
Third Quarter and Nine Months Ended 30 September 2019 Financial Statements and Related Announcement

| Content | Page |
|--------------------------------------------------------------------------------------|-------------|
| 1. Unaudited Financial Statements | 1 |
| 1(a)(i) Statements of Comprehensive Income (Group) | 1 |
| 1(a)(ii) Notes to the Statements of Comprehensive Income | 3 |
| 1(b)(i) Statements of Financial Position | 5 |
| 1(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities | 6 |
| 1(c) Statements of Cash Flows (Group) | 7 |
| 1(d)(i) Statements of Changes in Equity | 9 |
| 1(d)(ii) Share Capital | 12 |
| 1(d)(iii) Number of Issued Shares excluding Treasury Shares | 12 |
| 1(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares | 12 |
| 1(d)(v) Sales, Transfers, Disposals, Cancellations and/or use of Subsidiary Holdings | 12 |
| 2. Audit | 12 |
| 3. Auditors' Report | 12 |
| 4. Accounting Policies | 12 |
| 5. Changes in Accounting Policies | 13 |
| 6. Earnings Per Ordinary Share | 13 |
| 7. Net Asset Value Per Ordinary Share | 13 |
| 8. Review of Group Performance | 14 |
| 9. Variance From Forecast Statement | 19 |
| 10. Prospects | 19 |
| 11. Dividend | 19 |
| 12. Dividend Declared | 19 |
| 13. General mandate relating to interested person transactions | 20 |
| 14. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual | 20 |

1. Unaudited Financial Statements

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

| | 3rd Quarter ended 30.9.2019 RM'000 | 3rd Quarter ended 30.9.2018 RM'000 | Change % | 9 months ended 30.9.2019 RM'000 | 9 months ended 30.9.2018 RM'000 | Change % |
|-----------------------------------------------------------------|---------------------------------------------|---------------------------------------------|-------------|------------------------------------------|------------------------------------------|-------------|
| Revenue | 91,742 | 94,705 | (3%) | 196,349 | 230,423 | (15%) |
| Cost of sales | (62,709) | (69,069) | (9%) | (134,901) | (186,884) | (28%) |
| Gross profit | 29,033 | 25,636 | 13% | 61,448 | 43,539 | 41% |
| Other income | 60,410 | 388,412 | (84%) | 72,578 | 965,692 | (92%) |
| Selling and administrative expenses | (11,393) | (7,900) | 44% | (27,571) | (22,548) | 22% |
| Other operating expenses | (1,411) | (19,509) | (93%) | (4,787) | (8,674) | (45%) |
| Operating profit | 76,639 | 386,639 | (80%) | 101,668 | 978,009 | (90%) |
| Finance costs | (12,620) | 7,346 | >(100%) | (31,166) | (20,011) | 56% |
| Share of results of equity accounted joint ventures, net of tax | 1,452 | 118 | >100% | 1,286 | (554) | >(100%) |
| Share of results of equity accounted associate, net of tax | (770) | (68) | >100% | (4,384) | (3,777) | 16% |
| Profit before tax | 64,701 | 394,035 | (84%) | 67,404 | 953,667 | (93%) |
| Income tax expense | (2,775) | (55) | >100% | (2,993) | (83) | >100% |
| Profit for the financial period | 61,926 | 393,980 | (84%) | 64,411 | 953,584 | (93%) |

1. Unaudited Financial Statements (Contd.)

1(a)(i) Statements of Comprehensive Income (Group) (Contd.)

| | 3rd Quarter ended 30.9.2019 RM'000 | 3rd Quarter ended 30.9.2018 RM'000 | Change % | 9 months ended 30.9.2019 RM'000 | 9 months ended 30.9.2018 RM'000 | Change % |
|--------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|-------------|------------------------------------------|------------------------------------------|-------------|
| Other comprehensive income | | | | | | |
| Exchange differences on translating foreign operations | 25,281 | (4,481) | >(100%) | 21,883 | (4,641) | >(100%) |
| Fair value gain/(loss) on available-for-sale | 179 | 520 | (66%) | 171 | (2,027) | >(100%) |
| Other comprehensive income/ (loss) for the financial period, net of tax | <u>25,460</u> | <u>(3,961)</u> | >(100%) | <u>22,054</u> | <u>(6,668)</u> | >(100%) |
| Total comprehensive income for the financial period | <u>87,386</u> | <u>390,019</u> | (78%) | <u>86,465</u> | <u>946,916</u> | (91%) |
| Profit attributable to: | | | | | | |
| Owners of the parent | 60,286 | 396,012 | (85%) | 63,576 | 953,227 | (93%) |
| Non-controlling interest | 1,640 | (2,032) | >(100%) | 835 | 357 | >100% |
| Profit for the financial period | <u>61,926</u> | <u>393,980</u> | (84%) | <u>64,411</u> | <u>953,584</u> | (93%) |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the parent | 85,746 | 392,051 | (78%) | 85,630 | 946,559 | (91%) |
| Non-controlling interest | 1,640 | (2,032) | >(100%) | 835 | 357 | >100% |
| Total comprehensive income for the financial period | <u>87,386</u> | <u>390,019</u> | (78%) | <u>86,465</u> | <u>946,916</u> | (91%) |

