



ASL MARINE HOLDINGS LTD.

(CO. REG. NO. 200008542N)

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 31 December			6 months ended 31 December		
	2Q FY2016 \$'000	2Q FY2015 \$'000	Inc/ (Dec) %	1H FY2016 \$'000	1H FY2015 \$'000	Inc/ (Dec) %
Revenue	99,682	(21,087)	Nm	175,632	47,443	270.2
Cost of sales	(84,778)	26,525	Nm	(149,231)	(32,195)	363.5
Gross profit	14,904	5,438	174.1	26,401	15,248	73.1
Other operating income	1,603	6,533	(75.5)	2,706	9,981	(72.9)
Administrative expenses	(5,921)	(8,181)	(27.6)	(10,880)	(14,128)	(23.0)
Other operating expenses	(2,351)	(1,420)	65.6	(2,490)	(2,617)	(4.9)
Finance costs	(4,823)	(3,959)	21.8	(9,295)	(7,355)	26.4
Share of results of jointly-controlled entities and associates	(1,897)	2,032	Nm	661	2,530	(73.9)
Profit before tax	1,515	443	242.0	7,103	3,659	94.1
Tax expense						
- current period	432	1,865	(76.8)	(97)	1,358	Nm
- under provision in prior years	(4)	(876)	(99.5)	(122)	(875)	(86.1)
Profit for the period	1,943	1,432	35.7	6,884	4,142	66.2
Attributable to:						
Owners of the Company	1,824	1,522	19.8	7,073	4,532	56.1
Non-controlling interests	119	(90)	Nm	(189)	(390)	(51.5)
	1,943	1,432	35.7	6,884	4,142	66.2

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 31 December			6 months ended 31 December		
	2Q FY2016 \$'000	2Q FY2015 \$'000	Inc/ (Dec) %	1H FY2016 \$'000	1H FY2015 \$'000	Inc/ (Dec) %
Profit for the period	1,943	1,432	35.7	6,884	4,142	66.2
Translation differences relating to financial statements of foreign subsidiaries, net of tax	187	2,261	(91.7)	3,536	3,789	(6.7)
Share of other comprehensive income of jointly-controlled entities and associates	(53)	529	Nm	818	801	2.1
Remeasurement of defined benefit pension plan	-	36	Nm	-	-	Nm
Net change in fair value of cash flow hedges	1,239	-	Nm	(2,586)	2	Nm
Other comprehensive income for the period, net of tax	1,373	2,826	(51.4)	1,768	4,592	(61.5)
Total comprehensive income for the period	3,316	4,258	(22.1)	8,652	8,734	(0.9)
Attributable to:						
Owners of the Company	3,143	4,155	(24.4)	8,575	8,841	(3.0)
Non-controlling interests	173	103	68.0	77	(107)	Nm
	3,316	4,258	(22.1)	8,652	8,734	(0.9)

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 and Indonesia Rupiah.
- (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):-

	Group			
	3 months ended		6 months ended	
	31 December		31 December	
	2Q	2Q	1H	1H
	FY2016	FY2015	FY2016	FY2015
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment of doubtful receivables (net)	169	316	124	627
Amortisation of intangible assets	(208)	(218)	(414)	(443)
Amortisation of lease prepayments	(89)	(71)	(204)	(143)
Bad debts (written off)/ recovered	-	236	-	236
Depreciation of property, plant and equipment	(14,820)	(11,304)	(25,936)	(22,340)
Gain on disposal of property, plant and equipment	61	5,057	813	6,299
Loss on foreign exchange (net)	(2,188)	(1,420)	(2,490)	(1,815)
Interest income from bank balances	12	46	29	55
Interest income from finance lease receivable	200	-	398	-
Property, plant and equipment written off	-	-	-	(802)
Reversal/ (provision) for warranty	(179)	247	225	(845)
Provision for pension liabilities	(210)	108	(239)	103
(Under)/ Over provision of tax in respect of prior years				
- current tax expense	(4)	152	(122)	153
- deferred tax expense	-	(1,028)	-	(1,028)

