NAM CHEONG LIMITED
(Incorporated in Bermuda)
(Company Registration Number 25458)

Unaudited Condensed Interim Financial Statements
For the Nine Months Ended 30 September 2022

Content		Page
A.	Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
B.	Condensed Interim Statements of Financial Position	3
C.	Condensed Interim Statements of Changes in Equity	5
D.	Condensed Interim Consolidated Statements of Cash Flows	7
E.	Notes to the Condensed Interim Consolidated Financial Statements	9
F.	Other Information Required by Listing Rule Appendix 7.2	20

NAM CHEONG LIMITED
(Incorporated in Bermuda)
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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		The Group					
	Note	3rd quarter ended 30.09.2022 RM'000	3rd quarter ended 30.09.2021 RM'000	Change %	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000	Change %
Revenue	4	104,714	79,742	31%	269,750	223,026	21%
Cost of sales		(78,629)	(61,574)	28%	(196,857)	(163,085)	21%
Gross profit		26,085	18,168	44%	72,893	59,941	22%
Other income	5	30,369	13,309	>100%	50,551	17,257	>100%
Selling and administrative expenses		(9,792)	(9,013)	9%	(25,958)	(23,923)	9%
Impairment loss on property, plant and equipment		-	(15)	(100%)	-	(3,012)	(100%)
Other operating expenses		3,708	(2,856)	n.m.	(467)	(26,308)	(98%)
Operating profit		50,370	19,593	>100%	97,019	23,955	>100%
Finance costs		(6,687)	(8,154)	(18%)	(19,207)	(26,525)	(28%)
Share of results of equity accounted joint ventures, net of tax		415	(10)	<(100%)	1,226	(1,937)	<(100%)
Share of results of equity accounted associates, net of tax		1,599	-	n.m.	2,963	-	n.m.
Profit/(Loss) before tax	6	45,697	11,429	>100%	82,001	(4,507)	<(100%)
Income tax expense	7	(5,781)	(3,515)	64%	(10,512)	(4,697)	>100%
Profit/(Loss) for the financial period		39,916	7,914	>100%	71,489	(9,204)	<(100%)

n.m. : Not meaningful

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

	Note	The Group					
		3rd quarter ended 30.09.2022 RM'000	3rd quarter ended 30.09.2021 RM'000	Change %	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000	Change %
Other comprehensive (loss)/income							
Exchange differences on translating foreign operations		(33,200)	10,614	<(100%)	(40,565)	20,299	<(100%)
Other comprehensive (loss)/income for the financial period, net of tax		(33,200)	10,614	<(100%)	(40,565)	20,299	<(100%)
Total comprehensive income for the financial period		6,716	18,528	(64%)	30,924	11,095	>100%
Profit/(Loss) attributable to:							
Owners of the parent		38,270	(9,093)	<(100%)	69,695	(9,855)	<(100%)
Non-controlling interest		1,646	138	>100%	1,794	651	>100%
Profit/(Loss) for the financial period		39,916	(8,955)	<(100%)	71,489	(9,204)	<(100%)
Total comprehensive income attributable to:							
Owners of the parent		5,070	18,390	(72%)	29,130	10,309	>100%
Non-controlling interest		1,646	138	>100%	1,794	786	>100%
Total comprehensive income for the financial period		6,716	18,528	(64%)	30,924	11,095	>100%
Earnings per share for profit/(loss) for the period attributable to the owners of the Company							
Weighted average number of shares in issue (basic)		7,944,259,058	7,816,909,146		7,913,471,167	7,749,124,789	
Weighted average number of shares in issue (diluted)		8,084,617,874	7,816,909,146		8,053,829,983	7,749,124,789	
Basic loss per share (Malaysia sen)		0.48	0.10		0.88	(0.13)	
Diluted loss per share (Malaysia sen)		0.47	0.10		0.87	(0.13)	

For the 9 months ended 30 September 2021, the basic and diluted loss per share are the same as the outstanding contingently issuable shares were anti-dilutive.

