

Unaudited Condensed Interim Financial Statements
For the Nine Months Ended 30 September 2023

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

	Note	The Group					
		3rd quarter ended 30.09.2023 RM'000	3rd quarter ended 30.09.2022 RM'000	Change %	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000	Change %
Revenue	4	149,691	104,714	43%	350,211	269,750	30%
Cost of sales		(103,126)	(78,629)	31%	(225,388)	(196,857)	14%
Gross profit		46,565	26,085	79%	124,823	72,893	71%
Other income	5	46,909	30,369	54%	48,001	50,551	(5%)
Selling and administrative expenses		(10,622)	(9,792)	8%	(28,317)	(25,958)	9%
Other operating expenses		(5,951)	3,708	<(100%)	(13,767)	(467)	>100%
Operating profit		76,901	50,370	53%	130,740	97,019	35%
Finance costs		(7,044)	(6,687)	5%	(20,691)	(19,207)	8%
Share of results of equity accounted joint ventures, net of tax		2,042	415	>100%	2,121	1,226	73%
Share of results of equity accounted associates, net of tax		1,876	1,599	17%	3,048	2,963	3%
Profit before tax	6	73,775	45,697	61%	115,218	82,001	41%
Income tax expense	7	(11,043)	(5,781)	91%	(20,787)	(10,512)	98%
Profit for the financial period		62,732	39,916	57%	94,431	71,489	32%

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

	3rd quarter ended 30.09.2023 RM'000	3rd quarter ended 30.09.2022 RM'000	The Group			
			Change %	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000	Change %
Other comprehensive loss						
Exchange differences on translating foreign operations	(13,159)	(33,200)	(60%)	(39,557)	(40,565)	(2%)
Other comprehensive loss for the financial period, net of tax	(13,159)	(33,200)	(60%)	(39,557)	(40,565)	(2%)
Total comprehensive income for the financial period	49,573	6,716	>100%	54,874	30,924	77%
Profit attributable to:						
Owners of the parent	59,788	38,270	56%	91,018	69,695	31%
Non-controlling interest	2,944	1,646	79%	3,413	1,794	90%
Profit for the financial period	62,732	39,916	57%	94,431	71,489	32%
Total comprehensive income attributable to:						
Owners of the parent	46,629	5,070	>100%	51,461	29,130	77%
Non-controlling interest	2,944	1,646	79%	3,413	1,794	90%
Total comprehensive income for the financial period	49,573	6,716	>100%	54,874	30,924	77%
Earnings per share for profit for the period attributable to the owners of the Company						
Weighted average number of shares in issue (basic)	8,071,537,759	7,944,259,058		8,071,537,759	7,913,471,167	
Weighted average number of shares in issue (diluted)	8,211,896,575	8,084,617,874		8,211,896,575	8,053,829,983	
Basic loss per share (Malaysia sen)	0.74	0.48		1.13	0.88	
Diluted loss per share (Malaysia sen)	0.73	0.47		1.11	0.87	

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30.09.2023	31.12.2022	30.09.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	475,450	426,784	-	-
Subsidiaries		-	-	-	-
Joint ventures		5,438	3,315	-	-
Associates		8,331	5,210	-	-
Other investment		-	-	-	-
		<u>489,219</u>	<u>435,309</u>	<u>-</u>	<u>-</u>
Current assets					
Inventories		20,941	13,604	-	-
Trade and other receivables	11	272,032	180,205	152	152
Prepayments		6,740	1,789	64	92
Current tax recoverable		184	811	41	-
Fixed deposits		5,617	3,471	-	-
Cash and bank balances		79,354	59,394	75	38
		<u>384,868</u>	<u>259,274</u>	<u>332</u>	<u>282</u>
TOTAL ASSETS		<u>874,087</u>	<u>694,583</u>	<u>332</u>	<u>282</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	3,977	3,904	3,977	3,904
Share premium	12	312,471	310,850	312,471	310,850
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		250,953	290,510	781,384	781,384
Accumulated losses		(1,144,258)	(1,235,276)	(2,008,119)	(1,944,737)
		<u>(580,954)</u>	<u>(634,109)</u>	<u>(914,384)</u>	<u>(852,696)</u>
Non-controlling interest		<u>5,094</u>	<u>3,133</u>	<u>-</u>	<u>-</u>
Total equity		<u>(575,860)</u>	<u>(630,976)</u>	<u>(914,384)</u>	<u>(852,696)</u>
Non-current liabilities					
Deferred tax liabilities		5,062	6,365	-	-
Lease liabilities		474	1,097	-	-
		<u>5,536</u>	<u>7,462</u>	<u>-</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