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

	Group		Company	
	31-Dec-15 \$'000	30-Jun-15 \$'000	31-Dec-15 \$'000	30-Jun-15 \$'000
Non-current assets				
Property, plant and equipment	609,230	582,872	-	-
Lease prepayments	5,873	6,032	-	-
Finance lease receivable	9,582	-	-	-
Subsidiaries	-	-	70,713	70,663
Interest in jointly-controlled entities and associates	19,473	18,108	-	-
Intangible assets	18,837	18,674	-	-
	<u>662,995</u>	<u>625,686</u>	<u>70,713</u>	<u>70,663</u>
Current assets				
Inventories	235,101	216,876	-	-
Construction work-in-progress	106,121	48,542	-	-
Trade and other receivables	256,829	238,907	181,601	267,574
Finance lease receivable	764	-	-	-
Derivative financial instruments	-	542	-	-
Bank balances, deposits and cash	49,396	77,919	903	1,190
	<u>648,211</u>	<u>582,786</u>	<u>182,504</u>	<u>268,764</u>
Current liabilities				
Trade and other payables	183,268	180,461	2,185	88,456
Provision for warranty	191	929	-	-
Progress billings in excess of construction work-in-progress	20,558	34,625	-	-
Trust receipts	89,071	68,847	-	-
Interest-bearing loans and borrowings	202,672	150,431	-	-
Derivative financial instruments	3,506	873	-	-
Income tax payables	3,577	2,390	3	3
Bank overdrafts	-	1,130	-	-
	<u>502,843</u>	<u>439,686</u>	<u>2,188</u>	<u>88,459</u>
Net current assets	145,368	143,100	180,316	180,305
Non-current liabilities				
Other liabilities	3,478	3,327	-	-
Interest-bearing loans and borrowings	356,292	323,075	150,000	150,000
Deferred tax liabilities	16,310	17,075	-	-
	<u>376,080</u>	<u>343,477</u>	<u>150,000</u>	<u>150,000</u>
Net assets	<u>432,283</u>	<u>425,309</u>	<u>101,029</u>	<u>100,968</u>
Share capital	83,092	83,092	83,092	83,092
Treasury shares	(923)	(923)	(923)	(923)
Reserves	344,251	337,354	18,860	18,799
	<u>426,420</u>	<u>419,523</u>	<u>101,029</u>	<u>100,968</u>
Non-controlling interests	5,863	5,786	-	-
Total equity	<u>432,283</u>	<u>425,309</u>	<u>101,029</u>	<u>100,968</u>

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

	Group			
	As at 31-Dec-15		As at 30-Jun-15	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	225,926	65,817	149,000	71,408
Amount repayable after one year	206,292	150,000	173,075	150,000
	432,218	215,817	322,075	221,408

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.

	Group			
	3 months ended		6 months ended	
	31 December		31 December	
	2Q	2Q	1H	1H
	FY2016	FY2015	FY2016	FY2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	1,515	443	7,103	3,659
Adjustments for:				
Amortisation of intangible assets	208	218	414	443
Amortisation of lease prepayments	89	71	204	143
Write-back of allowance for impairment of doubtful receivables (net)	(169)	(316)	(124)	(627)
Bad debts written (back)/ off (trade)	-	(236)	-	(236)
Depreciation of property, plant and equipment	14,820	11,304	25,936	22,340
Gain on disposal of property, plant and equipment	(61)	(5,057)	(813)	(6,299)
Interest expense	4,823	3,959	9,295	7,355
Interest income	(212)	(46)	(427)	(55)
(Reversal)/ provision for warranty	179	(247)	(225)	845
(Reversal)/ provision for pension liabilities	210	(108)	239	(103)
Property, plant and equipment written off	-	-	-	802
Share of results of jointly-controlled entity and associates	1,897	(2,032)	(661)	(2,530)
Operating profit before working capital changes	23,299	7,953	40,941	25,737
Changes in working capital:				
Inventories	(7,108)	(133,635)	(17,954)	(136,228)
Construction work-in-progress and progress billings in excess of construction work-in-progress	(44,712)	85,206	(71,285)	133,402
Trade and other receivables	(3,522)	3,376	(17,915)	26,687
Trade and other payables	14,249	(3,323)	4,908	(38,300)
Other liabilities	(527)	151	(719)	110
Balances with related parties (trade)	287	(801)	(2,654)	1,502
Bank balances, deposits and cash (restricted use)	1,927	1,121	(776)	447
Cash (used in)/ generated from operations	(16,107)	(39,952)	(65,454)	13,357
Tax paid	(242)	(692)	606	(630)
Net cash (used in)/ generated from operating activities	(16,349)	(40,644)	(64,848)	12,727
Cash flows from investing activities				
Interest received	212	46	427	55
Purchase of property, plant and equipment	(36,394)	(5,538)	(57,065)	(27,756)
Proceeds from disposal of property, plant and equipment	230	43,448	5,499	49,448
Proceeds from finance lease receivables	153	-	202	-
Lease prepayments	-	-	(53)	-
Balances with related parties (non-trade)	(658)	(19,129)	2,439	(22,514)
Net cash used in investing activities	(36,457)	18,827	(48,551)	(767)

