



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

Co. Reg. No. 200008542N

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 31 December			6 months ended 31 December		
	2Q FY2021	2Q FY2020	Inc/ (Dec) %	1H FY2021	1H FY2020	Inc/ (Dec) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	45,691	78,273	(41.6)	81,569	119,764	(31.9)
Cost of sales	(46,713)	(70,006)	(33.3)	(85,912)	(111,322)	(22.8)
Gross (loss)/ profit	(1,022)	8,267	(112.4)	(4,343)	8,442	(151.4)
Other operating income	3,241	1,289	151.4	4,927	5,501	(10.4)
Administrative expenses	(3,610)	(3,876)	(6.9)	(7,807)	(7,994)	(2.3)
Other operating expenses	(4,123)	(2,635)	56.5	(4,195)	(2,199)	90.8
Finance costs	(5,675)	(6,631)	(14.4)	(11,258)	(12,774)	(11.9)
Fair value adjustments arising from debt refinancing exercise	-	(99)	(100.0)	-	(99)	(100.0)
Impairment losses on financial assets	(274)	(386)	(29.0)	(1,387)	(778)	78.3
Share of results of joint ventures and associates	(622)	(391)	59.1	(1,039)	(846)	22.8
Loss before tax	(12,085)	(4,462)	170.8	(25,102)	(10,747)	133.6
Income tax (expense)/ credit	(273)	(57)	378.9	(529)	361	(246.5)
Loss for the period	(12,358)	(4,519)	173.5	(25,631)	(10,386)	146.8
Attributable to:						
Owners of the Company	(11,186)	(4,160)	168.9	(24,181)	(15,508)	55.9
Non-controlling interests	(1,172)	(359)	226.5	(1,450)	5,122	Nm
	(12,358)	(4,519)	173.5	(25,631)	(10,386)	146.8
Adjusted EBITDA* for the period	9,242	17,566	(47.4)	17,634	32,810	(46.3)

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 31 December			6 months ended 31 December		
	2Q FY2021 \$'000	2Q FY2020 \$'000	Inc/ (Dec) %	1H FY2021 \$'000	1H FY2020 \$'000	Inc/ (Dec) %
	(12,358)	(4,519)	173.5	(25,631)	(10,386)	146.8
	<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	930	19	Nm	1,157	651	77.7
	Realisation of foreign currency translation reserves on disposal a subsidiary					
	-	-	-	-	(193)	(100.0)
	Share of other comprehensive income of joint ventures and associates					
	(153)	(187)	(18.2)	(263)	7	Nm
	<i>Items that will not be reclassified subsequently to profit or loss:</i>					
	Remeasurement of defined benefit plan					
	-	1	(100.0)	-	(100)	(100.0)
	Other comprehensive income for the period, net of tax					
	777	(167)	(565.3)	894	365	144.9
	Total comprehensive income for the period					
	(11,581)	(4,686)	147.1	(24,737)	(10,021)	146.9
	Attributable to:					
	Owners of the Company					
	(10,430)	(4,059)	157.0	(23,371)	(14,934)	56.5
	Non-controlling interests					
	(1,151)	(627)	83.6	(1,366)	4,913	Nm
	(11,581)	(4,686)	147.1	(24,737)	(10,021)	146.9

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 loss for the period was stated after (charging)/crediting:-

	Group			
	3 months ended		6 months ended	
	31 December		31 December	
	2Q	2Q	1H	1H
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets	(77)	(141)	(151)	(283)
Depreciation of property, plant and equipment	(14,023)	(14,149)	(27,557)	(28,262)
Depreciation of right-of-use assets	(802)	(392)	(1,631)	(844)
Fair value adjustments arising from debt refinancing exercise	-	(99)	-	(99)
Gain on disposal of property, plant and equipment	2,208	559	2,183	559
Gain on disposal of assets classified as held for sale	-	-	78	605
Gain on disposal of disposal group classified as held for sale	-	-	-	3,271
Gain on termination of a lease	10	-	10	-
Loss on foreign exchange (net)	(4,123)	(2,635)	(4,181)	(2,199)
(Impairment losses)/ Reversal of impairment losses on financial assets, net				
- trade receivables (third parties)	(1,486)	(464)	(2,212)	(946)
- contract assets	172	78	38	168
- other receivables	58	-	(195)	-
- amount due from joint ventures and associates	982	-	982	-
Interest income from bank balances	13	13	29	29
Interest income from finance lease receivables	133	148	272	300
Inventories written off	-	-	(12)	-
Property, plant and equipment written off	-	-	(2)	-
Reversal of pension liabilities	9	4	17	9
Reversal/ (Provision) of provision for warranty (net)	11	(4)	13	(4)
(Under)/Over provision of tax in respect of prior years	(291)	(29)	(566)	410