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30.09.2022	31.12.2021	30.09.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	402,187	390,324	-	-
Subsidiaries		-	-	-	-
Joint ventures		3,209	1,996	-	-
Associates		3,662	680	-	-
Other investment		-	-	-	-
		409,058	393,000	-	-
Current assets					
Inventories		11,394	23,968	-	-
Trade and other receivables	11	185,061	156,751	152	152
Prepayments		4,894	5,143	37	78
Current tax recoverable		1,068	706	-	-
Fixed deposits		1,388	1,233	-	-
Cash and bank balances		76,300	25,472	60	77
		280,105	213,273	249	307
TOTAL ASSETS		689,163	606,273	249	307
EQUITY AND LIABILITIES					
Equity					
Share capital	12	3,904	3,836	3,904	3,836
Share premium	12	310,850	309,357	310,850	309,357
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		274,585	315,150	781,384	781,384
Accumulated losses		(1,231,312)	(1,301,006)	(1,954,515)	(1,898,378)
		(646,070)	(676,760)	(862,474)	(807,898)
Non-controlling interest		2,717	923	-	-
Total equity		(643,353)	(675,837)	(862,474)	(807,898)
Non-current liabilities					
Deferred tax liabilities		5,921	2,839	-	-
Lease liabilities		4,796	9,873	-	-
		10,717	12,712	-	-

Condensed Interim Statements of Financial Position (Cont'd)

		The Group		The Company	
		30.09.2022	31.12.2021	30.09.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Contd.)					
Current liabilities					
Lease liabilities		9,123	7,543	-	-
Borrowings	13	990,367	947,662	709,209	681,138
Trade and other payables		264,484	268,769	102,714	83,031
Current tax payable		7,025	1,388	-	-
Provision for financial guarantee		50,800	44,036	50,800	44,036
		1,321,799	1,269,398	862,723	808,205
Total liabilities		1,332,516	1,282,110	862,723	808,205
TOTAL EQUITY AND LIABILITIES		689,163	606,273	249	307

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 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 income	-	-	-	(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)
At 1 January 2021	3,552	303,028	(4,097)	312,171	(4,401)	2,591	(1,387,767)	(774,923)	3,494	(771,429)
Loss for the period	-	-	-	-	-	-	(9,990)	(9,990)	786	(9,204)
Other comprehensive income	-	-	-	20,299	-	-	-	20,299	-	20,299
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	-	5,066	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	-	1,547	-	1,547
Share grant plan expenses	-	-	-	-	-	185	-	185	-	185
At 30 September 2021	3,836	309,357	(4,097)	332,470	(4,401)	2,776	(1,397,757)	(757,816)	4,280	(753,536)

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 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)
At 1 January 2021	3,552	303,028	(4,097)	2,591	778,608	(1,860,274)	(776,592)
Loss for the period	-	-	-	-	-	(30,288)	(30,288)
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	1,547
Share grant plan expenses	-	-	-	185	-	-	185
At 30 September 2021	3,836	309,357	(4,097)	2,776	778,608	(1,890,562)	(800,082)

