



## ASL MARINE HOLDINGS LTD.

(CO. REG. NO. 200008542N)

### UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2015

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### Income Statement

	Group		
	3 months ended 30 September		
	1Q FY2016 \$'000	1Q FY2015 \$'000	Increase/ (Decrease) %
<b>Revenue</b>	75,950	68,530	10.8
Cost of sales	(64,104)	(58,720)	9.2
<b>Gross profit</b>	<b>11,846</b>	<b>9,810</b>	<b>20.8</b>
Other operating income	1,851	3,448	(46.3)
Administrative expenses	(5,308)	(5,947)	(10.7)
Other operating expenses	(887)	(1,197)	(25.9)
Finance costs	(4,472)	(3,396)	31.7
Share of results of jointly-controlled entity and associates	2,558	498	413.7
<b>Profit before tax</b>	<b>5,588</b>	<b>3,216</b>	<b>73.8</b>
Tax expense			
- current period	(529)	(507)	4.3
- (under)/ over provision in prior years	(118)	1	NM
<b>Profit for the period</b>	<b>4,941</b>	<b>2,710</b>	<b>82.3</b>
Attributable to:			
<b>Owners of the Company</b>	<b>5,249</b>	<b>3,010</b>	<b>74.4</b>
Non-controlling interests	(308)	(300)	2.7
	<b>4,941</b>	<b>2,710</b>	<b>82.3</b>

NM: Not meaningful

- 1(a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statement of Comprehensive Income**

		Group		
		3 months ended 30 September		
		1Q	1Q	Increase/ (Decrease)
		FY2016	FY2015	(Decrease)
Note		\$'000	\$'000	%
	<b>Profit for the period</b>	4,941	2,710	82.3
	Translation differences relating to financial statements of foreign subsidiaries, net of tax	(i) 3,349	1,528	119.2
	Share of other comprehensive income of jointly-controlled entities and associates	871	272	220.2
	Remeasurement of defined benefit pension plan	-	(36)	(100.0)
	Net change in fair value of cash flow hedges	(ii) (3,825)	2	NM
	<b>Other comprehensive income for the period, net of tax</b>	<b>395</b>	<b>1,766</b>	<b>(77.6)</b>
	<b>Total comprehensive income for the period</b>	<b>5,336</b>	<b>4,476</b>	<b>19.2</b>
	Attributable to:			
	<b>Owners of the Company</b>	<b>5,432</b>	<b>4,686</b>	<b>15.9</b>
	Non-controlling interests	(96)	(210)	(54.3)
		<b>5,336</b>	<b>4,476</b>	<b>19.2</b>

NM: Not meaningful

**Notes:**

- (i) The movement in foreign currency translation reserves arose mainly from the consolidation of subsidiaries whose functional currencies are United States Dollar ("USD"), Euro ("EUR") and Indonesian Rupiah ("IDR").
- (ii) The fair value gain on cash flow hedges was primarily due to fair value adjustments on foreign currency forward contracts and interest rate swaps.

**1(a)(ii) Net profit for the period was stated after crediting/ (charging):-**

	<b>Group</b>	
	<b>3 months ended</b>	
	<b>30 September</b>	
	<b>1Q</b>	<b>1Q</b>
	<b>FY2016</b>	<b>FY2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Allowance for impairment of doubtful receivables (net)	(45)	311
Amortisation of intangible assets	(206)	(225)
Amortisation of lease prepayments	(115)	(72)
Depreciation of property, plant and equipment	(11,116)	(11,036)
Gain on disposal of property, plant and equipment	752	1,242
Loss on foreign exchange (net)	(302)	(395)
Interest income from bank balances	17	9
Interest income from finance lease receivable	198	-
Property, plant and equipment written off	-	(802)
Reversal/ (provision) for warranty	404	(1,092)
Provision for pension liabilities	(29)	(5)
(Under)/ Over provision of tax in respect of prior years		
- current tax expense	(118)	1