		The Group		The Company	
		30.09.2023	31.12.2022	30.09.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Contd.)					
Current liabilities					
Lease liabilities		825	793	-	-
Borrowings	13	1,042,247	994,006	756,980	719,540
Trade and other payables		332,677	271,555	106,300	85,313
Current tax payable		17,226	3,618	-	-
Provisions		51,436	48,125	51,436	48,125
		<u>1,444,411</u>	<u>1,318,097</u>	<u>914,716</u>	<u>852,978</u>
Total liabilities		<u>1,449,947</u>	<u>1,325,559</u>	<u>914,716</u>	<u>852,978</u>
TOTAL EQUITY AND LIABILITIES		<u>874,087</u>	<u>694,583</u>	<u>332</u>	<u>282</u>

Condensed Interim Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Available- for-sale reserve RM'000	Share grant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
The Group										
At 1 January 2023	3,904	310,850	(4,097)	292,135	(4,401)	2,776	(1,235,276)	(634,109)	3,133	(630,976)
Profit for the period	-	-	-	-	-	-	91,018	91,018	3,413	94,431
Other comprehensive loss	-	-	-	(39,557)	-	-	-	(39,557)	-	(39,557)
Issuance of term loan shares	73	1,621	-	-	-	-	-	1,694	-	1,694
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(2,087)	(2,087)
Issuance of shares to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	635	635
At 30 September 2023	3,977	312,471	(4,097)	252,578	(4,401)	2,776	(1,144,258)	(580,954)	5,094	(575,860)
At 1 January 2022	3,836	309,357	(4,097)	316,775	(4,401)	2,776	(1,301,007)	(676,761)	923	(675,838)
Profit for the period	-	-	-	-	-	-	69,695	69,695	1,794	71,489
Other comprehensive loss	-	-	-	(40,565)	-	-	-	(40,565)	-	(40,565)
Issuance of term loan shares	68	1,493	-	-	-	-	-	1,561	-	1,561
At 30 September 2022	3,904	310,850	(4,097)	276,210	(4,401)	2,776	(1,231,312)	(646,070)	2,717	(643,353)

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

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Contributed surplus RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
The Company							
At 1 January 2023	3,904	310,850	(4,097)	2,776	778,608	(1,944,737)	(852,696)
Loss for the period	-	-	-	-	-	(63,382)	(63,382)
Issuance of term loan shares	73	1,621	-	-	-	-	1,694
At 30 September 2023	3,977	312,471	(4,097)	2,776	778,608	(2,008,119)	(914,384)
At 1 January 2022	3,836	309,357	(4,097)	2,776	778,608	(1,898,378)	(807,898)
Loss for the period	-	-	-	-	-	(56,137)	(56,137)
Issuance of term loan shares	68	1,493	-	-	-	-	1,561
At 30 September 2022	3,904	310,850	(4,097)	2,776	778,608	(1,954,515)	(862,474)

Condensed Interim Consolidated Statements of Cash Flows

	The Group			
	3rd quarter ended 30.09.2023 RM'000	3rd quarter ended 30.09.2022 RM'000	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
	Operating activities			
Profit before tax	73,775	45,697	115,218	82,001
Adjustments for:				
Depreciation of property, plant and equipment	5,634	7,520	17,851	22,052
Gain on disposal of property, plant and equipment	(44,317)	(19,574)	(44,317)	(22,695)
Property, plant and equipment written off	4	-	10	-
Impairment of trade and other receivables written back	(2,133)	-	(2,133)	-
Impairment loss on trade and other receivables	49	-	104	-
Reversal of impairment on other investment	(27)	-	(62)	-
Gain on waiver of debts	-	(293)	-	(16,080)
Interest expense	7,044	6,687	20,691	19,207
Interest income	(369)	491	(1,160)	(49)
Share of results of equity accounted joint ventures, net of tax	(2,042)	(415)	(2,121)	(1,226)
Share of results of equity accounted associate, net of tax	(1,876)	(1,599)	(3,048)	(2,963)
Project deposit written off	-	158	-	158
Total adjustments	(38,033)	(7,025)	(14,185)	(1,596)
Operating cash before working capital changes	35,742	38,672	101,033	80,405
Changes in working capital:				
Changes in inventories	(3,897)	(6,350)	(7,337)	(13,369)
Changes in receivables	(32,447)	20,849	(71,528)	10,923
Changes in prepayments	(2,351)	744	(4,896)	341
Changes in payables	4,910	(37,760)	24,524	(28,493)
Total changes in working capital	(33,785)	(22,517)	(59,237)	(30,598)
Cash from operations	1,957	16,155	41,796	49,807
Interest paid	(2,356)	(1,157)	(3,703)	(5,106)
Taxes paid, net of refund	(2,542)	(307)	(7,620)	(2,663)
Net cash (used in)/from operating activities	(2,941)	14,691	30,473	42,038