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

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

| | 3rd Quarter ended 30.9.2019 RM'000 | 3rd Quarter ended 30.9.2018 RM'000 | Change % | 9 months ended 30.9.2019 RM'000 | 9 months ended 30.9.2018 RM'000 | Change % |
|----------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|-------------|------------------------------------------|------------------------------------------|-------------|
| Other income | | | | | | |
| Foreign exchange gain | 2,825 | - | n.m. | - | 21,199 | n.m. |
| Impairment of trade receivables written back | 64 | - | n.m. | 443 | - | n.m. |
| Interest income | 406 | 294 | 38% | 1,757 | 1,108 | 59% |
| Inventories written back | 169 | - | n.m. | 12,413 | - | n.m. |
| Miscellaneous | 427 | 1,923 | (78%) | 1,446 | 6,210 | (77%) |
| Extinguishment of debt | - | 353,815 | n.m. | - | 353,815 | n.m. |
| Overprovision for corporate guarantee | - | 32,380 | n.m. | - | 32,380 | n.m. |
| Rental income | 5 | - | n.m. | 5 | 378 | (99%) |
| Waiver of debts | 56,514 | - | n.m. | 56,514 | 550,602 | (90%) |
| | <u>60,410</u> | <u>388,412</u> | (84%) | <u>72,578</u> | <u>965,692</u> | (92%) |
| Profit before tax | | | | | | |
| The following amounts have been included in arriving at profit before tax: | | | | | | |
| Administrative expenses | | | | | | |
| Amortisation of prepaid land lease payments | 69 | 59 | 17% | 204 | 194 | 5% |
| Depreciation of property, plant and equipment | 7,565 | 3,561 | >100% | 20,664 | 10,647 | 94% |
| | <u>7,634</u> | <u>3,620</u> | | <u>20,868</u> | <u>10,841</u> | |

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(a)(ii) Notes to the Statements of Comprehensive Income (Contd.)

| | 3rd Quarter ended 30.9.2019 RM'000 | 3rd Quarter ended 30.9.2018 RM'000 | Change % | 9 months ended 30.9.2019 RM'000 | 9 months ended 30.9.2018 RM'000 | Change % |
|----------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|-------------|------------------------------------------|------------------------------------------|-------------|
| Profit before tax (Contd.) | | | | | | |
| The following amounts have been included in arriving at profit before tax: | | | | | | |
| <i>Other operating expenses</i> | | | | | | |
| Impairment of property, plant and equipment | 33 | - | n.m. | 33 | - | n.m. |
| Property, plant and equipment written off | 11 | 311 | (96%) | 12 | 311 | (96%) |
| Project deposit written off | - | - | n.m. | - | 269 | n.m. |
| Foreign exchange loss, net | - | 16,345 | n.m. | 2,624 | - | n.m. |
| Loss on disposal of property, plant and equipment | - | 5 | n.m. | - | 5 | n.m. |
| Restructuring expenses | 1,240 | 2,826 | (56%) | 1,240 | 7,976 | (84%) |
| | <u>2,775</u> | <u>55</u> | >100% | <u>2,993</u> | <u>83</u> | >100% |
| Income tax expense | | | | | | |
| Current income tax | <u>2,775</u> | <u>55</u> | >100% | <u>2,993</u> | <u>83</u> | >100% |

