 30 September 2015	405,962	82,347	(4,097)	-	326,924	(61,123)	620,293	1,370,306	804	1,371,110

1. Unaudited Financial Statements (Contd.)

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

	Attributable to owners of the Company									
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group										
At 30 September 2015	405,962	82,347	(4,097)	-	326,924	(61,123)	620,293	1,370,306	804	1,371,110
Loss for the period	-	-	-	-	-	-	(21,465)	(21,465)	(827)	(22,292)
Other comprehensive income	-	-	-	-	(26,208)	54,506	-	28,298	-	28,298
At 31 December 2015	405,962	82,347	(4,097)	-	300,716	(6,617)	598,828	1,377,139	(23)	1,377,116

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	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 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	-	-	(436)	-	-	-	(436)
Share grant plan expenses	-	-	-	(95)	-	(1,287)	(1,382)
Treasury share expenses	-	-	(483)	-	-	-	(483)
Total Others	-	-	(919)	(95)	-	(1,287)	(2,301)
At 30 September 2014	405,962	82,347	(919)	2,220	778,608	7,276	1,275,494
Profit for the period	-	-	-	-	-	1,247	1,247
Others							
Issue of Share grant	-	-	-	605	-	-	605
Purchase of treasury shares	-	-	(6,171)	-	-	-	(6,171)
Total Others	-	-	(6,171)	605	-	-	(5,566)
At 31 December 2014	405,962	82,347	(7,090)	2,825	778,608	8,523	1,271,175

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 earnings / (Accumulated losses) 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
Profit for the period	-	-	-	-	-	137,263	137,263
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(84,896)	(84,896)
Total contributions by and distributions to owners	-	-	-	-	-	(84,896)	(84,896)
Others							
Purchase of treasury shares	-	-	(2,292)	-	-	-	(2,292)
Share grant plan expenses	-	-	-	683	-	-	683
Treasury share expenses	-	-	5,285	(3,508)	-	(1,777)	-
Total others	-	-	2,993	(2,825)	-	(1,777)	(1,609)
At 30 September 2015	405,962	82,347	(4,097)	-	778,608	59,113	1,321,933
Loss for the period	-	-	-	-	-	(39,258)	(39,258)
At 31 December 2015	405,962	82,347	(4,097)	-	778,608	19,855	1,282,675

Notes:

(a) There were no shares granted in 4Q 2015 under the Nam Cheong Group 2013 Share Grant Plan ("2013 Share Grant Plan"). During 4Q 2015, there were neither shares granted nor released (4Q 2014: Nil) nor lapsed (4Q 2014: 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 2015 and 31 December 2014, 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 4Q 2015, the Company acquired nil (4Q 2014 : 5,400,000) ordinary shares in the Company by way of on-market purchases.

In 4Q 2015, there were no treasury shares re-issued pursuant to the 2013 Share Grant Plan.

As at 31 December 2015, 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

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 2014.

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 31.12.2015	4th Quarter ended 31.12.2014	Full year ended 31.12.2015	Full year ended 31.12.2014
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)	(1.02)	1.96	1.36	14.36
Weighted average number of shares	2,096,465,885	2,097,948,803	2,097,918,785	2,101,406,231
(ii) On a fully diluted basis (Sen)	(1.02)	1.96	1.36	14.36
Adjusted weighted average number of shares	2,096,465,885	2,097,948,803	2,099,373,989	2,101,406,231

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 31.12.2015	As at 31.12.2014	As at 31.12.2015	As at 31.12.2014
Net asset value per ordinary share (Sen)	65.7	58.2	61.2	60.6
Ordinary shares in issue	2,096,465,885	2,096,255,325	2,096,465,885	2,096,255,325

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 2015 vs FY 2014

	FY 2015				FY 2014				Variance			
	Revenue		Gross Profit / (Loss)	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit / (Loss)	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	905,586	95%	153,116	17%	1,840,502	95%	355,157	19%	(934,916)	(51%)	(202,041)	(57%)
Vessel Chartering	44,444	5%	(3,113)	(7%)	88,099	5%	23,297	26%	(43,655)	(50%)	(26,410)	(113%)
Total	950,030	100%	150,003	16%	1,928,601	100%	378,454	20%	(978,571)	(51%)	(228,451)	(60%)