**1(b)(i) A statement of financial position (for the group and issuer), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	30-Sep-15 \$'000	30-Jun-15 \$'000	30-Sep-15 \$'000	30-Jun-15 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	585,687	582,872	-	-
Lease prepayments	5,988	6,032	-	-
Finance lease receivable	9,784	-	-	-
Investment in subsidiaries	-	-	70,663	70,663
Investment in joint ventures and associates	21,479	18,108	-	-
Intangible assets	19,813	18,674	-	-
	<b>642,751</b>	<b>625,686</b>	<b>70,663</b>	<b>70,663</b>
<b>Current assets</b>				
Inventories	227,341	216,876	-	-
Construction work-in-progress	79,222	48,542	-	-
Trade and other receivables	243,356	229,165	179,545	181,387
Finance lease receivable	752	-	-	-
Derivative financial instruments	-	542	-	-
Cash and bank balances	51,235	77,919	2,494	1,190
	<b>601,906</b>	<b>573,044</b>	<b>182,039</b>	<b>182,577</b>
<b>Current liabilities</b>				
Trade and other payables	157,704	170,719	1,851	2,269
Provision for warranty	398	929	-	-
Progress billings in excess of construction work-in-progress	36,295	34,625	-	-
Trust receipts	82,291	68,847	-	-
Interest-bearing loans and borrowings	170,743	150,431	-	-
Derivative financial instruments	4,863	873	-	-
Income tax payables	3,457	2,390	3	3
Bank overdrafts	1,714	1,130	-	-
	<b>457,465</b>	<b>429,944</b>	<b>1,854</b>	<b>2,272</b>
<b>Net current assets</b>	<b>144,441</b>	<b>143,100</b>	<b>180,185</b>	<b>180,305</b>
<b>Non-current liabilities</b>				
Other liabilities	3,534	3,327	-	-
Interest-bearing loans and borrowings	335,985	323,075	150,000	150,000
Deferred tax liabilities	17,028	17,075	-	-
	<b>356,547</b>	<b>343,477</b>	<b>150,000</b>	<b>150,000</b>
<b>Net assets</b>	<b>430,645</b>	<b>425,309</b>	<b>100,848</b>	<b>100,968</b>
<b>Share capital</b>	83,092	83,092	83,092	83,092
<b>Treasury shares</b>	(923)	(923)	(923)	(923)
<b>Reserves</b>	342,786	337,354	18,679	18,799
	<b>424,955</b>	<b>419,523</b>	<b>100,848</b>	<b>100,968</b>
<b>Non-controlling interests</b>	5,690	5,786	-	-
<b>Total equity</b>	<b>430,645</b>	<b>425,309</b>	<b>100,848</b>	<b>100,968</b>

## 1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

	Group			
	As at 30-Sep-15		As at 30-Jun-15	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand (Note 1)	177,084	77,664	149,000	71,408
Amount repayable after one year	185,985	150,000	173,075	150,000
	<b>363,069</b>	<b>227,664</b>	<b>322,075</b>	<b>221,408</b>

### **Note 1:**

Of the total secured loans due within one year or less is an amount of approximately \$84.9 million (30 June 2015: \$67.9 million) relating to the financing of 3<sup>rd</sup> parties shipbuilding projects.

These loans may be renewed and are repayable only upon the completion of construction of these vessels.

### **Details of any collateral**

The Group's secured borrowings comprised term loans and finance leases which are secured by way of:

- Legal mortgages of certain leasehold properties of subsidiaries
- Legal mortgages over certain vessels, plant and equipment of subsidiaries
- Assignment of charter income and insurance of certain vessels of subsidiaries
- Corporate guarantees from the Company and certain subsidiaries

1(c) **A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>	
	<b>3 months ended 30 September</b>	
	<b>1Q FY2016</b>	<b>1Q FY2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,588	3,216
<b>Adjustments for:</b>		
Amortisation of intangible assets	206	225
Amortisation of lease prepayments	115	72
Allowance for impairment of doubtful trade receivables (net)	45	(311)
Depreciation of property, plant and equipment	11,116	11,036
Gain on disposal of property, plant and equipment	(752)	(1,242)
Interest expense	4,472	3,396
Interest income	(215)	(9)
(Reversal)/ provision for warranty	(404)	1,092
Provision/ (reversal) for pension liabilities	29	(5)
Property, plant and equipment written off	-	802
Share of results of jointly-controlled entity and associates	(2,558)	(498)
<b>Operating profit before working capital changes</b>	<b>17,642</b>	<b>17,774</b>
<b>Changes in working capital:</b>		
Inventories	(10,846)	(2,593)
Construction work-in-progress and progress billings in excess of construction work-in-progress	(26,573)	48,196
Trade and other receivables	(14,393)	23,311
Trade and other payables	(9,341)	(34,967)
Other liabilities	(192)	(41)
Balances with related parties (trade)	(2,941)	2,303
Bank balances, deposits and cash (restricted use)	(2,703)	(674)
<b>Cash (used in)/ generated from operations</b>	<b>(49,347)</b>	<b>53,309</b>
Tax refunded	848	62
<b>Net cash (used in)/ generated from operating activities</b>	<b>(48,499)</b>	<b>53,371</b>
<b>Cash flows from investing activities</b>		
Interest received	215	9
Purchase of property, plant and equipment	(20,671)	(22,218)
Proceeds from disposal of property, plant and equipment	5,269	6,000
Proceeds from finance lease receivable	49	-
Lease prepayments	(53)	-
Balances with related parties (non-trade)	3,097	(3,385)
<b>Net cash used in investing activities</b>	<b>(12,094)</b>	<b>(19,594)</b>

