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NEWS RELEASE

Nam Cheong Reports Net Profit of RM31.6 million in 1H2022, A Turnaround from Net Loss of RM17.1 million in 1H2021

- Revenue, solely contributed by vessel chartering, increased by 15% yoy to RM165.0 million in 1H2022, driven by higher vessel utilisation during the period
- In line with the revenue growth, gross profit increased 12% yoy to RM46.8 million in 1H2022 and recorded gross profit margin of 28.4%
- Other income was higher at RM20.2 million in 1H2022, mainly due to the gain on waiver of debts by trade creditors amounting to RM15.8 million
- The Group had reached an in-principle agreement with its secured and unsecured financial institution creditors for the proposed restructuring in 1H2022 and will update when there is material progress

Singapore, 12 August 2022 – Nam Cheong Limited ("Nam Cheong" or the "Group"), one of Malaysia's leading Offshore Support Vessel (OSV) providers, today announced its financial results for the six months ended 30 June 2022 ("**1H2022**").

Financial Highlights	**1H2022 (RM'000)**	**1H2021 (RM'000)**	**Change (%)**
Revenue	165,036	143,284	*15*
Gross Profit	46,808	41,773	*12*
Gross Margin	*28.4%*	*29.2%*	*(0.8) ppt*
Other Income	20,182	3,948	*>100*
Selling and Administrative Expenses	(16,166)	(14,910)	*8*
Asset Impairment	-	(2,997)	*(100)*
Other Operating Expenses	(4,175)	(23,452)	*(82)*
Operating Profit	46,649	4,362	*>100*
Finance Costs	(12,520)	(18,371)	*(32)*
Profit/(Loss) for the financial period	31,573	(17,118)	*n.m.*
Profit/(Loss) attributable to owners of the parent (PATMI)	31,425	(17,769)	*n.m.*

Ppt = percentage points
N.M = not meaningful

In 1H2022, the Group's revenue, solely contributed by vessel chartering division, increased by 15% to RM165.0 million from RM143.3 million for 1H2021. The revenue growth is driven by higher vessel utilisation rate during the reporting period.

Gross profit increased by 12% year-on-year ("**yoy**") to RM46.8 million in 1H2022 and gross profit margin was 28.4% compared to 29.2% in 1H2021.

Other income was higher at RM20.2 million in 1H2022 compared to RM3.9 million in 1H2021, mainly due to the gain on waiver of debts by trade creditors amounting to RM15.8 million in 1H2022 as a result of successful negotiation and settlement with the trade creditors.

Selling and administrative expenses increased to RM16.2 million in 1H2022 from RM14.9 million in 1H2021, due to the increase in staff cost and increase in other cost related to the mitigation of COVID-19.

Other operating expenses were RM4.2 million in 1H2022, significantly lower than RM23.5 million in 1H2021. The decline was mainly attributable to the decrease of RM12.2 million in foreign exchange loss and the absence of accretion of non-current trade payables of RM5.9 million recorded in 1H2021.

Finance costs decreased by RM5.9 million to RM12.5 million in 1H2022, mainly due to the decrease in finance cost related to vessel financing during the period.

Consequently, the Group reported a net profit after tax of RM31.6 million in 1H2022, a turnaround from net loss of RM17.1 million in 1H2021.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"Despite high oil prices, oil majors continue to be cautious in their spend. This has affected service providers across the value chain and has resulted in daily charter rates remaining low.*

On the restructuring front, I am also pleased to report that we have reached an in-principle agreement with all of our secured and unsecured financial institution creditors in May 2022 for the proposed restructuring and we are working closely with all stakeholders to ensure the process can be completed in an expedient manner."

Outlook

Despite Malaysia's policy to reopen the border on 01 April 2022, the heightened supply chain disruptions and rising fears of recession continue to slow down the pace of economic recovery. The outlook for the offshore & marine industry continues to remain uncertain. To add to the mix, companies also have to contend with rising inflationary costs. The Group will continue to work closely with its partners and various stakeholders to ensure a smooth navigation through this unprecedented and challenging business environment.

The Group successfully reached an in-principle agreement with its secured and unsecured financial institution creditors in May 2022 for the proposed restructuring. The Group is working closely with all parties to ensure an expedient and efficient follow-up process. In the meanwhile, the Group will work towards the restructuring of the remaining liabilities and in due course call a meeting with relevant parties to update on the next steps.

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ABOUT NAM CHEONG LIMITED (BLOOMBERG TICKER NCL: SP)

Headquartered in Kuala Lumpur, Malaysia, Nam Cheong Limited ("Nam Cheong" or the "Group") is a global offshore marine group specialising in the building and chartering of OSVs. Since its humble beginnings in 1968 building only fishing vessels, the Group is now Malaysia's largest OSV builder, owning and operating one of the largest shipbuilding yards for OSVs in Malaysia.

The Group focuses on OSV chartering, as well as the construction and engineering of sophisticated, environmentally friendly and quality OSVs that are equipped with the latest technology for use in the offshore oil and gas exploration and production ("E&P") and oil services industries, with customers hailing from Malaysia, Southeast Asia, Middle East, West Africa, Latin America, Europe, and the United States. The Group has delivered over 140 vessels since 2007, which include anchor handling towing supply ("AHTS") vessels, platform supply vessels ("PSVs"), accommodation work boats and accommodation work barges.

Beyond building some of the most sophisticated OSVs, Nam Cheong is expanding its vessel chartering operations, with the Group operating a chartering fleet of over 30 vessels. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

Issued for and on behalf of Nam Cheong Ltd. by **Financial PR**

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