	Group			
	3 months ended		6 months ended	
	31 December		31 December	
	2Q	2Q	1H	1H
FY2016	FY2015	FY2016	FY2015	
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(4,142)	(2,135)	(8,827)	(6,134)
Dividends paid	(1,678)	(4,195)	(1,678)	(4,195)
Repayment of interest-bearing loans and borrowings	(46,381)	(63,509)	(71,313)	(128,354)
Proceeds from interest-bearing loans and borrowings	98,260	113,528	147,333	144,441
Repayment of trust receipts	(27,210)	(33,025)	(41,798)	(56,634)
Proceeds from trust receipts	35,777	21,104	62,014	35,445
Net cash generated from/ (used in) financing activities	54,626	31,768	85,731	(15,431)
Net increase/ (decrease) in cash and cash equivalents	1,820	9,951	(27,668)	(3,471)
Cash and cash equivalents at beginning of period	44,894	51,213	74,865	64,581
Effects of exchange rate changes on opening cash and cash equivalents	(18)	317	(501)	371
Cash and cash equivalents at end of period (Note 1)	46,696	61,481	46,696	61,481

Note 1:

Cash and cash equivalents comprise the followings:

Bank balances, deposits and cash as at December

Less: Restricted cash

- Cash at banks

- Fixed deposits with banks

Bank overdrafts

Cash and cash equivalents

49,396 68,269

(2,251) (1,381)

(449) -

46,696 66,888

- (5,407)

46,696 61,481

1(d)(i) A statement (for the issuer and group) 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 31-Dec-15									
Group	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			
<u>1H FY2016</u>									
At 1-Jul-15	83,092	(923)	742	(422)	337,034	337,354	419,523	5,786	425,309
Profit for the period	-	-	-	-	7,073	7,073	7,073	(189)	6,884
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	3,344	-	-	3,344	3,344	192	3,536
Share of other comprehensive income of jointly-controlled entities and associates	-	-	744	-	-	744	744	74	818
Net fair value changes to cash flow hedges	-	-	-	(2,586)	-	(2,586)	(2,586)	-	(2,586)
	-	-	4,088	(2,586)	-	1,502	1,502	266	1,768
Total comprehensive income for the period	-	-	4,088	(2,586)	7,073	8,575	8,575	77	8,652
Contributions by and distributions to owners									
Dividends	-	-	-	-	(1,678)	(1,678)	(1,678)	-	(1,678)
Total distributions to owners	-	-	-	-	(1,678)	(1,678)	(1,678)	-	(1,678)
At 31-Dec-15	83,092	(923)	4,830	(3,008)	342,429	344,251	426,420	5,863	432,283

Statement of Changes in Equity for the period ended 31-Dec-14

Group	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			
1H FY2015									
At 1-Jul-14	83,092	(923)	(4,891)	(2)	333,326	328,433	410,602	5,906	416,508
Profit for the period	-	-	-	-	4,532	4,532	4,532	(390)	4,142
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	3,577	-	-	3,577	3,577	212	3,789
Share of other comprehensive income of jointly-controlled entities and associates	-	-	730	-	-	730	730	71	801
Net fair value changes to cash flow hedges	-	-	-	2	-	2	2	-	2
	-	-	4,307	2	-	4,309	4,309	283	4,592
Total comprehensive income for the period	-	-	4,307	2	4,532	8,841	8,841	(107)	8,734
Contributions by and distributions to owners									
Dividends	-	-	-	-	(4,195)	(4,195)	(4,195)	-	(4,195)
Total distributions to owners	-	-	-	-	(4,195)	(4,195)	(4,195)	-	(4,195)
At 31-Dec-14	83,092	(923)	(584)	-	333,663	333,079	415,248	5,799	421,047

Statement of Changes in Equity for the period ended 31-Dec-15 and 31-Dec-14

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
<u>1H FY2016</u>						
At 1-Jul-15	83,092	(923)	-	18,799	18,799	100,968
Profit for the period, representing total comprehensive income for the period	-	-	-	1,739	1,739	1,739
Contributions by and distributions to owners						
Dividends	-	-	-	(1,678)	(1,678)	(1,678)
Total distributions to owners	-	-	-	(1,678)	(1,678)	(1,678)
At 31-Dec-15	83,092	(923)	-	18,860	18,860	101,029
<u>1H FY2015</u>						
At 1-Jul-14	83,092	(923)	-	18,446	18,446	100,615
Profit for the period, representing total comprehensive income for the period	-	-	-	5,064	5,064	5,064
Contributions by and distributions to owners						
Dividends	-	-	-	(4,195)	(4,195)	(4,195)
Total distributions to owners	-	-	-	(4,195)	(4,195)	(4,195)
At 31-Dec-14	83,092	(923)	-	19,315	19,315	101,484

- 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.**

	Number of Ordinary Shares (excluding treasury shares)
Balance as at 31-Dec-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 31 December 2015 and 31 December 2014.