	<b>Group</b>	
	<b>3 months ended 30 September</b>	
	<b>1Q FY2016</b>	<b>1Q FY2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(4,685)	(3,999)
Repayment of interest-bearing loans and borrowings	(24,932)	(64,845)
Proceeds from interest-bearing loans and borrowings	49,073	30,913
Repayment of trust receipts	(14,588)	(23,609)
Proceeds from trust receipts	26,237	14,341
<b>Net cash generated from/ (used in) financing activities</b>	<b>31,105</b>	<b>(47,199)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(29,488)</b>	<b>(13,422)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>74,865</b>	<b>64,581</b>
Effects of exchange rate changes on opening cash and cash equivalents	(483)	54
<b>Cash and cash equivalents at end of period (Note 1)</b>	<b>44,894</b>	<b>51,213</b>

**Note 1:**

Cash and cash equivalents comprise the followings:

Bank balances, deposits and cash as at September	51,235	58,436
Less: Restricted cash		
- Cash at banks	(1,932)	(2,501)
- Fixed deposits with banks	(2,695)	-
	46,608	55,935
Bank overdrafts	(1,714)	(4,722)
<b>Cash and cash equivalents</b>	<b>44,894</b>	<b>51,213</b>

**1(d)(i) A statement (for the group and issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Statement of Changes in Equity for the period ended 30-Sep-15									
Group	Attributable to owners of the Company						Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q FY2016</b>									
At 1-Jul-15	83,092	(923)	742	(422)	337,034	337,354	419,523	5,786	425,309
Profit for the period	-	-	-	-	5,249	5,249	5,249	(308)	4,941
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	3,216	-	-	3,216	3,216	133	3,349
Share of other comprehensive income of jointly-controlled entities and associates	-	-	792	-	-	792	792	79	871
Net fair value changes to cash flow hedges	-	-	-	(3,825)	-	(3,825)	(3,825)	-	(3,825)
	-	-	4,008	(3,825)	-	183	183	212	395
<b>Total comprehensive income for the period</b>	-	-	4,008	(3,825)	5,249	5,432	5,432	(96)	5,336
<b>At 30-Sep-15</b>	<b>83,092</b>	<b>(923)</b>	<b>4,750</b>	<b>(4,247)</b>	<b>342,283</b>	<b>342,786</b>	<b>424,955</b>	<b>5,690</b>	<b>430,645</b>



**Statement of Changes in Equity for the period ended 30-Sep-14**

<u>Group</u>	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
	<b>1Q FY2015</b>								
<b>At 1-Jul-14</b>	<b>83,092</b>	<b>(923)</b>	<b>(4,891)</b>	<b>(2)</b>	<b>333,326</b>	<b>328,433</b>	<b>410,602</b>	<b>5,906</b>	<b>416,508</b>
<b>Profit for the period</b>	-	-	-	-	3,010	3,010	3,010	(300)	2,710
<b>Other comprehensive income for the period, net of tax</b>									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	1,462	-	-	1,462	1,462	66	1,528
Share of other comprehensive income of jointly-controlled entities and associates	-	-	248	-	-	248	248	24	272
Remeasurement of defined benefit pension plans	-	-	-	-	(36)	(36)	(36)	-	(36)
Net fair value changes to cash flow hedges	-	-	-	2	-	2	2	-	2
<b>Total comprehensive income for the period</b>	-	-	1,710	2	(36)	1,676	1,676	90	1,766
	-	-	1,710	2	2,974	4,686	4,686	(210)	4,476
<b>At 30-Sep-14</b>	<b>83,092</b>	<b>(923)</b>	<b>(3,181)</b>	<b>-</b>	<b>336,300</b>	<b>333,119</b>	<b>415,288</b>	<b>5,696</b>	<b>420,984</b>

**Statement of Changes in Equity for the period ended 30-Sep-15 and 30-Sep-14**

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
<b>1Q FY2016</b>						
At 1-Jul-15	83,092	(923)	-	18,799	18,799	100,968
Profit for the period, representing total comprehensive income for the period	-	-	-	(120)	(120)	(120)
At 30-Sep-15	83,092	(923)	-	18,679	18,679	100,848
<b>1Q FY2015</b>						
At 1-Jul-14	83,092	(923)	-	18,446	18,446	100,615
Profit for the period, representing total comprehensive income for the period	-	-	-	(98)	(98)	(98)
At 30-Sep-14	83,092	(923)	-	18,348	18,348	100,517

- 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.**

	<b>Number of Ordinary Shares (excluding treasury shares)</b>
Balance as at 30-Sep-15 and 30-Jun-15	<u>419,511,294</u>

There have been no changes in the issued and paid-up capital of the Company since 30 June 2015.