Revenue for the full year ended 31 December 2015 ("FY 2015") of RM950.0 million was RM978.6 billion, or 51%, lower as compared to RM1.93 billion achieved during the previous corresponding full year ended 31 December 2014 ("FY 2014"). The shipbuilding segment recorded revenue of RM905.6 million in FY 2015, representing a decrease of 51% or RM934.9 billion as compared to RM1.84 billion recorded for FY 2014. The reduction of shipbuilding revenue was mainly due to completion and delivery of eleven (11) units of vessels in FY 2015 as compared to twenty four (24) units of vessels in FY 2014.

The vessel chartering segment also registered a decrease in revenue of RM43.7 million, or 50%, from RM88.1 million for FY 2014 to RM44.4 million for FY 2015 mainly due to lower utilisation rate in FY 2015.

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 2015 vs FY 2014

Gross profit decreased by 60%, from RM378.5 million for FY 2014 to RM150.0 million recorded for FY 2015, which is in tandem with lower revenue recorded. The gross profit margin for FY 2015 was lower at 16% as compared to 20% in FY 2014. The shipbuilding segment's gross profit margin was lower at 17% due to higher revenue contribution from its build-to-order vessels while the chartering segment in FY 2015 was lower due to a lower utilisation rate of vessels.

Other income for FY 2015 of RM18.1 million as consistent with RM20.0 million recorded in FY 2014.

Selling and administrative expense marginally decreased by RM1.8 million in FY 2015 as compared to FY 2014. Finance cost increased by RM8.3 million in FY 2015 pursuant to the issuance of additional Medium Term Notes ("MTN") since 3Q 2014.

Share of profit in jointly controlled entities recorded a gain of RM6.6 million in FY 2015. However, the gain was offset by the share of loss in associate of RM31.8 million in FY 2015 due to a lower vessel utilisation rate.

Overall, net profit after taxation for FY 2015 of RM27.9 million, was 91% lower as compared to RM302.2 million in FY 2014.

4Q 2015 vs 4Q 2014

	4Q 2015				4Q 2014				Variance			
	Revenue		Gross Profit / (Loss)	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit / (Loss)	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	233,614	97%	37,381	16%	506,619	97%	74,481	15%	(273,005)	(54%)	(37,100)	(50%)
Vessel Chartering	8,230	3%	(7,425)	(90%)	17,296	3%	2,010	12%	(9,066)	(52%)	(9,435)	(469%)
Total	241,844	100%	29,956	12%	523,915	100%	76,491	15%	(282,071)	(54%)	(46,535)	(61%)

8. (contd.)

Review of Group Performance (contd.)

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

4Q 2015 vs 4Q 2014 (contd.)

Revenue for the three months ended 31 December 2015 ("4Q 2015") of RM241.8 million was RM282.1 million, or 54%, lower as compared to RM523.9 million recorded during the previous year corresponding three months ended 31 December 2014 ("4Q 2014"). Revenue from the shipbuilding segment decreased by 54% to RM233.6 million for 4Q 2015 from RM506.6 million recorded for 4Q 2014. The reduction of shipbuilding revenue was mainly due to completion and delivery of two (2) units of vessels in 4Q 2015 as compared to six (6) units of vessels in 4Q 2014. The vessel chartering revenue also recorded a decrease of 52% from RM17.3 million for 4Q 2014 to RM8.2 million for 4Q 2015, mainly due to a lower utilisation rate in 4Q 2015.

Gross profit decreased by 61% from RM76.5 million in 4Q 2014 to RM30.0 million in 4Q 2015, in tandem with lower revenue. The shipbuilding segment's gross profit margin is at 16% consistent with 4Q 2014. The chartering segment continue to record gross loss in 4Q 2015 due to lower utilisation rate of vessels. As a result, the overall gross profit margin was decreased to 12% in 4Q 2015.