- 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.**

	As at 31-Dec-15	As at 30-Jun-15	As at 31-Dec-14
Total number of issued shares	422,022,894	422,022,894	422,022,894
Total number of treasury shares	(2,511,600)	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u>419,511,294</u>	<u>419,511,294</u>	<u>419,511,294</u>

- 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.**

During the current financial period 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 auditors.

- 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 period, 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.

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2016	2Q FY2015	1H FY2016	1H FY2015
Earnings per ordinary share:				
(i) On weighted average no. of ordinary shares in issue	0.43 cents	0.36 cents	1.69 cents	1.08 cents
(ii) On a fully diluted basis	0.43 cents	0.36 cents	1.69 cents	1.08 cents
Net profit attributable to shareholders:	\$1,824,000	\$1,522,000	\$7,073,000	\$4,532,000
Number of shares in issue:				
(i) Weighted average no. of shares in issue	419,511,294	419,511,294	419,511,294	419,511,294
(ii) On a fully diluted basis	419,511,294	419,511,294	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.**

	Group		Company	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
Net Asset Value (NAV) per ordinary share	101.65 cents	100.00 cents	24.08 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

Group revenue for 2Q FY2015 was a negative \$21.1 million due to reversal of revenue recognised from the rescission of two Offshore Support Vessels ("OSV") shipbuilding contracts. Excluding the reversal of revenue recognised, Group turnover for 2Q FY2015 would have been \$75.9 million.

Details for revenue generated from each segment are as follows:

	Group					
	2Q FY2016 \$'000	2Q FY2015 \$'000	Increase/ (Decrease) %	1H FY2016 \$'000	1H FY2015 \$'000	Increase/ (Decrease) %
Shipbuilding	61,347	(91,238)	Nm	97,647	(67,489)	Nm
Shiprepair and conversion	11,030	42,989	(74.3)	25,839	58,282	(55.7)
Shipchartering	18,229	17,691	3.0	37,975	34,954	8.6
Engineering	9,076	9,471	(4.2)	14,171	21,696	(34.7)
	99,682	(21,087)	Nm	175,632	47,443	270.2

Shipbuilding

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

The breakdown of revenue generated and the number of units under construction from the shipbuilding division is as follows:

	Group					
	2Q FY2016 \$'000	2Q FY2015 \$'000	Increase/ (Decrease) %	1H FY2016 \$'000	1H FY2015 \$'000	Increase/ (Decrease) %
OSV	11,893	(101,912)	Nm	23,007	(101,701)	Nm
Dredger	-	107	Nm	-	8,108	Nm
Tugs	31,568	9,775	222.9	51,100	21,833	134.0
Barges and others	17,886	792	2,158.3	23,540	4,271	451.2
	61,347	(91,238)	Nm	97,647	(67,489)	Nm

	Group			
	2Q	2Q	1H	1H
	FY2016	FY2015	FY2016	FY2015
	Units under construction		Units under construction	
OSV	5	16	5	16
Dredger	-	1	-	1
Tugs	13	11	13	11
Barges and others	4	3	4	3
	22	31	22	31

Shipbuilding revenue in 2Q FY2016 increased by 964.5% to \$ 61.3 million compared to the corresponding quarter as a result of the higher POC achieved from the construction of Tugs and Barges. Of the 13 units of Tugs under construction, delivery of 7 units is expected to take place in 2016; while 2 units of the Barges which construction only commenced at the beginning of the current financial year were nearing completion at end of 2Q FY2016.

Besides the achievement of higher POC in 1H FY2016, revenue recognised from the various projects secured at the beginning of FY2016 also contributed to the increase in revenue.

Shiprepair and conversion

Shiprepair and conversion are 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 and may not complete within a quarter. Thus revenue from shiprepair and conversions can be lumpy.

