
**First Quarter Ended 31 March 2018 Financial Statements
and Related Announcement**

Content	Page
1. Unaudited Financial Statements	1
1(a)(i) Statement of Comprehensive Income (Group)	1
1(a) (ii) Notes to the Statement of Comprehensive Income	2
1(b)(i) Statement of Financial Position	3
1(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities	5
1(c) Statement of Cash Flows (Group)	6
1(d)(i) Statements of Changes in Equity	8
1(d)(ii) Share Capital	10
1(d)(iii) Number of Issued Shares excluding Treasury Shares	10
1(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares	10
2. Audit	10
3. Auditors' Report	10
4. Accounting Policies	10
5. Changes in Accounting Policies	11
6. Earnings Per Ordinary Share	11
7. Net Asset Value Per Ordinary Share	11
8. Review of Group Performance	12
9. Variance From Forecast Statement	14
10. Prospects	14
11. Dividend	14
12. Dividend Declared	15
13. General mandate relating to interested person transactions	15
14. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual	15

1. Unaudited Financial Statements

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

	1st Quarter ended 31.3.2018 RM'000	1st Quarter ended 31.3.2017 RM'000	Change %
Revenue	8,530	17,888	(52%)
Cost of sales	(10,348)	(10,736)	(4%)
Gross (loss) / profit	<u>(1,818)</u>	<u>7,152</u>	(125%)
Other income	549,454	4,502	>100%
Selling and administrative expenses	(7,536)	(7,412)	2%
Other operating expenses	(2,784)	(43,006)	(94%)
Operating profit / (loss)	<u>537,316</u>	<u>(38,764)</u>	n.m.
Finance costs	(12,633)	(6,124)	>100%
Share of results of equity accounted joint ventures, net of tax	(984)	(1,475)	(33%)
Share of results of equity accounted associate, net of tax	(2,055)	(1,010)	>100%
Profit / (Loss) before tax	<u>521,644</u>	<u>(47,373)</u>	>100%
Income tax expense	205	(135)	n.m.
Profit / (Loss) for the financial period	<u>521,849</u>	<u>(47,508)</u>	n.m.
Other comprehensive income			
Exchange differences on translating foreign operations	63,737	(7,961)	n.m.
Fair value loss on available-for-sale financial assets	(2,890)	-	n.m.
Other comprehensive income for the financial period, net of tax	<u>60,847</u>	<u>(7,961)</u>	n.m.
Total comprehensive income for the financial period	<u>582,696</u>	<u>(55,469)</u>	n.m.
Profit / (Loss) attributable to :			
Owners of the parent	522,476	(47,528)	n.m.
Non-controlling interest	(627)	20	n.m.
Profit / (Loss) for the financial period	<u>521,849</u>	<u>(47,508)</u>	n.m.
Total comprehensive income / (loss) attributable to:			
Owners of the parent	583,323	(55,489)	n.m.
Non-controlling interest	(627)	20	n.m.
Total comprehensive income / (loss) for the financial period	<u>582,696</u>	<u>(55,469)</u>	n.m.

1. Unaudited Financial Statements (Contd.)

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

	1st Quarter ended 31.3.2018 RM'000	1st Quarter ended 31.3.2017 RM'000	Change %
Other income			
Interest income	473	497	>100%
Miscellaneous	1,953	3,082	(37%)
Rental income	377	923	(59%)
Gain on disposal of asset-held-for-sale	1,164	-	n.m.
Waiver of debts	545,487	-	n.m.
	<u>549,454</u>	<u>4,502</u>	>100%
Profit / (Loss) before tax			
The following amounts have been included in arriving at profit before tax:			
<i>Selling and administrative expenses</i>			
Amortisation of prepaid land lease payments	67	27	n.m.
Depreciation of property, plant and equipment	3,480	5,025	(31%)
Depreciation of investment properties	-	320	(100%)
<i>Other operating expenses</i>			
Foreign exchange loss, net	142	42,707	(100%)
Loss on disposal of property, plant and equipment	-	5	n.m.
Property, plant and equipment written off	-	294	n.m.
Restructuring expenses	2,641	-	n.m.
Income tax expense			
Current income tax	<u>135</u>	<u>135</u>	>100%