Other income was higher for 4Q 2014 as compared to 4Q 2015 mainly due to net foreign exchange gain of RM8.7 million in 4Q 2014.

Selling and administrative expense decreased by RM27.9 million mainly due to the decrease in marketing expenses of RM15.9 million in 4Q 2015 which is in tandem with the lower revenue.

Finance cost increased by RM5.3 million in 4Q 2015 as a result of lower interest expense being capitalised in cost of constructions in 4Q 2015 as compared to 4Q 2014.

Share of profit in jointly controlled entities recorded a gain of RM0.4 million in 4Q 2015. However, the gain was offset by the share of loss in associate of RM22.7 million in 4Q 2015 due to lower vessel utilisation rate.

Overall, net loss after taxation of RM22.3 million was recorded in 4Q 2015, was 153% lower as compared to net profit after taxation of RM42.2 million in 4Q 2014.

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group increased by RM698.5 million from RM3.25 billion as at 31 December 2014 ("FY 2014") to RM3.95 billion as at 31 December 2015 ("FY 2015") mainly due to :

- (i) the increase in property, plant and equipment of RM167.7 million which was mainly due to the addition of two vessels to the existing fleet during the period; and
- (ii) the increase in inventories by RM787.1 million from RM1.04 billion in FY 2014 to RM1.83 billion in FY 2015 as a result of progresses of works for its built-to-stock vessels under the shipbuilding programme.

8. (contd.)

Review of Group Performance (contd.)

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

Total Liabilities

Total liabilities of the Group increased by RM540.7 million from RM2.03 billion in FY 2014 to RM2.57 billion in FY 2015 mainly due to the increase in trade and other payables of RM97.4 million and the increase in loans and borrowings of RM499.9 million.

The Group's net gearing ratio increased from 0.42 times in FY 2014 to 0.95 times in FY 2015 mainly due to the decrease in cash and bank balances, coupled with increase in loans and borrowings.

(c) Statements of cash flows (Group)

FY 2015 vs FY 2014

Net cash flows from operating activities decreased from RM161.1 million in FY 2014 to net cash flows used in operating activities of RM564.6 million in FY 2015 mainly due to the increase in inventories by RM637.0 million in FY 2015.

Net cash flows used in investing activities for FY 2015 was RM16.9 million of which RM34.0 million was utilised for the acquisition of property, plant and equipment and partly offset by the proceeds from disposal of held-to-maturity asset of RM10.7 million.

Net cash flows from financing activities for FY 2015 of RM173.4 million mainly attributed to the net proceeds from bank borrowings and issuance of additional MTN of RM751.1 million and RM210.2 million respectively, which were partially offset by repayment of bank borrowings of RM361.8 million and repayment of medium term notes of RM275.1 million.

4Q 2015 vs 4Q 2014

Net cash flows from operating activities decreased from RM66.9 million in 4Q 2014 to RM26.7 million in 4Q 2015 mainly due to the increase in inventories by RM198.3 million in 4Q 2015.

Net cash flows used in investing activities for 4Q 2015 was RM31.8 million of which RM32.5 million was utilised for the acquisition of property, plant and equipment.

Net cash flows used in financing activities for 4Q 2015 of RM61.6 million attributed to the net proceeds from bank borrowings of RM295.6 million, which were partially offset by repayment of bank borrowings of RM83.1 million and repayment of medium term notes of RM275.1 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 RM1.2 billion as at December 31, 2015, 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?

No.

(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 First and Final dividend
Dividend type	Cash
Dividend per share	S\$0.015
Tax rate	Not applicable
Date of payment	11 May 2015

