
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2023

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

	Note	The Group		Change %
		Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000	
Revenue	4	200,520	165,036	22%
Cost of sales		(122,262)	(118,228)	3%
Gross profit		78,258	46,808	67%
Other income	5	1,092	20,182	(95%)
Selling and administrative expenses		(17,695)	(16,166)	9%
Other operating expenses		(7,816)	(4,175)	87%
Operating profit		53,839	46,649	15%
Finance costs		(13,647)	(12,520)	9%
Share of results of equity accounted joint ventures, net of tax		79	811	(90%)
Share of results of equity accounted associates, net of tax		1,172	1,364	(14%)
Profit before tax	6	41,443	36,304	14%
Income tax expense	7	(9,744)	(4,731)	>100%
Profit for the financial period		31,699	31,573	0%

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

		The Group		
	Note	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000	Change %
Other comprehensive loss				
Exchange differences on translating foreign operations		(26,398)	(7,365)	>100%
Other comprehensive loss for the financial period, net of tax				
		(26,398)	(7,365)	>100%
Total comprehensive income for the financial period				
		5,301	24,208	(78%)
Profit attributable to:				
Owners of the parent		31,230	31,425	(1%)
Non-controlling interest		469	148	>100%
Profit for the financial period				
		31,699	31,573	0%
Total comprehensive income attributable to:				
Owners of the parent		4,832	24,060	(80%)
Non-controlling interest		469	148	>100%
Total comprehensive income for the financial period				
		5,301	24,208	(78%)
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	7,897,822,074	
Weighted average number of shares in issue (diluted)		8,211,896,575	8,038,180,890	
Basic earnings per share (Malaysia sen)				
		0.39	0.40	
Diluted earnings per share (Malaysia sen)				
		0.38	0.39	

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	473,726	426,784	-	-
Subsidiaries		-	-	-	-
Joint ventures		3,394	3,315	-	-
Associates		6,362	5,210	-	-
Other investment		-	-	-	-
		<u>483,482</u>	<u>435,309</u>	<u>-</u>	<u>-</u>
Current assets					
Inventories		17,044	13,604	-	-
Trade and other receivables	11	254,490	180,205	152	152
Prepayments		4,386	1,789	112	92
Current tax recoverable		744	811	41	-
Fixed deposits		2,986	3,471	-	-
Cash and bank balances		43,233	59,394	70	38
		<u>322,883</u>	<u>259,274</u>	<u>375</u>	<u>282</u>
TOTAL ASSETS		<u>806,365</u>	<u>694,583</u>	<u>375</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		264,112	290,510	781,384	781,384
Accumulated losses		(1,204,046)	(1,235,276)	(1,998,828)	(1,944,737)
		<u>(627,583)</u>	<u>(634,109)</u>	<u>(905,093)</u>	<u>(852,696)</u>
Non-controlling interest		<u>2,702</u>	<u>3,133</u>	<u>-</u>	<u>-</u>
Total equity		<u>(624,881)</u>	<u>(630,976)</u>	<u>(905,093)</u>	<u>(852,696)</u>
Non-current liabilities					
Deferred tax liabilities		6,361	6,365	-	-
Lease liabilities		684	1,097	-	-
		<u>7,045</u>	<u>7,462</u>	<u>-</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

	The Group		The Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Cont'd)				
Current liabilities				
Lease liabilities	817	793	-	-
Borrowings	13 1,040,858	994,006	755,636	719,540
Trade and other payables	323,167	271,555	98,692	85,313
Current tax payable	8,220	3,618	-	-
Provisions	51,139	48,125	51,140	48,125
	<u>1,424,201</u>	<u>1,318,097</u>	<u>905,468</u>	<u>852,978</u>
Total liabilities	<u>1,431,246</u>	<u>1,325,559</u>	<u>905,468</u>	<u>852,978</u>
TOTAL EQUITY AND LIABILITIES	<u>806,365</u>	<u>694,583</u>	<u>375</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	-	-	-	-	-	-	31,230	31,230	469	31,699
Other comprehensive loss	-	-	-	(26,398)	-	-	-	(26,398)	-	(26,398)
Issuance of term loan shares	73	1,621	-	-	-	-	-	1,694	-	1,694
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(900)	(900)
At 30 June 2023	3,977	312,471	(4,097)	265,737	(4,401)	2,776	(1,204,046)	(627,583)	2,702	(624,881)
At 1 January 2022	3,836	309,357	(4,097)	316,775	(4,401)	2,776	(1,301,006)	(676,760)	923	(675,837)
Profit for the period	-	-	-	-	-	-	31,425	31,425	148	31,573
Other comprehensive loss	-	-	-	(7,365)	-	-	-	(7,365)	-	(7,365)
Issuance of term loan shares	68	1,493	-	-	-	-	-	1,561	-	1,561
At 30 June 2022	3,904	310,850	(4,097)	309,410	(4,401)	2,776	(1,269,581)	(651,139)	1,071	(650,068)