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(i) Statement of Financial Position

	Group		Company	
	31.3.2018 RM'000	31.12.2017 RM'000	31.3.2018 RM'000	31.12.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	254,375	268,703	-	-
Prepaid land lease payments	7,065	7,133	-	-
Investment in joint ventures	3,056	4,041	-	-
Investment in an associate	21,785	23,840	-	-
Available-for-sale financial assets	2,962	3,226	-	-
Trade receivables	15,954	16,797	-	-
	<u>305,197</u>	<u>323,740</u>	<u>-</u>	<u>-</u>
Current assets				
Inventories	432,530	382,043	-	-
Trade and other receivables	73,309	65,079	57,028	-
Prepayments	5,943	4,724	28	28
Current income tax recoverable	1,394	1,526	-	-
Due from customers on contracts	-	38,484	-	-
Cash and cash equivalents	84,772	224,417	22,435	23,227
	<u>597,948</u>	<u>716,273</u>	<u>79,491</u>	<u>23,255</u>
Asset-held-for-sale	-	74,676	-	-
TOTAL ASSETS	<u>903,145</u>	<u>1,114,689</u>	<u>79,491</u>	<u>23,255</u>
EQUITY AND LIABILITIES				
Equity				
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	380,457	318,614	778,608	778,608
Accumulated losses	(1,635,361)	(2,138,467)	(2,473,338)	(2,515,853)
	<u>(1,095,462)</u>	<u>(1,660,411)</u>	<u>(1,535,288)</u>	<u>(1,577,803)</u>
Non-controlling interest	869	1,496	-	-
Total equity	<u>(1,094,593)</u>	<u>(1,658,915)</u>	<u>(1,535,288)</u>	<u>(1,577,803)</u>
Non-current liabilities				
Deferred tax liabilities	211	220	-	-
Trade and other payables	29,706	2,582	-	-
	<u>29,917</u>	<u>2,802</u>	<u>-</u>	<u>-</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	31.3.2018	31.12.2017	31.3.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Due to customers on contracts	-	700	-	-
Loans and borrowings	1,542,505	1,639,247	1,095,650	1,114,322
Trade and other payables	392,936	1,098,475	34,729	2,336
Provisions	32,380	32,380	484,400	484,400
	<u>1,967,821</u>	<u>2,770,802</u>	<u>1,614,779</u>	<u>1,601,058</u>
Total liabilities	<u>1,997,738</u>	<u>2,773,604</u>	<u>1,614,779</u>	<u>1,601,058</u>
TOTAL EQUITY AND LIABILITIES	<u>903,145</u>	<u>1,114,689</u>	<u>79,491</u>	<u>23,255</u>

1. Unaudited Financial Statements (Contd.)

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

	As at 31.3.2018		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	517,502	1,025,003	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)

	1st Quarter ended 31.3.2018 RM'000	1st Quarter ended 31.3.2017 RM'000
Operating activities		
Profit / (Loss) before tax	521,644	(47,373)
Adjustments for:		
Amortisation of prepaid land lease payments	67	27
Depreciation of property, plant and equipment	3,480	5,025
Depreciation of investment properties	-	320
Gain / (Loss) on disposal of property, plant and equipment	-	5
Gain on disposal of asset-held-for-sale	(1,164)	-
Interest expense	12,633	6,124
Interest income	(473)	(497)
Property, plant and equipment written off	-	294
Share of results of equity accounted joint ventures, net of tax	984	1,475
Share of results of equity accounted associate, net of tax	2,055	1,010
Unrealised loss on foreign exchange	3,537	50,713
Waiver of debts	(545,487)	-
Total adjustments	(524,368)	64,496
Operating cash flows before working capital changes	(2,724)	17,123
Changes in working capital:		
Increase in inventories	(60,105)	(69,785)
Increase in receivables	(7,387)	(16,529)
Increase in prepayments	(1,326)	(20,749)
Decrease / (Increase) in amount due from customers on contracts	38,484	(21,395)
(Decrease) / Increase in payables	(107,576)	66,075
Decrease in amount due to customers on contracts	(668)	(2,419)
Total changes in working capital	(138,578)	(64,802)
Cash flows used in operations	(141,302)	(47,679)
Interest paid	(3,488)	(22,040)
Taxes paid, net of refund	331	(210)
Net cash flows used in operating activities	(144,459)	(69,929)

