



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Co. Reg. No. 200008542N

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2020

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual, the Company is required by SGX-ST to continue to announce its quarterly financial statements.

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			9 months ended		
	31 March			31 March		
	3Q FY2020 \$'000	3Q FY2019 \$'000	Inc/ (Dec) %	9M FY2020 \$'000	9M FY2019 \$'000	Inc/ (Dec) %
Revenue	79,654	88,890	(10.4)	199,418	249,575	(20.1)
Cost of sales	(72,389)	(81,752)	(11.5)	(183,711)	(238,630)	(23.0)
Gross profit	7,265	7,138	1.8	15,707	10,945	43.5
Other operating income	10,502	1,137	823.7	13,804	2,928	371.4
Administrative expenses	(3,570)	(6,683)	(46.6)	(11,564)	(17,871)	(35.3)
Other operating expenses	(267)	(3,418)	(92.2)	(267)	(5,013)	(94.7)
Finance costs	(6,681)	(4,699)	42.2	(19,455)	(15,375)	26.5
Fair value adjustments arising from debt refinancing exercise	-	-	Nm	(99)	-	Nm
Impairment losses on financial assets	(2,221)	-	Nm	(2,999)	-	Nm
Share of results of joint ventures and associates	174	(850)	(120.5)	(672)	(275)	144.4
Profit/(Loss) before tax	5,202	(7,375)	(170.5)	(5,545)	(24,661)	(77.5)
Income tax (expense)/ credit	(31)	(718)	(95.7)	330	(1,066)	(131.0)
Profit/ (Loss) for the period	5,171	(8,093)	(163.9)	(5,215)	(25,727)	(79.7)
Attributable to:						
Owners of the Company	4,991	(7,431)	(167.2)	(10,517)	(24,439)	(57.0)
Non-controlling interests	180	(662)	Nm	5,302	(1,288)	Nm
	5,171	(8,093)	(163.9)	(5,215)	(25,727)	(79.7)
Adjusted EBITDA* for the period	29,347	13,217	122.0	62,157	37,904	64.0

Notes:

* Adjusted EBITDA is computed based on earnings of the Company and its subsidiaries before interest, tax, depreciation, amortisation, and after adjusting for impairment and write-off of financial and non-financial assets and any other non-cash flow items.

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

Note	Group					
	3 months ended			9 months ended		
	31 March			31 March		
	3Q FY2020 \$'000	3Q FY2019 \$'000	Inc/ (Dec) %	9M FY2020 \$'000	9M FY2019 \$'000	Inc/ (Dec) %
Profit/ (Loss) for the period	5,171	(8,093)	(163.9)	(5,215)	(25,727)	(79.7)
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Translation differences relating to financial statements of foreign subsidiaries, net of tax*	(1,006)	188	(635.1)	(355)	573	(162.0)
Translation differences arising from disposal group classified as held for sale	-	-	-	(193)	-	Nm
Share of other comprehensive income of joint ventures and associates	419	35	1,097.1	426	31	1,274.2
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Remeasurement of defined benefit plan	-	-	-	(100)	(58)	72.4
Other comprehensive income for the period, net of tax	(587)	223	(363.2)	(222)	546	(140.7)
Total comprehensive income for the period	4,584	(7,870)	(158.2)	(5,437)	(25,181)	(78.4)
Attributable to:						
Owners of the Company	4,174	(7,205)	(157.9)	(10,760)	(23,914)	(55.0)
Non-controlling interests	410	(665)	Nm	5,323	(1,267)	Nm
	4,584	(7,870)	(158.2)	(5,437)	(25,181)	(78.4)

Note:

- * The movement in foreign currency translation reserves arose from the consolidation of subsidiaries whose functional currencies are United States Dollar ("USD"), Euro ("EUR") and Indonesian Rupiah ("IDR").

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

	Group			
	3 months ended		9 months ended	
	31 March		31 March	
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
(Impairment losses)/ Reversal of impairment losses on financial assets, net				
- trade receivables (third parties)	(1,371)	-	(2,317)	-
- contract assets	(568)	-	(400)	-
- other receivables	(550)	-	(550)	-
- amount due from joint ventures and associates	268	-	268	-
Amortisation of intangible assets	(142)	(161)	(425)	(492)
Amortisation of lease prepayments	-	(94)	-	(272)
Depreciation of property, plant and equipment	(13,467)	(14,794)	(41,729)	(45,640)
Depreciation of right-of-use assets*	(1,700)	-	(2,544)	-
Fair value adjustments arising from debt refinancing exercise	-	-	(99)	-
Gain/ (Loss) on disposal of property, plant and equipment	908	(1,319)	1,467	(577)
Gain on disposal of assets classified as held for sale	-	648	605	989
Gain on disposal of disposal group classified as held for sale [#]	-	-	3,271	-
Gain/ (Loss) on foreign exchange (net)	9,301	(1,929)	7,102	(3,250)
Impairment losses on non-financial assets				
- inventories	(267)	-	(267)	-
Loss on disposal of short-term investment	-	-	-	(134)
Interest income from bank balances	14	20	43	56
Interest income from finance lease receivables	145	156	445	485
Inventories written off	-	(170)	-	(1,050)
Property, plant and equipment written off	-	-	-	(2)
Reversal/ (Provision) for pension liabilities	4	3	13	(115)
Reversal of provision/ (Provision) for warranty (net)	32	(1)	28	24
(Under)/ Over provision of tax in respect of prior years	(43)	(270)	367	(1,346)

Notes:

* Pursuant to the adoption of SFRS(I) 16 which is effective from annual periods beginning on or after 1 January 2019. For details, please refer to item 5 of this results announcement.

The gain on disposal of disposal group classified as held for sale of \$8.9 million announced on 16 August 2019 was arrived at before transaction costs and the derecognition of liabilities attributable to the non-controlling interests. These have been accounted for in determining the gain on disposal of \$3.3 million in 1Q FY2020.