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)
1(b)(i) Statements of Financial Position

| | Group | | Company | |
|---------------------------------|---------------------|----------------------|---------------------|----------------------|
| | 30.9.2019 RM'000 | 31.12.2018 RM'000 | 30.9.2019 RM'000 | 31.12.2018 RM'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 798,111 | 613,249 | - | - |
| Prepaid land lease payments | 6,659 | 6,863 | - | - |
| Investment in joint ventures | 4,312 | 3,024 | - | - |
| Investment in an associate | 18,504 | 22,888 | - | - |
| | 827,586 | 646,024 | - | - |
| Current assets | | | | |
| Inventories | 121,601 | 147,284 | - | - |
| Trade and other receivables | 171,921 | 86,742 | - | - |
| Prepayments | 8,842 | 11,459 | 23 | 53 |
| Current income tax recoverable | 30 | - | - | - |
| Fixed deposits | 982 | 40,872 | - | - |
| Cash and cash equivalents | 41,615 | 68,808 | 500 | 318 |
| | 344,991 | 355,165 | 523 | 371 |
| TOTAL ASSETS | 1,172,577 | 1,001,189 | 523 | 371 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 3,484 | 3,417 | 3,484 | 3,417 |
| Share premium | 300,417 | 297,796 | 300,417 | 297,796 |
| Treasury shares | (4,097) | (4,097) | (4,097) | (4,097) |
| Other reserves | 309,299 | 286,595 | 859,638 | 858,988 |
| Accumulated losses | (983,796) | (1,047,372) | (1,862,198) | (1,859,444) |
| | (374,693) | (463,661) | (702,756) | (703,340) |
| Non-controlling interest | 6,032 | 5,197 | - | - |
| Total equity | (368,661) | (458,464) | (702,756) | (703,340) |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 591 | 220 | - | - |
| Trade and other payables | 230,212 | 143,711 | - | - |
| Loans and borrowings | 1,003,495 | 1,009,516 | 669,111 | 670,223 |
| | 1,234,298 | 1,153,447 | 669,111 | 670,223 |

1. Unaudited Financial Statements (Contd.)
1(b)(i) Statements of Financial Position (Contd.)

| | Group | | Company | |
|----------------------------------------|------------------|------------------|----------------|----------------|
| | 30.9.2019 | 31.12.2018 | 30.9.2019 | 31.12.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| EQUITY AND LIABILITIES (Contd.) | | | | |
| Current liabilities | | | | |
| Trade and other payables | 306,940 | 306,206 | 34,168 | 33,488 |
| | <u>306,940</u> | <u>306,206</u> | <u>34,168</u> | <u>33,488</u> |
| Total liabilities | <u>1,541,238</u> | <u>1,459,653</u> | <u>703,279</u> | <u>703,711</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,172,577</u> | <u>1,001,189</u> | <u>523</u> | <u>371</u> |

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

| | As at 30.9.2019 | | As at 31.12.2018 | |
|----------------------------------------------------|-----------------|----------------|------------------|----------------|
| | Secured | Unsecured | Secured | Unsecured |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amount repayable in one year or less, or on demand | - | - | - | - |
| Amount repayable after one year | <u>93,600</u> | <u>909,895</u> | <u>100,870</u> | <u>908,646</u> |

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) Statements of Cash Flows (Group)

| | 3rd Quarter ended 30.9.2019 RM'000 | 3rd Quarter ended 30.9.2018 RM'000 | 9 months ended 30.9.2019 RM'000 | 9 months ended 30.9.2018 RM'000 |
|-----------------------------------------------------------------|---------------------------------------------|---------------------------------------------|------------------------------------------|------------------------------------------|
| Operating activities | | | | |
| Profit before tax | 64,701 | 394,035 | 67,404 | 953,667 |
| Adjustments for: | | | | |
| Amortisation of prepaid land lease payments | 69 | 59 | 204 | 194 |
| Depreciation of property, plant and equipment | 7,565 | 3,561 | 20,664 | 10,647 |
| Extinguishment of debt | - | (353,815) | - | (353,815) |
| Loss on disposal of property, plant and equipment | - | 5 | - | 5 |
| Impairment on property, plant and equipment | 33 | - | 33 | - |
| Impairment of trade and other receivables written back | (64) | - | (443) | - |
| Inventories written back | (169) | - | (12,413) | - |
| Interest expense | 12,620 | (7,346) | 31,166 | 20,011 |
| Interest income | (406) | (294) | (1,757) | (1,108) |
| Overprovision for corporate guarantee | - | (32,380) | - | (32,380) |
| Property, plant and equipment written off | 11 | 311 | 12 | 311 |
| Project deposit written off | - | - | - | 269 |
| Share grant expense | 302 | - | 650 | - |
| Share of results of equity accounted joint ventures, net of tax | (1,452) | (118) | (1,286) | 554 |
| Share of results of equity accounted associate, net of tax | 770 | 68 | 4,384 | 3,777 |
| Unrealised (gain) / loss on foreign exchange | (2,814) | 7,167 | (866) | (23,976) |
| Waiver of debts | (56,514) | - | (56,514) | (550,602) |
| Total adjustments | (40,049) | (382,782) | (16,166) | (926,113) |
| Operating cash before working capital changes | 24,652 | 11,253 | 51,238 | 27,554 |
| Changes in working capital: | | | | |
| Changes in inventories | (607) | (59,676) | 4,005 | (103,367) |
| Changes in receivables | (38,728) | (21,305) | (52,203) | (13,409) |
| Changes in prepayments | 4,815 | 1,874 | 2,631 | (2,209) |
| Changes in contract assets | - | (524) | - | 37,960 |
| Changes in payables | 18,062 | 55,272 | (25,772) | 16,990 |
| Changes in contract liabilities | - | 668 | - | - |
| Total changes in working capital | (16,458) | (23,691) | (71,339) | (64,035) |
| Cash from / (used in) operations | 8,194 | (12,438) | (20,101) | (36,481) |
| Interest paid | (16,381) | (6,136) | (22,413) | (11,308) |
| Taxes paid, net of refund | (732) | (2) | (514) | 309 |
| Net cash used in operating activities | (8,919) | (18,576) | (43,028) | (47,480) |

