
Third Quarter and Nine Months Ended 30 September 2017 Financial Statements and Related Announcement

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1. Unaudited Financial Statements

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

	3rd Quarter ended 30.9.2017 RM'000	3rd Quarter ended 30.9.2016 RM'000	Change %	9 months ended 30.9.2017 RM'000	9 months ended 30.9.2016 RM'000	Change %
Revenue	79,089	25,830	>100%	248,222	50,148	>100%
Cost of sales	(75,187)	(25,052)	>100%	(225,127)	(29,478)	>100%
Gross profit	3,902	778	>100%	23,095	20,670	12%
Other income	3,366	15,449	(78%)	7,171	11,309	(37%)
Selling and administrative expenses	(9,598)	(10,066)	(5%)	(24,606)	(29,795)	(17%)
Assets impairment and written down	-	-	n.m.	(1,879,536)	-	n.m.
Other operating expenses	(18,085)	(580)	>100%	(80,783)	(26,670)	>100%
Operating (loss) / profit	(20,415)	5,581	n.m.	(1,954,659)	(24,486)	>100%
Finance costs	(27,448)	(4,704)	>100%	(43,515)	(10,000)	>100%
Share of post-tax loss of equity accounted associate and jointly controlled entities	(696)	(61)	>100%	(5,709)	(2,150)	>100%
Impairment on investment in associate	-	-	n.m.	(54,440)	-	n.m.
Impairment on amount owing by jointly controlled entities	-	-	n.m.	(61,812)	-	n.m.
(Loss) / Profit before tax	(48,559)	816	n.m.	(2,120,135)	(36,636)	>100%
Income tax expense	6	(56)	n.m.	(151)	(54)	>100%
(Loss) / Profit for the financial period	(48,553)	760	n.m.	(2,120,286)	(36,690)	>100%

1. Unaudited Financial Statements (Contd.)

	3rd Quarter ended 30.9.2017 RM'000	3rd Quarter ended 30.9.2016 RM'000	Change %	9 months ended 30.9.2017 RM'000	9 months ended 30.9.2016 RM'000	Change %
Other comprehensive income						
Exchange differences on translating foreign operations	15,613	24,251	(36%)	19,933	(45,488)	n.m.
Net gain on cash flow hedges	-	222	n.m.	-	6,617	n.m.
Other comprehensive income /(loss) for the financial period, net of tax	15,613	24,473	n.m.	19,933	(38,871)	n.m.
Total comprehensive (loss) / income for the financial period	(32,940)	25,233	n.m.	(2,100,353)	(75,561)	>100%
(Loss) / Profit attributable to :						
Owners of the parent	(48,704)	722	n.m.	(2,120,417)	(36,391)	>100%
Non-controlling interest	151	38	n.m.	131	(299)	n.m.
(Loss) / Profit for the financial period	(48,553)	760	n.m.	(2,120,286)	(36,690)	>100%
Total comprehensive (loss) / income attributable to:						
Owners of the parent	(33,091)	25,195	n.m.	(2,100,484)	(75,262)	>100%
Non-controlling interest	151	38	n.m.	131	(299)	n.m.
Total comprehensive (loss) / income for the financial period	(32,940)	25,233	n.m.	(2,100,353)	(75,561)	>100%

1. Unaudited Financial Statements (Contd.)

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

	3rd Quarter ended 30.9.2017 RM'000	3rd Quarter ended 30.9.2016 RM'000	Change %	9 months ended 30.9.2017 RM'000	9 months ended 30.9.2016 RM'000	Change %
Other income						
Interest income	247	2,259	n.m.	18	4,700	n.m.
Miscellaneous	346	240	>100%	4,394	1,876	>100%
Net fair value gain on derivatives	-	-	n.m.	-	2,378	n.m.
Gain on disposal of property, plant and equipment	-	-	n.m.	-	26	n.m.
Rental income	916	774	18%	2,759	2,329	18%
Reversal of impairment of trade and other receivables	1,857	-	n.m.	-	-	n.m.
Foreign exchange gain, net	-	12,176	n.m.	-	-	n.m.
	<u>3,366</u>	<u>15,449</u>	(78%)	<u>7,171</u>	<u>11,309</u>	(37%)