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	-	-	-	-	-	(54,091)	(54,091)
Issuance of term loan shares	73	1,621	-	-	-	-	1,694
At 30 June 2023	3,977	312,471	(4,097)	2,776	778,608	(1,998,828)	(905,093)
At 1 January 2022	3,836	309,357	(4,097)	2,776	778,608	(1,898,378)	(807,898)
Loss for the period	-	-	-	-	-	(35,794)	(35,794)
Issuance of term loan shares	68	1,493	-	-	-	-	1,561
At 30 June 2022	3,904	310,850	(4,097)	2,776	778,608	(1,934,172)	(842,131)

Condensed Interim Consolidated Statements of Cash Flows

	The Group	
	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000
Operating activities		
Profit before tax	41,443	36,304
Adjustments for:		
Depreciation of property, plant and equipment	12,217	14,532
Gain on disposal of property, plant and equipment	-	(3,121)
Impairment losses on trade and other receivables	55	-
Reversal of impairment on other investment	(35)	-
Gain on waiver of debts	-	(15,787)
Interest expense	13,647	12,520
Interest income	(791)	(540)
Property, plant and equipment written off	6	-
Share of results of equity accounted joint ventures, net of tax	(79)	(811)
Share of results of equity accounted associate, net of tax	(1,172)	(1,364)
Total adjustments	23,848	5,429
Operating cash before working capital changes	65,291	41,733
Changes in working capital:		
Changes in inventories	(3,440)	(7,019)
Changes in receivables	(39,081)	(9,926)
Changes in prepayments	(2,545)	(403)
Changes in payables	19,614	9,267
Total changes in working capital	(25,452)	(8,081)
Cash from operations	39,839	33,652
Interest paid	(1,347)	(3,949)
Taxes paid, net of refund	(5,078)	(2,356)
Net cash from operating activities	33,414	27,347

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

	The Group	
	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000
Investing activities		
Acquisition of property, plant and equipment	(49,269)	(7,187)
Interest received	791	540
Proceeds from disposal of property, plant and equipment	-	3,869
Net cash used in investing activities	<u>(48,478)</u>	<u>(2,778)</u>
Financing activities		
Repayments of bank borrowings	-	(3,859)
Payments of lease liabilities	(193)	(3,983)
Net cash used in financing activities	<u>(193)</u>	<u>(7,842)</u>
Net changes in cash and cash equivalents	(15,257)	16,727
Effects of exchange fluctuations on cash and cash equivalents	(489)	(358)
Cash and cash equivalents at 1 January	57,336	26,416
Cash and cash equivalents at 30 June	<u>41,590</u>	<u>42,785</u>
Cash and cash equivalents comprise the following as at the statements of financial position date:		
Fixed deposits with licensed banks	2,986	1,384
Cash and bank balances	43,233	43,900
	<u>46,219</u>	<u>45,284</u>
Less: Restricted cash with licensed banks	(2,454)	(2,210)
Less: Restricted fixed deposits with licensed banks	(2,175)	(289)
Total cash and cash equivalents	<u>41,590</u>	<u>42,785</u>