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

	Group					
	2Q	2Q	Increase/	1H	1H	Increase/
	FY2016	FY2015	(Decrease)	FY2016	FY2015	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shiprepair and conversion	11,030	42,950	(74.3)	25,469	58,131	(56.2)
Other marine related services	-	39	Nm	370	151	145.0
	11,030	42,989	(74.3)	25,839	58,282	(55.7)

With the completion of a rig repair works in 2Q FY2015, the Group recorded a significant revenue in the corresponding periods.

Excluding this rig repair works project of approximately \$32 million, shiprepair and conversion revenue remained flat in 2Q FY2016.

Shipchartering

The breakdown of revenue generated from the shipchartering segment is as follows:

	Group					
	2Q	2Q	Increase/ (Decrease)	1H	1H	Increase/ (Decrease)
	FY2016	FY2015	(Decrease)	FY2016	FY2015	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
OSV	2,811	4,138	(32.1)	6,518	8,795	(25.9)
Landing crafts ("LCT")	1,502	1,298	15.7	3,148	2,648	18.9
Tug boats	5,008	5,805	(13.7)	10,422	10,877	(4.2)
Barges	8,194	5,783	41.7	16,394	11,620	41.1
Total charter	17,515	17,024	2.9	36,482	33,940	7.5
Trade sales	714	667	7.0	1,493	1,014	47.2
	18,229	17,691	3.0	37,975	34,954	8.6

	Group			
	2Q	2Q	1H	1H
	FY2016	FY2015	FY2016	FY2015
	Units chartered		Units chartered	
OSV	6	7	8	7
LCT	3	2	3	3
Tug boats	53	50	61	58
Barges	73	93	103	108
	135	152	175	176

The higher Shipchartering revenue earned in 2Q FY2016 and 1H FY2016 were largely contributed by the chartering of tugs, grab dredgers and hopper barges to support our customers in the domestic marine infrastructure projects.

However, due to the disposal of a Remotely Operated Vessel ("ROV") in November 2014, revenue from chartering of OSV dipped in the current periods.

Engineering

The breakdown by revenue generated from the engineering segment is as follows:

	Group					
	2Q	2Q	Increase/ (Decrease)	1H	1H	Increase/ (Decrease)
	FY2016	FY2015	(Decrease)	FY2016	FY2015	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Engineered Dredger Products & Dredgers ("New Buildings")	781	2,924	(73.3)	1,622	3,129	(48.2)
Components & Services ("Components")	8,295	6,547	26.7	12,549	18,567	(32.4)
	9,076	9,471	(4.2)	14,171	21,696	(34.7)

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

Engineering revenue in 2Q FY2016 decreased marginally by 4.2% to \$9.1 million. For the 6 months period, revenue fell by 34.7% as there were no new orders for New Buildings projects as well as lower orders received for Components.

Gross profit and gross profit margin

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

	Group							
	2Q FY2016		2Q FY2015		1H FY2016		1H FY2015	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
Shipbuilding	8,584	14.0%	(4,919)	Nm	15,753	16.1%	(6,035)	Nm
Shiprepair and conversion	3,466	31.4%	5,582	13.0%	5,005	19.4%	9,298	16.0%
Shipchartering	218	1.2%	2,864	16.2%	1,410	3.7%	6,848	19.6%
Engineering	2,636	29.0%	1,911	20.2%	4,233	29.9%	5,137	23.7%
	14,904	15.0%	5,438	Nm	26,401	15.0%	15,248	32.1%

Shipbuilding

The gross profit of \$8.5 million and \$15.8 million achieved in 2Q FY2016 and 1H FY2016 respectively was mainly due to the progressive recognition of revenue.

The gross loss recorded in 2Q FY2015 and 1H FY2015 was caused by the reversal of gross profits recognised in previous financial years as well as the upward revision of material and subcontractors' cost for higher complexity shipbuilding projects.

Shiprepair and conversion

The low gross profit achieved in 2Q FY2016 was a result of smaller value jobs secured as ship owners began to trim their maintenance spending by restricting the scope of repair and maintenance work to the minimum.

Despite lower revenue and lower gross profit, the Group managed to achieve a higher gross profit margin for the quarter compared to 2Q FY2015. This was achieved through close monitoring of costs incurred in the ship repair jobs undertaken during the quarter.