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

	The Group			
	3rd quarter ended 30.09.2023 RM'000	3rd quarter ended 30.09.2022 RM'000	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Investing activities				
Acquisition of property, plant and equipment	(22,556)	(13,611)	(71,825)	(20,798)
Interest received	369	(491)	1,160	49
Proceeds from disposal of property, plant and equipment	61,642	35,416	61,642	39,285
Net cash from/(used in) investing activities	39,455	21,314	(9,023)	18,536
Financing activities				
Repayments of bank borrowings	(821)	(70)	(821)	(3,929)
Payments of lease liabilities	(398)	(2,118)	(591)	(6,101)
Increase in fixed deposits pledged	(2,121)	-	(2,121)	-
Proceeds from share issuance	1,694	-	1,694	-
Dividend paid	(1,058)	-	(1,058)	-
Net cash used in financing activities	(2,704)	(2,188)	(2,897)	(10,030)
Net changes in cash and cash equivalents	33,810	33,817	18,553	50,544
Effects of exchange fluctuations on cash and cash equivalents	1,921	(1,809)	1,432	(2,167)
Cash and cash equivalents at 1 January	41,590	42,785	57,336	26,416
Cash and cash equivalents at 30 September	77,321	74,793	77,321	74,793

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

Fixed deposits with licensed banks	5,617	1,388	5,617	1,388
Cash and bank balances	79,354	76,300	79,354	76,300
	84,971	77,688	84,971	77,688
Less: Restricted cash with licensed banks	(2,856)	(2,606)	(2,856)	(2,606)
Less: Restricted fixed deposits with licensed banks	(4,794)	(289)	(4,794)	(289)
Total cash and cash equivalents	77,321	74,793	77,321	74,793

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Nam Cheong Limited (the "Company") is incorporated as a limited liability company and domiciled in Bermuda. The Company's shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the "Group").

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

2. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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

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

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2022.

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

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

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

- (i) Shipbuilding
- (ii) Vessel chartering
- (iii) Others - investment holding and trading of vessel machineries

	Shipbuilding	Chartering	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
3rd quarter ended 30 September 2023					
Revenue					
External revenue	-	149,691	-	-	149,691
Results					
Interest income	18	113	3,416	(3,178)	369
Depreciation of property, plant and equipment	(326)	(5,256)	-	(52)	(5,634)
Gain on disposal of property, plant and equipment	-	44,317	-	-	44,317
Restructuring expenses	-	-	(698)	-	(698)
Finance costs	-	(5,974)	(4,159)	3,089	(7,044)
Share of results of joint ventures	-	-	2,042	-	2,042
Share of results of associates	-	-	1,876	-	1,876
(Loss)/Profit before tax	(26,292)	100,952	(884)	-	73,776

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

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
3rd quarter ended 30 September 2022					
Revenue					
External revenue	-	104,714	-	-	104,714
Results					
Interest income	34	(607)	3,186	(3,104)	(491)
Depreciation of property, plant and equipment	(349)	(7,175)	-	4	(7,520)
Gain on disposal of property, plant and equipment	-	19,574	-	-	19,574
Gain on waiver of debts	-	293	-	-	293
Restructuring expenses	-	-	(135)	-	(135)
Finance costs	-	(5,371)	(4,064)	2,748	(6,687)
Share of results of joint ventures	-	-	415	-	415
Share of results of associates	-	-	1,599	-	1,599
Profit before tax	15,779	7,198	22,720	-	45,697