(Loss) / Profit before tax

The following amounts have been included in arriving
at (loss) / profit before tax:

Amortisation of prepaid land lease payments	30	27	11%	87	81	7%
Depreciation of property, plant and equipment	4,834	5,165	(6%)	15,081	15,054	n.m.
Depreciation of investment properties	305	324	(6%)	945	957	(1%)

1. Unaudited Financial Statements (Contd.)

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

	3rd Quarter ended 30.9.2017 RM'000	3rd Quarter ended 30.9.2016 RM'000	Change %	9 months ended 30.9.2017 RM'000	9 months ended 30.9.2016 RM'000	Change %
(Loss) / Profit before tax (Contd.)						
The following amounts have been included in arriving at (loss) / profit before tax:						
<i>Assets impairment and written down</i>						
Impairment of property, plant and equipment	-	-	n.m.	299,626	-	n.m.
Impairment of investment properties	-	-	n.m.	15,455	-	n.m.
Impairment of trade and other receivables	-	-	n.m.	6,733	-	n.m.
Inventories written down	-	-	n.m.	1,509,732	-	n.m.
Prepayment written off	-	-	n.m.	47,508	-	n.m.
Property, plant and equipment written off	-	-	n.m.	482	-	n.m.
<i>Other operating expenses</i>						
Foreign exchange loss, net	15,383	-	n.m.	75,498	24,061	>100%
Loss on disposal of property, plant and equipment	-	-	n.m.	4	-	n.m.
Net fair value loss on derivatives	-	152	n.m.	-	-	n.m.
Restructuring expenses	2,632	-		3,842	-	
Income tax expense						
Current income tax	22	56	(61%)	157	54	>100%

n.m. : Not meaningful

1. Unaudited Financial Statements (Contd.)

1(b)(I) Statement of Financial Position

	Group		Company	
	30.9.2017 RM'000	31.12.2016 RM'000	30.9.2017 RM'000	31.12.2016 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	286,862	428,497	-	-
Prepaid land lease payments	7,260	7,403	-	-
Investment properties	76,620	92,784	-	-
Investment in subsidiaries	-	-	1,079,188	2,307,317
Investment in joint ventures	7,096	10,957	-	-
Investment in an associate	18,024	74,840	-	-
Available-for-sale financial assets	6,078	30,442	-	-
	<u>401,940</u>	<u>644,923</u>	<u>1,079,188</u>	<u>2,307,317</u>
Current assets				
Available-for-sale financial assets	-	4,716	-	-
Inventories	617,939	2,398,304	-	-
Trade and other receivables	63,293	128,012	6,656	100,576
Prepayments	124,229	156,785	-	7
Current income tax recoverable	1,801	1,674	-	-
Due from customers on contracts	258,114	462,398	-	-
Cash and cash equivalents	208,643	301,493	23,743	61,511
	<u>1,274,019</u>	<u>3,453,382</u>	<u>30,399</u>	<u>162,094</u>
TOTAL ASSETS	<u>1,675,959</u>	<u>4,098,305</u>	<u>1,109,587</u>	<u>2,469,411</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	81,192	405,962	81,192	405,962
Share premium	82,347	82,347	82,347	82,347
Treasury shares	(4,097)	(4,097)	(4,097)	(4,097)
Other reserves	346,835	327,787	778,608	778,608
(Accumulated loss) / Retained earnings	(1,238,984)	556,814	(958,926)	58,413
	<u>(732,707)</u>	<u>1,368,813</u>	<u>(20,876)</u>	<u>1,321,233</u>
Non-controlling interest	<u>(498)</u>	<u>(780)</u>	<u>-</u>	<u>-</u>
Total equity	<u>(733,205)</u>	<u>1,368,033</u>	<u>(20,876)</u>	<u>1,321,233</u>
Non-current liabilities				
Loans and borrowings	-	874,781	-	847,228
Deferred tax liabilities	1,481	1,480	-	-
Trade and other payables	2,595	2,637	-	-
	<u>4,076</u>	<u>878,898</u>	<u>-</u>	<u>847,228</u>

