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**Second Quarter and First Half Year Ended 30 June 2018 Financial Statements  
and Related Announcement**

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## 1. Unaudited Financial Statements

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

	2nd Quarter ended 30.6.2018 RM'000	2nd Quarter ended 30.6.2017 RM'000	Change %	Half year ended 30.6.2018 RM'000	Half year ended 30.6.2017 RM'000	Change %
<b>Revenue</b>	127,188	151,245	(16%)	135,718	169,133	(20%)
Cost of sales	(107,467)	(139,204)	(23%)	(117,815)	(149,940)	(21%)
<b>Gross profit</b>	19,721	12,041	64%	17,903	19,193	(7%)
Other income	44,314	1,161	>100%	593,625	5,662	>100%
Selling and administrative expenses	(7,112)	(7,596)	(6%)	(14,648)	(15,008)	(2%)
Other operating expenses	(2,869)	(2,017,338)	>100%	(5,510)	(2,060,343)	(100%)
<b>Operating profit / (loss)</b>	54,054	(2,011,732)	n.m.	591,370	(2,050,496)	>100%
Finance costs	(14,724)	(9,943)	>100%	(27,357)	(16,067)	70%
Share of results of equity accounted joint ventures, net of tax	312	(1,162)	n.m.	(672)	(2,637)	(75%)
Share of results of equity accounted associate, net of tax	(1,654)	(1,366)	>100%	(3,709)	(2,376)	56%
<b>Profit / (Loss) before tax</b>	37,988	(2,024,203)	n.m.	559,632	(2,071,576)	>100%
Income tax expense	(233)	(22)	>100%	(28)	(157)	(82%)
<b>Profit / (Loss) for the financial period</b>	37,755	(2,024,225)	n.m.	559,604	(2,071,733)	>100%

1. Unaudited Financial Statements (Contd.)

	2nd Quarter ended 30.6.2018 RM'000	2nd Quarter ended 30.6.2017 RM'000	Change %	Half year ended 30.6.2018 RM'000	Half year ended 30.6.2017 RM'000	Change %
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	(63,897)	12,281	n.m.	(160)	4,320	n.m.
Fair value loss on available-for-sale	343	-	n.m.	(2,547)	(885)	n.m.
<b>Other comprehensive income /(loss) for the financial period, net of tax</b>	<u>(63,554)</u>	<u>12,281</u>	n.m.	<u>(2,707)</u>	<u>3,435</u>	n.m.
<b>Total comprehensive (loss) / income for the financial period</b>	<u>(25,799)</u>	<u>(2,011,944)</u>	n.m.	<u>556,897</u>	<u>(2,068,298)</u>	>100%
<b>Profit / (Loss) attributable to :</b>						
Owners of the parent	34,739	(2,023,861)	n.m.	557,215	(2,071,396)	>100%
Non-controlling interest	3,016	(364)	n.m.	2,389	(337)	n.m.
<b>Profit / (Loss) for the financial period</b>	<u>37,755</u>	<u>(2,024,225)</u>	n.m.	<u>559,604</u>	<u>(2,071,733)</u>	>100%
<b>Total comprehensive (loss) / income attributable to:</b>						
Owners of the parent	(28,815)	(2,011,580)	n.m.	554,508	(2,067,961)	>100%
Non-controlling interest	3,016	(364)	n.m.	2,389	(337)	n.m.
<b>Total comprehensive (loss) / income for the financial period</b>	<u>(25,799)</u>	<u>(2,011,944)</u>	n.m.	<u>556,897</u>	<u>(2,068,298)</u>	>100%

1. Unaudited Financial Statements (Contd.)

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

	2nd Quarter ended 30.6.2018 RM'000	2nd Quarter ended 30.6.2017 RM'000	Change %	Half year ended 30.6.2018 RM'000	Half year ended 30.6.2017 RM'000	Change %
<b>Other income</b>						
Interest income	341	(726)	(147%)	814	(229)	n.m.
Miscellaneous	1,167	966	21%	3,120	4,048	(23%)
Gain on disposal of property, plant and equipment	-	1	n.m.	-	-	n.m.
Gain on disposal of asset-held-for-sale	3	-	n.m.	1,167	-	n.m.
Rental income	1	920	n.m.	378	1,843	(79%)
Waiver of debts	12,026	-	n.m.	557,513	-	n.m.
Foreign exchange gain	30,776	-	n.m.	30,633	-	n.m.
	<u>44,314</u>	<u>1,161</u>	>100%	<u>593,625</u>	<u>5,662</u>	>100%
<b>Profit / (Loss) before tax</b>						
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	68	30	>100%	135	57	>100%
Depreciation of property, plant and equipment	3,606	5,222	(31%)	7,086	10,247	(31%)
Depreciation of investment properties	-	320	n.m.	-	640	(100%)
	<u>-</u>	<u>320</u>		<u>-</u>	<u>640</u>	