Condensed Interim Consolidated Statements of Cash Flows

	The Group			
	3rd quarter ended 30.09.2022 RM'000	3rd quarter ended 30.09.2021 RM'000	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Operating activities				
Profit/(Loss) before tax	45,697	11,429	82,001	(4,507)
Adjustments for:				
Accretion of non-current trade payables	-	6,613	-	12,470
Depreciation of property, plant and equipment	7,520	7,382	22,052	20,346
(Gain)/Loss on disposal of property, plant and equipment	(19,574)	-	(22,695)	564
Impairment loss on property, plant and equipment	-	15	-	3,012
Gain on waiver of debts	(293)	(12,707)	(16,080)	(12,707)
Interest expense	6,687	8,154	19,207	26,525
Interest income	491	(280)	(49)	(1,370)
Share grant expense	-	-	-	185
Share of results of equity accounted joint ventures, net of tax	(415)	10	(1,226)	1,937
Share of results of equity accounted associate, net of tax	(1,599)	-	(2,963)	-
Project deposit written off	158	-	158	
Total adjustments	(7,025)	9,187	(1,596)	50,962
Operating cash before working capital changes	38,672	20,616	80,405	46,455
Changes in working capital:				
Changes in inventories	(6,350)	(2,481)	(13,369)	(5,262)
Changes in receivables	20,849	14,694	10,923	12,760
Changes in prepayments	744	129	341	(2,682)
Changes in payables	(37,760)	(70,110)	(28,493)	(78,145)
Total changes in working capital	(22,517)	(57,768)	(30,598)	(73,329)
Cash from operations	16,155	(37,152)	49,807	(26,874)
Interest paid	(1,157)	(3,449)	(5,106)	(9,824)
Taxes paid, net of refund	(307)	-	(2,663)	(1,246)
Net cash from/(used in) operating activities	14,691	(40,601)	42,038	(37,944)

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

	The Group			
	3rd quarter ended 30.09.2022 RM'000	3rd quarter ended 30.09.2021 RM'000	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Investing activities				
Acquisition of property, plant and equipment	(13,611)	(1,113)	(20,798)	(14,228)
Interest received	(491)	280	49	1,370
Subscription of shares in a joint venture	-	-	-	(2,383)
Proceeds from disposal of property, plant and equipment	35,416	-	39,285	-
Net cash from/(used in) investing activities	21,314	(833)	18,536	(15,241)
Financing activities				
Repayments of bank borrowings	(70)	-	(3,929)	-
Payments of lease liabilities	(2,118)	(2,194)	(6,101)	(5,207)
Net cash used in financing activities	(2,188)	(2,194)	(10,030)	(5,207)
Net changes in cash and cash equivalents	33,817	(43,628)	50,544	(58,392)
Effects of exchange fluctuations on cash and cash equivalents	(1,809)	(1,152)	(2,167)	(2,290)
Cash and cash equivalents at 1 January	42,785	80,164	26,416	96,066
Cash and cash equivalents at 30 September	74,793	35,384	74,793	35,384
Cash and cash equivalents comprise the following as at the statements of financial position date:				
Fixed deposits with licensed banks	1,388	1,032	1,388	1,032
Cash and bank balances	76,300	34,641	76,300	34,641
	77,688	35,673	77,688	35,673
Less: Restricted cash with licensed banks	(2,606)	-	(2,606)	-
Less: Restricted fixed deposits with licensed banks	(289)	(289)	(289)	(289)
Total cash and cash equivalents	74,793	35,384	74,793	35,384

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 2022 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 2022 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 2021.

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 2021.

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
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
3rd quarter ended 30 September 2021					
Revenue					
External revenue	-	79,742	-	-	79,742
Results					
Interest income	5	275	2,843	(2,843)	280
Depreciation of property, plant and equipment	(320)	(7,062)	-	-	(7,382)
Gain on waiver of debts	-	12,707	-	-	12,707
Loss on disposal of property, plant and equipment	-	-	-	-	-
Impairment loss on property, plant and equipment	-	(15)	-	-	(15)
Restructuring expenses	-	-	(130)	-	(130)
Finance costs	(1,470)	(5,772)	(3,679)	2,767	(8,154)
Share of results of joint ventures	-	-	(10)	-	(10)
(Loss)/Profit before tax	(502)	18,542	(6,611)	-	11,429