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

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
9 months ended 30 September 2023					
Revenue					
External revenue	-	350,211	-	-	350,211
Results					
Interest income	52	528	9,978	(9,398)	1,160
Depreciation of property, plant and equipment	(1,017)	(16,880)	(3)	49	(17,851)
Reversal of impairment on other investments	-	-	62	-	62
Gain on disposal of property, plant and equipment	-	44,317	-	-	44,317
Gain on waiver of debts	-	-	-	-	-
Restructuring expenses	-	-	(2,691)	-	(2,691)
Finance costs	-	(17,462)	(12,299)	9,070	(20,691)
Share of results of joint ventures	-	-	2,121	-	2,121
Share of results of associates	-	-	3,048	-	3,048
(Loss)/Profit before tax	(9,300)	159,264	(34,745)	-	115,219

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

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 30 September 2023					
Additions to non-current assets	2,123	51,110	-	-	53,233
Investment in joint ventures	-	-	5,438	-	5,438
Investment in associate	-	-	8,331	-	8,331
Segment assets	428,138	1,723,249	78,232	(1,355,532)	874,087
Segment liabilities	1,778,597	2,157,863	1,328,851	(3,815,364)	1,449,947
9 months ended 30 September 2022					
Revenue					
External revenue	-	269,750	-	-	269,750
Results					
Interest income	44	(77)	8,920	(8,838)	49
Depreciation of property, plant and equipment	(1,017)	(21,052)	(2)	19	(22,052)
Gain on disposal of property, plant and equipment	-	22,695	-	-	22,695
Gain on waiver of debts	-	16,080	-	-	16,080
Restructuring expenses	-	-	(309)	-	(309)
Finance costs	-	(15,964)	(11,570)	8,327	(19,207)
Share of results of joint ventures	-	-	1,226	-	1,226
Share of results of associates	-	-	2,963	-	2,963
Profit before tax	12,483	42,748	26,770	-	82,001

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

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 31 December 2022					
Additions to non-current assets	2,266	128,081	-	-	130,347
Investment in associate	-	-	5,210	-	5,210
Investment in joint ventures	-	-	3,315	-	3,315
Segment assets	225,549	1,032,874	27,442	(592,093)	693,772
Segment liabilities	1,479,651	1,556,551	1,250,818	(2,971,444)	1,315,576
				30.09.2023 RM'000	31.12.2022 RM'000
Non-current assets					
Malaysia				489,214	435,304
Singapore				5	5
				<u>489,219</u>	<u>435,309</u>

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

	30.09.2023 RM'000	31.12.2022 RM'000
Property, plant and equipment	475,450	426,784
Investment in associates	8,331	5,210
Investment in joint ventures	5,438	3,315
	<u>489,219</u>	<u>435,309</u>

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

5. Other income

	The Group			
	3rd quarter	3rd quarter	9 months	9 months
	ended	ended	ended	ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain	-	9,740	-	9,740
Gain on disposal of property, plant and equipment	44,317	19,574	44,317	22,695
Gain on waiver of debts	-	293	-	16,080
Impairment of trade and other receivables written back	2,133	-	2,133	-
Interest income	369	(491)	1,160	49
Miscellaneous	90	1,253	391	1,987
	<u>46,909</u>	<u>30,369</u>	<u>48,001</u>	<u>50,551</u>

6. Profit before tax

	The Group			
	3rd quarter	3rd quarter	9 months	9 months
	ended	ended	ended	ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at profit before tax:				
<i>Cost of sales</i>				
Depreciation of property, plant and equipment	<u>5,207</u>	<u>7,058</u>	<u>16,526</u>	<u>20,706</u>
<i>Administrative expenses</i>				
Depreciation of property, plant and equipment	<u>427</u>	<u>462</u>	<u>1,325</u>	<u>1,346</u>
<i>Other operating expenses</i>				
Impairment losses on trade and other receivables made	49	-	104	-
Property, plant and equipment written off	4	-	10	-
Project deposit written off	-	158	-	158
Foreign exchange loss/(gain), net	5,200	(4,001)	10,962	-
Restructuring expenses	<u>698</u>	<u>135</u>	<u>2,691</u>	<u>309</u>