## 1. Unaudited Financial Statements (Contd.)

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

	2nd Quarter ended 30.6.2018 RM'000	2nd Quarter ended 30.6.2017 RM'000	Change %	Half year ended 30.6.2018 RM'000	Half year ended 30.6.2017 RM'000	Change %
<b>Profit / (Loss) before tax (Contd.)</b>						
The following amounts have been included in arriving at profit / (loss) before tax:						
<b><i>Other operating expenses</i></b>						
<b><i>Assets impairment and writing down</i></b>						
Impairment of property, plant and equipment	-	299,626	n.m.	-	299,626	n.m.
Impairment of investment properties	-	15,455	n.m.	-	15,455	n.m.
Impairment of trade and other receivables	-	8,590	n.m.	-	8,590	n.m.
Inventories written down	-	1,509,732	n.m.	-	1,509,732	n.m.
Prepayment written off	-	47,508	n.m.	-	47,508	n.m.
Property, plant and equipment written off	-	188	n.m.	-	482	n.m.
Impairment on investment in associate	-	54,440	n.m.	-	54,440	n.m.
Impairment on amount owing by joint ventures	-	61,812	n.m.	-	61,812	(100%)
<b><i>Others</i></b>						
Foreign exchange loss, net	-	17,408	n.m.	-	60,115	(100%)
Loss on disposal of property, plant and equipment	-	-	n.m.	-	4	n.m.
Restructuring expenses	472	1,210		3,113	-	
<b>Income tax expense</b>						
Current income tax	(107)	22	n.m.	28	157	n.m.

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(I) Statement of Financial Position

	Group		Company	
	30.6.2018 RM'000	31.12.2017 RM'000	30.6.2018 RM'000	31.12.2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	295,105	268,703	-	-
Prepaid land lease payments	6,380	7,133	-	-
Investment in joint ventures	3,369	4,041	-	-
Investment in an associate	20,131	23,840	-	-
Available-for-sale financial assets	3,056	3,226	-	-
Trade receivables - Long Term	16,675	16,797	-	-
	<u>344,716</u>	<u>323,740</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>				
Inventories	445,029	382,043	-	-
Trade and other receivables	93,663	65,079	43,022	-
Prepayments	8,679	4,724	28	28
Current income tax recoverable	1,187	1,526	-	-
Due from customers on contracts	-	38,484	-	-
Cash and cash equivalents	110,800	224,417	22,605	23,227
	<u>659,358</u>	<u>716,273</u>	<u>65,655</u>	<u>23,255</u>
Asset-held-for-sale	-	74,676	-	-
	<u>-</u>	<u>74,676</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>1,004,074</u>	<u>1,114,689</u>	<u>65,655</u>	<u>23,255</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	81,192	81,192	81,192	81,192
Share premium	82,347	82,347	82,347	82,347
Treasury shares	(4,097)	(4,097)	(4,097)	(4,097)
Other reserves	316,903	318,614	778,608	778,608
Accumulated losses	(1,603,881)	(2,138,467)	(2,478,901)	(2,515,853)
	<u>(1,127,536)</u>	<u>(1,660,411)</u>	<u>(1,540,851)</u>	<u>(1,577,803)</u>
<b>Non-controlling interest</b>	<u>3,885</u>	<u>1,496</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>(1,123,651)</u>	<u>(1,658,915)</u>	<u>(1,540,851)</u>	<u>(1,577,803)</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	211	220	-	-
Trade and other payables	122,728	2,582	-	-
	<u>122,939</u>	<u>2,802</u>	<u>-</u>	<u>-</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	30.6.2018	31.12.2017	30.6.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
<b>Current liabilities</b>				
Due to customers on contracts	-	700	-	-
Loans and borrowings	1,571,695	1,639,247	1,116,205	1,114,322
Trade and other payables	400,711	1,098,475	5,901	2,336
Provisions	32,380	32,380	484,400	484,400
	<u>2,004,786</u>	<u>2,770,802</u>	<u>1,606,506</u>	<u>1,601,058</u>
<b>Total liabilities</b>	<u>2,127,725</u>	<u>2,773,604</u>	<u>1,606,506</u>	<u>1,601,058</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,004,074</u>	<u>1,114,689</u>	<u>65,655</u>	<u>23,255</u>