1. Unaudited Financial Statements (Contd.)

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

	1st Quarter ended 31.3.2018 RM'000	1st Quarter ended 31.3.2017 RM'000
Investing activities		
Acquisition of property, plant and equipment	(386)	(4)
Interest received	473	497
Proceeds from available-for-sale financial assets	120	17,996
Proceeds from disposal of property, plant and equipment	-	7
Net cash flows from investing activities	<u>207</u>	<u>18,496</u>
Financing activities		
Proceeds from bank borrowings	-	57,937
Repayments of bank borrowings	(8,080)	(50,835)
Increase in fixed deposits pledged	33	-
Net cash flows (used in) / from financing activities	<u>(8,047)</u>	<u>7,102</u>
Net decrease in cash and cash equivalents	(152,299)	(44,331)
Effects of foreign exchange rate changes	(6,490)	(2,330)
Cash and cash equivalents at 1 January	183,023	162,618
Cash and cash equivalents at 31 March	<u>24,234</u>	<u>115,957</u>

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

Fixed deposits with licensed banks	23,505	132,589
Cash and bank balances	61,267	127,082
Bank overdrafts	(37,033)	(15,393)
	<u>47,739</u>	<u>244,278</u>
Less: Restricted fixed deposits with licensed banks	(23,505)	(128,321)
Total cash and cash equivalents	<u>24,234</u>	<u>115,957</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 RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
Group									
At 1 January 2017	405,962	82,347	(4,097)	327,787	-	556,814	1,368,813	(780)	1,368,033
Loss for the period	-	-	-	-	-	(47,528)	(47,528)	20	(47,508)
Other comprehensive income	-	-	-	(7,961)	-	-	(7,961)	-	(7,961)
Fair value loss on available- for-sales	-	-	-	-	(885)	-	(885)	-	(885)
At 31 March 2017	811,924	164,694	(8,194)	647,613	(885)	1,066,100	2,681,252	(1,540)	2,679,712
At 1 January 2018, previously reported	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)
At 1 January 2018, restated	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-sales	-	-	-	-	(2,890)	-	(2,890)	-	(2,890)
At 31 March 2018	81,192	82,347	(4,097)	385,719	(5,262)	(1,635,361)	(1,095,462)	869	(1,094,593)

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 profit RM'000	Equity attributable to owners of the parent RM'000
At 1 January 2017	405,962	82,347	(4,097)	778,608	58,413	1,321,233
Loss for the period	-	-	-	-	(5,088)	(5,088)
At 31 March 2017	405,962	82,347	(4,097)	778,608	53,325	1,316,145
At 1 January 2018	81,192	82,347	(4,097)	778,608	(2,515,853)	(1,577,803)
Profit for the period	-	-	-	-	42,515	42,515
At 31 March 2018	81,192	82,347	(4,097)	778,608	(2,473,338)	(1,535,288)

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 31 March 2018 and 31 March 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.

During 1Q 2018, there were no treasury shares acquired.