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

7. Income tax expense

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

	The Group			
	3rd quarter ended 30.09.2023 RM'000	3rd quarter ended 30.09.2022 RM'000	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Current income tax expense:				
- Current year	11,808	6,419	21,292	8,480
- Under/(Over)provision in prior year	534	(638)	798	(1,050)
Deferred tax expense:				
- (Over)/Underprovision in prior year	(1,299)	-	(1,303)	3,082
	<u>11,043</u>	<u>5,781</u>	<u>20,787</u>	<u>10,512</u>

8. Related party transactions

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

	The Group			
	3rd quarter ended 30.09.2023 RM'000	3rd quarter ended 30.09.2022 RM'000	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Joint ventures				
- interest income	-	(236)	-	254
Other related parties in which directors and key management have interest				
- purchases	7	397	269	591
- rental expense	216	213	643	626
	<u>223</u>	<u>600</u>	<u>912</u>	<u>1,271</u>

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

9. Net asset value

	The Group		The Company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Net asset value per ordinary share (Malaysia sen)	(7.1)	(7.9)	(11.3)	(10.7)
Ordinary shares in issue	8,071,537,759	7,944,259,058	8,071,537,759	7,944,259,058

10. Property, plant and equipment

During the nine months ended 30 September 2023, there were addition of assets amounting to RM71,825,000 (30 September 2022: RM56,314,000) and disposal of assets amounting to RM27,809,000 (30 September 2022: RM53,777,000).

Including in the additions to property, plant and equipment is right-of-use assets of RMNil (30 September 2022: RM1,652,000).

11. Trade and other receivables

	The Group		The Company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables from a third party	6,483	8,600	-	-
Less: Allowance for impairment losses	(6,483)	(8,600)	-	-
	-	-	-	-
Current				
Trade receivables	259,485	146,663	-	-
Less: Allowance for impairment losses	(24,724)	(22,675)	-	-
	234,761	123,988	-	-
Amount due from subsidiaries (non-trade)	-	-	73,998	66,371
Amounts due from associates and joint ventures (non-trade)	42,035	54,526	61	59
Deposits and other receivables	25,823	31,957	152	152
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(73,998)	(66,371)
- amounts due from associate and joint ventures (non-trade)	(27,332)	(27,044)	(61)	(59)
- other receivables	(3,255)	(3,222)	-	-
	37,271	56,217	152	152
Total trade and other receivables	272,032	180,205	152	152

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

11. Trade and other receivables (Cont'd)

The aging analysis of trade receivables are as follows:

	30.09.2023	Financial year which respective sales were reported
	RM'000	
The Group		
Not impaired:		
Not past due	149,547	2023
Past due 1 to 3 months	43,229	2023
Past due 3 to 6 months	18,010	2023
Past due more than 6 months	23,975	2022 -2023
	<u>234,761</u>	
Past due and impaired	31,207	2016 - 2023
	<u>265,968</u>	

Receivables that were determined to be impaired as at 30 September 2023 are related to those which have been past due and have insufficient information to justify recoverability of the respective receivables, including those which are related to customers who are facing financial difficulties in fulfilling their obligations.

Those receivables that were determined to be impaired were not from the Group's major customers. The Group has ceased to transact with customers which outstanding debts are deemed doubtful of collection.

As at even date, RM65.2 million (or 27.8%) of the net trade receivables of RM234.8 million in 9M2023 has been collected from the customers subsequent to 9M2023. The Group continue to monitor the aging and collection of receivables on an on-going basis. For those receivables which are past due and doubtful of collection, reminders have been sent to the relevant customers before issuance of demand letters and the recovery of debts via legal proceedings where necessary.

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

12. Share capital and share premium

	The Group and The Company			
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	'000	'000	RM'000	RM'000
	Number of ordinary shares			
<u>Share capital</u>				
Issued and fully paid				
At 1 January	7,944,259	7,816,909	3,904	3,836
Issuance of term loan shares	127,279	127,350	73	68
	<u>8,071,538</u>	<u>7,944,259</u>	<u>3,977</u>	<u>3,904</u>

Share premium

	The Group and The Company			
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
At 1 January				
Reversal of impairment on other investment:	310,850	309,357	310,850	309,357
Issuance of term loan shares	1,621	1,493	1,621	1,493
	<u>312,471</u>	<u>310,850</u>	<u>312,471</u>	<u>310,850</u>