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	
	31-Mar-20 \$'000	30-Jun-19 \$'000	31-Mar-20 \$'000	30-Jun-19 \$'000
Non-current assets				
Property, plant and equipment	463,389	490,244	-	-
Right-of-use assets*	12,461	-	-	-
Lease prepayments*	-	4,606	-	-
Investment in subsidiaries	-	-	40,723	40,723
Investment in joint ventures and associates	5,033	5,450	-	-
Intangible assets	5,543	5,865	-	-
Other receivables	-	-	2,842	-
Finance lease receivables	5,257	5,536	-	-
	491,683	511,701	43,565	40,723
Current assets				
Inventories	96,973	99,484	-	-
Contract assets	31,594	23,617	-	-
Trade and other receivables	88,668	80,546	259,615	259,353
Prepayments	4,815	4,811	280	185
Finance lease receivables	747	670	-	-
Cash and bank balances	28,362	15,395	3,658	3,591
	251,159	224,523	263,553	263,129
Assets of disposal group classified as held for sale	-	9,841	-	-
	251,159	234,364	263,553	263,129
Current liabilities				
Trade and other payables	169,085	178,003	106,661	99,480
Contract liabilities	9,292	22,149	-	-
Trust receipts	22,943	1,157	-	-
Interest-bearing loans and borrowings	41,184	45,107	11,397	11,965
Lease liabilities*	2,477	-	-	-
Income tax payables	5,876	6,754	-	-
	250,857	253,170	118,058	111,445
Liabilities directly associated with disposal group classified as held for sale	-	2,015	-	-
	250,857	255,185	118,058	111,445
Net current assets/ (liabilities)	302	(20,821)	145,495	151,684
Non-current liabilities				
Amount due to joint ventures and associates	811	-	-	-
Contract liabilities	89	507	-	-
Other liabilities	3,832	3,699	-	-
Interest-bearing loans and borrowings	311,814	316,871	160,817	161,327
Lease liabilities*	5,547	-	-	-
Deferred tax liabilities	16,217	16,011	-	-
	338,310	337,088	160,817	161,327
Net assets	153,675	153,792	28,243	31,080
Equity attributable to owners of the Company				
Share capital	108,056	108,056	108,056	108,056
Treasury shares	(923)	(923)	(923)	(923)
Reserves	39,769	49,630	(78,890)	(76,053)
Reserve of disposal group classified as held for sale	-	193	-	-
	146,902	156,956	28,243	31,080
Non-controlling interests	6,773	(3,164)	-	-
Total equity	153,675	153,792	28,243	31,080

Notes:

* Pursuant to the adoption of SFRS(I) 16 which is effective from annual periods beginning on or after 1 January 2019. For details, please refer to item 5 of this results announcement.

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

	Group (Carrying Value)					
	As at 31-Mar-20			As at 30-Jun-19		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, or on demand	62,877	1,250	64,127	45,014	1,250	46,264
Amount repayable after one year	309,522	2,292	311,814	313,642	3,229	316,871
	372,399	3,542	375,941	358,656	4,479	363,135

Details of any collateral

The Group's secured borrowings comprised of 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
- Assignment of subordination and intercompany loans
- Corporate guarantees from the Company and certain subsidiaries

The Group's secured borrowings included the Series 006 and Series 007 notes issued pursuant to the S\$500,000,000 Multicurrency Debt Issuance Programme established by the Company (the "Notes"). The Notes are secured by second priority mortgages of vessels pledged as securities for the \$99.9 million club term loan facility (the "CTL Facility"). As at 31 March 2020, the aggregate fair market value of these 86 vessels amounted to \$157.4 million.

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 31 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit/ (Loss) before tax	5,202	(7,375)	(5,545)	(24,661)
Adjustments for:				
Amortisation of intangible assets	142	161	425	492
Amortisation of lease prepayments	-	94	-	272
Depreciation of property, plant and equipment	13,467	14,794	41,729	45,640
Depreciation of right-of-use assets	1,700	-	2,544	-
Fair value adjustments arising from debt refinancing exercise	-	-	99	-
(Gain)/ Loss on disposal of property, plant and equipment	(908)	1,319	(1,467)	577
(Gain)/ Loss on disposal of assets classified as held for sale	-	(648)	(605)	(989)
Gain on disposal of disposal group classified as held for sale	-	-	(3,271)	-
Inventories written off	-	170	-	1,050
Impairment losses/ (Reversal of impairment losses) on financial assets, net				
-trade receivables (third parties)	1,371	-	2,317	-
-contract assets	568	-	400	-
-other receivables	550	-	550	-
-amount due from joint ventures and associates	(268)	-	(268)	-
Impairment losses on non-financial assets				
-inventories	267	-	267	-
Loss on disposal of short-term investment	-	-	-	134
Interest expense	6,681	4,699	19,455	15,375
Interest income	(159)	(176)	(488)	(541)
(Reversal of provision)/ Provision for warranty (net)	(32)	1	(28)	(24)
Property, plant and equipment written off	-	-	-	2
(Reversal)/ Provision for pension liabilities	(4)	(3)	(13)	115
Share of results of joint venture and associates	(174)	850	672	275
Operating cash flows before changes in working capital	28,403	13,886	56,773	37,717
Changes in working capital:				
Inventories	552	(293)	1,134	(3,545)
Contract assets and liabilities	(14,405)	(3,953)	(20,469)	24,663
Trade and other receivables	(1,758)	20,283	(643)	(3,415)
Prepayments	(160)	448	(5)	1,083
Trade and other payables	(9,908)	(9,928)	(13,394)	(7,310)
Finance lease receivables	122	156	544	742
Other liabilities	(11)	(1,863)	(10)	2,923
Balances with related parties (trade)	(255)	(1,350)	1,242	(1,139)
Cash flows generated from operations	2,580	17,386	25,172	51,719
Interest received from finance lease receivables	234	156	445	485
Income tax paid	(261)	(342)	(384)	(742)
Net cash flows generated from operating activities	2,553	17,200	25,233	51,462
Cash flows from investing activities				
Interest received from bank balances	14	20	43	56
Purchase of assets classified as held for sale	-	(2,509)	(479)	(2,509)
Purchase of property, plant and equipment	(1,081)	(2,071)	(9,388)	(6,397)
Proceeds from disposal of property, plant and equipment	4,377	19,248	6,234	24,935
Proceeds from disposal of assets classified as held for sale	-	3,883	1,083	9,125
Proceeds from disposal of disposal group classified as held for sale	-	-	3,739	-
Proceeds from disposal of short-term investment	-	-	-	534
Lease prepayments	-	(89)	-	(505)
Amount due from non-controlling interests of a subsidiary	(1,424)	-	(1,424)	-
Balances with related parties (non-trade)	(581)	162	1,198	1,961
Net cash flows generated from investing activities	1,305	18,644	1,006	27,200

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(3,703)	(5,393)	(12,944)	(17,920)
Repayment of interest-bearing loans and borrowings	(7,793)	(19,680)	(22,290)	(56,499)
Proceeds from interest-bearing loans and borrowings	68	-	68	3,850
Repayment of trust receipts	(5,748)	(10,508)	(10,229)	(27,141)
Proceeds from trust receipts	12,178	1,186	31,700	15,392
Repayment of lease liabilities	(1,892)	-	(2,384)	-
Net proceeds from issuance of rights warrants	-	-	899	-
Cash and bank balances (restricted use)	3,248	1,971	(3,919)	3,065
Net cash flows used in financing activities	(3,642)	(32,424)	(19,099)	(79,253)
Net increase/ (decrease) in cash and cash equivalents	216	3,420	7,140	(591)
Cash and cash equivalents at beginning of period	14,076	8,739	7,151	12,793
Effects of exchange rate changes on cash and cash equivalents	(2)	13	(1)	(30)
Cash and cash equivalents at end of period (Note 1)	14,290	12,172	14,290	12,172

Note 1:

Cash and cash equivalents comprise the followings:

Cash and bank balances	28,362	24,923
Less: Restricted cash		
- Cash at banks	(13,495)	(9,431)
- Fixed deposits with banks	(577)	(3,320)
Cash and cash equivalents at end of period	14,290	12,172

The Group's restricted cash has been set aside for specific use with respect to certain shipbuilding financing and banking facilities granted to the Group.