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**1. Unaudited Financial Statements (Contd.)**

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

	As at 30.6.2018		As at 31.12.2017	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Amount repayable in one year or less, or on demand	547,576	1,024,119	570,940	1,068,307
Amount repayable after one year	-	-	-	-

**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)

	2nd Quarter ended 30.6.2018 RM'000	2nd Quarter ended 30.6.2017 RM'000	Half year ended 30.6.2018 RM'000	Half year ended 30.6.2017 RM'000
<b>Operating activities</b>				
Profit / (Loss) before tax	37,988	(2,024,203)	559,632	(2,071,576)
Adjustments for:				
Amortisation of prepaid land lease payments	68	30	135	57
Depreciation of property, plant and equipment	3,606	5,222	7,086	10,247
Depreciation of investment properties	-	320	-	640
(Gain) / Loss on disposal of property, plant and equipment	-	(1)	-	4
(Gain) on disposal of asset-held-for-sale	(3)	-	(1,167)	-
Impairment on property, plant and equipment	-	299,626	-	299,626
Impairment on investment in associate	-	54,440	-	54,440
Impairment on amount owing by joint ventures	-	61,812	-	61,812
Impairment on investment properties	-	15,455	-	15,455
Impairment on trade and other receivables	-	8,590	-	8,590
Inventories written down	-	1,509,732	-	1,509,732
Interest expense	14,724	9,943	27,357	16,067
Interest income	(341)	726	(814)	229
Prepayment written off	-	47,508	-	47,508
Property, plant and equipment written off	-	188	-	482
Share of results of equity accounted joint ventures, net of tax	(312)	1,162	672	2,637
Share of results of equity accounted associate, net of tax	1,654	1,366	3,709	2,376
Unrealised (gain) / loss on foreign exchange	(27,769)	16,695	(24,232)	67,408
Waiver of debts	(12,026)	-	(557,513)	-
Total adjustments	(20,399)	2,032,814	(544,767)	2,097,310
<b>Operating cash flows before working capital changes</b>	17,589	8,611	14,865	25,734
Changes in working capital:				
(Increase) / Decrease in inventories	(66,712)	207,600	(126,817)	137,815
Decrease / (Increase) in receivables	15,470	(52,777)	8,083	(69,306)
Increase in prepayments	(2,757)	(3,820)	(4,083)	(24,569)
(Increase) / Decrease in amount due from customers on contracts	-	120,904	38,484	99,509
Increase / (Decrease) in payables	69,294	(165,048)	(38,282)	(98,973)
(Decrease) / Increase in amount due to customers on contracts	-	931	(668)	(1,488)
Total changes in working capital	15,295	107,790	(123,283)	42,988

## 1. Unaudited Financial Statements (Contd.)

### 1(e) Statement of Cash Flows (Group) (Contd.)

	2nd Quarter ended 30.6.2018 RM'000	2nd Quarter ended 30.6.2017 RM'000	Half year ended 30.6.2018 RM'000	Half year ended 30.6.2017 RM'000
<b>Operating activities (Contd.)</b>				
<b>Cash flows from / (used in) operations</b>	32,884	116,401	(108,418)	68,722
Interest paid	(1,684)	(9,728)	(5,172)	(31,768)
Taxes paid, net of refund	(20)	(57)	311	(267)
<b>Net cash flows from / (used in) operating activities</b>	<u>31,180</u>	<u>106,616</u>	<u>(113,279)</u>	<u>36,687</u>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(620)	(878)	(1,006)	(882)
Interest received	341	(726)	814	(229)
Proceeds from disposal available-for-sale financial assets	-	6,188	120	24,184
Proceeds from disposal of property, plant and equipment	-	-	-	7
<b>Net cash flows (used in)/from investing activities</b>	<u>(279)</u>	<u>4,584</u>	<u>(72)</u>	<u>23,080</u>
<b>Financing activities</b>				
Proceeds from bank borrowings	-	24,194	-	82,131
Repayments of bank borrowings	-	(87,744)	(8,080)	(138,579)
Increase in fixed deposits pledged	-	-	33	-
<b>Net cash flows used in financing activities</b>	<u>-</u>	<u>(63,550)</u>	<u>(8,047)</u>	<u>(56,448)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	30,901	47,650	(121,398)	3,319
<b>Effects of foreign exchange rate changes</b>	(3,078)	(2,447)	(9,568)	(4,777)
<b>Cash and cash equivalents at 1 April / 1 January</b>	<u>24,234</u>	<u>115,957</u>	<u>183,023</u>	<u>162,618</u>
<b>Cash and cash equivalents at 30 June</b>	<u>52,057</u>	<u>161,160</u>	<u>52,057</u>	<u>161,160</u>