1. Unaudited Financial Statements (Contd.)

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

	Group		Company	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Due to customers on contracts	730	3,791	-	-
Loans and borrowings	1,668,482	948,720	1,126,985	294,457
Trade and other payables	735,676	898,663	3,478	6,493
Provisions	200	200	-	-
	<u>2,405,088</u>	<u>1,851,374</u>	<u>1,130,463</u>	<u>300,950</u>
Total liabilities	<u>2,409,164</u>	<u>2,730,272</u>	<u>1,130,463</u>	<u>1,148,178</u>
TOTAL EQUITY AND LIABILITIES	<u>1,675,959</u>	<u>4,098,305</u>	<u>1,109,587</u>	<u>2,469,411</u>

1. Unaudited Financial Statements (Contd.)

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

	As at 30.9.2017		As at 31.12.2016	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Amount repayable in one year or less, or on demand	588,712	1,079,770	670,154	278,566
Amount repayable after one year	-	-	58,760	816,021

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)

	3rd Quarter ended 30.9.2017 RM'000	3rd Quarter ended 30.9.2016 RM'000	9 months ended 30.9.2017 RM'000	9 months ended 30.9.2016 RM'000
Operating activities				
(Loss) / Profit before tax	(48,559)	816	(2,120,135)	(36,636)
Adjustments for:				
Amortisation of prepaid land lease payments	30	27	87	81
Depreciation of property, plant and equipment	4,834	5,165	15,081	15,054
Depreciation of investment properties	305	324	945	957
Loss / (Gain) on disposal of property, plant and equipment	-	-	4	(26)
Impairment on property, plant and equipment	-	-	299,626	-
Impairment on investment in associate	-	-	54,440	-
Impairment on amount owing by jointly controlled entities	-	-	61,812	-
Impairment on investment properties	-	-	15,455	-
(Reversal of) / Impairment on trade and other receivables	(1,857)	-	6,733	-
Inventories written down	-	-	1,509,732	-
Interest expense	27,448	4,704	43,515	10,000
Interest income	(247)	(2,259)	(18)	(4,700)
Net fair value loss / (gain) on derivatives	-	152	-	(2,378)
Prepayment written off	-	-	47,508	-
Property, plant and equipment written off	-	-	482	-
Share of post-tax loss of equity accounted associate and jointly controlled entities	696	61	5,709	2,150
Unrealised loss / (gain) loss on foreign exchange	15,407	(6,722)	82,815	23,158
Total adjustments	46,616	1,452	2,143,926	44,296
Operating cash flows before working capital changes	(1,943)	2,268	23,791	7,660
Changes in working capital:				
(Increase) / Decrease in inventories	(10,344)	29,117	127,471	(1,652)
Decrease / (Increase) in receivables	62,501	(30,400)	(6,805)	(33,042)
Decrease / (Increase) in prepayments	2,688	(2,965)	(21,881)	11,645
(Increase) / Decrease in amount due from customers on contracts	(13,142)	9,512	86,367	(212,660)
(Decrease) / Increase in payables	(14,640)	(31,064)	(113,613)	26,621
Decrease in amount due to customers on contracts	(1,439)	(320)	(2,927)	(1,118)
Total changes in working capital	25,624	(26,120)	68,612	(210,206)
Cash flows from / (used in) operations	23,681	(23,852)	92,403	(202,546)
Interest paid	(11,747)	(37,766)	(43,515)	(77,104)
Taxes paid, net of refund	(11)	(573)	(278)	(1,004)
Net cash flows from / (used in) operating activities	11,923	(62,191)	48,610	(280,654)