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 year ended 31-Mar-20										
Group	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Reserve of disposal group classified as held for sale \$'000	Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Warrant reserve \$'000	Accumulated profits \$'000	Total reserves \$'000				
9M FY2020										
At 1-Jul-19	108,056	(923)	1,671	-	47,959	49,630	156,763	193	(3,164)	153,792
Loss for the period	-	-	-	-	(10,517)	(10,517)	(10,517)	-	5,302	(5,215)
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(520)	-	-	(520)	(520)	-	165	(355)
Share of other comprehensive income of joint ventures and associates	-	-	377	-	-	377	377	-	49	426
Re-measurement of defined benefit plans	-	-	-	-	(100)	(100)	(100)	-	-	(100)
Other comprehensive income for the period, net of tax	-	-	(143)	-	(100)	(243)	(243)	-	214	(29)
Total comprehensive income for the period	-	-	(143)	-	(10,617)	(10,760)	(10,760)	-	5,516	(5,244)
Others										
Disposal of disposal group classified as held for sale	-	-	-	-	-	-	-	(193)	4,421	4,228
Contributions by owners										
Issuance of rights warrants	-	-	-	899	-	899	899	-	-	899
At 31-Mar-20	108,056	(923)	1,528	899	37,342	39,769	146,902	-	6,773	153,675

Statement of Changes in Equity for the year ended 31-Mar-19

Group	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Share capital	Treasury shares	Foreign currency translation reserve	Accumulated profits	Total reserves	Equity attributable to owners of the Company		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M FY2019								
At 1-Jul-18 (FRS framework)	108,056	(923)	1,110	195,776	196,886	304,019	1,666	305,685
Adoption of the SFRS(I) 15	-	-	-	(2,015)	(2,015)	(2,015)	-	(2,015)
At 1-Jul-18 (SFRS(I))	108,056	(923)	1,110	193,761	194,871	302,004	1,666	303,670
Loss for the period	-	-	-	(24,439)	(24,439)	(24,439)	(1,288)	(25,727)
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	553	-	553	553	20	573
Share of other comprehensive income of joint ventures and associates	-	-	30	-	30	30	1	31
Re-measurement of defined benefit plans	-	-	-	(58)	(58)	(58)	-	(58)
Other comprehensive income for the year, net of tax	-	-	583	(58)	525	525	21	546
Total comprehensive income for the year	-	-	583	(24,497)	(23,914)	(23,914)	(1,267)	(25,181)
At 31-Mar-19	108,056	(923)	1,693	169,264	170,957	278,090	399	278,489

Statement of Changes in Equity for the period ended 31-Mar-20 and 31-Mar-19

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
<u>9M FY2020</u>						
At 1-Jul-19	108,056	(923)	-	(76,053)	(76,053)	31,080
Loss for the period, representing total comprehensive income for the period	-	-	-	(3,736)	(3,736)	(3,736)
<u>Contributions by owners</u>						
Issuance of rights warrants	-	-	899	-	899	899
At 31-Mar-20	108,056	(923)	899	(79,789)	(78,890)	28,243
<u>9M FY2019</u>						
At 1-Jul-18	108,056	(923)	-	(37,208)	(37,208)	69,925
Loss for the period, representing total comprehensive income for the period	-	-	-	(3,766)	(3,766)	(3,766)
At 31-Mar-19	108,056	(923)	-	(40,974)	(40,974)	66,159

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Ordinary Shares (excluding treasury shares)
Balance as at 31-Mar-20 and 31-Mar-19	<u>629,266,941</u>
	Number of Warrants
Balance as at 31-Mar-20 and 25-Jul-19 (date of issuance)	<u>567,130,713</u>

The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 31 March 2020 and 31 March 2019 is 0.40%.

Except for the warrants, there were no convertible securities or subsidiary holdings as at 31 March 2020 and 31 March 2019.

There were no outstanding share options granted under the ESOS as at 31 March 2020 and 31 March 2019.

Warrants

On 25 July 2019, the Company completed the issuance of renounceable non-underwritten rights warrants and allotted 266,505,713 rights warrants for a total consideration of \$1,599,000. On the same date, the Company also completed the issuance of 300,625,000 free warrants to the noteholders. As announced on 29 August 2019, the net proceeds of \$899,000 (net of transaction cost of \$700,000) raised from the renounceable non-underwritten rights issue of warrants have been fully utilized for working capital requirement.

No warrants were exercised since the date of issuance of warrants on 25 July 2019. As at 31 March 2020, the number of shares that may be issued on exercise of warrants were 567,130,713.

1(d)(iii) 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-Mar-20	As at 31-Mar-19
Total number of issued shares	631,778,541	631,778,541
Total number of treasury shares	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u>629,266,941</u>	<u>629,266,941</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 sales, transfers, disposal, cancellation and/or use of treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company has no subsidiary holdings.

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.

(3A) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, 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 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 30 June 2019. The Group has adopted the following new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that are effective for annual periods beginning on or after 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 3 and SFRS(I) 11 Previously Held Interest in a Joint Operation
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-12 Income tax consequences of payments on financial instruments classified as equity
- Amendments to SFRS(I) 1-19 Plan Amendment, Curtailment or Settlement
- Amendments to SFRS(I) 1-23 Borrowing Costs Eligible for Capitalisation
- Amendments to SFRS(I) 1-28 Long-Term Interests in Associates and Joint Ventures

The adoption of the new accounting standards does not have any significant impact on the financial statements of the Group except for SFRS(I) 16.

Adoption of SFRS(I) 16

The Group has adopted the SFRS(I) 16 on 1 July 2019, using the modified retrospective approach. The Group has measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019. The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rates. Subsequent to the initial recognition, right-of-use asset is depreciated over the shorter of the useful life of right-of-use asset and lease term. In addition, the right-of-use asset is reduced by impairment losses, if any.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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 March		9 months ended 31 March	
	3Q FY2020	3Q FY2019	9M FY2020	9M FY2019
Earnings per ordinary share:				
(i) On weighted average no. of ordinary shares in issue	0.79 cents	(1.18) cents	(1.67) cents	(3.88) cents
(ii) On a fully diluted basis	0.79 cents	(1.18) cents	(1.67) cents	(3.88) cents
Net profit/(loss) attributable to shareholders:	\$4,991,000	(\$7,431,000)	(\$10,517,000)	(\$24,439,000)
Number of shares in issue:				
(i) Weighted average no. of shares in issue	629,266,941	629,266,941	629,266,941	629,266,941
(ii) On a fully diluted basis	629,266,941	629,266,941	629,266,941	629,266,941

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-Mar-20	30-Jun-19	31-Mar-20	30-Jun-19
Net Asset Value (NAV) per ordinary share	23.34 cents	24.94 cents	4.49 cents	4.94 cents
NAV computed based on no. of ordinary shares issued	629,266,941	629,266,941	629,266,941	629,266,941

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

With the adoption of SFRS(I) 15 Revenue from Contracts with Customers, revenue and related costs of shipbuilding contracts with non-enforceability of right to payment for performance completed to-date are recognised only when the constructed vessels are delivered to customers ("**Completion method**"), instead of using the percentage of completion method ("**POC method**"). As a result, shipbuilding revenue and results can fluctuate depending on whether the revenue from shipbuilding contracts is recognised on POC or Completion Method.