There are no outstanding share options granted under the ESOS as at 30 September 2015 and 30 June 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 30-Sep-15</b>	<b>As at 30-Jun-15</b>
Total number of issued shares	422,022,894	422,022,894
Total number of treasury shares	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u><b>419,511,294</b></u>	<u><b>419,511,294</b></u>

- 1(d)(iv) A statement showing all purchases, sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the current financial year reported on, there were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2015 except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning as of 1 July 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

**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.**

	<b>Group</b>	
	<b>3 months ended</b>	
	<b>30 September</b>	
	<b>1Q FY2016</b>	<b>1Q FY2015</b>
<b>Earnings per ordinary share:</b>		
(i) On weighted average no. of ordinary shares in issue	1.25 cents	0.72 cents
(ii) On a fully diluted basis	1.25 cents	0.72 cents
<b>Net profit attributable to shareholders:</b>	\$5,249,000	\$3,010,000
<b>Number of shares in issue:</b>		
(i) Weighted average no. of shares in issue	419,511,294	419,511,294
(ii) On a fully diluted basis	419,511,294	419,511,294

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-15</b>	<b>30-Jun-15</b>	<b>30-Sep-15</b>	<b>30-Jun-15</b>
Net Asset Value (NAV) per ordinary share	101.30 cents	100.00 cents	24.04 cents	24.07 cents
NAV has been computed based on the share capital of	419,511,294	419,511,294	419,511,294	419,511,294

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **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; and**  
 (b) **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**

**Revenue**

Total Group revenue of \$76.0 million for the 3 months ended 30 September 2015 ("1Q FY2016") was \$7.4 million (10.8%) higher compared to the corresponding period in FY2015 ("1Q FY2015").

Details for revenue generated from each segment are as follows:

	<b>Group</b>		
	<b>1Q FY2016</b>	<b>1Q FY2015</b>	Increase/ (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding	36,300	23,749	52.8
Shiprepair and conversion	14,809	15,293	(3.2)
Shipchartering	19,746	17,263	14.4
Engineering	5,095	12,225	(58.3)
	<b>75,950</b>	<b>68,530</b>	<b>10.8</b>

**Shipbuilding**

Recognition of shipbuilding revenue is calculated based on project value multiplied by the percentage of completion ("POC").

The breakdown of revenue generated from the shipbuilding division is as follows:

	<b>Group</b>				Increase/ (Decrease) %
	<b>1Q FY2016</b>	<b>1Q FY2015</b>	<b>1Q FY2016</b>	<b>1Q FY2015</b>	
	<b>Units under construction</b>		<b>\$'000</b>	<b>\$'000</b>	
Offshore Support Vessels ("OSV")	5	14	11,114	(14)	NM
Dredgers	-	1	-	8,001	(100.0)
Tugs	13	12	19,532	12,283	59.0
Barges and others	4	1	5,654	3,479	62.5
	<b>22</b>	<b>28</b>	<b>36,300</b>	<b>23,749</b>	<b>52.8</b>

Revenue increased by \$12.6 million (52.8%) to \$36.3 million in 1Q FY2016 compared to 1Q FY2015. Higher revenue recognised was contributed by:

- (1) the higher POC achieved in 1Q FY2016 from construction of OSV and tugs; and  
 (2) more units of barges under construction.

## Shiprepair and conversion

Unlike shipbuilding projects, revenue from Shiprepair and conversion are deemed to be short term in nature and are recognised only upon completion of the projects. However as several of our shiprepair jobs are partial conversions, and thus take far longer than historic jobs to complete, it is impossible to ensure that one major job completes each quarter. Thus revenue from shiprepair and conversions can be lumpy.

The breakdown of revenue generated from the shiprepair and conversion division is as follows:

	<b>Group</b>		
	<b>1Q FY2016</b>	<b>1Q FY2015</b>	Increase/ (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shiprepair and conversion	14,439	15,181	(4.9)
Other marine related services	370	112	230.4
	<b>14,809</b>	<b>15,293</b>	<b>(3.2)</b>

Shiprepair and conversion revenue decreased by \$0.5 million (3.2%) to \$14.8 million in 1Q FY2016 compared to 1Q FY2015 due to fewer shiprepair and conversion jobs being completed during this financial quarter.