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 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 30 September 2022					
Additions to non-current assets	2,259	54,055	-	-	56,314
Investment in joint ventures	-	-	3,209	-	3,209
Investment in associate	-	-	3,662	-	3,662
Segment assets	473,354	1,066,188	12,944	(865,985)	686,501
Segment liabilities	1,735,239	1,646,257	1,229,567	(3,278,547)	1,332,516
9 months ended 30 September 2021					
Revenue					
External revenue	-	223,026	-	-	223,026
Results					
Interest income	515	855	8,397	(8,397)	1,370
Depreciation of property, plant and equipment	(957)	(19,387)	(2)	-	(20,346)
Gain on waiver of debts	-	12,707		-	12,707
Loss on disposal of property, plant and equipment	-	(564)	-	-	(564)
Impairment loss on property, plant and equipment	-	(3,012)	-	-	(3,012)
Restructuring expenses	-	-	(1,010)	-	(1,010)
Finance costs	(11,319)	(12,504)	(10,989)	8,287	(26,525)
Share of results of joint ventures	-	-	(1,937)	-	(1,937)
(Loss)/Profit before tax	(11,434)	41,928	(35,001)	-	(4,507)

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 2021					
Additions to non-current assets	322	44,849	-	-	45,171
Investment in associate	-	-	1,996	-	1,996
Investment in joint ventures	-	-	680	-	680
Segment assets	262,491	1,012,058	6,977	(675,253)	606,273
Segment liabilities	1,458,187	1,614,121	1,144,950	(2,935,148)	1,282,110

	30.09.2022 RM'000	31.12.2021 RM'000
Non-current assets		
Malaysia	409,053	392,993
Singapore	5	7
	409,058	393,000

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

	30.09.2022 RM'000	31.12.2021 RM'000
Property, plant and equipment	402,187	390,324
Investment in associates	3,662	680
Investment in joint ventures	3,209	1,996
	409,058	393,000

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

5. Other income

	The Group			
	3rd quarter ended 30.09.2022 RM'000	3rd quarter ended 30.09.2021 RM'000	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Foreign exchange gain	9,740	-	9,740	-
Gain on disposal of property, plant and equipment	19,574	-	22,695	-
Gain on waiver of debts	293	12,707	16,080	12,707
Interest income	(491)	280	49	1,370
Insurance claim proceeds	-	-	-	1,395
Miscellaneous	1,253	322	1,987	1,785
	30,369	13,309	50,551	17,257

6. Profit/(Loss) before tax

	The Group			
	3rd quarter ended 30.09.2022 RM'000	3rd quarter ended 30.09.2021 RM'000	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
The following amounts have been included in arriving at profit/(loss) before tax:				
Cost of sales				
Depreciation of property, plant and equipment	7,058	6,960	20,706	19,089
Administrative expenses				
Depreciation of property, plant and equipment	462	422	1,346	1,257
Other operating expenses				
Accretion of non-current trade payables	-	6,613	-	12,470
Impairment loss on property, plant and equipment	-	15	-	3,012
Project deposit written off	158	-	158	-
Foreign exchange (gain)/loss, net	(4,001)	(3,887)	-	12,264
Loss on disposal of property, plant and equipment	-	-	-	564
Restructuring expenses	135	130	309	1,010

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 30.09.2022 RM'000	**3rd quarter ended 30.09.2021 RM'000**	**9 months ended 30.09.2022 RM'000**	**9 months ended 30.09.2021 RM'000**
Current income tax expense:				
- Current year	6,419	2,089	8,480	3,389
- (Over)/Underprovision in prior year	(638)	1,684	(1,050)	1,566
Deferred tax expense:				
- (Over)/Underprovision in prior year	-	(258)	3,082	(258)
	5,781	3,515	10,512	4,697

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 30.09.2022 RM'000	**3rd quarter ended 30.09.2021 RM'000**	**9 months ended 30.09.2022 RM'000**	**9 months ended 30.09.2021 RM'000**
Joint ventures				
- interest income	(236)	243	254	712
Other related parties in which directors and key management have interest				
- purchases	397	-	591	103
- rental expense	213	200	626	587

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

9. Net asset value

	The Group		The Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Net asset value per ordinary share (Malaysia sen)	(8.1)	(8.6)	(10.9)	(10.3)
Ordinary shares in issue	7,944,259,058	7,816,909,146	7,944,259,058	7,816,909,146

10. Property, plant and equipment

During the nine months ended 30 September 2022, there were addition of assets amounting to RM56,314,000 (30 September 2021: RM36,224,000) and disposal of assets amounting to RM53,777,000 (30 September 2021: RM60,528,000).