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

13. Borrowings

	The Group		The Company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Bilateral facilities debt (secured)	105,728	101,802	-	-
Term loan - sustainable debts (unsecured)	936,519	892,204	756,980	719,540
	<u>1,042,247</u>	<u>994,006</u>	<u>756,980</u>	<u>719,540</u>
Represented by:				
Current	<u>1,042,247</u>	<u>994,006</u>	<u>756,980</u>	<u>719,540</u>

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

13. Borrowings (Cont'd)

Bilateral Facilities Debt

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

Term Loan - Sustainable Debts

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

The repayment of the borrowings have been suspended since the financial year ended 31 December 2020. Consequently, the non-current borrowings became repayable on demand and were classified as current liabilities. The Group has obtained the approval from its lenders to restructure its debts. Please refer to Paragraph 6 of Other Information Required by Listing Rule Appendix 7.2 for further information.

Borrowings are secured by the underlying assets, comprising leasehold land and vessels with carrying amount of RM5,529,000 (31.12.2022 – RM5,651,000) and RM43,007,000 (31.12.2022 – RM39,685,000), respectively.

14. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and of the Company as at 30 September 2023 and 31 December 2022:

	The Group		The Company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Trade and other receivables	272,032	180,205	152	152
Cash and bank balances	79,354	59,394	75	38
Fixed deposits	5,617	3,471	-	-
	<u>357,003</u>	<u>243,070</u>	<u>227</u>	<u>190</u>
Financial liabilities at amortised cost				
Bilateral facilities debt	105,728	101,802	-	-
Term loan	936,519	892,204	756,980	719,540
Lease liabilities	1,299	1,890	-	-
Trade and other payables	330,669	270,629	106,154	85,167
Provision for financial guarantee	51,436	48,125	51,436	48,125
	<u>1,425,651</u>	<u>1,314,650</u>	<u>914,570</u>	<u>852,832</u>

Other Information Required by Listing Rule Appendix 7.2

1. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on preceding year.

There were no movement in the treasury shares during the third quarter of 2023. As at 30 September 2023, 6,678,597 shares were held as treasury shares by the Company.

2. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no movement in the subsidiary holdings during the third quarter of 2023. As at 30 September 2023, 114,356,460 shares were held as subsidiary holdings.

3. 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 condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 30 September 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months then ended and certain explanatory notes have not been audited or reviewed.

4. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2022.

6. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2022.

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

7. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of Group Performance

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

9M2023 vs 9M2022

	9M2023				9M2022				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	350,211	100%	124,823	36%	269,750	100%	72,893	27%	80,461	30%	51,930	71%
Total	350,211	100%	124,823	36%	269,750	100%	72,893	27%	80,461	30%	51,930	71%

For the nine months ended 30 September 2023 ("9M2023"), the Group's revenue from vessel chartering division increased by 30% from RM269.8 million in the previous corresponding nine months ended 30 September 2022 ("9M2022") to RM350.2 million in 9M2023 mainly driven by improved daily charter rates.

The shipbuilding segment did not register any revenue for both 9M2023 and 9M2022 as there was no vessel scheduled for delivery during the period.

Gross profit increased 71% year-on-year ("yoy") to RM124.8 million in 9M2023, in tandem with the increase in revenue. Accordingly, the gross margin stood at 36% for 9M2023, up 9 percentage points.

Other income declined by RM2.6 million to RM48.0 million in 9M2023 from RM50.6 million in 9M2022, mainly attributable to the absence of gain on waiver of debts by trade and financial creditors and absence of foreign exchange gain. The impact was partially offset by the increase in gain on disposal of property, plant and equipment by RM21.6 million and the increase in impairment of trade and other receivables written back by RM2.1 million.

7. (Contd.)

Review of Group Performance (Contd.)

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

9M2023 vs 9M2022

Selling and administrative expenses increased from RM25.9 million in 9M2022 to RM28.3 million in 9M2023, in tandem with the increase in revenue.

Other operating expenses increased from RM0.5 million in 9M2022 to RM13.8 million in 9M2023, mainly due to the increase in foreign exchange loss.

Finance costs increased to RM20.7 million in 9M2023 as compared to RM19.2 million recorded in 9M2022, mainly due to the increase in finance cost related to vessel financing during the period.