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 six months ended 30 June 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 six months ended 30 June 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 RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Half year ended 30 June 2023					
Revenue					
External revenue	-	200,520	-	-	200,520
Results					
Interest income	34	415	6,562	(6,220)	791
Depreciation of property, plant and equipment	(691)	(11,624)	(3)	101	(12,217)
Reversal of impairment on other investments	-	35	-	-	35
Impairment losses on trade and other receivables reversed/(made)	-	8	(63)	-	(55)
Restructuring expenses	-	-	(1,993)	-	(1,993)
Finance costs	-	(11,488)	(8,140)	5,981	(13,647)
Share of results of joint ventures	-	-	79	-	79
Share of results of associates	-	-	1,172	-	1,172
Profit/(loss) before tax	16,992	58,312	(33,861)	-	41,443

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 June 2023					
Additions to non-current assets	79	8,760	-	-	8,839
Investment in associate	-	-	6,362	-	6,362
Investment in joint ventures	-	-	3,394	-	3,394
Segment assets	462,555	1,689,096	65,389	(1,410,675)	806,365
Segment liabilities	1,778,752	2,212,606	1,255,165	(3,815,277)	1,431,246
Half year ended 30 June 2022					
Revenue					
External revenue	-	165,036	-	-	165,036
Results					
Interest income	10	530	5,734	(5,734)	540
Depreciation of property, plant and equipment	(668)	(13,877)	(2)	15	(14,532)
Gain on disposal of property, plant and equipment	-	3,121	-	-	3,121
Gain on waiver of debts	-	15,787	-	-	15,787
Restructuring expenses	-	-	(174)	-	(174)
Finance costs	-	(10,593)	(7,506)	5,579	(12,520)
Share of results of joint ventures	-	-	811	-	811
Share of results of associates	-	-	1,364	-	1,364
(Loss)/profit before tax	(3,296)	35,550	4,050	-	36,304

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
				30.06.2023	31.12.2022
				RM'000	RM'000
Non-current assets					
Malaysia				483,477	435,304
Singapore				5	5
				<u>483,482</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.

	30.06.2023 RM'000	31.12.2022 RM'000
Property, plant and equipment	473,726	426,784
Investment in associates	6,362	5,210
Investment in joint ventures	3,394	3,315
	<u>483,482</u>	<u>435,309</u>

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

5. Other income

	The Group	
	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000
Gain on disposal of property, plant and equipment	-	3,121
Interest income	791	540
Miscellaneous	301	734
Gain on waiver of debts	-	15,787
	1,092	20,182

6. Profit before tax

	The Group	
	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 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	11,319	13,648
<i>Administrative expenses</i>		
Depreciation of property, plant and equipment	898	884
<i>Other operating expenses</i>		
Impairment losses on trade and other receivables	55	-
Property, plant and equipment written off	6	-
Foreign exchange loss, net	5,762	4,001
Restructuring expenses	1,993	174

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	
	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000
Current income tax expense:		
- Current year	9,484	2,061
- Overprovision in prior year	-	(412)
- Underprovision in prior year	264	-
Deferred tax expense:		
- Overprovision in prior year	(4)	-
- Underprovision in prior year	-	3,082
	9,744	4,731

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	
	Half Year ended 30.06.2023 RM'000	Half Year ended 30.06.2022 RM'000
Joint ventures		
- interest income	-	490
Other related parties in which directors and key management have interest		
- purchases	262	194
- rental expense	427	413
	427	413

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

9. Net asset value

	The Group		The Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Net asset value				
per ordinary share (Malaysia sen)	(7.7)	(7.9)	(11.2)	(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 six months ended 30 June 2023, the Group acquired assets amounting to RM49,269,000 (30 June 2022: RM8,839,000) and disposed of assets amounting to RMNil (30 June 2022: RM37,719,000).

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

11. Trade and other receivables

	The Group		The Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables from a third party	-	8,600	-	-
Less: Allowance for impairment losses	-	(8,600)	-	-
	-	-	-	-
Current				
Trade receivables	230,800	146,663	-	-
Less: Allowance for impairment losses	(31,807)	(22,675)	-	-
	198,993	123,988	-	-
Amount due from subsidiaries (non-trade)	-	-	66,437	66,371
Amounts due from associates and joint ventures (non-trade)	53,537	54,526	62	59
Deposits and other receivables	33,868	31,957	152	152
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(66,437)	(66,371)
- amounts due from associate and joint ventures (non-trade)	(28,652)	(27,044)	(62)	(59)
- other receivables	(3,256)	(3,222)	-	-
	55,497	56,217	152	152
Total trade and other receivables	254,490	180,205	152	152

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

11. Trade and other receivables (Cont'd)

As at event date, RM41.2 million (or 20.7%) of the net trade receivables of RM199.0 million in 1H2023 has been collected from the customers subsequent to 1H2023. 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.