1. Unaudited Financial Statements (Contd.)
1(c) Statements of Cash Flows (Group) (Contd.)

| | 3rd Quarter ended 30.9.2019 RM'000 | 3rd Quarter ended 30.9.2018 RM'000 | 9 months ended 30.9.2019 RM'000 | 9 months ended 30.9.2018 RM'000 |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Investing activities | | | | |
| Acquisition of property, plant and equipment | (6,309) | (5,261) | (26,579) | (89,393) |
| Interest received | 406 | 294 | 1,757 | 1,108 |
| Investment in jointly controlled entity | (2) | - | (2) | - |
| Proceeds from disposal of property, plant and equipment | 1 | 4 | 1 | 4 |
| Net cash used in investing activities | (5,904) | (4,963) | (24,823) | (88,281) |
| Financing activities | | | | |
| Repayments of bank borrowings | (610) | (620) | (2,650) | (9,949) |
| Repayments of medium term notes | - | (9,391) | - | (9,391) |
| Proceeds from issuance of shares | - | 66,005 | - | 66,005 |
| Decrease in fixed deposits pledged | - | - | 2,700 | 33 |
| Net cash (used in) / from financing activities | (610) | 55,994 | 50 | 46,698 |
| Net changes in cash and cash equivalents | (15,433) | 32,455 | (67,801) | (89,063) |
| Effects of foreign exchange rate changes | (161) | 1,415 | 3,418 | (8,033) |
| Cash and cash equivalents at 1 July / 1 January | 57,920 | 52,057 | 106,709 | 183,023 |
| Cash and cash equivalents at 30 September | 42,326 | 85,927 | 42,326 | 85,927 |
| Cash and cash equivalents comprise the following as at the statements of financial position date: | | | | |
| Fixed deposits with licensed banks | 982 | 272 | 982 | 272 |
| Cash and bank balances | 41,615 | 85,927 | 41,615 | 85,927 |
| | 42,597 | 86,199 | 42,597 | 86,199 |
| Less: Restricted fixed deposits with licensed banks | (271) | (272) | (271) | (272) |
| Total cash and cash equivalents | 42,326 | 85,927 | 42,326 | 85,927 |

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 | Contributed surplus RM'000 | Accumulated losses RM'000 | Equity attributable to owners of the parent RM'000 | Non- controlling interest RM'000 | Total equity RM'000 |
|--------------------------------------------------------------|----------------------------|----------------------------|------------------------------|---------------------------------------------------------|---------------------------------------------|----------------------------------|---------------------------------|-------------------------------------------------------------------|-------------------------------------------|---------------------------|
| Group | | | | | | | | | | |
| At 1 January 2018 | 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) |
| Profit for the period | - | - | - | - | - | - | 557,215 | 557,215 | 2,389 | 559,604 |
| Other comprehensive loss | - | - | - | (160) | - | - | - | (160) | - | (160) |
| Fair value loss on available- for-sale | - | - | - | - | (2,547) | - | - | (2,547) | - | (2,547) |
| Arising from dilution of equity interests in a subsidiary | - | - | - | - | - | - | (3,259) | (3,259) | - | (3,259) |
| At 30 June 2018 | 81,192 | 82,347 | (4,097) | 321,822 | (4,919) | - | (1,603,881) | (1,127,536) | 3,885 | (1,123,651) |
| Profit for the period | - | - | - | - | - | - | 396,012 | 396,012 | (2,032) | 393,980 |
| Other comprehensive loss | - | - | - | (4,481) | - | - | - | (4,481) | - | (4,481) |
| Fair value loss on available for- sales | - | - | - | - | 520 | - | - | 520 | - | 520 |
| Allotment and Issuance of Non-Sustainable Debt shares | 1,772 | 150,280 | - | - | - | - | - | 152,052 | - | 152,052 |
| Allotment and Issuance of Rights shares | 833 | 65,172 | - | - | - | - | - | 66,005 | - | 66,005 |
| Capital reorganisation (Note) | (80,380) | - | - | - | - | 80,380 | - | - | - | - |
| At 30 September 2018 | 3,417 | 297,799 | (4,097) | 317,341 | (4,399) | 80,380 | (1,207,869) | (517,428) | 1,853 | (515,575) |