Share of profit of equity accounted joint ventures of RM2.1 million in 9M2023 is higher than RM1.2 million recorded in 9M2022 mainly due to improved daily charter rates and higher vessel utilisation rates during the period. Whereas, share of profit of associates of RM3.1 million in 9M2023 is consistent with RM3.0 million recorded in 9M2022.

Consequently, the Group delivered a net profit after tax of RM94.4 million in 9M2023 as compared to a net profit after tax of RM71.5 million in 9M2022.

3Q2023 vs 3Q2022

	3Q2023				3Q2022				Variance			
	Revenue		Gross Profit		Revenue		Gross Profit		Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	149,691	100%	46,565	31%	104,714	100%	26,085	25%	44,977	43%	20,480	79%
Total	149,691	100%	46,565	31%	104,714	100%	26,085	25%	44,977	43%	20,480	79%

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

7. (Contd.)

Review of Group Performance (Contd.)

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

3Q2023 vs 3Q2022

For the three months ended 30 September 2023 ("3Q2023"), the Group's revenue from vessel chartering division increased by 43% from RM104.7 million in the previous corresponding three months ended 30 September 2022 ("3Q2022") to RM149.7 million in 3Q2023 mainly driven by improved daily charter rates.

The shipbuilding segment did not register any revenue for both 3Q2023 and 3Q2022 as there was no vessel scheduled for delivery during the period.

Gross profit increased 79% year-on-year ("yoy") to RM46.6 million in 3Q2023, in tandem with the increase in revenue. Accordingly, the gross margin stood at 31% for 3Q2023, up 6 percentage points.

Other income increased by RM16.5 million from RM30.4 million in 3Q2022 to RM46.9 million recorded in 3Q2023 mainly due to the increase in gain on disposal of property, plant and equipment by RM24.7 million. The increase was partially offset by the absence of foreign exchange gain.

Selling and administrative expenses increased by RM0.8 million from RM9.8 million recorded in 3Q2022 to RM10.6 million in 3Q2023, in tandem with the increase in revenue.

Other operating expenses of RM5.9 million in 3Q2023 was higher than positive RM3.7 million mainly due to the foreign exchange loss.

Finance costs increased by RM0.4 million from RM6.7 million recorded in 3Q2022 to RM7.1 million in 3Q2023, mainly due to the increase in finance cost related to vessel financing during the period.

Share of profit of equity accounted joint ventures improved to profit of RM2.0 million and profit of RM1.9 million in 3Q2023 as compared to RM0.4 million and RM1.6 million in 3Q2022 respectively mainly due to improved daily charter rates and higher vessel utilisation rates during the period.

Consequently, the Group registered a net profit after tax of RM62.7 million in 3Q2023 as compared to a net profit after tax of RM39.9 million in 3Q2022.

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

7. (Contd.)

Review of Group Performance (Contd.)

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

Total Assets

Total assets of the Group increased by RM179.5 or 25.8% million from RM694.6 million as at 31 December 2022 ("FY2022") to RM874.1 million as at 30 September 2023 ("9M2023") mainly due to:

- (i) Property, plant and equipment increased by RM48.7 million or 11.4% from RM426.8 million as at FY2022 to RM475.5 million as at 9M2023 mainly due to acquisition of vessels during the period; and
- (ii) Trade and other receivables increased by RM91.8 million or 51.0% from RM180.2 million as at FY2022 to RM272.0 million as at 9M2023 in tandem with the increase in revenue during the period; and
- (iii) Cash and bank balances increased by RM20.0 million or 33.6% from RM59.4 million as at FY2022 to RM79.4 million as at 9M2023 mainly due to the proceeds received from the disposal of vessels during the period.

Total Liabilities

Total liabilities of the Group increased by RM124.4 million or 9.4% from RM1.33 billion as at FY2022 to RM1.45 billion as at 9M2023 mainly due to the following:

- (i) Trade and other payables increased by RM61.1 million or 22.5% from RM271.6 million as at FY2022 to RM332.7 million as at 9M2023 mainly due to the increase in interest payable for loan and borrowings and amount owing to trade creditors, as well as fluctuation of foreign currency exchange rates.
- (ii) Borrowings increased by RM48.2 million or 4.9% from RM994.0 million as at FY2022 to RM1.04 billion as at 9M2023 as a result of fluctuation of foreign currency exchange rates; and
- (iii) Current tax payables was higher at RM17.2 million in 9M2023 as compared to RM3.6 million as at FY2022 as a result of the increase in profit before tax during the period.