1. Unaudited Financial Statements (Contd.)

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

	3rd Quarter ended 30.9.2017 RM'000	3rd Quarter ended 30.9.2016 RM'000	9 months ended 30.9.2017 RM'000	9 months ended 30.9.2016 RM'000
Investing activities				
Acquisition of property, plant and equipment	-	15	(882)	(50)
Interest received	247	2,259	18	4,700
Proceeds from disposal available-for-sale financial assets	1,571	29,802	25,755	90,353
Proceeds from disposal of property, plant and equipment	-	-	7	26
Net cash flows from investing activities	1,818	32,076	24,898	95,029
Financing activities				
Proceeds from bank borrowings	-	197,187	82,131	308,472
Repayments of bank borrowings	-	(93,686)	(138,579)	(288,408)
Repayments of medium term notes	(7,192)	-	(7,192)	-
Placement of fixed deposit	-	(2,185)	-	(59,245)
Proceed from upliftment of fixed deposits	-	197	-	197
Net cash flows (used in) / from financing activities	(7,192)	101,513	(63,640)	(38,984)
Net increase / (decrease) in cash and cash equivalents	6,549	71,398	9,868	(224,609)
Effects of foreign exchange rate changes	(1,040)	2,717	(5,817)	(5,322)
Cash and cash equivalents at 1 July / 1 January	161,160	137,947	162,618	441,993
Cash and cash equivalents at 30 September	166,669	212,062	166,669	212,062

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

Fixed deposits with licensed banks	23,663	180,816	23,663	180,816
Cash and bank balances	184,980	157,079	184,980	157,079
Bank overdrafts	(18,311)	(2,715)	(18,311)	(2,715)
	190,332	335,180	190,332	335,180
Less: Restricted fixed deposits with licensed banks	(23,663)	(123,118)	(23,663)	(123,118)
Total cash and cash equivalents	166,669	212,062	166,669	212,062

1. Unaudited Financial Statements (Contd.)

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

Group	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Available- for-sale reserve RM'000	Retained earnings / (Accumulated loss) RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2016	405,962	82,347	(4,097)	300,716	(6,617)	-	598,828	1,377,139	(23)	1,377,116
Loss for the period	-	-	-	-	-	-	(37,113)	(37,113)	(337)	(37,450)
Other comprehensive income	-	-	-	(69,739)	6,395	-	-	(63,344)	-	(63,344)
At 30 June 2016	405,962	82,347	(4,097)	230,977	(222)	-	561,715	1,276,682	(360)	1,276,322
Profit for the period	-	-	-	-	-	-	722	722	38	760
Other comprehensive income	-	-	-	24,251	222	-	-	24,473	-	24,473
At 30 September 2016	405,962	82,347	(4,097)	255,228	-	-	562,437	1,301,877	(322)	1,301,555
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	-	-	-	-	-	-	(2,071,864)	(2,071,864)	131	(2,071,733)
Other comprehensive income	-	-	-	4,320	-	-	-	4,320	-	4,320
Fair value loss on available- for-sale	-	-	-	-	-	(885)	-	(885)	-	(885)
Capital reorganisation (Note)	(324,770)	-	-	-	-	-	324,770	-	-	-
At 30 June 2017	81,192	82,347	(4,097)	332,107	-	(885)	(1,190,280)	(699,616)	(649)	(700,265)
Loss for the period	-	-	-	-	-	-	(48,704)	(48,704)	151	(48,553)
Other comprehensive income	-	-	-	15,613	-	-	-	15,613	-	15,613
At 30 September 2017	81,192	82,347	(4,097)	347,720	-	(885)	(1,238,984)	(732,707)	(498)	(733,205)

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 earnings / (Accumulated loss) RM'000	Equity attributable to owners of the parent RM'000
At 1 January 2016	405,962	82,347	(4,097)	778,608	19,855	1,282,675
Loss for the period	-	-	-	-	(17,154)	(17,154)
At 30 June 2016	405,962	82,347	(4,097)	778,608	2,701	1,265,521
Profit for the period	-	-	-	-	41,032	41,032
At 30 September 2016	405,962	82,347	(4,097)	778,608	43,733	1,306,553
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)
Capital reorganisation (Note)	(324,770)	-	-	-	324,770	-
At 30 June 2017	81,192	82,347	(4,097)	778,608	378,095	1,316,145
Loss for the period	-	-	-	-	(1,337,021)	(1,337,021)
At 30 September 2017	81,192	82,347	(4,097)	778,608	(958,926)	(20,876)

Note:

On 15 May 2017, the issued and paid-up share capital of the Company was reduced (the "Capital Reduction") from HK\$1,051,572,241 divided into 2,103,144,482 ordinary shares (including 6,678,597 treasury shares) of HK\$0.50 each to HK\$210,314,448.20 divided into 2,103,144,482 ordinary shares of par value HK\$0.10 each. The credit arising from the Capital Reduction in the sum of HK\$841,257,792.80 (equivalent to approximately RM324,770,000) was credited to the accumulated loss of the Company.