## Shipchartering

The breakdown of revenue generated from the Shipchartering division is as follows:

	<b>Group</b>				
	<b>1Q FY2016</b>	<b>1Q FY2015</b>	<b>1Q FY2016</b>	<b>1Q FY2015</b>	Increase/ (Decrease)
	<b>Units chartered</b>		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Offshore support vessels ("OSV")	8	7	3,707	4,657	(20.4)
Landing crafts ("LCT")	2	2	1,646	1,350	21.9
Tug boats	49	51	5,414	5,072	6.7
Barges	95	92	8,200	5,837	40.5
<b>Total charter</b>	154	152	18,967	16,916	12.1
Trade sales	-	-	779	347	124.5
	154	152	<b>19,746</b>	<b>17,263</b>	<b>14.4</b>

Shipchartering revenue increased by \$2.5 million (14.4%) to \$19.7 million in 1Q FY2016 compared to the corresponding period.

The higher revenue generated by the Shipchartering division in 1Q FY2016 was mainly due to the charter income contributed by the 2 additional units of grab dredgers acquired in 4Q FY2014 (charter contracts only commenced subsequent to 1Q FY2015) and 1 unit of grab dredger that commenced operation in July 2015. These vessels were mainly deployed to support our customers in the domestic marine infrastructure projects.

However, due to the disposal of the ROV Support Vessel in November 2014, revenue from OSV's declined by \$1.0 million (20.4%) in 1Q FY2016.

## Engineering

The breakdown by revenue generated from the Engineering division is as follows:

	<b>Group</b>		
	<b>1Q FY2016</b>	<b>1Q FY2015</b>	Increase/ (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Engineered Dredger Products & Dredgers ("New Buildings")	841	194	333.5
Components & Services ("Components")	4,254	12,031	(64.6)
	<b>5,095</b>	<b>12,225</b>	<b>(58.3)</b>

Similar to shipbuilding, revenue from New Buildings is calculated based on project value multiplied by POC.

Revenue generated from New Buildings in 1Q FY2016 increased by \$0.6 million (333.5%) due to achievement of higher POC in 1Q FY2016.

The decline in revenue from Components was due to fewer orders for spare parts and cutting/coupling products received from customers in 1Q FY2016.

## Gross profit and gross profit margin

Total Group gross profit increased by \$2.0 million (20.8%) to \$11.8 million in 1Q FY2016 compared to the corresponding period.

The breakdown of gross profit and gross profit margin for each respective segment are as follows:

	<b>Group</b>			
	<b>1Q FY2016</b>		<b>1Q FY2015</b>	
	<b>\$'000</b>	<b>GPM</b>	<b>\$'000</b>	<b>GPM</b>
Shipbuilding	7,169	19.7%	(1,116)	NM
Shiprepair and conversion	1,539	10.4%	3,716	24.3%
Shipchartering	1,192	6.0%	3,984	23.1%
Engineering	1,946	38.2%	3,226	26.4%
	<b>11,846</b>	<b>15.6%</b>	<b>9,810</b>	<b>14.3%</b>

## Shipbuilding

The gross profit of \$7.2 million achieved in 1Q FY2016 was mainly due to the progressive recognition of revenue and reversal of provision of construction costs for completed projects.

The gross loss of \$1.1 million recorded in 1Q FY2015 was attributed to upward revision of material costs for higher complexity shipbuilding projects and an overrun in subcontractors' costs for several other projects.

## Shiprepair and conversion

Lower gross profit margin of Shiprepair and conversion was mainly due to keen competition faced in securing jobs as vessel owners cut their CAPEX & OPEX budgets in view of the continuing low oil prices. In addition, our settlement with the owner of a rig for a rig repair work also resulted in a loss being recognised on that particular rig repair project. Excluding the loss recognised, our GPM for Shiprepair and conversion would have been 20.3%.

## Shipchartering

	<b>Group</b>			
	<b>1Q FY2016</b>		<b>1Q FY2015</b>	
	<b>\$'000</b>	<b>GPM</b>	<b>\$'000</b>	<b>GPM</b>
Offshore support vessels ("OSV")	1,035	27.9%	2,554	54.8%
Landing crafts ("LCT")	108	6.6%	61	4.5%
Tug boats and barges	(252)	NM	1,147	10.5%
<b>Total charter</b>	<b>891</b>	<b>4.7%</b>	<b>3,762</b>	<b>22.2%</b>
Trade sales	301	38.6%	222	64.0%
	<b>1,192</b>	<b>6.0%</b>	<b>3,984</b>	<b>23.1%</b>

Gross profit declined by \$2.8 million (70.1%) to \$1.2 million in 1Q FY2016 mainly due to the absence of the charter income generated from the ROV Support Vessel which was disposed in November 2014. Gross profit margin achieved from this vessel in 1Q FY2015 was approximately 81%.