1. Unaudited Financial Statements (Contd.)

1(d)(i) Statements of Changes in Equity (Contd.)

| | 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 |
|------------------------------------------------|-------------------------|-------------------------|---------------------------|------------------------------------------------|--------------------------------------|-------------------------------|------------------------------|-------------------------------------------------------|------------------------------------|------------------------|
| Group | | | | | | | | | | |
| At 1 January 2019, previously reported | 3,417 | 297,796 | (4,097) | 290,996 | (4,401) | - | (1,047,372) | (463,661) | 5,197 | (458,464) |
| Profit for the period | - | - | - | - | - | - | 3,290 | 3,290 | (805) | 2,485 |
| Other comprehensive loss | - | - | - | (3,398) | - | - | - | (3,398) | - | (3,398) |
| Fair value loss on available for-sales | - | - | - | - | (8) | - | - | (8) | - | (8) |
| Allotment and issuance of the Term Loan Shares | 67 | 2,621 | - | - | - | - | - | 2,688 | - | 2,688 |
| Share grant plan expenses | - | - | - | - | - | 348 | - | 348 | - | 348 |
| At 30 June 2019 | 3,484 | 300,417 | (4,097) | 287,598 | (4,409) | 348 | (1,044,082) | (460,741) | 4,392 | (456,349) |
| Profit for the period | - | - | - | - | - | - | 60,286 | 60,286 | 1,640 | 61,926 |
| Other comprehensive income | - | - | - | 25,281 | - | - | - | 25,281 | - | 25,281 |
| Fair value gain on available for-sales | - | - | - | - | 179 | - | - | 179 | - | 179 |
| Share grant plan expenses | - | - | - | - | - | 302 | - | 302 | - | 302 |
| At 30 September 2019 | 3,484 | 300,417 | (4,097) | 312,879 | (4,230) | 650 | (983,796) | (374,693) | 6,032 | (368,661) |

1. Unaudited Financial Statements (Contd.)
1(d)(i) Statements of Changes in Equity (Contd.)

| Company | Share capital RM'000 | Share premium RM'000 | Share grant reserve RM'000 | Treasury shares RM'000 | Contributed surplus RM'000 | Accumulated losses RM'000 | Equity attributable to owners of the parent RM'000 |
|-------------------------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------|----------------------------------|---------------------------------|----------------------------------------------------------------|
| At 1 January 2018 | 81,192 | 82,347 | - | (4,097) | 778,608 | (2,515,853) | (1,577,803) |
| Profit for the period | - | - | - | - | - | 36,952 | 36,952 |
| At 30 June 2018 | 81,192 | 82,347 | - | (4,097) | 778,608 | (2,478,901) | (1,540,851) |
| Profit for the period | - | - | - | - | - | 661,369 | 661,369 |
| Allotment and Issuance of Non-Sustainable Debt shares | 1,772 | 150,280 | - | - | - | - | 152,052 |
| Allotment and Issuance of Rights shares | 833 | 65,172 | - | - | - | - | 66,005 |
| Capital reorganisation (Note) | (80,380) | - | - | - | 80,380 | - | - |
| At 30 September 2018 | 3,417 | 297,799 | - | (4,097) | 858,988 | (1,817,532) | (661,425) |
| At 1 January 2019 | 3,417 | 297,796 | - | (4,097) | 858,988 | (1,859,444) | (703,340) |
| Loss for the period | - | - | - | - | - | (7,271) | (7,271) |
| Share grant plan expenses | - | - | 348 | - | - | - | 348 |
| Allotment and issuance of the Term Loan Shares | 67 | 2,621 | - | - | - | - | 2,688 |
| At 30 June 2019 | 3,484 | 300,417 | 348 | (4,097) | 858,988 | (1,866,715) | (707,575) |
| Loss for the period | - | - | - | - | - | 4,517 | 4,517 |
| Share grant plan expenses | - | - | 302 | - | - | - | 302 |
| At 30 September 2019 | 3,484 | 300,417 | 650 | (4,097) | 858,988 | (1,862,198) | (702,756) |