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-Dec-20 \$'000	30-Jun-20 \$'000	31-Dec-20 \$'000	30-Jun-20 \$'000
Non-current assets				
Property, plant and equipment	414,718	443,928	-	-
Right-of-use assets	10,923	12,375	-	-
Investment in subsidiaries	-	-	39,647	39,647
Investment in joint ventures and associates	2,881	4,298	-	-
Intangible assets	2,174	2,256	-	-
Other receivables	-	-	3,100	3,100
Finance lease receivables	4,335	4,952	-	-
	435,031	467,809	42,747	42,747
Current assets				
Inventories	88,299	86,977	-	-
Contract assets	26,016	22,678	-	-
Trade and other receivables	55,012	63,182	279,215	278,664
Prepayments	5,264	3,490	56	184
Finance lease receivables	737	745	-	-
Cash and bank balances	21,359	35,165	3,669	3,984
	196,687	212,237	282,940	282,832
Assets classified as held for sale	3,931	1,047	-	-
	200,618	213,284	282,940	282,832
Current liabilities				
Trade and other payables	137,456	148,823	112,378	108,233
Contract liabilities	9,913	7,324	-	-
Trust receipts	9,640	19,137	-	-
Interest-bearing loans and borrowings	38,620	26,972	10,392	5,737
Lease liabilities	2,033	2,052	-	-
Income tax payables	6,637	6,129	14	14
	204,299	210,437	122,784	113,984
Net current (liabilities)/ assets	(3,681)	2,847	160,156	168,848
Non-current liabilities				
Amount due to joint ventures and associates	850	893	-	-
Contract liabilities	4,275	56	-	-
Other liabilities	3,648	3,633	-	-
Interest-bearing loans and borrowings	295,240	313,511	161,065	162,514
Lease liabilities	5,645	5,921	-	-
Deferred tax liabilities	13,050	13,263	-	-
	322,708	337,277	161,065	162,514
Net assets	108,642	133,379	41,838	49,081
Equity attributable to owners of the Company				
Share capital	108,056	108,056	108,056	108,056
Treasury shares	(923)	(923)	(923)	(923)
Reserves	1,923	25,294	(65,295)	(58,052)
	109,056	132,427	41,838	49,081
Non-controlling interests	(414)	952	-	-
Total equity	108,642	133,379	41,838	49,081

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

	Group (Carrying Value)					
	As at 31-Dec-20			As at 30-Jun-20		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	46,170	2,090	48,260	44,859	1,250	46,109
Amount repayable after one year	287,726	7,514	295,240	304,532	8,979	313,511
	333,896	9,604	343,500	349,391	10,229	359,620