Low utilisation and higher upkeep costs incurred resulted in tug boats and barges recording a loss in 1Q FY2016.

## Engineering

	<b>Group</b>			
	<b>1Q FY2016</b>		<b>1Q FY2015</b>	
	<b>\$'000</b>	<b>GPM</b>	<b>\$'000</b>	<b>GPM</b>
Engineered Dredger Products & Dredgers ("New Buildings")	1,121	133.3%	(197)	NM
Components & Services ("Components")	825	19.4%	3,423	28.5%
	<b>1,946</b>	<b>38.2%</b>	<b>3,226</b>	<b>26.4%</b>

In line with the lower revenue, gross profit declined by \$1.3 million (39.7%) to \$1.9 million when compared to the corresponding period. However gross profit margin increased mainly due to the write-back of warranty provision of \$0.6 million in New Buildings in 1Q FY2016.

## Other operating income

Details for other operating income are as follows:

	<b>Group</b>	
	<b>1Q FY2016</b>	<b>1Q FY2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on disposal of plant and equipment	752	1,242
Gain on foreign exchange		
- unrealised	540	-
Interest income from bank balances	17	9
Interest income from finance lease receivable	198	-
Insurance claims	-	821
Rental income	292	981
Write-back of allowance for impairment of doubtful receivables (net)	-	311
Miscellaneous income	52	84
	<b>1,851</b>	<b>3,448</b>



Gain on disposal of plant and equipment of \$0.8 million arose from disposal of 4 units of crawler cranes, 2 units of vessels and 1 unit of motor vehicle.

Unrealised foreign exchange gain of \$0.5 million in 1Q FY2016 was mainly derived from the appreciation of EUR against SGD (EUR denominated assets).

Exchange rates for the respective reporting periods were as follows:-

	30 Sep 2015	30 Sep 2014	30 Jun 2015	30 Jun 2014
<b>USD against SGD</b>	1.4265	1.2740	1.3474	1.2490
<b>EUR against SGD</b>	1.6077	1.6173	1.4989	1.7073
<b>IDR against USD</b>	14,706	12,195	13,210	12,010
<b>IDR against SGD</b>	10,309	9,615	9,804	9,615

### Administrative expenses

Administrative expenses in 1Q FY 2016 decreased by \$0.6 million (10.7%) to \$5.3 million when compared to 1Q FY2015 mainly due to lower rental, management fees and development costs incurred by our engineering division and the lower depreciation charge as a result of certain assets being fully depreciated.

### Other operating expenses

Other operating expenses comprised the following:

	Group	
	1Q FY2016 \$'000	1Q FY2015 \$'000
Allowance for impairment of doubtful receivables (net)	45	-
Loss on foreign exchange		
- unrealised	-	292
- realised	842	103
Property, plant and equipment written off	-	802
	<b>887</b>	<b>1,197</b>

Realised foreign exchange loss of \$0.8 million in 1Q FY2016 arose mainly due to appreciation of USD against SGD (USD denominated liabilities).

### Finance costs

Finance costs increased by \$1.1 million (31.7%) to \$4.5 million in 1Q FY2016 due to higher amount of bond interest incurred following the issuance of a \$50 million bond in October 2014, higher interest rate as a result of interest rate swap entered in 4Q FY2015 for USD denominated long-term loans as well as the additional long-term loans obtained to finance the purchase of vessels in FY2015.

## Share of results of jointly-controlled entity and associates

The Group's share of results of jointly-controlled entity and associates comprised:

	Group's effective interest	Group	
		1Q FY2016 \$'000	1Q FY2015 \$'000
<b><u>Jointly-controlled entity</u></b>			
Sindo-Econ Group	50.0%	3,467	(1)
<b><u>Associates</u></b>			
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	25	1,315
PT Capitol Nusantara Indonesia ("PT CNI")	27.0%	(934)	(816)
		<b>2,558</b>	<b>498</b>

Higher profit of \$3.5 million recorded by Sindo-Econ Group in 1Q FY2016 was contributed by its concrete precast operations, which has since turned around in 2Q FY2015.

PT Hafar derived its profit from charter and operation of its pipe-lay cum accommodation barge ("Hafar Neptune"). The lower profit is due to there being lower charter income earned as the vessel was undergoing upgrading works since mid-August 2015 as compared to the 100% utilisation in 1Q FY2015. The vessel is expected to resume in operation by end of December 2015.

The loss of PT CNI was mainly attributable to the low utilisation of its vessels; several of its vessels have remained off-hired in 1Q FY2016 mainly due to the slowdown in Indonesia coal mining industry.