Note:

On 4 March 2019, share awards amounted to 70,179,408 shares was granted pursuant to the Nam Cheong Management Incentive Plan ("NCMI Plan").

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 September 2019 and 30 September 2018, the total number of issued shares excluding treasury shares was 7,144,298,867 and 7,017,940,767 respectively.

- 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.

There were no movement in the treasury shares during third quarter of 2019. As at 30 September 2019, 6,678,597 shares were held as treasury shares by the Company.

- 1(d)(v) 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 third quarter of 2019. As at 30 September 2019, 114,356,460 shares were held as subsidiary holdings.

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

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 2018.

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 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 2018.

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 | | Group | |
|----------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|----------------|----------------|
| | 3rd Quarter ended | 3rd Quarter ended | 9 months ended | 9 months ended |
| | 30.9.2019 | 30.9.2018 | 30.9.2019 | 30.9.2018 |
| Earnings per ordinary shares of the Group for the financial period based on net profit attributable to shareholders: | | | | |
| (i) Based on weighted average number of ordinary shares in issue (Sen) | 0.84 | 17.60 | 0.89 | 44.37 |
| Weighted average number of shares | 7,144,298,867 | 2,249,998,983 | 7,133,653,313 | 2,148,205,977 |
| (ii) On a fully diluted basis (Sen) | 0.84 | 17.60 | 0.88 | 44.37 |
| Adjusted weighted average number of shares | 7,214,478,275 | 2,249,998,983 | 7,187,894,540 | 2,148,205,977 |

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 | As at | As at | As at |
| | 30.9.2019 | 31.12.2018 | 30.9.2019 | 31.12.2018 |
| Net asset value per ordinary share (Sen) | (5.2) | (6.5) | (9.8) | (10.0) |
| Ordinary shares in issue | 7,144,298,867 | 7,017,940,767 | 7,144,298,867 | 7,017,940,767 |

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)

9M 2019 vs 9M 2018

| | 9M 2019 | | | | 9M 2018 | | | | 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 | % | RM'000 | % |
| Shipbuilding | - | - | - | n.m. | 144,705 | 63% | 14,696 | 10% | (144,705) | (100%) | (14,696) | (100%) |
| Vessel Chartering | 196,349 | 100% | 61,448 | 31% | 85,718 | 37% | 28,843 | 34% | 110,631 | 129% | 32,605 | 113% |
| Total | 196,349 | 100% | 61,448 | 31% | 230,423 | 100% | 43,539 | 19% | (34,074) | (15%) | 17,909 | 41% |

For the nine months ended 30 September 2019 ("9M 2019"), the Group recorded a lower revenue of RM196.3 million, or 15% lower as compared to RM230.4 million recorded during the previous corresponding nine months ended 30 September 2018 ("9M 2018"). The revenue from vessel chartering segment has shown significant improvement with the increase of 129%, mainly attributed to the increase of fleet size from 27 vessels in 9M 2018 to 34 vessels in 9M 2019 and higher utilisation rates achieved during the period.

Conversely, the shipbuilding segment did not register any revenue for 9M 2019 as there was no vessel scheduled for delivery during the period as opposed to sales and delivery of three (3) vessels amounting to RM144.7 million in 9M 2018.

8. (Contd.)

Review of Group Performance (Contd.)

(a) Statements of Comprehensive Income (Group) (Contd.)

9M 2019 vs 9M 2018

The Group has shown significant improvement by recorded a gross profit of RM61.4 million in 9M 2019 as compared to gross profit of RM43.5 million in 9M 2018 mainly due to the expanded fleet size in 9M 2019, whilst the gross profit margin for vessel chartering for both periods was within a consistent range of 31% - 34%.

Other income was lower at RM72.6 million in 9M 2019 as compared to RM965.7 million recorded in 9M 2018 mainly due to the absence of extinguishment of debts of RM353.8 million in 9M 2018 and lower waiver of debts of RM56.5 million in 9M 2019 as compared to RM550.6 million in 9M 2018.