Including in the additions to property, plant and equipment is right-of-use assets of RM1,652,000 (30 September 2021: RM23,397,000).

11. Trade and other receivables

	The Group		The Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables from a third party	8,483	11,060	-	-
Less: Allowance for impairment losses	(8,483)	(11,060)	-	-
	-	-	-	-
Current				
Trade receivables	154,875	121,653	-	-
Less: Allowance for impairment losses	(24,004)	(20,516)	-	-
	130,871	101,157	-	-
Amount due from subsidiaries (non-trade)	-	-	82,355	103,696
Amounts due from associates and joint ventures (non-trade)	53,436	56,393	62	63
Deposits and other receivables	30,245	26,416	152	152
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(82,355)	(103,696)
- amounts due from associate and joint ventures (non-trade)	(27,514)	(25,000)	(62)	(63)
- other receivables	(1,977)	(2,205)	-	-
	54,190	55,604	152	152
Total trade and other receivables	185,061	156,751	152	152

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

11. Trade and other receivables (Cont'd)

As at even date, RM33.7 million (or 25.7%) of the net trade receivables of RM130.9 million in 9M2022 has been collected from the customers subsequent to 9M2022. 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			
	30.09.2022	**31.12.2021**	**30.09.2022**	**31.12.2021**
	Number of ordinary shares		**RM'000**	**RM'000**
Share capital				
Issued and fully paid				
At 1 January	7,816,909	7,272,641	3,836	3,552
Issuance of non-sustainable debt shares	-	416,918	-	218
Issuance of term loan shares	127,350	127,350	68	66
	7,944,259	7,816,909	3,904	3,836

Share premium

	The Group and The Company			
	30.09.2022	**31.12.2021**	**30.09.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	309,357	303,028	309,357	303,028
Issuance of non-sustainable debt shares	-	4,848	-	4,848
Issuance of term loan shares	1,493	1,481	1,493	1,481
	310,850	309,357	310,850	309,357

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	
	30.09.2022	**31.12.2021**	**30.09.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bilateral facilities debt (secured)	104,974	102,626	-	-
Term loan - sustainable debts (unsecured)	885,393	845,036	709,209	681,138
	990,367	947,662	709,209	681,138
Represented by:				
Current	990,367	947,662	709,209	681,138

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 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 RM5,691,000 (31.12.2021 – RM5,813,000) and RM42,475,000 (31.12.2021 – RM42,734,000), 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 2022 and 31 December 2021:

	The Group		The Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Trade and other receivables	185,061	156,751	152	152
Cash and bank balances	76,300	25,472	60	77
Fixed deposits	1,388	1,233	-	-
	262,749	183,456	212	229
Financial liabilities at amortised cost				
Bilateral facilities debt	104,974	102,626	-	-
Term loan	885,393	845,036	709,209	681,138
Lease liabilities	13,919	17,416	-	-
Trade and other payables	263,817	268,142	102,568	82,885
	1,268,103	1,233,220	811,777	764,023

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 2022. As at 30 September 2022, 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 2022. As at 30 September 2022, 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

   The condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 30 September 2022 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 2021.

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 2021.