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 30 September 2017 and 30 September 2016, 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.

There were no movement in the treasury shares during 3Q 2017.

As at 30 September 2017, 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

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 2016.

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

Not applicable.

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 30.9.2017	3rd Quarter ended 30.9.2016	9 months ended 30.9.2017	9 months ended 30.9.2016
(Loss) / Earnings per ordinary shares of the Group for the financial period based on net (loss) / profit attributable to shareholders:				
(i) Based on weighted average number of ordinary shares in issue (Sen)	(2.32)	0.03	(101.14)	(1.74)
Weighted average number of shares	2,096,465,885	2,096,465,885	2,096,465,885	2,096,465,885
(ii) On a fully diluted basis (Sen)	(2.32)	0.03	(101.14)	(1.74)
Adjusted weighted average number of shares	2,096,465,885	2,096,465,885	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 30.9.2017	As at 31.12.2016	As at 30.9.2017	As at 31.12.2016
Net asset value per ordinary share (Sen)	(35.0)	65.3	(1.0)	63.0
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)

9M 2017 vs 9M 2016

	9M 2017				9M 2016				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	202,783	82%	21,943	11%	33,597	67%	34,598	103%	169,186	504%	(12,655)	(37%)
Vessel Chartering	45,439	18%	1,152	3%	16,551	33%	(13,928)	(84%)	28,888	175%	15,080	(108%)
Total	248,222	100%	23,095	9%	50,148	100%	20,670	41%	198,074	395%	2,425	12%

Revenue for nine months ended 30 September 2017 ("9M 2017") of RM248.2 million was RM198.1 million, or 395%, higher as compared to RM50.1 million achieved during the previous year corresponding nine months ended 30 September 2016 ("9M 2016"). The shipbuilding segment recorded revenue of RM202.8 million for 9M 2017, representing an increase of 504% as compared to RM33.6 million recorded for 9M 2016, which was mainly attributed to the sale and delivery of three vessels in 9M 2017.

The vessel chartering segment also registered an increase in revenue of RM28.9 million, or 175%, from RM16.6 million for 9M 2016 to RM45.4 million for 9M 2017, mainly attributed to the addition of three vessels to the chartering fleet during the three months ended 30 June 2017 ("2Q 2017").

8. (contd.)

Review of Group Performance (Contd.)

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

9M 2017 vs 9M 2016

Gross profit increased by 12%, from RM20.7 million for 9M 2016 to RM23.1 million recorded for 9M 2017 mainly attributed to the gross profit generated by the shipbuilding segment of RM21.9 million. Whereas the gross profit margin stabilised at 11% in 9M 2017 due to the normalised gross profit margin of 11% and 3% achieved by the shipbuilding and vessel chartering segments respectively.

Primarily due to the absence of a net fair value gain on derivatives of RM2.4 million which was recorded in 9M 2016, other income in 9M 2017 declined 37% to RM7.2 million.

Selling and administrative expenses decreased by 17% to RM24.6 million during 9M 2017, mainly due to the decrease in staff cost.

Finance cost increased by RM33.5 million in 9M 2017 over 9M 2016, as a result of lower interest expenses being capitalised in cost of construction in 9M 2017.

Share of result in jointly controlled entities and associate recorded a loss of RM3.3 million and RM2.4 million respectively in 9M 2017 due to lower vessel utilisation rate.

As a result of the assets impairment and writing down of RM2.0 billion in 9M 2017 which consist of impairment on property, plant and equipment, investment in associate, investment properties, and trade and other receivables of RM438.1 million as well as inventories written down of RM1.5 billion, the Group recorded a net loss after taxation of RM2.1 billion in 9M 2017.

3Q 2017 vs 3Q 2016

	3Q 2017				3Q 2016				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	60,939	77%	2,490	4%	16,647	64%	2,520	15%	44,292	266%	(30)	(1%)
Vessel Chartering	18,150	23%	1,412	8%	9,183	36%	(1,742)	(19%)	8,967	98%	3,154	(181%)
Total	79,089	100%	3,902	5%	25,830	100%	778	3%	53,259	206%	3,124	402%

8. (contd.)