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 :-

	FY2015 RM'000	FY2014 RM'000
Proposed final dividend	-	84,896
Total	-	84,896

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 2015					
Revenue					
External revenue	905,586	44,444	-	-	950,030
Results					
Interest income	1,866	4,059	396	-	6,321
Depreciation of property, plant and equipment	(1,522)	(17,928)	(1,048)	-	(20,498)
Depreciation of investment property	-	-	(1,195)	-	(1,195)
Amortisation of prepaid land lease payments	-	(108)	-	-	(108)
Finance costs	(1,910)	(12,270)	(10,036)	-	(24,216)
Share of results of jointly controlled entities	-	-	6,633	-	6,633
Share of loss on investment in associate	-	-	(31,873)	-	(31,873)
Profit before Tax	40,257	1,909	(11,212)	-	30,954
As at 31 December 2015					
Assets					
Additions to non-current assets	2,018	123,053	38	-	125,109
Investment in jointly controlled entity	-	-	8,624	-	8,624
Investment In associate	-	-	88,281	-	88,281
Held-to-maturity financial assets	-	-	127,026	-	127,026
Segment assets	2,976,883	571,819	401,457	-	3,950,159
Segment liabilities	1,412,614	31,098	1,128,597	-	2,572,309

15. Segmental Reporting (Contd.)

	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	684	6	2,069	-	2,759
Depreciation of property, plant and equipment	(921)	(15,124)	(904)	-	(16,949)
Depreciation of investment property	-	-	(1,100)	-	(1,100)
Amortisation of prepaid land lease payments	-	(108)	-	-	(108)
Finance costs	(1,620)	(3,553)	(10,789)	-	(15,962)
Share of results of jointly controlled entity	-	-	10,322	-	10,322
Profit before Tax	322,114	7,804	(26,631)	-	303,287
As at 31 December 2014					
Assets					
Additions to non-current assets	9,789	130,936	2,922	-	143,647
Investment in jointly controlled entities	-	-	7,000	-	7,000
Investment in an associate	-	-	110,400	-	110,400
Held-to-maturity financial assets	-	-	115,669	-	115,669
Segment assets	2,287,925	247,961	711,613	-	3,247,499
Segment liabilities	920,474	56,733	1,054,524	-	2,031,731

15. Segmental Reporting (Contd.)

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

	2015	2014
	RM'000	RM'000
Revenue		
Malaysia	398,552	604,783
United Arab Emirates	29,736	315,459
Singapore	101,329	171,336
China	49,550	47,804
Vietnam	-	98,170
Cyprus	-	14,754
Marshall Islands	103,081	477,744
Nigeria	115,298	104,682
British Virgin Islands	-	3,300
Indonesia	36,886	51,291
India	89,759	-
Others	25,839	39,278
	<u>950,030</u>	<u>1,928,601</u>
	2015	2014
	RM'000	RM'000
Non-current assets		
Malaysia	654,900	512,484
Singapore	101,902	90,815
	<u>756,802</u>	<u>603,299</u>

15. Segmental Reporting (Contd.)

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

	2015	2014
	RM'000	RM'000
Property, plant and equipment	449,881	282,157
Prepaid land lease payments	7,673	7,943
Investment properties	92,241	81,444
Investment in jointly controlled entity	8,624	5,686
Investment In Associates	88,281	110,400
Held-to-maturity assets	110,102	115,669
	<u>756,802</u>	<u>603,299</u>

16. Review of segment performance

Please refer to paragraph 8

17. A breakdown of Sales

	GROUP		% of increase
	FY2015 RM'000	FY2014 RM'000	
a) Sales reported for first half year	518,914	786,064	(34%)
b) Operating profit after tax before deducting minority interests reported for first half year	49,807	134,366	(63%)
c) Sales reported for second half year	431,116	1,142,537	(62%)
d) Operating profit after tax before deducting minority interests reported for second half year	(21,882)	167,792	(113%)

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	46 years	1. Son of Executive Chairman and substantial shareholder, Datuk Tiong Su Kouk 2. Brother of Executive Vice Chairman, Tiong Chiong Hiiung 3. Brother-in-law of Chief Executive Officer, Leong Seng Keat	Director of Nam Cheong Dockyard Sdn Bhd since 1.11.2009. Tiong Chiong Soon is responsible for the shipyard in Miri, Sarawak, Malaysia	Not applicable	Not applicable

19. 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.

BY ORDER OF THE BOARD

Datuk Tiong Su Kouk
Executive Chairman
25 February 2016