Revenue

Group revenue of \$79.7 million for the 3 months ended 31 March 2020 ("**3Q FY2020**") was \$9.2 million (10.4%) lower compared to the corresponding period in FY2019 ("**3Q FY2019**"). For the 9 months ended 31 March 2020 ("**9M FY2020**"), the Group revenue was \$50.2 million (20.1%) lower compared to the corresponding period ended 31 March 2019 ("**9M FY2019**").

Details for revenue generated from each segment are as follows:

	Group					
	3Q		Increase/ (Decrease) %	9M		Increase/ (Decrease) %
	FY2020	FY2019		FY2020	FY2019	
	\$'000	\$'000		\$'000	\$'000	
Shipbuilding	10,888	22,147	(50.8)	29,781	63,026	(52.7)
Shiprepair, conversion and engineering services	24,507	22,796	7.5	57,468	75,612	(24.0)
Shipchartering	44,259	43,947	0.7	112,169	110,937	1.1
	79,654	88,890	(10.4)	199,418	249,575	(20.1)

Shipbuilding

The breakdown of shipbuilding revenue generated and the number of units recognised are as follows:

	Group									
	3Q		Increase/ (Decrease) %	9M		Increase/ (Decrease) %				
	FY2020	FY2019		FY2020	FY2019					
	Units	\$'000	Units	\$'000	Units	\$'000				
Tugs	3	9,353	3	22,273	(58.0)	3	16,062	6	38,987	(58.8)
Barges and others	2	1,535	-	(126)	(1,318.3)	17	13,719	5	24,039	(42.9)
	5	10,888	3	22,147	(50.8)	20	29,781	11	63,026	(52.7)

Shipbuilding revenue decreased by \$11.3 million (50.8%) to \$10.9 million in 3Q FY2020 as compared to last corresponding period. The revenue in 3Q FY2020 was attributable to lower progressive recognition of projects based on POC method and delivery of vessels recognised based on Completion method.

Shipbuilding revenue in 9M FY2020 was \$33.2 million (52.7%) lower as compared to last corresponding period mainly attributable to delivery of vessels of higher contractual values recognised based on Completion method in 9M FY2019.

Shiprepair, conversion and engineering services

Shiprepair and conversion services are generally performed based on the customer's specifications and control is transferred progressively when the services are rendered. Recognition of shiprepair and conversion revenue is calculated based on project value multiplied by percentage of completion.

The breakdown of revenue generated from the shiprepair, conversion and engineering services segment are as follows:

	Group					
	3Q	3Q	Increase/	9M	9M	Increase/
	FY2020	FY2019	(Decrease)	FY2020	FY2019	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shiprepair, conversion and engineering services	23,957	22,626	5.9	56,466	74,574	(24.3)
Other marine related services	550	170	223.5	1,002	1,038	(3.5)
	24,507	22,796	7.5	57,468	75,612	(24.0)

Shiprepair, conversion and engineering services revenue increased slightly by \$1.3 million (5.9%) to \$24.0 million in 3Q FY2020. There was a reduction in revenue by \$18.1 million (24.3%) to \$56.5 million in 9M FY2020 mainly due to lesser shiprepair jobs with high value (>\$1,000,000) being recognised during the period.

Shipchartering

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

	Group					
	3Q	3Q	Increase/	9M	9M	Increase/
	FY2020	FY2019	(Decrease)	FY2020	FY2019	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Offshore Support Vessels ("OSV")	6,424	7,398	(13.2)	15,222	15,794	(3.6)
Landing crafts	244	721	(66.2)	480	2,454	(80.4)
Tug Boats	19,447	14,832	31.1	46,184	35,219	31.1
Barges	10,915	14,193	(23.1)	34,380	41,506	(17.2)
Total charter	37,030	37,144	(0.3)	96,266	94,973	1.4
Trade sales and other services	7,229	6,803	6.3	15,903	15,964	(0.4)
	44,259	43,947	0.7	112,169	110,937	1.1

Revenue in 3Q FY2020 and 9M FY2020 were comparable to the corresponding periods.

Higher revenue of Tug Boats was recorded in 3Q FY2020 and 9M FY2020 mainly due to revenue generated from infrastructure projects in the region, partially offset by lower utilisation of grab dredgers (classified under "Barges") due to completion of one of the major local infrastructure projects in June 2019.

Trade sales and other services comprised bunker sales, agency and management fees and ad-hoc services rendered.

Gross profit and gross profit margin

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

	Group							
	3Q		3Q		9M		9M	
	FY2020		FY2019		FY2020		FY2019	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
Shipbuilding	560	5.1%	325	1.5%	1,989	6.7%	(4,069)	(6.5%)
Shiprepair, conversion and engineering services	2,159	8.8%	2,471	10.8%	5,161	9.0%	9,481	12.5%
Shipchartering	4,546	10.3%	4,342	9.9%	8,557	7.6%	5,533	5.0%
	7,265	9.1%	7,138	8.0%	15,707	7.9%	10,945	4.4%

Shipbuilding

The gross profit of \$0.6 million recorded in 3Q FY2020 mainly pertained to contribution from projects recognised based on POC method. Whereas, the gross profit of \$2.0 million in 9M FY2020 were derived from the existing and completed vessels during the current period under review.

The Group recorded a gross loss of \$4.1 million in 9M FY2019 mainly attributed to cost overruns, exchange loss and liquidated damage arising from delay in delivery of a tanker.

Shiprepair, conversion and engineering services

Despite the increase in revenue in 3Q FY2020, gross profit margin reduced to 8.8% mainly due to low margin derived from engineering services.

In tandem with the decrease in revenue in 9M FY2020, gross profit reduced by \$4.3 million to \$5.2 million at a gross profit margin of 9.0% mainly due to competitive pricing in a weak market and absorption of manpower overheads over a lower revenue base.

Shipchartering

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

	Group							
	3Q		3Q		9M		9M	
	FY2020		FY2019		FY2020		FY2019	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
OSV	799	12.4%	(135)	(1.8%)	2,044	13.4%	(594)	(3.8%)
Landing crafts	(716)	(293.4%)	(640)	(88.8%)	(2,143)	(446.5%)	(1,633)	(66.5%)
Tug boats and Barges	2,133	7.0%	3,791	13.1%	3,856	4.8%	4,215	5.5%
Total charter	2,216	6.0%	3,016	8.1%	3,757	3.9%	1,988	2.1%
Trade sales and other services	2,330	32.2%	1,326	19.5%	4,800	30.2%	3,545	22.2%
	4,546	10.3%	4,342	9.9%	8,557	7.6%	5,533	5.0%

Gross profit and gross profit margin for charter were lower in 3Q FY2020 due to lower contribution from grab dredgers owing to decrease in charter rates and utilisation rate (3Q FY2020: 50%; 3Q FY2019: 100%), partially offset by higher contribution from OSV for towing jobs.