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 31 December 2020, the aggregate fair market value of these 79 vessels amounted to \$158.5 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 December		6 months ended 31 December	
	2Q	2Q	1H	1H
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Loss before tax	(12,085)	(4,462)	(25,102)	(10,747)
Adjustments for:				
Amortisation of intangible assets	77	141	151	283
Depreciation of property, plant and equipment	14,023	14,149	27,557	28,262
Depreciation of right-of-use assets	802	392	1,631	844
Fair value adjustments arising from debt refinancing exercise	-	99	-	99
Gain on disposal of property, plant and equipment	(2,208)	(559)	(2,183)	(559)
Gain on disposal of assets classified as held for sale	-	-	(78)	(605)
Gain on disposal of disposal group classified as held for sale	-	-	-	(3,271)
Gain on termination of a lease	(10)	-	(10)	-
Inventories written off	-	-	12	-
Impairment losses/ (Reversal of impairment losses) on financial assets, net				
-trade receivables (third parties)	1,486	464	2,212	946
-contract assets	(172)	(78)	(38)	(168)
-other receivables	(58)	-	195	-
-amount due from joint ventures and associates	(982)	-	(982)	-
Interest expense	5,675	6,631	11,258	12,774
Interest income	(146)	(161)	(301)	(329)
(Reversal)/ Provision of provision for warranty (net)	(11)	4	(13)	4
Property, plant and equipment written off	-	-	2	-
Reversal of provision for pension liabilities	(9)	(4)	(17)	(9)
Share of results of joint venture and associates	622	391	1,039	846
Operating cash flows before changes in working capital	7,004	17,007	15,333	28,370
Changes in working capital:				
Inventories	(442)	(294)	(1,839)	582
Contract assets and liabilities	6,331	(9,212)	3,684	(6,064)
Trade and other receivables	(744)	(699)	(1,257)	1,115
Prepayments	460	1,487	(1,774)	155
Trade and other payables	(6,527)	(2,830)	(6,237)	(3,486)
Finance lease receivables	121	307	292	422
Other liabilities	(25)	1	(49)	1
Balances with related parties (trade)	2,820	(306)	2,768	1,497
Cash flows generated from operations	8,998	5,461	10,921	22,592
Interest received from finance lease receivables	156	174	263	211
Income tax paid	124	(71)	33	(123)
Net cash flows generated from operating activities	9,278	5,564	11,217	22,680
Cash flows from investing activities				
Interest received from bank balances	12	13	28	29
Purchase of assets classified as held for sale	-	-	-	(479)
Purchase of property, plant and equipment	(2,586)	(5,013)	(4,119)	(8,307)
Proceeds from disposal of property, plant and equipment	1,236	1,857	1,240	1,857
Proceeds from disposal of assets classified as held for sale	-	-	255	1,083
Proceeds from disposal of a subsidiary	-	-	-	3,739
Balances with related parties (non-trade)	(58)	1,675	(237)	1,779
Net cash flows used in investing activities	(1,396)	(1,468)	(2,833)	(299)

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q	2Q	1H	1H
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(3,181)	(4,528)	(6,361)	(9,241)
Repayment of interest-bearing loans and borrowings	(2,825)	(8,220)	(5,756)	(14,497)
Repayment of trust receipts	(10,447)	(3,765)	(16,570)	(4,481)
Proceeds from trust receipts	4,048	16,823	7,129	19,522
Repayment of lease liabilities	(243)	(249)	(523)	(492)
Net proceeds from issuance of rights warrants	-	-	-	899
Cash and bank balances (restricted use)	4,198	(339)	7,035	(7,167)
Net cash flows used in financing activities	(8,450)	(278)	(15,046)	(15,457)
Net (decrease)/ increase in cash and cash equivalents	(568)	3,818	(6,662)	6,924
Cash and cash equivalents at beginning of period	11,472	10,291	17,650	7,151
Effects of exchange rate changes on cash and cash equivalents	(25)	(33)	(109)	1
Cash and cash equivalents at end of period (Note 1)	10,879	14,076	10,879	14,076

Note 1:

Cash and cash equivalents comprise the followings:

Cash and bank balances	21,359	31,396
Less: Restricted cash		
- Cash at banks	(10,480)	(16,776)
- Fixed deposits with banks	-	(544)
Cash and cash equivalents at end of period	10,879	14,076

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 period ended 31-Dec-20									
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	Warrant reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
1H FY2021									
At 1-Jul-20	108,056	(923)	(143)	899	24,538	25,294	132,427	952	133,379
Loss for the period	-	-	-	-	(24,181)	(24,181)	(24,181)	(1,450)	(25,631)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	1,041	-	-	1,041	1,041	116	1,157
Share of other comprehensive income of joint ventures and associates	-	-	(231)	-	-	(231)	(231)	(32)	(263)
Other comprehensive income for the period, net of tax	-	-	810	-	-	810	810	84	894
Total comprehensive income for the period	-	-	810	-	(24,181)	(23,371)	(23,371)	(1,366)	(24,737)
At 31-Dec-20	108,056	(923)	667	899	357	1,923	109,056	(414)	108,642

Statement of Changes in Equity for the period ended 31-Dec-19

Attributable to owners of the Company

Group

1H FY2020

	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Warrant reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Reserve of disposal group classified as held for sale \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total Equity \$'000
At 1-Jul-19	108,056	(923)	1,671	-	47,959	49,630	193	156,956	(3,164)	153,792
Loss for the period	-	-	-	-	(15,508)	(15,508)	-	(15,508)	5,122	(10,386)
<u>Other comprehensive income</u>										
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	667	-	-	667	-	667	(16)	651
Share of other comprehensive income of joint ventures and associates	-	-	7	-	-	7	-	7	-	7
Re-measurement of defined benefit plans	-	-	-	-	(100)	(100)	-	(100)	-	(100)
Other comprehensive income for the period, net of tax	-	-	674	-	(100)	574	-	574	(16)	558
Total comprehensive income for the period	-	-	674	-	(15,608)	(14,934)	-	(14,934)	5,106	(9,828)
<u>Others</u>										
Disposal of a subsidiary	-	-	-	-	-	-	(193)	(193)	4,421	4,228
<u>Contributions by owners</u>										
Issuance of rights warrants	-	-	-	899	-	899	-	899	-	899
At 31-Dec-19	108,056	(923)	2,345	899	32,351	35,595	-	142,728	6,363	149,091