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

Fixed deposits with licensed banks	22,704	176,475	22,704	176,475
Cash and bank balances	88,096	64,084	88,096	64,084
Bank overdrafts	(36,039)	(18,415)	(36,039)	(18,415)
	<u>74,761</u>	<u>222,144</u>	<u>74,761</u>	<u>222,144</u>
Less: Restricted fixed deposits with licensed banks	(22,704)	(60,984)	(22,704)	(60,984)
<b>Total cash and cash equivalents</b>	<u>52,057</u>	<u>161,160</u>	<u>52,057</u>	<u>161,160</u>

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	Retained earnings / (Accumulated loss) RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>Group</b>									
<b>At 1 January 2017</b>	405,962	82,347	(4,097)	327,787	-	556,814	1,368,813	(780)	1,368,033
Loss for the period	-	-	-	-	-	(47,488)	(47,488)	(20)	(47,508)
Other comprehensive income	-	-	-	(7,961)	-	-	(7,961)	-	(7,961)
Fair value loss on available- for-sale	-	-	-	-	(885)	-	(885)	-	(885)
<b>At 31 March 2017</b>	405,962	82,347	(4,097)	319,826	(885)	509,326	1,312,479	(800)	1,311,679
Loss for the period	-	-	-	-	-	(2,023,861)	(2,023,861)	(364)	(2,024,225)
Other comprehensive income	-	-	-	12,281	-	-	12,281	-	12,281
Capital reorganisation (Note)	(324,770)	-	-	-	-	324,770	-	-	-
<b>At 30 June 2017</b>	405,962	82,347	(4,097)	332,107	(885)	(1,514,535)	(699,101)	(1,164)	(700,265)

## 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
<b>At 1 January 2018, previously reported</b>	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)
<b>At 1 January 2018, restated</b>	81,192	82,347	(4,097)	321,982	(2,372)	(2,157,837)	(1,678,785)	1,496	(1,677,289)
Loss for the period	-	-	-	-	-	522,476	522,476	(627)	521,849
Other comprehensive income	-	-	-	63,737	-	-	63,737	-	63,737
Fair value loss on available-for-sale	-	-	-	-	(2,890)	-	(2,890)	-	(2,890)
<b>At 31 March 2018</b>	81,192	82,347	(4,097)	385,719	(5,262)	(1,635,361)	(1,095,462)	869	(1,094,593)
Loss for the period	-	-	-	-	-	34,739	34,739	3,016	37,755
Other comprehensive income	-	-	-	(63,897)	-	-	(63,897)	-	(63,897)
Arising from dilution of equity interests in subsidiary	-	-	-	-	-	(3,259)	(3,259)	-	(3,259)
Fair value loss on available-for-sale	-	-	-	-	343	-	343	-	343
<b>At 30 June 2018</b>	81,192	82,347	(4,097)	321,822	(4,919)	(1,603,881)	(1,127,536)	3,885	(1,123,651)

## 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
<b>At 1 January 2017</b>	405,962	82,347	(4,097)	778,608	58,413	1,321,233
Loss for the period	-	-	-	-	(5,088)	(5,088)
<b>At 31 March 2017</b>	405,962	82,347	(4,097)	778,608	53,325	1,316,145
Profit for the period	-	-	-	-	(1,328,515)	(1,328,515)
Capital reorganisation (Note)	(324,770)	-	-	-	324,770	-
<b>At 30 June 2017</b>	81,192	82,347	(4,097)	778,608	(950,420)	(12,370)
<b>At 1 January 2018, previously reported</b>	81,192	82,347	(4,097)	778,608	(2,515,853)	(1,577,803)
Loss for the period	-	-	-	-	(14,513)	(14,513)
<b>At 31 March 2018</b>	81,192	82,347	(4,097)	778,608	(2,530,366)	(1,592,316)
Profit for the period	-	-	-	-	51,465	51,465
<b>At 30 June 2018</b>	81,192	82,347	(4,097)	778,608	(2,478,901)	(1,540,851)

#### Note:

On 15 May 2017, the issued and paid-up share capital of the Company was reduced (the "Capital Reduction") from HK\$1,051,572,241 divided into 2,103,144,482 ordinary shares (including 6,678,597 treasury shares) of HK\$0.50 each to HK\$210,314,448.20 divided into 2,103,144,482 ordinary shares of par value HK\$0.10 each. The credit arising from the Capital Reduction in the sum of HK\$841,257,792.80 (equivalent to approximately RM324,770,000) was credited to the accumulated loss of the Company.