Gross profit and gross profit margin for charter were higher in 9M FY2020 due to higher contribution from OSV as a result of increase in utilisation rate (9M FY2020: 82%; 9M FY2019: 68%) for towing jobs.

The negative contribution from landing crafts was attributed to absence of revenue recognition from the precast operations since 1Q FY2020 due to uncertainty of recovery.

Gross profit and gross profit margin for trade sales and other services were higher in 3Q FY2020 attributed to ad-hoc services in connection to an overseas infrastructure project.

Other operating income

Details for other operating income are as follows:

	Group			
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	908	-	1,467	-
Gain on disposal of assets classified as held for sale	-	648	605	989
Gain on disposal of disposal group classified as held for sale	-	-	3,271	-
Gain on foreign exchange (net)	9,301	-	7,102	-
Interest income from bank balances	14	20	43	56
Interest income from finance lease receivables	145	156	445	485
Insurance claims	-	-	41	100
Rental income from property, plant and equipment	91	210	428	718
Miscellaneous income	43	103	402	580
	10,502	1,137	13,804	2,928

The gain on disposal of property, plant and equipment recorded in 3Q FY2020 mainly pertained to disposal of 9 vessels.

The net foreign exchange gain recorded in 3Q FY2020 mainly pertained to unrealized exchange losses due to the appreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD and the depreciation of IDR against SGD on IDR denominated liabilities.

	31 Mar	31 Dec	30 Jun	31 Mar	31 Dec	30 Jun
	2020	2019	2019	2019	2018	2018
USD against SGD	1.4238	1.3469	1.3537	1.3556	1.3658	1.3679
IDR against SGD	11,495	10,321	10,446	10,507	10,603	10,530

The gain on disposal of disposal group classified as held for sale recorded in 9M FY2020 pertained to the sale of entire equity interest in its 60% owned subsidiary, Jiangmen Hongda Shipyard Ltd (the “**China Subsidiary**”) in August 2019.

Administrative expenses

Administrative expenses decreased by \$3.1 million (46.6%) to \$3.6 million in 3Q FY2020 and by \$6.3 million (35.3%) to \$11.6 million in 9M FY2020 when compare to last corresponding periods mainly attributed to lower legal and professional fee and staff costs incurred. In 9M FY2019, the Company incurred an one-off transaction cost of \$2.7 million which comprised consent fees, solicitation agent and legal and professional fees incurred in relation to the Consent Solicitation Exercise approved in January 2019 (the “**CSE**”) in respect of its existing Notes.

Other operating expenses

	Group			
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
Impairment losses on non-financial assets				
-inventories	267	-	267	-
Inventories written off	-	170	-	1,050
Loss on disposal of property, plant and equipment		1,319	-	577
Loss on foreign exchange (net)	-	1,929	-	3,250
Loss on disposal of short-term investment	-	-	-	134
Property, plant and equipment written off	-	-	-	2
	267	3,418	267	5,013

The inventories written off in 3Q FY2019 was due to cessation of operation of the China Subsidiary.

The loss on disposal of property, plant and equipment recorded in 3Q FY2019 mainly pertained to sale of 2 tugs and 5 barges. Whereas, the net foreign exchange loss in 3Q FY2019 was mainly due to depreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD and the appreciation of IDR against SGD on IDR denominated liabilities.

Finance costs

	Group			
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
Interest expense on:				
Bank loans and bonds	3,832	4,588	12,022	15,057
Lease liabilities	360	111	812	318
Amortisation of bank loans and bonds	2,489	-	6,621	-
	6,681	4,699	19,455	15,375

The increase in finance costs was mainly due to amortisation of fair value adjustments resulting from remeasurement of long term loans and bonds which were subject to refinancing in FY2019 (the “**Amortisation of Bank loans and Bonds**”). This was partially offset by lower bonds interest incurred due to reduction of coupon rate which took effect from 1 October 2018 pursuant to the CSE undertaken.

Fair value adjustments arising from debt refinancing exercise

The Group has remeasured certain of its long term loans which were subject to refinancing in 2Q FY2020 at fair value and this resulted in a fair value loss.

Impairment losses

	Group			
	3Q	3Q	9M	9M
	FY2020	FY2019	FY2020	FY2019
	\$'000	\$'000	\$'000	\$'000
Impairment losses/ (reversal of impairment losses) on financial assets, net				
- trade receivables (third parties)	1,371	-	2,317	-
- contract assets	568	-	400	-
- other receivables	550	-	550	-
- amount due from joint ventures and associates	(268)	-	(268)	-
	2,221	-	2,999	-
Impairment losses on non-financial assets (recorded under other operating expenses)				
-inventories	267	-	267	-
Total impairment losses	2,488	-	3,266	-

The Impairment losses on financial assets pertained to allowances on trade and other receivables based on expected credit loss model and specific impairment made on certain debts where recovery is uncertain.

Impairment losses on non-financial assets pertained to impairment on a vessel held as inventory, impaired based on selling price.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates comprised:

	Group's effective interest	Group			
		3Q	3Q	9M	9M
		FY2020	FY2019	FY2020	FY2019
		\$'000	\$'000	\$'000	\$'000
<u>Joint ventures</u>					
Sindo-Econ group	50%	-	-	-	-
<u>Associates</u>					
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	119	(905)	(838)	(441)
PT Capitol Nusantara Indonesia ("PT CNI")	27%	55	55	166	166
		174	(850)	(672)	(275)

The Group has restricted its share of losses from Sindo-Econ group to its cost of investment since 1Q FY2018.

The share of profit from PT Hafar of \$0.1 million in 3Q FY2020 was derived from short term charter of a pipe lay barge during the quarter under review.

The share of profit from PT CNI of \$0.1 million in 3Q FY2020 mainly pertained to progressive recognition of the Group's proportionate interest of unrealised profits previously eliminated on sale of vessels to PT CNI. The Group has restricted its share of losses to its cost of investment since 4Q FY2017.

Profit/ (Loss) before tax

The Group recorded a profit before tax of \$5.2 million in 3Q FY2020 and a lower loss before tax of \$5.5 million in 9M FY2020 as compared to the corresponding periods mainly due to higher gross profit and other operating income (comprised mainly of exchange gain of \$9.3 million in 3Q FY2020 and \$7.1 million in 9M FY2020), coupled with lower administrative and other operating expenses, partially offset by the Amortisation of Bank loans and Bonds and higher impairment losses on financial assets.

Tax credit/ (expense)

The Group recorded a tax credit of \$0.3 million in 9M FY2020 mainly due to overprovision of current taxation in prior year from shipchartering operations.

Non-controlling interests

Non-controlling interests' share of profit of \$5.3 million for 9M FY2020 (9M FY2019: loss of \$1.3 million) mainly pertained to i) their share of profit on gain on disposal of the China Subsidiary of \$5.6 million, partially offset by ii) their share of loss of the Group's non-wholly owned subsidiaries in Indonesia of \$0.3 million.

OPERATION CASH FLOWS

3Q FY2020

The Group recorded a lower net cash inflow from operating activities of \$2.6 million in 3Q FY2020 (3Q FY2019: \$17.2 million) mainly due to higher work-in-progress incurred and higher billings to customers, partially offset by higher operating cash flows.