Statement of Changes in Equity for the periods ended 31-Dec-20 and 31-Dec-19

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
1H FY2021						
At 1-Jul-20	108,056	(923)	899	(58,951)	(58,052)	49,081
Loss for the year, representing total comprehensive income for the period	-	-	-	(7,243)	(7,243)	(7,243)
At 31-Dec-20	108,056	(923)	899	(66,194)	(65,295)	41,838
1H FY2020						
At 1-Jul-19	108,056	(923)	-	(76,053)	(76,053)	31,080
Loss for the period, representing total comprehensive income for the period	-	-	-	(3,330)	(3,330)	(3,330)
Contributions by owners						
Issuance of rights warrants	-	-	899	-	899	899
At 31-Dec-19	108,056	(923)	899	(79,383)	(78,484)	28,649

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-Dec-20, 30-Jun-20 and 31-Dec-19	<u>629,266,941</u>
	Number of Warrants
Balance as at 31-Dec-20, 30-Jun-20 and 31-Dec-19	<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 December 2020 and 31 December 2019 is 0.40%.

Except for the warrants, there were no convertible securities or subsidiary holdings as at 31 December 2020 and 31 December 2019. No warrants were exercised since the date of issuance of warrants on 25 July 2019. As at 31 December 2020, the number of shares that may be issued on exercise of warrants were 567,130,713.

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

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-Dec-20	As at 31-Dec-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.**

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 2020.

- 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 2020. 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 July 2020:

- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material
- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 9 and SFRS(I) 7 Interest Rate Benchmark Return

The adoption of the new accounting standards does not have any significant impact on the financial statements of the Group.

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		6 months ended	
	31 December		31 December	
Earnings per ordinary share:	2Q FY2021	2Q FY2020	1H FY2021	1H FY2020
(i) On weighted average no. of ordinary shares in issue	(1.78) cents	(0.66) cents	(3.84) cents	(2.46) cents
(ii) On a fully diluted basis	(1.78) cents	(0.66) cents	(3.84) cents	(2.46) cents
Net loss attributable to shareholders:	(\$11,186,000)	(\$4,160,000)	(\$24,181,000)	(\$15,508,000)
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-Dec-20	30-Jun-20	31-Dec-20	30-Jun-20
Net Asset Value (NAV) per ordinary share	17.33 cents	21.04 cents	6.65 cents	7.80 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

Revenue

Group revenue of \$45.7 million for the 3 months ended 31 December 2020 ("2Q FY2021") was \$32.6 million (41.6%) lower compared to the corresponding quarter in FY2020 ("2Q FY2020"). For the 6 months ended 31 December 2020 ("1H FY2021"), the Group revenue was \$38.2 million (31.9%) lower compared to the corresponding period ended 31 December 2019 ("1H FY2020").

Details for revenue generated from each segment are as follows:

	Group					
	2Q		Increase/ (Decrease) %	1H		Increase/ (Decrease) %
	FY2021	FY2020		FY2021	FY2020	
\$'000	\$'000		\$'000	\$'000		
Shipbuilding	3,604	17,135	(79.0)	6,974	18,893	(63.1)
Shiprepair, conversion and engineering services	21,053	18,155	16.0	38,367	32,961	16.4
Shipchartering	21,034	42,983	(51.1)	36,228	67,910	(46.7)
	45,691	78,273	(41.6)	81,569	119,764	(31.9)

Shipbuilding

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.