12. Share capital and share premium

	The Group and the Company			
	30.06.2023 '000	31.12.2022 '000	30.06.2023 RM'000	31.12.2022 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		The Company	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
At 1 January	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	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Bilateral facilities debt (secured)	105,377	101,802	-	-
Term loan - sustainable debts (unsecured)	935,481	892,204	755,636	719,540
	<u>1,040,858</u>	<u>994,006</u>	<u>755,636</u>	<u>719,540</u>
Represented by:				
Current	<u>1,040,858</u>	<u>994,006</u>	<u>755,636</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 is currently in discussions with the lenders to review its options of restructuring its debts. Please refer to Paragraph 7 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 RM5,569,000 (31.12.2022 – RM5,651,000) and RM40,996,000 (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 June 2023 and 31 December 2022:

	The Group		The Company	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Financial assets at amortised cost				
Trade and other receivables	254,490	180,205	152	152
Cash and bank balances	43,233	59,394	70	38
Fixed deposits	2,986	3,471	-	-
	<u>300,709</u>	<u>243,070</u>	<u>222</u>	<u>190</u>
Financial liabilities at amortised cost				
Bilateral facilities debt	105,377	101,802	-	-
Term loan	935,481	892,204	755,636	719,540
Lease liabilities	1,501	1,890	-	-
Trade and other payables	322,228	270,629	98,546	85,167
Provision for financial guarantee	51,139	48,125	51,140	48,125
	<u>1,415,726</u>	<u>1,314,650</u>	<u>905,322</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 six months ended 30 June 2023. As at 30 June 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 six months ended 30 June 2023. As at 30 June 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 June 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 six 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

1H2023 vs 1H2022

	1H2023				1H2022				Variance			
	Revenue		Gross Profit	Margin	Revenue		Gross Profit	Margin	Revenue		Gross Profit	Margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	200,520	100%	78,258	39%	165,036	100%	46,808	28%	35,484	22%	31,450	67%
Total	200,520	100%	78,258	39%	165,036	100%	46,808	28%	35,484	22%	31,450	67%

For the six months ended 30 June 2023 ("1H2023"), the Group's revenue from vessel chartering division increased by 22% from RM165.0 million in the previous corresponding six months ended 30 June 2022 ("1H2022") to RM200.5 million in 1H2023 mainly driven by improved daily charter rates and higher vessel utilisation.

The shipbuilding segment did not register any revenue for both 1H2023 and 1H2022 as there was no vessel scheduled for delivery during the period.

Gross profit increased 67% year-on-year ("yoy") to RM78.3 million in 1H2023, in tandem with the increase in revenue. Accordingly, the gross margin stood at 39% for 1H2023, up 11 percentage points.

Other income of RM1.1 million in 1H2023 was lower than RM20.2 million recorded in 1H2022 mainly due to the absence of gain on waiver of debts by trade and financial creditors and gain on disposal of property, plant and equipment amounting to RM15.5 million and RM3.1 million respectively.

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

7. (Cont'd)

Review of Group Performance (Cont'd)

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

1H2023 vs 1H2022 (Cont'd)

Selling and administrative expenses increased from RM16.2 million in 1H2022 to RM17.7 million in 1H2023, in tandem with the increase in revenue.

Other operating expenses of RM7.8 million in 1H2023 was higher than RM4.2 million recorded in 1H2022 mainly due to the increase in restructuring expenses and foreign exchange loss.

Finance costs increased to RM13.7 million in 1H2023 from RM12.5 million recorded in 1H2022, mainly due to the increase in finance cost related to vessel financing during the period.

Share of results of equity accounted joint ventures and associates decreased to profit of RM0.1 million and RM1.2 million in 1H2023 as compared to profit of RM0.8 million and RM1.4 million in 1H2022 respectively mainly due to lower vessel utilisation.