The lower net cash inflow from investing activities of \$1.3 million in 3Q FY2020 (3Q FY2019: \$18.6 million) was mainly attributed to lower net proceeds from disposal and acquisition of property, plant and equipment as well as assets classified as held for sale, coupled with an advance of US\$1 million extended to the minority shareholder of a subsidiary as disclosed on page 22 of this results announcement.

The lower net cash outflow from financing activities of \$3.6 million in 3Q FY2020 (3Q FY2019: \$32.4 million) was mainly due to higher net proceeds from trust receipts and lower net repayments on interest-bearing loans and borrowings and interest paid.

9M FY2020

The Group recorded a lower net cash inflow from operating activities of \$25.2 million in 9M FY2020 (9M FY2019: \$51.5 million) mainly due to higher work-in-progress incurred, higher payment to suppliers, partially offset by higher operating cash flows and lower purchases for inventories.

The lower net cash inflow from investing activities of \$1.0 million in 9M FY2020 (9M FY2019: \$27.2 million) was mainly due to lower net proceeds from disposal and acquisition of property, plant and equipment as well as assets classified as held for sale and an advance made to the minority shareholder of a subsidiary, partially offset by proceeds from disposal of the China Subsidiary.

The lower net cash outflow from financing activities of \$19.1 million in 9M FY2020 (9M FY2019: \$79.3 million) was mainly due to higher net proceeds from trust receipts, lower net repayments on interest-bearing loans and borrowings and interest paid partially offset by higher cash balances being restricted in shipbuilding project accounts.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2020

Non-current assets

Property, plant and equipment (“**PPE**”) decreased by \$26.8 million (5.5%) from \$490.2 million as at 30 June 2019 to \$463.4 million as at 31 March 2020.

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

	\$'000
Balance as at 1 July 2019	490,244
Additions, inclusive of:	12,173
- \$3.0 million for vessels and modification works	
- \$1.4 million for plant and equipment	
- \$4.2 million for yard infrastructure (including a floating dock)	
- \$0.9 million for vessel under construction	
- \$2.7 million for dry docking expenditure on vessels capitalised	
Disposals	(6,566)
Depreciation charge	(42,805)
Transfer from inventories	1,111
Translation differences	9,232
Balance as at 31 March 2020	<u>463,389</u>

The addition of vessels and modification works as well as the plant and equipment were acquired to support current marine infrastructure projects in the region.

The net carrying value of right-of-use assets of \$12.5 million and lease liabilities of \$8.0 million as well as the absence of lease prepayments as at 31 March 2020 arose pursuant to the adoption of SFRS(I)16. The right-of-use assets pertained to leases of plant and equipment, leasehold properties and buildings as well as land use rights over plots of land in Indonesia and Singapore where the shipyards of the Group operate.

Current assets

Current assets increased by \$16.8 million (7.2%) from \$234.4 million as at 30 June 2019 to \$251.2 million as at 31 March 2020. The increase was mainly due to higher contract assets, trade and other receivables and cash and bank balances, partially offset by the decrease in assets of disposal group classified as held for sale, the China Subsidiary which was disposed in 1Q FY2020.

Inventories comprised the following:

	Group			
	31-Mar-20	30-Jun-19	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Raw materials and consumables	15,952	14,919	1,033	6.9
Finished goods	81,021	84,565	(3,544)	(4.2)
Total inventories	<u>96,973</u>	<u>99,484</u>	<u>(2,511)</u>	<u>(2.5)</u>

Majority of the raw materials and consumables are inventories meant for ongoing shipbuilding and shiprepair projects. Increase in raw materials and consumables was mainly due to more bunker remaining on board the vessels.

Finished goods comprised mainly three PSV and dredge component parts. Decrease in finished goods mainly due to sale of dredge component parts during the current period under review.

Trade and other receivables comprised the following:

	Group			
	31-Mar-20	30-Jun-19	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	61,394	55,775	5,619	10.1
Other receivables	12,713	10,724	1,989	18.5
Amount due from related parties				
- joint ventures and associates	3,630	5,058	(1,428)	(28.2)
- companies related to directors	9,507	8,989	518	5.8
Amount due from non-controlling interests of a subsidiary	1,424	-	1,424	Nm
	88,668	80,546	8,122	10.1

The trade receivables increased by \$5.6 million (10.1%) to \$61.4 million mainly due to higher receivables from shiprepair for jobs completed and billed to third parties during the current period. Trade receivables of \$25.7 million have been received subsequent to the period under review.

Other receivables comprised mainly receivables from sale of vessels, advances to suppliers and subcontractors and recoverables from customers. The increase was mainly due to higher recoverables due from customers for ongoing projects.

The decrease in amount due from related parties was due to settlement of accounts.

Subsequent to the quarter ended 31 March 2020, the Group entered into a settlement deed with companies related to directors to contra the mutual debts of \$9.0 million owed to each other.

Amount due from non-controlling interests of a subsidiary pertained to an advance of US\$1 million (the "**Advance**") extended to the minority shareholder of Hongda Investment Pte Ltd ("HDI") in 3Q FY2020. The Advance was paid out of the net proceeds received from disposal of the China Subsidiary of HDI. The Advance will be repaid in full upon the completion of the capital reduction exercise of HDI, through the setting off of an equivalent amount from the capital reduction proceeds.

Current liabilities

Current liabilities decreased by \$4.3 million (1.7%) from \$255.2 million as at 30 June 2019 to \$250.9 million as at 31 March 2020. The decrease was mainly due to lower trade and other payables, contract liabilities and interest-bearing loans and borrowings partially offset by higher trust receipts.

Trade and other payables comprised the following:

	Group			
	31-Mar-20	30-Jun-19	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade and other payables (current)				
Trade payables	136,828	144,212	(7,384)	(5.1)
Payables for property, plant and equipment	5,831	5,931	(100)	(1.7)
Other payables	3,264	5,628	(2,364)	(42.0)
Deposits received from customers	3,805	3,958	(153)	(3.9)
Deferred income	1,388	1,615	(227)	(14.1)
Amount due to related parties				
- joint ventures and associates	1,304	1,030	274	26.6
- companies related to directors	9,812	8,760	1,052	12.0
Amounts due to shareholders	6,620	6,620	-	-
Loan from non-controlling interests of subsidiaries	218	207	11	5.3
Provision for warranty	15	42	(27)	(64.3)
	169,085	178,003	(8,918)	(5.0)

The decrease in other payables was mainly due to settlement of compensation claims for delay in fulfilling the terms of a charter contract during the period.

Contracts assets and liabilities

	Group			
	31-Mar-20	30-Jun-19	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Contract assets				
Construction work-in-progress	22,045	11,075	10,970	99.1
Accrued revenue	9,549	12,542	(2,993)	(23.9)
	31,594	23,617	7,977	33.8
Contract liabilities (current)				
Progress billings in excess of construction work-in-progress	2,941	6,536	(3,595)	(55.0)
Deferred income and deposits received from customers	6,351	15,613	(9,262)	(59.3)
	9,292	22,149	(12,857)	(58.0)
Contract liabilities (non-current)				
Deferred income	89	507	(418)	(82.4)
	9,381	22,656	(13,275)	(58.6)

Net construction work-in-progress in excess of progress billings for shipbuilding and shiprepair projects increased by \$14.6 million (320.9%) from \$4.5 million as at 30 June 2019 to \$19.1 million as at 31 March 2020 mainly due to higher work in progress incurred for shipbuilding projects.