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

9M2022 vs 9M2021

	9M2022				9M2021				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	269,750	100%	72,893	27%	223,026	100%	59,941	27%	46,724	21%	12,952	22%
Total	269,750	100%	72,893	27%	223,026	100%	59,941	27%	46,724	21%	12,952	22%

For the nine months ended 30 September 2022 ("9M2022"), the Group's revenue from vessel chartering division increased by 21% from RM223.0 million in the previous corresponding nine months ended 30 September 2021 ("9M2021") to RM269.8 million in 9M2022 due to higher vessel utilisation in 9M2022.

The shipbuilding segment did not register any revenue for both 9M2022 and 9M2021 as there was no vessel scheduled for delivery during the period.

In line with the increase in chartering revenue, gross profit increased by 22% to RM72.9 million in 9M2022 at the back of the consistent vessel chartering margins at 27%.

Other income was higher at RM50.6 million in 9M2022 as compared to RM17.3 million recorded in 9M2021 mainly due to gain on disposal of property, plant and equipment amounting to RM22.7 million in 9M2022 as a result of 7 units of vessels being disposed of during the period as well as increase in foreign exchange gain by RM9.7 million.

7. (Contd.)

Review of Group Performance (Contd.)
(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

9M2022 vs 9M2021

Selling and administrative expenses increased by RM2.1 million to RM26.0 million in tandem with the increase in revenue.

Other operating expenses of RM0.5 million in 9M2022 was significantly lower than RM26.3 million recorded in 9M2021 mainly due to the decrease in foreign exchange loss by RM12.3 million, as well as the absence of accretion of non-current trade payables of RM12.5 million.

Finance costs decreased to RM19.2 million in 9M2022 as compared to RM26.5 million recorded in 9M2021, mainly due to the decrease in finance cost related to vessel financing during the year.

Share of results of equity accounted joint ventures and associates improved to profit of RM1.2 million and profit of RM3.0 million in 9M2022 as compared to loss of RM1.9 million and RMNil in 9M2021 respectively mainly due to higher vessel utilisation.

Consequently, the Group registered a net profit after tax of RM71.5 million in 9M2022 as compared to a net loss after tax of RM9.2 million in 9M2021.

3Q2022 vs 3Q2021

	3Q2022				3Q2021				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	104,714	100%	26,085	25%	79,742	100%	18,168	23%	24,972	31%	7,917	44%
Total	104,714	100%	26,085	25%	79,742	100%	18,168	23%	24,972	31%	7,917	44%

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

3Q2022 vs 3Q2021

For the three months ended 30 September 2022 ("3Q2022"), the Group's revenue from vessel chartering division increased by 31% from RM79.7 million in the previous corresponding three months ended 30 September 2021 ("3Q2021") to RM104.7 million in 3Q2022 due to higher vessel utilisation.

The shipbuilding segment did not register any revenue for both 3Q2022 and 3Q2021 as there was no vessel scheduled for delivery during the period.

In line with the increase in chartering revenue, gross profit increased by 44% to RM26.1 million in 3Q2022 at the back of the consistent vessel chartering margins ranging between 23% and 25%.

Other income was higher at RM30.4 million in 3Q2022 as compared to RM13.3 million recorded in 3Q2021 mainly due to the gain on disposal of property, plant and equipment amounting to RM19.6 million in 3Q2022 as a result of disposal of 2 units of vessels during the period.

Selling and administrative expenses increased by RM0.8 million to RM9.8 million in tandem with the increase in revenue.

Other operating expenses was significantly lower than RM2.9 million recorded in 3Q2021 mainly due to the absence of accretion of non-current trade payables of RM6.6 million recorded in 3Q2021.

Finance costs decreased to RM6.7 million in 3Q2022 from RM8.2 million recorded in 3Q2021, mainly due to the decrease in finance cost related to vessel financing during the period.

Share of results of equity accounted joint ventures and associates improved to profit of RM0.4 million and profit of RM1.6 million in 3Q2022 as compared to loss of RM10 thousand and RMNil in 3Q2021 respectively mainly due to higher vessel utilisation.