Shipchartering

The breakdown of gross profit and gross profit margin from shipchartering segment are as follows:

	Group							
	2Q FY2016		2Q FY2015		1H FY2016		1H FY2015	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
OSV	(291)	Nm	2,214	54%	744	11.4%	4,768	54.2%
LCT	64	4.3%	(140)	Nm	172	5.5%	(79)	Nm
Tug boats and barges	244	1.8%	533	5%	(8)	Nm	1,680	7.5%
Total charter	17	0.1%	2,607	15%	908	2.5%	6,369	18.8%
Trade sales	201	28.2%	257	39%	502	33.6%	479	47.2%
	218	1.2%	2,864	16%	1,410	3.7%	6,848	19.6%

Lower utilisation coupled with lower charter rates resulted in the fleet of OSV to record a gross loss in 2Q FY2016. Utilisation of OSV fell from 95% in 2Q FY2015 to 61% in 2Q FY2016. The absence of charter revenue earned by the ROV which was disposed in 2Q FY2015 also contributed to the gross loss in OSV.

Tug boats and barges recorded a lower gross profit in the quarter as compared to 2Q FY2015 and a marginal loss in 1H FY2016 due to maintenance costs incurred on vessels that were off-hired as well as upkeep costs incurred in getting the several units of barges acquired in the quarter to be ready for charter in 3Q FY2016. These vessels will be deployed to support our customers either in the domestic marine infrastructure projects or a rock carriage project in the Middle East.

Engineering

The breakdown of gross profit and gross profit margin from engineering segment are as follows:

	Group							
	2Q FY2016		2Q FY2015		1H FY2016		1H FY2015	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
New Buildings	485	62.1%	898	30.7%	1,432	88.3%	691	22.1%
Components	2,150	25.9%	1,013	15.5%	2,801	22.3%	4,446	23.9%
	2,635	29.0%	1,911	20.2%	4,233	29.9%	5,137	23.7%

Engineering gross profit margin increased from 20.2% in 2Q FY2015 to 29.0% in 2Q FY2016 due to the reversal of warranty provision.

Other operating income

Details for other operating income are as follows:

	Group			
	2Q	2Q	1H	1H
	FY2016	FY2015	FY2016	FY2015
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of plant and equipment	61	5,057	813	6,299
Interest income from bank balances	12	46	29	55
Interest income from finance lease receivables	200	-	398	-
Insurance claims	88	62	88	883
Rental income	685	670	977	1,651
Write-back of allowance for impairment of doubtful receivables (net)	169	316	124	627
Bad debts recovered	-	236	-	236
Miscellaneous income	225	146	277	230
	1,440	6,533	2,706	9,981

Other operating income decreased by 78.0% to \$1.4 million in 2Q FY2016 compared to 2Q FY2015 mainly due to the absence of gain on disposal of plant and equipment of \$5.1 million arising from the sale of one unit of ROV support vessel, two units of AHT and two units of barges during 2Q FY2015.

Administrative expenses

Administrative expenses decreased by \$2.3 million (27.6%) to \$5.9 million in 2Q FY2016 mainly due to absence of interest of approximately \$1.8 million paid on instalments collected from buyers of the cancelled PSVs in 2Q FY2015.

In addition, lower depreciation charge, rental expenses and staff costs also resulted in administrative expenses to decrease by \$3.2 million (23.0%) in 1H FY2016.

Other operating expenses

Other operating expenses comprised the following:

	Group			
	2Q	2Q	1H	1H
	FY2016	FY2015	FY2016	FY2015
	\$'000	\$'000	\$'000	\$'000
Loss on foreign exchange				
- unrealised	1,559	1,387	1,969	1,679
- realised	629	33	521	136
Property, plant and equipment written off	-	-	-	802
	2,188	1,420	2,490	2,617

Unrealised foreign exchange loss of in 2Q FY2016 was mainly derived from the depreciation of USD against SGD (USD denominated assets).

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

	31 Dec 2015	31 Dec 2014	30 Sep 2015	30 Sep 2014	30 June 2015	30 June 2014
USD against SGD	1.4218	1.3023	1.4265	1.2740	1.3474	1.2490
Euro against SGD	1.5454	1.6089	1.6077	1.6173	1.4989	1.7073
IDR against USD	13,864	12,456	14,706	12,250	13,210	12,010
IDR against SGD	9,751	9,434	10,309	9,615	9,804	9,615

Finance costs

Finance costs increased by \$0.9 million (21.8%) to \$4.8 million in 2Q FY2016 due to bank borrowings increasing from \$543.7 million as at 31 December 2014 to \$648.0 million as at 31 December 2015 (mainly to finance the purchase of vessels).