Consequently, the Group delivered a net profit after tax of RM31.7 million in 1H2023, as compared to a net profit after tax of RM31.6 million in 1H2022.

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

Total Assets

Total assets of the Group increased by 16.1% or RM111.8 million from RM694.6 million as at 31 December 2022 ("FY2022") to RM806.4 million as at 30 June 2023 ("1H2023") mainly due to the following:

- (i) Trade and other receivables increased by RM74.3 million or 41.2% from RM180.2 million as at FY2022 to RM254.5 million as at 1H2023 in tandem with the increase in revenue during the period; and
- (ii) Property, plant and equipment increased by RM46.9 million or 11.0% from RM426.8 million as at FY2022 to RM473.7 million as at 1H2023 mainly due to the acquisition of vessels during the period.

The increase in total assets was partially offset by the following:

- (i) Cash and bank balances decreased by RM16.2 million or 27.3% from RM59.4 million to RM43.2 million mainly due to addition of property, plant and equipment during the period.

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

7. (Cont'd)

Review of Group Performance (Cont'd)

(b) Condensed Interim Statements of Financial Position (Group) (Cont'd)

Total Liabilities

Total liabilities of the Group increased by 8.0% or RM105.7 million from RM1.33 billion as at FY2022 to RM1.43 billion as at 1H2023 mainly due to the following:

- (i) Borrowings increased by RM46.9 million from RM0.99 billion as at FY2022 to RM1.04 billion as at 1H2023 as a result of fluctuation of foreign currency exchange rates; and
- (ii) Trade and other payables increased by RM51.6 million from RM271.6 million as at FY2022 to RM323.2 million as at 1H2023 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.

Negative working capital

The decrease in net working capital of RM42.5 million, or 4.0%, from negative RM1.06 billion as at FY2022 to negative RM1.10 billion as at 1H2023 was mainly due to the increase in borrowings of RM46.9 million, the increase in trade and other payables of RM51.6 million and decrease in cash and cash balances of RM16.2 million. The impact was partially offset by the increase in trade and other receivables of RM74.3 million, and the increase in inventories of RM3.4 million.

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.

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

7. (Cont'd)

Review of Group Performance (Cont'd)

(b) Condensed Interim Statements of Financial Position (Group) (Cont'd)

Negative working capital (Cont'd)

(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 in 2022. After further rounds of negotiations, the Group has, on 20 April 2023, entered into the debt restructuring master agreement (“DRMA”) with the FI creditors. Meanwhile, the Group is working towards the restructuring of the remaining liabilities with the corresponding creditors. Please refer to the Company’s announcement on SGXNET for more information.

(c) Condensed Interim Consolidated Statements of Cash Flows

1H2023

Net cash from operating activities of RM33.4 million in 1H2023 was mainly due to collection from customers during the period.

Net cash used in investing activities of RM48.5 million in 1H2023 was mainly due to acquisition of property, plant and equipment of RM49.3 million. The effect is partially offset by the interest received of RM0.8 million.

Net cash used in financing activities of RM0.2 million in 1H2023 was mainly due to repayment of lease liabilities.

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 macroeconomic conditions remain challenging in 2023 with the growth rate forecasted to decline significantly to 2.1% compared to 3.1% in 2022. The ongoing weakness in the global economy can be mainly attributable to the implementation of the tightening monetary policy and subdued industrial demand.

However, the Malaysian economy has managed to maintain a modest growth momentum after achieving annual economic growth of 8.7% in 2022. The growth of 5.6% yoy in 1Q2023 has contributed to the annual growth rate forecast for 2023, which is expected to range between 4.0% to 5.0%.

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

9. (Cont'd)

The Offshore and Marine sector is on the path of recovery despite the continued fluctuations in oil prices in 1H2023. According to a report released by UOB KayHian, offshore oil and gas capital expenditure is expected to continue growing in 2023 and 2024. In addition, the number of active offshore rigs recorded in July 2023 is 8% higher than in July 2022, indicating an improvement in oil exploration and production activities.

While the near-term outlook remains uncertain, the overall market situation is supportive of the Group's business recovery. The Group is actively working towards concluding the debt restructuring process with its creditors. Any material progress made will be updated to SGXNET.

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 six months ended 30 June 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 August 2023