Selling and administrative expenses increased by RM5.0 million or 22% to RM27.6 million in 9M 2019 as compared to RM22.5 million in 9M 2018, primarily due to increase in vessel chartering activities which was consistent with the increase in revenue.

Other operating expenses in 9M 2019 amounted to RM4.8 million mainly comprised foreign exchange loss of RM2.6 million, whereas the other operating expenses in 9M 2018 amounted to RM8.7 million mainly comprised restructuring expenses of RM8.0 million.

Share of results of equity accounted joint ventures, net of tax, turnaround to register a RM1.3 million gain in 9M 2019 from a loss of RM0.6 million recorded in 9M 2018 mainly attributed to higher vessel utilisation. Share of results of equity accounted associate, net of tax, recorded a higher loss of RM4.4 million in 9M 2019 as compared to RM3.8 million in 9M 2018 due to low vessel utilisation rate.

Mainly as a result of the absence in extinguishment of debt and a lower amount of waiver of debts recorded during the current financial period, the Group registered a lower net profit after tax of RM64.4 million in 9M 2019 as compared to net profit after tax of RM953.6 million in 9M 2018.

3Q 2019 vs 3Q 2018

| | 3Q 2019 | | | | 3Q 2018 | | | | 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. | 45,930 | 48% | 5,945 | 13% | (45,930) | (100%) | (5,945) | (100%) |
| Vessel Chartering | 91,742 | 100% | 29,033 | 32% | 48,775 | 52% | 19,691 | 40% | 42,967 | 88% | 9,342 | 47% |
| Total | 91,742 | 100% | 29,033 | 32% | 94,705 | 100% | 25,636 | 27% | (2,963) | (3%) | 3,397 | 13% |

8. (Contd.)

Review of Group Performance (Contd.)

(a) Statements of Comprehensive Income (Group) (Contd.)

3Q 2019 vs 3Q 2018 (Contd.)

Notwithstanding the absence of shipbuilding revenue in 3Q 2018, revenue for the three months ended 30 September 2019 ("3Q 2019") of RM91.7 million was only RM3.0 million or 3% lower as compared to RM94.7 million registered during the previous year corresponding three months ended 30 September 2018 ("3Q 2018") mainly attributed to the significant increase in vessel chartering revenue of 88% or RM43.0 million from RM48.8 million in 3Q 2018 to RM91.7 million in 3Q 2019, which was in turn attributed to the increase in fleet size from 27 vessels to 34 vessels during the period.

Gross profit margin increased to 32% in 3Q 2019 as compared to 27% recorded in 3Q 2018 mainly attributed to higher revenue contribution from the chartering segment.

Other income was lower at RM60.4 million in 3Q 2019 as compared to RM388.4 million recorded in 3Q 2018 mainly due to the absence of extinguishment of debts of RM353.8 million, which was partially cushioned by the waiver of debts by trade creditors of RM56.5 million in 3Q 2019 as result of successful negotiation and settlement.

Selling and administrative expenses increased from RM7.9 million to RM11.4 million in 3Q 2019, primarily due to increase in vessel chartering activities which was consistent with the increase in revenue.

Other operating expenses of RM1.4 million in 3Q 2019 was lower than RM19.5 million in 3Q 2018 mainly due to the absence of foreign exchange loss of RM16.3 million recorded in 3Q 2018.

Finance costs normalised at RM12.6 million in 3Q 2019 as compared to (RM7.3) million recorded in 3Q 2018, which was mainly as a result of the adjustment of interest expense in accordance with the Scheme of Arrangements concluded in 2018.

Share of results of equity accounted joint ventures, net of tax, turnaround to register a higher gain of RM1.5 million in 3Q 2019 as compared to RM0.1 million recorded in 3Q 2018 mainly attributed to higher vessel utilisation rate. Share of results of equity accounted associate, net of tax, recorded a higher loss of RM0.8 million in 3Q 2019 as compared to RM0.1 million in 3Q 2018 due to low vessel utilisation rate.

Mainly as a result of the absence of extinguishment of debts in 3Q 2019, the Group recorded a lower net profit after tax of RM61.9 million in 3Q 2019 as compared to a net profit after tax of RM394.0 million in 3Q 2018.

8. (Contd.)

Review of Group Performance (Contd.)