### Profit before tax

Group's profit before tax increased by \$2.4 million (73.8%) to \$5.6 million in 1Q FY2016 as a result of the increase in gross profit recorded by the shipbuilding segment and higher contributions from our jointly-controlled entity.

### Tax expense

The Group's current period tax (expenses)/ credit comprised the following:

	Group	
	1Q FY2016 \$'000	1Q FY2015 \$'000
Income tax	(142)	(863)
Deferred tax	(387)	356
	<b>(529)</b>	<b>(507)</b>
Effective tax rate	<b>17.4%</b>	<b>18.7%</b>

### Non-controlling interests

Non-controlling interests' share of results maintained at \$0.3 million in 1Q FY2016 mainly due to lower losses from China shipbuilding operations of \$0.2 million offset by higher share of shipchartering losses recorded by the non-wholly owned foreign subsidiaries of \$0.2 million.

## Operation cash flow

### 1Q FY2016

The Group recorded a net cash outflow of \$48.5 million from operating activities in 1Q FY2016 compared to net cash inflow of \$53.4 million in 1Q FY2015. The higher cash outflow was mainly attributed to additional construction costs incurred on those shipbuilding projects under the Group's Build to Stock Program and the three units of platform supply vessels. Higher construction work-in-progress incurred for shipbuilding projects and lower receipts from customers offset by lower payments made to suppliers.

On the other hand, the Group recorded a net cash outflow of \$12.1 million from investing activities. The cash was mainly used to purchase vessels and construction of jetty and fabrication area.

The cash inflow from financing activities of \$31.1 million in 1Q FY2016 was mainly due to additional bank borrowings obtained and trusts receipts utilised to finance the current shipbuilding projects.

## REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

### Non-current assets

Property, plant and equipment ("PPE") increased by \$2.8 million (0.5%) from \$582.9 million as at 30 June 2015 to \$585.7 million as at 30 September 2015.

Movement in PPE during the year under review is as follows:

	<b>\$'000</b>
Balance as at 1 July 2015	582,872
Acquisition of property, plant and equipment	20,795
Inclusive of :	
- \$1.3 million for plant and machinery	
- \$7.1 million for vessels	
- \$12.4 million for assets under construction	
Disposal of plant and equipment	(14,740)
Depreciation charge	(13,173)
Translation differences	9,933
Balance as at 30 September 2015	<u><u>585,687</u></u>

Finance lease receivable arose as the Group entered into a 10 years lease contract in July 2015 to charter one unit of the landing craft acquired in February 2014 to a third party.

### Current assets

Current assets increased by \$28.9 million (5.0%) from \$573.0 million as at 30 June 2015 to \$601.9 million as at 30 September 2015.

Inventories increased by \$10.5 million (4.8%) to \$227.3 million as at 30 September 2015. The increase relates to the construction costs incurred on the 4 units of AHTs under the Group's Build to Stock Program and the three platform supply vessels. These vessels are recorded as inventory, as they are vessels available for lease or sale.

Trade and other receivables comprised the following:

	<b>Total 30-Sep-15 \$'000</b>	<b>Total 30-Jun-15 \$'000</b>	<b>Increase/ (decrease)</b>	
			<b>\$'000</b>	<b>%</b>
Trade receivables	155,440	143,548	11,892	8.3
Other receivables and deposits	33,115	30,660	2,455	8.0
Amounts due from related parties	54,801	54,957	(156)	(0.3)
	<b>243,356</b>	<b>229,165</b>	<b>14,191</b>	<b>6.2</b>

The increase in trade receivables was mainly due to the down-payment billings for new shipbuilding projects secured in 4Q FY2015 and charter income invoiced for 1Q FY2016. Of the total trade receivables, \$16.3 million was received subsequent to the period under review.

Other receivables and deposits balance increased mainly due to deposits paid for purchase of vessels.

### **Current liabilities**

Current liabilities increased by \$27.6 million (6.4%) from \$429.9 million as at 30 June 2015 to \$457.5 million as at 30 September 2015.

Trade and other payables comprised the following:

	<b>Total 30-Sep-15 \$'000</b>	<b>Total 30-Jun-15 \$'000</b>	<b>Increase/ (decrease)</b>	
			<b>\$'000</b>	<b>%</b>
Trade payables and other payables	157,486	170,513	(13,027)	(7.6)
Loan from non-controlling interests of subsidiaries	218	206	12	5.8
	<b>157,704</b>	<b>170,719</b>	<b>(13,015)</b>	<b>(7.6)</b>

Net construction work-in-progress in excess of progress billings increased by \$29.0 million (208.5%) from \$13.9 million as at 30 June 2015 to \$42.9 million as at 30 September 2015 mainly attributed to higher work-in-progress incurred for shipbuilding projects as a results of contracts being secured under contractual terms of 10%/ 30% at beginning stage of construction and balance 90%/ 70% upon delivery.