Accrued revenue primarily relate to the services completed but not yet billed at reporting date. The decrease was mainly due to billings made during the period under review.

Deferred income and deposits received from customers mainly relates to advance payments received from customers for which charter services have not been rendered and/or obligation to transfer goods. The deferred income and deposits will be recognised as income when the services are performed. The decrease was mainly due to income recognised when the services were performed.

The breakdown of the Group's total borrowings are as follows:

	Group (Carrying Value)				Group (Face Value)			
	31-Mar-20	30-Jun-19	Increase/ (Decrease)		31-Mar-20	30-Jun-19	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Current								
Bonds	1,500	1,500	-	-	1,500	1,500	-	-
Short term loan								
- general	-	2,161	(2,161)	(100.0)	-	2,161	(2,161)	(100.0)
Trust receipts								
- shipbuilding related	12,683	-	12,683	Nm	12,683	-	12,683	Nm
- general	10,260	1,157	9,103	786.8	10,260	1,157	9,103	786.8
	22,943	1,157	21,786	1,883.0	22,943	1,157	21,786	1,883.0
Long term loan								
- vessels loan	10,515	12,271	(1,756)	(14.3)	12,318	14,159	(1,841)	(13.0)
- assets financing	9,362	9,472	(110)	(1.2)	9,548	9,727	(179)	(1.8)
- working capital	18,148	18,624	(476)	(2.6)	17,485	17,922	(437)	(2.4)
	38,025	40,367	(2,342)	(5.8)	39,351	41,808	(2,457)	(5.9)
Finance lease liabilities	1,659	1,079	580	53.8	1,659	1,079	580	53.8
	64,127	46,264	17,863	38.6	65,453	47,705	17,748	37.2
Non-current								
Bonds	88,649	84,029	4,620	5.5	135,250	136,500	(1,250)	(0.9)
Long term loan								
- vessels loan	70,829	70,368	461	0.7	77,745	78,644	(899)	(1.1)
- assets financing	73,042	76,390	(3,348)	(4.4)	73,311	76,790	(3,479)	(4.5)
- working capital	77,362	84,290	(6,928)	(8.2)	75,136	81,629	(6,493)	(8.0)
	221,233	231,048	(9,815)	(4.2)	226,192	237,063	(10,871)	(4.6)
Finance lease liabilities	1,932	1,794	138	7.7	1,932	1,794	138	7.7
	311,814	316,871	(5,057)	(1.6)	363,374	375,357	(11,983)	(3.2)
Total borrowings	375,941	363,135	12,806	3.5	428,827	423,062	5,765	1.4
Total shareholders' funds	146,902	156,956						
Gearing ratio (times)	2.56	2.31						
Net gearing ratio (times)	2.37	2.20						

The current portion of interest-bearing loans and borrowings and trust receipts increased by \$17.9 million mainly due to higher trust receipts resulted from activation of new project financing facilities for shipbuilding and shiprepair since August 2019, partially offset by conversion of a short term working capital loan to a long term loan.

The Group remeasured its bonds and long term loans arising from the debts refinancing exercise at fair value (carrying value) pursuant to the adoption of SFRS(I)9. The face value (nominal value) of the bonds and long term loans, has been separately disclosed for information.

Non-current liabilities

Non-current liabilities increased by \$1.2 million (0.4%) to \$338.3 million as at 31 March 2020 mainly due to increase in lease liabilities pursuant to adoption of SFRS(I)16 and amount due to joint ventures and associates, partially offset by lower interest-bearing loans and borrowings due to repayment of long term loans.

The amount due to joint ventures and associates (non-current) pertained to receipts on behalf of one of its associates, on their repayment of bank loans to one of the Group's lenders. Such receipts are to be treated as part of the financing granted by the lender under the Group's existing project financing arrangements.

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

Not applicable as no forecast or prospect statement has been made.

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.

(A) Market and industry outlook

As our businesses are primarily reliant on the market conditions in the infrastructure, shipbuilding and shiprepair, shipping and offshore & marine industries, the main macroeconomic variables we are sensitive to include (but not exclusively) global trade, oil price and infrastructure spending in Asia.

The drop in global trade, the disruptions to global supply chains, the flight to safety in financial markets and the reduction in consumer and business confidence are all expected to take their toll on future economic activity.

Macro trends remain mixed and uncertain in view of

- a. Recent fall and weakness in crude oil prices due to the demand shock from the COVID-19 and the supply shock from the Saudi-Russian oil price war. Although oil prices have recovered since, with the WTI crude oil price trading at around US\$33 a barrel in end May 2020. The worldwide economic shock caused by the COVID-19 pandemic is having widespread and dramatic effects on investment in the energy sector. A potential resurgence of Covid-19 remains, the picture is still bleak for the industry.
- b. As a result of the COVID-19 pandemic, the global GDP is projected to decline by 7.6% this year in the scenario where a second outbreak occurs in all economies towards the end of this year. In the scenario where the second outbreak is avoided, the global GDP is projected to decline by 6% this year, but will have almost regained the pre-crisis level at the end of 2021¹.
- c. The outlook is uncertain given that government infrastructure spending in Asian regions is expected to be curbed in view of the COVID-19 pandemic.

In general, the factors discussed above suggest a negative impact going forward.

¹ OECD Economic Outlook, Volume 2020 Issue 1

We will continue to focus on our core business and strengthen our foothold in supporting the marine infrastructure work in Singapore and abroad. We will explore more revenue sources by going beyond our traditional markets (Southeast Asia, Australia and Europe) to North Asia, the Indian subcontinent and the Middle East. We will continue to seek cash-flow-positive business opportunities across our business segments and optimize financial performance.

(B) Business segments

Shipbuilding, Shiprepair, Conversion and Engineering Services

For shipbuilding segment, we continue to focus on securing orders for smaller and standardized vessels like tugs, barges, bunkering tankers and dredgers which have shorter delivery cycles and are less capital intensive. We will also continue to exercise caution with our selection of customers based on their creditworthiness.

For shiprepair segment, we have increased our drydocking capacity in Singapore by the addition of a medium sized floating dock in 3Q FY2020.

Our engineering segment (VOSTA LMG) engages primarily in the land reclamation, dredging and marine infrastructure industry. The demand for our engineering business is continued to be supported by i) the fundamental demand from land reclamation and coastal protection projects, due mainly to population growth and climate change; and ii) port expansion projects due to anticipated increase in activity of regional seaborne trade and growing size of cargo vessels.

The Group currently adopted the strategy to train direct employed workers for specialized work, thus reducing part of its reliance on subcontractors, and strengthening our competency and efficiency. The Group will continue to improve its operational efficiency, tighten cost control to ensure our competitiveness.