Review of Group Performance (contd.)

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

3Q 2017 vs 3Q 2016 (contd.)

Revenue for the three months ended 30 September 2017 ("3Q 2017") of RM79.1 million was RM53.3 million, or 206%, higher as compared to RM25.8 million recorded during the previous year corresponding three months ended 30 September 2016 ("3Q 2016"). Revenue from the shipbuilding segment increased by 266% to RM60.9 million for 3Q 2017 from RM16.6 million recorded for 3Q 2016. The increase in shipbuilding revenue in 3Q 2017 was mainly attributed to the sale and delivery of one vessel in 3Q 2017. The vessel chartering revenue also recorded an increase of 98% from RM9.2 million for 3Q 2016 to RM18.2 million for 3Q 2017, mainly attributed to the addition of three vessels to the chartering fleet during 2Q 2017.

Gross profit increased by 402% from RM0.8 million in 3Q 2016 to RM3.9 million in 3Q 2017. This was mainly attributed to the turnaround of the gross profit and gross profit margin of the vessel chartering segment in 3Q 2017 to RM1.4 million and 8% respectively.

Primarily due to the absence of a net foreign exchange gain of RM12.2 million which was recorded in 3Q 2016, other income in 3Q 2017 declined 78% to RM3.4 million.

Selling and administrative expenses decreased by 5% to RM9.6 million in 3Q 2017, mainly due to the decrease in staff cost.

Finance costs increased to RM27.4 million in 3Q 2017, as a result of lower interest expenses being capitalised in cost of construction during 3Q 2017.

Share of result in jointly controlled entities recorded a loss of RM0.7 million in 3Q 2017 due to lower vessel utilisation rate.

Mainly as the result of the foreign exchange loss and finance costs, the Group recorded a net loss after taxation of RM48.6 million in 3Q 2017.

(b) Statements of financial position (Group)

Total Assets

Total assets of the Group decreased by RM2.42 billion from RM4.10 billion as at 31 December 2016 ("FY2016") to RM1.68 billion as at 30 September 2017 ("PE2017") mainly due to assets impairment and written down of RM2.0 billion in 2Q 2017.

Total Liabilities

Total liabilities of the Group decreased by RM321.1 million from RM2.73 billion in FY2016 to RM2.41 billion in PE2017, mainly due to the decrease in the trade and other payables of RM163.4 million and loans and borrowings of RM155.0 million in PE2017.

8. (contd.)

Review of Group Performance (contd.)

(c) Statement of Cash Flows (Group)

9M 2017 vs 9M 2016

Net cash flows from operating activities of RM48.6 million in 9M 2017 was mainly due to decrease in inventories during the period.

Net cash flows from investing activities of RM24.9 million in 9M 2017 was mainly attributed to the proceeds from the disposal of available-for-sale financial assets of RM25.8 million.

Net cash flows used in financing activities of RM63.6 million in 9M 2017 was attributed to the net repayments of bank borrowings and medium term notes during the period.

3Q 2017 vs 3Q 2016

Net cash flows from operating activities of RM11.9 million in 3Q 2017 was mainly due to collection from trade and other receivables during the period.

Net cash flows from investing activities of RM1.8 million in 3Q 2017 was mainly attributed to the proceeds from the disposal of available-for-sale financial assets of RM1.6 million.

Net cash flows from financing activities of RM7.2 million in 3Q 2017 was attributed to the repayments of medium term notes during the period.

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

The outlook for the O&M sector remains weak and the Group anticipates vessel sales and shipbuilding to remain slow.

In response to the challenging business environment that the Group is operating in, the Group has deferred the schedule of deliveries of its vessels currently under construction, both at customers' requests and also at the Group's initiative. The Group continues to monitor and review the shipbuilding schedule together with deferment and cancellation plans, through ongoing communication and consultation with its stakeholders.

The Group has also taken steps to review its options to restructure its businesses, operations and balance sheet to preserve value for the stakeholders of the Company.

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

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 nine months ended 30 September 2017 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 2017