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## 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 30 June 2018 and 30 June 2017, the total number of issued shares excluding treasury shares was 2,096,465,885.

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 2Q 2018.

As at 30 June 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	
	2nd Quarter ended 30.6.2018	2nd Quarter ended 30.6.2017	Half year ended 30.6.2018	Half year ended 30.6.2017
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)	1.66	(96.54)	26.58	(98.80)
Weighted average number of shares	2,096,465,885	2,096,465,885	2,096,465,885	2,096,465,885
(ii) On a fully diluted basis (Sen)	1.66	(96.54)	26.58	(98.80)
Adjusted weighted average number of shares	2,096,465,885	2,096,465,885	2,096,465,885	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 30.6.2018	As at 31.12.2017	As at 30.6.2018	As at 31.12.2017
Net asset value per ordinary share (Sen)	(53.6)	(79.1)	(73.5)	(75.3)
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)**

**1H 2018 vs 1H 2017**

	1H 2018				1H 2017				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	RM'000	RM'000	%	RM'000	%
Shipbuilding	98,775	73%	8,751	9%	141,844	84%	19,453	14%	(43,069)	(30%)	(10,702)	(55%)
Vessel Chartering	36,943	27%	9,152	25%	27,289	16%	(260)	(1%)	9,654	35%	9,412	(3,620%)
Total	135,718	100%	17,903	13%	169,133	100%	19,193	11%	(33,415)	(20%)	(1,290)	(7%)

Revenue for six months ended 30 June 2018 ("1H 2018") of RM135.7 million is RM33.4 million, or 20%, lower as compared to RM169.1 million achieved during the previous year corresponding six months ended 30 June 2017 ("1H 2017"). The shipbuilding segment recorded revenue of RM98.8 million for 1H 2018, representing a decrease of 30% as compared to RM141.8 million recorded for 1H 2017 despite the sale and delivery of two (2) vessels in both 1H 2018 and 1H 2017 respectively. This was due to the progressive recognition of revenue from the vessels under construction during 1H 2017 prior to the adoption of IFRS 15 - Revenue from Contracts with Customers from 1 January 2018 onwards.

On the other hand, the vessel chartering segment registered an increase in revenue of RM9.7 million, or 35%, from RM27.3 million for 1H 2017 to RM36.9 million for 1H 2018, mainly attributed to the increase in utilisation rate and addition of new vessels to the chartering fleet during 2Q 2018.



8. (contd.)

**Review of Group Performance (Contd.)**

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

**1H 2018 vs 1H 2017**

Gross profit decreased by RM1.2 million or 6%, from RM19.2 million in 1H 2017 to RM18.0 million recorded in 1H 2018. The gross profit margin for shipbuilding segment normalised at 9% in 1H 2018. The chartering segment had shown significant improvement by registering a gross profit of RM9.3 million in 1H 2018 as compared to gross loss of RM0.3 million in 1H 2017, mainly attributed to the increase in utilisation rates and addition of new vessels into the chartering fleet during 2Q 2018.

Other income increased from RM5.7 million in 1H 2017 to RM593.6 million in 1H 2018 mainly due waiver of debts by the trade creditors amounting to RM557.5 million and foreign exchange gain of RM30.6 million.

Selling and administrative expenses decreased by RM0.2 million or 2% to RM14.6 million during 1H 2018, primarily due to the continuous effort in cost rationalisation.

Finance cost increased from RM16.1 million in 1H 2017 to RM 27.4 million in 1H2018, as a result of lower interest expense being capitalised in cost of construction in 1H 2018.

Share of result in joint ventures and associate recorded net losses of RM0.7 million and RM3.7 million respectively in 1H 2018 due to low vessel utilisation rate.

Mainly as a result of the waiver of debts and no assets impairment and writing down, the Group registered a net profit after tax of RM559.6 million in 1H2018 as compared to a net loss after tax of RM2.1 billion in 1H 2017.