Negative working capital

The net working capital of negative RM1.060 billion as at 9M2023 is consistent with negative RM1.059 billion as at FY2022. There was only slight decrease by RM720,000 during the period which mainly due to the increase in trade and other payables, borrowings and provision for corporate guaranteed of RM61.1 million, RM48.2 million and RM3.3 million respectively. The impact was partially offset by the increase in trade and other receivables and cash and bank balances of RM91.8 million and RM20.0 million respectively.

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

7. (Contd.)

Review of Group Performance (Contd.)

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

Negative working capital (Contd.)

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

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

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

- (ii) The Group has been reviewing its cash flow projections, in the face of the great business uncertainties, operational disruptions and costs containment measures. It has been entering into discussions with various parties regarding possible actions to contain operating costs and to preserve working capital to fund the Group's operations.
- (iii) The Group has explored various strategies to bolster its financial position whilst continuing its cost rationalisation measures to improve overall competitiveness.

Following many rounds of feedback and negotiations with the secured and unsecured FI creditors, NCD, together with its advisors, evolved a revised debt restructuring proposal which was presented to the secured and unsecured FI creditors. The Company is pleased to announce that the Group had obtained approval from its creditors for the proposed restructuring (the "Restructuring"). The conclusion of the restructuring is subject to conditions set out in definitive agreements to be entered into between all relevant parties. The Group is working closely with all to ensure the process can be completed in an expedient manner. Please refer to the Company's announcement on SGXNET for more information.

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

7. (Contd.)

Review of Group Performance (Contd.)

(c) Condensed Interim Consolidated Statements of Cash Flows

9M2023

Net cash from operating activities of RM30.5 million in 9M2023 was mainly due to collection from customers during the period.

Net cash used in investing activities of RM9.0 million in 9M2023 was mainly due to payment made for acquisition of property, plant and equipment amounting to RM71.8 million which was partially offset by proceeds received from disposal of property, plant and equipment amounting to RM61.6 million and interest received amounting to RM1.2 million during the period.

Net cash used in financing activities of RM2.9 million in 9M2023 was mainly due to increase in fixed deposit pledged, dividend paid and repayment of bank borrowings amounting to RM2.1 million, RM1.1 million and RM0.8 million respectively. The increase was partially offset by the proceeds from issuance of shares amounting to RM1.7 million.

3Q2023

Net cash used in operating activities of RM2.9 million in 3Q2023 was mainly due to the delay in collection from customers during the period.

Net cash from investing activities of RM39.5 million in 3Q2023 was mainly due to proceeds received from disposal of property, plant and equipment amounting to RM61.6 million which partially offset by the acquisition of property, plant and equipment amounting to RM22.6 million.

Net cash used in financing activities of RM2.7 million in 9M2023 was mainly due to increase in fixed deposit pledged, dividend paid and repayment of bank borrowings amounting to RM2.1 million, RM1.1 million and RM0.8 million respectively. The increase was partially offset by the proceeds from issuance of shares amounting to RM1.7 million.

8. [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.

9. [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](#)

The offshore and marine sector continues to trend upwards despite the ongoing global economic weakness. The Clarksons Offshore Index, covering rig, offshore service vessel (“OSV”), and subsea day rates, grew by 18% in 1H2023. Moreover, the Clarksons OSV Rate Index rose 17% in 1H2023 to 161 points on the back of growing demand for oil and gas .

OPEC recently projected global oil demand to reach 110.2 million barrels per day (“bpd”) by 2028 and 116 million bpd by 2045 from the level of 99.6 million bpd in 2022. The organisation also highlighted the concerns over new energy security issues as well as the inadequacy of investments into new energy development.

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

9. (Contd.)

The favourable oil demand outlook is expected to continue to support the OSV demand momentum and the Group's ongoing business recovery path in the long run. We are committed to concluding the restructuring soonest possible, paving the way to enhance our financial flexibility and position ourselves to seize opportunities in the growing sector, striving for sustainable growth in the future.

10. 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.

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

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

12. General mandate relating to interested person transactions

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

13. 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.

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

14. 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 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

Leong Seng Keat
Chief Executive Officer

14 November 2023