Current portion of interest-bearing loans and borrowings and trust receipts increased by \$20.3 million (13.5%) and \$13.4 million (19.5%) respectively was due to additional short term loans and trust receipts obtained for the financing of current shipbuilding projects.

### **Non-current liabilities**

Non-current liabilities increased by \$13.1 million (3.8%) to \$356.5 million as at 30 September 2015 mainly due to additional loan drawdown during the quarter under review.

The breakdown of total group borrowings is as follows:

	<b>30-Sep-15</b>	<b>30-Jun-15</b>	<b>Increase/ (decrease)</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Long term loans	245,997	222,389	23,608	10.6
Notes issued under Multicurrency Debt Issuance Programme	150,000	150,000	-	0.0
Finance lease liabilities	19,015	22,355	(3,340)	(14.9)
Short term loans	91,716	78,762	12,954	16.4
Bank overdraft	1,714	1,130	584	51.7
<b>Total interest-bearing loans and borrowings</b>	<b>508,442</b>	<b>474,636</b>	<b>33,806</b>	<b>7.1</b>
Trust receipts	82,291	68,847	13,444	19.5
<b>Total borrowings</b>	<b>590,733</b>	<b>543,483</b>	<b>47,250</b>	<b>8.7</b>
<b>Total shareholders' funds</b>	<b>424,955</b>	<b>419,523</b>		
<b>Gearing ratio (times)</b>	<b>1.39</b>	<b>1.30</b>		
<b>Net gearing ratio (times)</b>	<b>1.27</b>	<b>1.11</b>		

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

In line with the Group's announcement made on 27 August 2015 with respect to the financial year ended 30 June 2015, the Group remained profitable in 1Q FY2016.

On 27 August 2015, the Group announced an outstanding delivery order of 13 vessels worth approximately \$42 million for its shipchartering operations. During 1Q FY2016, the shipchartering operations took delivery of 4 vessels with a total worth of \$6.6 million.

**10. A commentary at the date of the announcement of the significant trends and 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 continued low oil prices, hovering around US\$50 per barrel have resulted in challenging market conditions and oil majors reducing their exploration and production budgets. As a result, demand for offshore support vessels ("OSV") remains weak.

Due to weak market conditions, the volume of newbuildings has fallen. Accordingly, competition remained intensive and prices of newbuildings have declined. Besides OSV, the Group is actively involved in the building of other types of vessels such as tugs, barges, dredger and tankers which are less sensitive to low oil price. The "non-OSV" shipbuilding contracts provide the Group a buffer to offset the impact of the diminishing OSV orders.

As at 30 September 2015, the Group had an outstanding shipbuilding order book from external customers of approximately \$342 million for 22 vessels with progressive deliveries up to first quarter of FY2018. The order book comprises AHTS, tug, barge, seismic support vessel and tanker.

Due to the low oil prices, Shiprepair and conversion jobs have also been affected. There are fewer jobs and the amount of money that owners are willing to spend on repair is lower.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 18% of shipchartering revenue in 1Q FY2016 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2015, the Group had an outstanding chartering order book of approximately \$57 million with respect to long-term contracts.

The Group remains strategically committed to maximising deployment, enhancing and renewing its chartering fleet to better respond to market changes and customers' needs. The Group's shipchartering operations currently have an outstanding delivery order of 20 vessels worth approximately \$54 million, comprising landing crafts, tugs, hopper barges and work barges. With the exception of 15 vessels with a total worth of \$32 million, these vessels are being built internally by the Group.

Barring any unforeseen circumstances, the Board expects the Group to remain profitable for the year.

**11. Dividend**

**(a) Current Financial Period**

Any dividend recommended 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 interim dividend has been declared for the period ended 30 September 2015.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

**14. Negative confirmation pursuant to Rule 705(5).**

We, the undersigned, hereby confirm 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 interim financial statements of the Group and the Company for the first quarter ended 30 September 2015 to be false or misleading in any material aspect.

**15. Undertakings pursuant to Rule 720(1).**

We further confirm that the Company has procured undertakings from the Company's directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

On behalf of the Board of Directors

Ang Kok Tian  
Chairman and Managing Director

Ang Ah Nui  
Deputy Managing Director

**BY ORDER OF THE BOARD**

Ang Kok Tian  
Chairman and Managing Director  
5 November 2015