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group increased by 17.1% or RM171.4 million from RM1.00 billion as of 31 December 2018 ("FY2018") to RM 1.17 billion as of 30 September 2019 ("9M 2019") mainly due to:

- (i) Property, plant and equipment increased by RM184.9 million or 30.1% from RM613.2 million as at FY2018 to RM798.1 million as at 9M 2019 as the Group expanded its fleet from 28 vessels as at FY2018 to 34 vessels as at 9M 2019; and
- (ii) Trade and other receivables increased by RM85.2 million or 98.2% from RM86.7 million as at FY2018 to RM171.9 million as at 9M 2019 which was consistent with the increase in vessel chartering revenue of close to twofold during the period.

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

- (i) Fixed deposits and Cash and cash equivalents decreased by RM67.1 million mainly due to the acquisition of additional property, plant and equipment and repayment of term loan interest during the period; and
- (ii) Inventories decreased by RM25.7 million due to the reclassification of certain inventories to property, plant and equipment during the period.

Total Liabilities

Total liabilities of the Group increased by 5.6% or RM81.6 million from RM1.46 billion as at FY 2018 to RM1.54 billion as at 9M 2019 mainly due to the increase in trade and other payables of RM87.2 million in relation to the abovementioned increase in property, plant and equipment during the period.

(c) Statements of Cash Flows (Group)

9M 2019 vs 9M 2018

Net cash used in operating activities of RM43.0 million in 9M 2019 was mainly due to the decrease in payables of RM25.8 million and increase in receivables of RM52.2 million.

Net cash used in investing activities of RM24.8 million in 9M 2019 was mainly due to the acquisition of property, plant and equipment of RM26.6 million which are partially offset with interest received of RM1.8 million.

Net cash generated from financing activities of RM50,000 in 9M 2019 was mainly due to the uplifting of fixed deposits pledged amounted to RM2.70 million which was offset with repayment of bank borrowings of RM2.65 million.

8. (Contd.)
Review of Group Performance (Contd.)
(c) Statement of Cash Flows (Group)

3Q 2019 vs 3Q 2018

Net cash used in operating activities of RM8.9 million in 3Q 2019 was mainly due to the increase in receivables of RM38.7 million as a result of the significant increase in vessel chartering activities as well as chartering revenue in 3Q 2019.

Net cash used in investing activities of RM5.9 million in 3Q 2019 was attributed to the acquisition of property, plant and equipment of RM6.3 million which was offset with interest received of RM0.4 million.

Net cash used in financing activities of RM0.6 million in 3Q 2019 was due to repayment of bank borrowings.

Use of Proceeds

As at the date of this Report, the entire net proceeds of S\$22.0 million from the Rights Issue have been fully utilised as follows:

| <u>Application of Rights Issue Net Proceeds</u> | <u>Amount (S\$ million)</u> |
|------------------------------------------------------------------------------|-----------------------------|
| Net proceeds | 22.0 |
| Repayment of the Cash Out Option pursuant to the Schemes | (3.2) ¹ |
| Operations for the Group | (0.1) ¹ |
| Settlement with trade creditors in the course of the operations of the Group | <u>(18.7)</u> |
| Balance as at the date of this report | <u>-</u> |

The above utilisation of the Net Proceeds is in accordance with the stated use and within the amount allocated for the operations of the Group, as previously stated in the Offer Information Statement dated 3 September 2018.

¹ The balance S\$0.1 million originally allocated for the repayment of the Cash Out Option pursuant to the Schemes has been reallocated towards the other intended use of the Net Proceeds, being for use in the operations of the Group. This balance amount is due to a reduction in the S\$ equivalent of the Total Cash Out Payment (being approximately US\$2.4 million) as a result of the exchange rate between US\$ and S\$ at the time of payment of the Cash Out Option.

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

Upstream oil activities are picking up in Malaysia. Petronas plans to increase the capital expenditure to RM50 billion on upstream projects in the Malaysia offshore sector in 2019, almost double the amount from 2018. The increasing drilling and development activities are forecasted to bolster demand across all major offshore vessel types to 2021 and underpin a healthy utilisation rate.

Meanwhile, a positive outlook for the Maintenance, Construction, and Modification (MCM) segment and an expected increase in man hours required in the Brownfield Hook-up & Commissioning (HUC) segment further boost expected demand for accommodation and maintenance vessels.

In response to the uptick in the offshore and marine activities in Malaysia, the Group has been deploying its vessels for charter in Malaysian waters, and expects the vessel chartering unit to continue its growth momentum. The Group will continue to monitor and review the shipbuilding schedule for the remaining vessels which have yet to be delivered, including potential deferment and cancellation plans, 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.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. 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.

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 nine months ended 30 September 2019 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
14 November 2019