Share of results of jointly-controlled entities and associates

The Group's share of results of jointly-controlled entities and associates resulted in a loss of \$1.9 million and profit of \$0.7 million for 2Q FY2016 and 1H FY2016 respectively. The loss resulted as PT Capitol Nusantara Indonesia was experiencing extremely low utilisation rates for some of its vessels and coupled with several of its vessels having remained off-hire. All these were due to the slowdown in Indonesia coal mining industry conditions.

Profit before tax

Despite the losses of \$1.9 million incurred by the Group's jointly-controlled entities and associates in 2Q FY2016, the Group managed to achieve an improvement of 242.0% in its profit before tax.

Tax credit/ (expense)

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

	Group			
	2Q FY2016 \$'000	2Q FY2015 \$'000	1H FY2016 \$'000	1H FY2015 \$'000
Income tax	(296)	346	(438)	(517)
Deferred tax	728	1,519	341	1,875
	432	1,865	(97)	1,358
Effective tax rate			3.7%	Nm

The Group recorded income tax expense of \$0.3 million in 2Q FY2016 and \$0.4 million in 1H FY2016 with majority contributed by the shipbuilding segment.

The deferred tax credit in 2Q FY2016 arose mainly from the reversal of deferred tax provision arising from operations in Indonesia. This arose from the consequential impact of functional currency on deferred taxes. The functional currency of the Group's

Indonesia subsidiary is in SGD, however its taxable profit is determined in IDR in Indonesia. Changes in the exchange rate gives rise to temporary differences that result in changes in deferred tax provision.

Non-controlling interests

Non-controlling interests' share of profit of \$0.1 million for 2Q FY2016 relates to the portion of results of its non-wholly owned subsidiaries belonging to the Group's non-controlling interests.

Operating cash flow

2Q FY2016

The Group recorded a net cash outflow of \$16.3 million from operating activities in 2Q FY2016 (2Q FY2015: \$40.6 million). The cash outflow was mainly attributed to additional construction costs incurred on shipbuilding projects offset by lower payments made to suppliers.

The Group also recorded a net cash outflow from investing activities. The net cash outflow of \$36.4 million was mainly used to purchase vessels.

The Group funded its capital expenditure through its working capital and proceeds from bank borrowings.

1H FY2016

In 1H FY2016, the Group recorded a net cash outflow of \$64.8 million from operating activities compared to a net cash inflow of \$12.7 million in 1H FY2015. The cash outflow was mainly attributed to additional construction costs incurred on shipbuilding projects, vessels for resale and slow collections from debtors.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Non-current assets

Property, plant and equipment ("PPE") increased by \$26.4 million (4.5%) from \$582.9 million as at 30 June 2015 to \$609.2 million as at 31 December 2015.

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

	\$'000
Balance as at 1 July 2015	582,872
Acquisition of property, plant and equipment	58,633
Inclusive of :	
- \$2.4 million for plant and machinery	
- \$36.3 million for vessels	
- \$18.4 million for vessels under construction	
Disposal/ write-off of plant and equipment	(15,045)
Depreciation charge	(26,564)
Translation differences	9,334
Balance as at 31 December 2015	<u><u>609,230</u></u>

The vessels acquired in 1H FY2016 were mainly hopper barges, self-propelled barges, floating crane barges and LCT. These vessels will either be deployed to support our customers in the domestic marine infrastructure projects, rocks carriage project in Middle East or cargo project in Dubai in the second half of FY 2016.

Current assets

Current assets increased by \$65.4 million (11.2%) from \$582.8 million as at 30 June 2015 to \$648.2 million as at 31 December 2015.

Inventories comprised the following:

	Group			
	31-Dec-15	30-Jun-15	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Raw materials and consumables	15,503	15,677	(174)	(1.11)
Work-in-progress	216,272	197,670	18,602	9.41
Finished goods	3,326	3,529	(203)	(5.75)
Total inventories at cost	235,101	216,876	18,225	8.40

The increase in work-in-progress relates to costs incurred on the construction of the 4 units of AHTs and the 3 units of platform supply vessels. These vessels are recorded as inventory, as they are vessels available for sale.

Trade and other receivables comprised the following:

	Group			
	31-Dec-15	30-Jun-15	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	165,097	143,548	21,549	15.01
Other receivables and deposits	27,109	30,660	(3,551)	(11.58)
Amounts due from related parties	64,623	64,699	(76)	(0.12)
Total	256,829	238,907	17,922	7.50

The increase in trade receivables was mainly due to down-payment billings for new shipbuilding projects secured in 4Q FY2015. Of the total trade receivables, \$18.0 million was received subsequent to the period under review.