Shipchartering

The diversified vessel types in our fleet are expected to lend support to our chartering business in view of the steady demand from marine infrastructure projects in South Asia, South East Asia and Singapore. The Group expects continued pressure on charter rates due to market competition. The management will continue to focus on increasing utilisation of its fleet, widening geographical coverage, raising operational efficiency and limiting capital expenditure.

Order Book

As at 31 March 2020, the Group had an outstanding shipbuilding order book from external customers of approximately \$22 million with progressive deliveries up to 1H FY2021.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 19% of shipchartering revenue in 9M FY2020 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2020, the Group had an outstanding ship chartering order book of approximately \$56 million with respect to long-term contracts. This was a reduction from \$75 million as of 31 December 2019 mainly due to an early termination of two charter contracts by a customer owing to its financial difficulties.

Investors may wish to note that the financial performance of the companies in the shipping and shipbuilding industries tend to lag industry trends.

(C) Financing arrangements

Completion of refinancing exercise

The Group embarked on a comprehensive refinancing exercise in FY2019. With the support of the Group's Lenders, Noteholders and the Shareholders, the Group was able to successfully complete the CSE in January 2019 and re-profiled its existing loans.

The Principal Lenders have provided further support to the Group with additional revolving project financing facilities with trade lines of up to S\$114 million. These facilities were activated in August 2019 and have since been progressively drawn down, which provides a strong base in sustaining the businesses of the Group.

Support measures in response to the COVID-19 pandemic

In response to the Government's relief and support measures on the COVID-19 pandemic, certain lenders of the Group remains supportive and are working on granting temporary bridging loans and/or deferral on principal repayment of existing long term loans up to the end of the calendar year. This has further helped to alleviate and sustain the Group's operating cash flows during this challenging period.

(D) Update on the Group's Operations in relation to the COVID-19 Pandemic

Further to our announcement released on 13 May 2020, the Board wishes to update as follows:

(1) One of the Group's core operating subsidiaries, ASL Shipyard Pte Ltd has on 4 June 2020 reinstated part of its headcounts restriction on employees working at its headquarter where its shipyard is located. Despite the re-instatement of our project managers, construction supervisors and commissioning engineers, workers of certain main subcontractors (piping, electrical and painting) residing in dormitories outside of our yard premise are still not allowed to resume work. Ongoing works continue to be impacted by the worker shortage; and

(2) Media reports of confirmed case of COVID-19 on 26 May 2020

It was reported that a 33-year-old Chinese man who had an onset of symptoms on 21 May 2020 had gone to work at 19 Pandan Road, Tuas Terminal Phase 1 and Jurong Port and tested positive for COVID-19 on 26 May 2020. The premise at 19 Pandan Road is where the Group's headquarter and yard is located.

The subject worker is not an employee of the Group. He is a truck driver from a local logistic company. He had visited our yard on 22 May 2020 to truck out cargo to Jurong Port. He had an hour stay in our yard with short interaction with the store personnel and security officer and had not revisited our yard since then.

As a precautionary measure, the following steps were taken:

- a. immediately isolated personnel deployed at the store to the isolation rooms at our dormitory;
- b. immediately isolated the security personnel involved at his residential address; and
- c. cordoned off the store and conducted thorough disinfection of those affected areas in accordance with MOH guideline.

Prior to this, the Group has already put in place precautionary measures at its headquarter and its yard facilities in accordance with guidelines from the respective local authorities, provided guidance and supervision over such precautionary

measures, and instituted business continuity plans so as to minimise impact to its operations. The Group established a working group for COVID-19 prevention and control which is responsible for the daily supervision of the prevention and control measures.

On 2 June 2020, the Ministry of Health conducted swab tests for 203 dormitory workers of the Group and all were tested negative. None of the Group's employees have been tested positive for COVID-19 to date.

The Company will continue to monitor the COVID-19 situation and will announce any material developments regarding its business in compliance with Rule 703 of the Listing Manual.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt.

If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared for the period ended 31 March 2020 after taking into consideration the operating requirement, cash flow position of the Group and the current market weakness, and to conserve cash for working capital usage.

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 has renewed the general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 30 October 2019. During the financial period, the following interested person transactions were entered into by the Group:

Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
<u>Sale of goods and services</u>		
Contech Precast Pte Ltd	¹ Subsidiary of KHL	- 2,947
Econ Precast Pte Ltd	¹ Subsidiary of KHL	- 11,093
Koon Construction & Transport Co Pte Ltd	¹ Subsidiary of KHL	- (84)
Petra I Pte Ltd	¹ Subsidiary of KHL	- (258)
Sindo-Econ Pte Ltd	¹ Joint venture of the Company and KHL	- 1,301
PT. Sindomas Precas	¹ Joint venture of the Company and KHL	- 970
Reem Island Pte Ltd	¹ Subsidiary of KHL	- (887)
<u>Purchase of goods and services</u>		
Koon Construction & Transport Co Pte Ltd	¹ Subsidiary of KHL	- 405
Econ Precast Pte Ltd	¹ Subsidiary of KHL	- 1,016
PT. Sindomas Precas	¹ Joint venture of the Company and KHL	1,147
Sintech Metal Industries Pte Ltd	² Wholly owned by Mr. Ang Sin Liu	139 -
<u>Reimbursement of expenses due from</u>		
Koon Construction & Transport Co Pte Ltd	¹ Subsidiary of KHL	150 -
Entire Engineering Pte Ltd	¹ Subsidiary of KHL	201 -
Econ Precast Pte Ltd	¹ Subsidiary of KHL	441 -
PT. Sindomas Precas	¹ Joint venture of the Company and KHL	188 -
		2,266 16,503

Notes:

- The executive directors of the Company and their family in aggregate hold approximately 67.2% of the Company and 53.8% of Koon Holdings Limited ("KHL"). Accordingly KHL, its subsidiaries and associated companies (including joint venture) are deemed to be interested persons in the above disclosure.
- Mr. Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui and Ang Kok Leong, all of whom are Directors and substantial shareholders of the Company. He is also the father of Ang Kok Eng and Ang Swee Kuan, both of whom are also the substantial shareholders of the Company. Each of them is deemed to have an interest in the shares held by the other.
- The above aggregate values were based on amount incurred and accrued, including where an interested person transaction had an indefinite term or where the contract sum was not specified.
- Credit balances of IPT were mainly due to credit notes for transactions recorded in FY2019 issued in 1Q FY2020.

14. Use of proceeds

The Group had fully utilised the net proceeds of \$0.9 million raised from the subscription of Rights Issue of 266,505,713 warrants issued in July 2019 for working capital usage including payment to its suppliers and subcontractors, and for its operating expenses. The utilisation is in accordance with the intended use of proceeds as stated by the Company Announcement dated 26 January 2019, the Offer Information Statement dated 2 July 2019 and the Circular to Shareholders dated 3 July 2019.

There were no warrants exercised since the date of issuance on 25 July 2019.

15. Negative confirmation pursuant to Rule 705(5).

We, the undersigned, hereby confirm to the best of our knowledge that 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 third quarter ended 31 March 2020 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1).

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing manual.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
12 June 2020