As at 31 March 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	
1st Quarter ended 31.3.2018	1st Quarter ended 31.3.2017

Earnings 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)	24.92	(2.27)
Weighted average number of shares	2,096,465,885	2,096,465,885
(ii) On a fully diluted basis (Sen)	24.92	(2.27)
Adjusted weighted average number of shares	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 31.3.2018	As at 31.12.2017	As at 31.3.2018	As at 31.12.2017
Net asset value per ordinary share (Sen)	(52.2)	(79.1)	(73.2)	(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)

1Q 2018 vs 1Q 2017

	1Q 2018				1Q 2017				Variance			
	Revenue		Gross Loss		Revenue		Gross Profit		Revenue		Gross Loss	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	-	8,150	46%	7,504	92%	(8,150)	(100%)	(7,504)	(100%)
Vessel Chartering	8,530	100%	(1,818)	(21%)	9,738	54%	(352)	(4%)	(1,208)	(12%)	(1,466)	416%
Total	8,530	100%	(1,818)	(21%)	17,888	100%	7,152	40%	(9,358)	(52%)	(8,970)	96%

For first quarter ended 31 March 2018 ("1Q 2018"), the Group recorded a lower revenue of RM8.5 million as compared to RM17.9 million recorded during the previous year corresponding first quarter ended 31 March 2017 ("1Q 2017"). Due to the adoption of IFRS 15 - Revenue from Contracts with Customers from 1 January 2018 onwards, shipbuilding revenue will only be recognised upon the completion and delivery of vessel. The shipbuilding segment did not register any revenue for 1Q 2018 as there is no vessel scheduled for delivery during the period. The revenue from the vessel chartering segment decreased 12% to RM8.5 million in 1Q 2018 from RM9.7 million in 1Q 2017 mainly due to lower vessel utilisation rate achieved during the period.

8. (contd.)

Review of Group Performance (contd.)

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

1Q 2018 vs 1Q 2017 (contd.)

Mainly as a result of the lack of vessel delivery and the lower utilisation rate in 1Q 2018, the Group recorded a gross loss of RM1.8 million as compared to a gross profit of RM7.2 million in 1Q 2017.

Other income increased significantly in 1Q 2018 by RM545.0 from RM4.5 million in 1Q 2017 to RM549.5 million in 1Q 2018 mainly due to the termination of shipbuilding contracts with certain shipyards which resulted in the waiver of liabilities amounting to RM545.5 million.

Due mainly to the absence of foreign exchange loss, other operating expense decreased by 94% or RM40.2 million to RM2.8 million in 1Q 2018.

Finance cost increased by RM6.5 million to RM12.6 million in 1Q 2018 compared to RM6.1 million in 1Q 2017 as a result of lower interest expense being capitalized in cost of construction.

Share of loss in joint ventures and associate recorded a loss of RM1.0 million and RM2.1 million respectively in 1Q 2018 due to the lower vessel utilisation rate achieved by our joint ventures and associate.

Mainly as a result of the waiver of liabilities, the Group reported a net profit after tax of RM521.8 million in 1Q 2018, compared to a net loss of RM47.5 million in 1Q 2017.

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group decreased by 19% or RM211.5 million to RM903.1 million in 1Q 2018 compared to RM1.11 billion as at 31 December 2017 (“FY 2017”) mainly due to the: -

- (i) completion of the disposal of properties by the Group, namely the office lot located at Unit #41-01, Unit #41-02 and Unit #41-03 of 8 Temasek Boulevard, Suntec Tower Three, Singapore 038988 (“Suntec Property”) on 9 February 2018; and
- (ii) decrease in the cash and cash equivalents by RM139.6 million.

Total Liabilities

Total liabilities of the Group decreased by 28% or RM775.9 million to RM2.0 billion in 1Q 2018 compared to RM2.77 billion in FY 2017 mainly due to waiver of liabilities by trade creditors amounting to RM545.5 million.

8. (contd.)

Review of Group Performance (contd.)

(c) Statement of Cash Flows (Group)

1Q 2018 vs 1Q 2017

Net cash flows used in operating activities of RM144.5 million in 1Q 2018 was mainly due to the decrease in payables of RM107.6 million.

Net cash flows from investing activities of RM0.2 million in 1Q 2018 was mainly attributed to the interest received of RM0.5 million.

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

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no material change from the previous prospect statement.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

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.

11. Dividend (contd.)

(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.

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 three months ended 31 March 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