Consequently, the Group registered a net profit after tax of RM39.9 million in 3Q2022 as compared to a net profit after tax of RM7.9 million in 3Q2021.

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 13.7% or RM82.9 million from RM606.3 million as at 31 December 2021 ("FY2021") to RM689.2 million as at 30 September 2022 ("9M2022") mainly due to:

(i) Property, plant and equipment increased by RM11.8 million or 3.0% from RM390.3 million to RM402.2 million as at 9M2022 mainly due to acquisition of a vessel and transfer of a vessel from inventories amounting to RM46.0 million, which was offset with the disposal of 7 units of vessels amounting to RM42.7 million;
(ii) Trade and other receivables increased by RM28.3 million or 18.1% from RM156.8 million as at FY2021 to RM185.1 million as at 9M2022 mainly due to the disposal of one unit of vessel on a deferred payment basis during the period; and
(iii) Cash and bank balances increased by RM50.8 million from RM25.5 million to RM76.3 million mainly due to the proceeds received from the disposal of vessels during the period.

The increase in total assets was partially offset by the decrease in inventories of RM12.6 million or 52.5% from RM24.0 million to RM11.4 million mainly due to the transfer of a vessel from inventories to property, plant and equipment during the period.

Total Liabilities
Total liabilities of the Group increased by 3.9% or RM50.4 million from RM1.28 billion as at FY2021 to RM1.33 billion as at 9M2022 mainly due to the increase in borrowings and provision for financial guarantee by RM49.5 million in 9M2022 as a result of fluctuation of foreign currency exchange rates.

Negative working capital
The increase in net working capital of RM11.8 million, or 1.1%, from negative RM1.06 billion as at FY2021 to negative RM1.04 billion as at 9M2022 was mainly due to the increase in trade and other receivables of RM28.3 million and the increase in cash and bank balance of RM50.8 million. The impact was partially offset by the decrease in inventories of RM12.6 million and the increase in borrowings and provision for financial guarantee of RM49.5 million.

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 it's 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 earlier this year. The Company is pleased to announce that after further rounds of negotiations, the Group had agreed an in-principle agreement with all its secured and unsecured FI creditors for the proposed restructuring (the "Restructuring"). The Restructuring has proceeded with documentation and subject to conditions that will be 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

9M2022

Net cash from operating activities of RM42.0 million in 9M2022 was mainly due to collection from customers during the period.

Net cash from investing activities of RM18.5 million in 9M2022 was mainly due to proceeds received from disposal of property, plant and equipment amounting to RM39.3 million, which was partially offset by the payment made for acquisition of property, plant and equipment of RM20.8 million during the period.

Net cash used in financing activities of RM10.0 million in 9M2022 was mainly due to repayment of bank borrowings and lease liabilities.

3Q2022

Net cash from operating activities of RM14.7 million in 3Q2022 was mainly due to collection from customers during the period.

Net cash from investing activities of RM21.3 million in 3Q2022 was mainly due to proceeds received from disposal of property, plant and equipment amounting to RM35.4 million, which was partially offset by the acquisition of property, plant and equipment of RM13.6 million during the period.

Net cash used in financing activities of RM2.2 million in 3Q2022 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 offshore and marine industry is gradually recovering with the support of higher oil prices as well as the increase in offshore wind farms construction activities driven by the demand for renewable energy. The supply-demand dynamics continue to shift positively to the upstream players in the oil industry value chain, especially with an additional Russian oil embargo coming to effect on 5 Dec 2022. Despite the improving industry outlook, heightened geopolitical tensions and weakened economic environment could bring more uncertainties in the near term. The Group will continue to work closely with its partners and stakeholders to navigate through this challenging business environment.

The Group is in progress to finalise the definitive agreements with the FI creditors and thereafter intends to hold a series of townhall meetings with its other creditors to update on the restructuring status.

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

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.

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 2022 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

11 November 2022