**2Q 2018 vs 2Q 2017**

	2Q 2018				2Q 2017				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	98,726	78%	8,751	9%	133,694	88%	11,949	9%	(34,968)	(26%)	(3,198)	(27%)
Vessel Chartering	28,462	22%	10,970	39%	17,551	12%	92	1%	10,911	62%	10,878	>100%
Total	127,188	100%	19,721	16%	151,245	100%	12,041	8%	(24,057)	(16%)	7,680	64%

8. (contd.)

**Review of Group Performance (contd.)**

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

**2Q 2018 vs 2Q 2017 (contd.)**

Revenue for the three months ended 30 June 2018 ("2Q 2018") of RM127.2 million was RM24.1 million or 16% lower as compared to RM151.2 million registered during the previous year corresponding three months ended 30 June 2017 ("2Q 2017"). Revenue from the shipbuilding segment decreased by 26% to RM98.7 million for 2Q 2018 from RM133.7 million recorded for 2Q 2017 despite the sale and delivery of two (2) vessels in both 2Q 2018 and 2Q 2017 respectively. This was due to the progressive recognition of revenue from the vessels under construction during 2Q 2017 prior to the adoption of IFRS 15 - Revenue from Contracts with Customers from 1 January 2018 onwards.

On the other hand, the vessel chartering revenue recorded an increase of 62% from RM17.6 million for 2Q 2017 to RM28.5 million for 2Q 2018, mainly attributed to the increase of utilisation rates and the addition of new vessels to the chartering fleet during 2Q 2018.

Gross profit increased by RM7.8 million or 65% from RM12.1 million in 2Q 2017 to RM19.8 million in 2Q 2018 mainly due to the increase in revenue for the chartering segment which in turn contributed to the overall gross profit margins from 8% in 2Q 2017 to 16% in 2Q 2018, albeit the lower revenue for the shipbuilding segment.

Other income increased by RM43.2 million in 2Q 2018 to RM44.3 million as compared to RM1.2 million recorded in 2Q 2017 mainly due to the foreign exchange gain of RM30.8 million.

Selling and administrative expenses decreased by RM0.5 million or 5% to RM7.1 million during 2Q 2018, mainly due to the continuous effort in cost rationalisation.

Finance costs increased by RM4.8 million to RM14.7 million in 2Q 2018, as a result lower interest expenses capitalised as vessels' cost of construction.

Share of results of equity accounted joint ventures contributed positively to the financial performance of the Group by RM0.3 million in 2Q 2018, a turn-around from the net loss of RM1.2 million registered in 2Q 2017 mainly attributed to the improvement in vessel utilisation. Whereas, the share of results of equity accounted associate incurred additional losses of RM1.7 million during the period due to the protracted low vessel utilisation rate.

Mainly due to the foreign exchange gain and no assets impairment and writing down, the Group recorded profit after tax of RM37.8 million in 2Q 2018 as compared to a net loss after taxation of RM2.02 billion in 2Q 2017.

**(b) Statements of financial position (Group)**

**Total Assets**

Total assets of the Group decreased by RM110.6 million from RM1.11 billion as at 31 December 2017 ("FY2017") to RM1.00 billion as at 30 June 2018 ("PE2018") mainly due to the decrease in cash and cash equivalents for settlement of trade payables.

**Total Liabilities**

Total liabilities of the Group decreased by RM645.9 million from RM2.77 billion in FY2017 to RM2.13 billion in PE2018, mainly due to the decrease in the trade and other payables of RM577.6 million.

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8. (contd.)

**Review of Group Performance (contd.)**

**(c) Statement of Cash Flows (Group)**

**1H 2018 vs 1H 2017**

Net cash flows used in operating activities of RM113.3 million in 1H 2018 was mainly due to increase in inventories of RM126.8 million.

Net cash flows used in investing activities of RM0.1 million in 1H 2018 was due to the acquisition of property, plant and equipment of RM1.0 million which was partially offset with interest received of RM0.8 million.

Net cash flows used in financing activities of RM8.0 million in 1H 2018 was mainly due to the repayment of bank borrowings.

**2Q 2018 vs 2Q 2017**

Net cash flows from operating activities of RM31.2 million in 2Q 2018 was mainly due to collection from trade receivables.

Net cash flows used in investing activities of RM0.3 million in 2Q 2018 was attributed to the acquisition of property, plant and equipment of RM0.6 million

There was no movement in financing activities in 2Q 2018.

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

On the other hand, the Group will continues to monitor and review the shipbuilding schedule, together with deferment and cancellation plans, for its remaining vessels which has 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.

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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 six months ended 30 June 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  
22 August 2018