Other receivables and deposits decreased mainly due to the capitalisation of deposits paid previously for the acquisition of property, plant and equipment.

Current liabilities

Current liabilities increased by \$63.2 million (14.4%) from \$439.7 million as at 30 June 2015 to \$502.8 million as at 31 December 2015.

Trade and other payables comprised the following:

	Group			
	31-Dec-15	30-Jun-15	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade and other payables	173,600	170,513	3,087	1.81
Amounts due to related parties	9,450	9,742	(292)	Nm
Loan from non-controlling interests of subsidiaries	218	206	12	5.83
	183,268	180,461	2,807	1.56

Net construction work-in-progress in excess of progress billings increased by \$71.6 million (514.8%) from \$13.9 million as at 30 June 2015 to \$85.6 million as at 31 December 2015 mainly attributed to higher work-in-progress incurred for shipbuilding projects but have yet to meet the stipulated milestones for further progress billings.

The breakdown of current interest bearing loans and borrowings are as follows:

	Group			
	31-Dec-15	30-Jun-15	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Short term loan - SB related	83,617	29,800	53,817	180.59
Short term loan - others	25,732	48,962	(23,230)	(47.44)
Current portion long term loan				
- vessels loan	49,653	30,632	19,022	62.10
- assets financing	36,309	31,623	4,685	14.82
Current portion - finance lease	7,361	9,414	(2,053)	(21.81)
	202,672	150,431	52,241	34.73

The increase in current portion of interest-bearing loans and borrowings and trust receipts by \$52.2 million (34.7%) and \$20.2 million (29.4%) respectively was mainly due to additional short-term loans and trust receipts obtained for the financing of current shipbuilding projects. These borrowings are repayable only upon the completion and delivery of vessels.

Non-current liabilities

Non-current liabilities increased by \$32.6 million (9.5%) in 1H FY2016 to \$376.1 million as at 31 December 2015 mainly due to additional loans drawdown during the period under review to finance the purchase of vessels to be chartered / chartered to support our customers in the domestic marine infrastructure projects in Middle East, rock carriage project in Middle East or cargo project in Dubai.

The breakdown of total group borrowings is as follows:

	31-Dec-15	30-Jun-15	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Long term loans	283,521	222,389	61,132	27.5
Notes issued under Multicurrency Debt Issuance Programme	150,000	150,000	-	0.0
Finance lease liabilities	16,093	22,355	(6,262)	(28.0)
Short term loans	109,349	78,762	30,587	38.8
Bank overdraft	-	1,130	(1,130)	(100.0)
Total interest-bearing loans and borrowings	558,963	474,636	84,327	17.8
Trust receipts	89,071	68,847	20,224	29.4
Total borrowings	648,034	543,483	104,551	19.2
Total shareholders' funds	426,420	419,523		
Gearing ratio (times)	1.52	1.30		
Net gearing ratio (times)	1.40	1.11		

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 5 November 2015 with respect to the first quarter ended 30 September 2015, the Group was profitable in 1H FY2016.

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 plunging low oil price, with WTI crude oil prices reaching a recently recorded low of around US\$26.55 per barrel on 22 January 2016, have caused client to continue slashing their capital expenditure. Accordingly, the OSV markets (be it building, repair or chartering) are stagnant.

While the Group is more positive with respect to oil price, the Group is nevertheless concentrating its effort to take advantage of the low oil price to lower operating cost. The Group is also refocusing on other traditional business segments, particularly segments that are positively sensitive to oil price to improve its profit.

The Group remains 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. These "non-OSV" shipbuilding contracts provide the Group a buffer to offset the impact of the diminishing OSV orders.

As at 31 December 2015, the Group had an outstanding shipbuilding order book from external customers of approximately \$282 million for 21 vessels with progressive deliveries up to first quarter of FY2018. The order book comprises AHTS, tug, barge, seismic support vessel and tanker.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 20% of shipchartering revenue in 1H FY2016 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2015, the Group had an outstanding chartering order book of approximately \$53 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 6 vessels worth approximately \$24 million, comprising tugs and hopper barges. With the exception of 4 vessels with a total worth of \$9 million, these vessels are being built internally by the Group.

Currently the Group owns a fleet of grab dredgers, split hopper barges, multi-purpose workboats, flat top barges, crane barges and tugs. These vessels are specially deployed for the marine infrastructure projects, namely the Jurong Mega Port, Tekong staging ground project and the Dialog project in Johor. Completion of the Jurong Mega project is expected to be in 2020.

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 31 December 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 second quarter and six months ended 31 December 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
4 February 2016