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

	Group									
	2Q		Increase/ (Decrease) %	1H		Increase/ (Decrease) %				
	FY2021	FY2020		FY2021	FY2020					
Units	\$'000	Units	\$'000	Units	\$'000	Units	\$'000			
Tugs	3	3,275	3	5,697	(42.5)	3	6,505	3	6,709	(3.0)
Barges and others	-	329	14	11,438	(97.1)	-	469	15	12,184	(96.2)
	3	3,604	17	17,135	(79.0)	3	6,974	18	18,893	(63.1)

Shipbuilding revenue decreased by \$13.5 million (79.0%) to \$3.6 million in 2Q FY2021 and \$11.9 million (63.1%) to \$7.0 million 1H FY2021 as there was absence of barges completion as compared to corresponding periods. The revenue recognition of 14 barges in 2Q FY2020 was based on Completion Method upon delivery.

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					
	2Q	2Q	Increase/	1H	1H	Increase/
	FY2021	FY2020	(Decrease)	FY2021	FY2020	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shiprepair, conversion and engineering services	20,675	17,978	15.0	37,821	32,509	16.3
Other marine related services	378	177	113.6	546	452	20.8
	21,053	18,155	16.0	38,367	32,961	16.4

Shiprepair, conversion and engineering services revenue increased by \$2.7 million (15.0%) to \$20.7 million in 2Q FY2021 and by \$5.3 million (16.3%) to \$37.8 million in 1H FY2021 mainly due to recognition of prior year projects from certain customers upon finalisation, partially offset by lower revenue attributed to COVID-19 in 2Q FY2021.

Shipchartering

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

	Group					
	2Q	2Q	Increase/	1H	1H	Increase/
	FY2021	FY2020	(Decrease)	FY2021	FY2020	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Offshore Support Vessels ("OSV")	2,663	5,239	(49.2)	5,552	8,798	(36.9)
Landing crafts	176	90	95.6	237	236	0.4
Tug Boats	6,726	19,185	(64.9)	11,085	26,737	(58.5)
Barges	5,141	13,195	(61.0)	10,028	23,465	(57.3)
Total charter	14,706	37,709	(61.0)	26,902	59,236	(54.6)
Trade sales and other services	6,328	5,274	20.0	9,326	8,674	7.5
	21,034	42,983	(51.1)	36,228	67,910	(46.7)

Charter revenue decreased by \$23.0 million (61.0%) to \$14.7 million in 2Q FY2021 and \$32.3 million (54.6%) to \$26.9 million in 1H FY2021 mainly due to:

- (i) Lower charter income from OSVs owing to early termination of one OSV and two chemical tankers in 2Q FY2020 and 4Q FY2020 respectively;
- (ii) Certain of the key marine transportation for local infrastructure projects being affected by COVID-19 pandemic, resumed progressively from September 2020; and
- (iii) Completion of two major overseas infrastructure projects in 3Q FY2020 and 1Q FY2021.

The overall utilisation rate of chartering fleet reduced from 58% in 1H FY2020 to 33% in 1H FY2021, despite an increase in utilization rate from 26% in 1Q FY2021 to 39% in 2Q FY2021.

Trade sales and other services comprised bunker sales, agency and management fees and ad-hoc marine-related services. The increase in trade sales in 2Q FY2021 was

mainly due to higher agency income, partially offset by lower ad hoc services rendered in connection to the overseas infrastructure project.

Gross profit/(loss) and gross margin

The breakdown of gross profit/(loss) and gross margin for each respective segment are as follows:

	Group							
	2Q		2Q		1H		1H	
	FY2021		FY2020		FY2021		FY2020	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
Shipbuilding	156	4.3%	1,237	7.2%	299	4.3%	1,429	7.6%
Shiprepair, conversion and engineering services	2,312	11.0%	1,878	10.3%	4,482	11.7%	3,002	9.1%
Shipchartering	(3,490)	(16.6%)	5,152	12.0%	(9,124)	(25.2%)	4,011	5.9%
	(1,022)	(2.2%)	8,267	10.6%	(4,343)	(5.3%)	8,442	7.0%

Shipbuilding

The lower gross profit and gross margins in 2Q FY2021 and 1H FY2021 as compared to corresponding periods were due to absence of barges completion. There were delivery of 14 barges in 2Q FY2020, recognised based on Completion method.

Shiprepair, conversion and engineering services

In line with the increase in revenue, gross profit increased by \$0.4 million to \$2.3 million in 2Q FY2021 and by \$1.5 million to \$4.5 million in 1H FY2021. The higher gross profit margins was attributed to recognition of prior year projects in 2Q FY2021.

Shipchartering

The breakdown of gross (loss)/ profit and gross margin from shipchartering segment are as follows:

	Group							
	2Q		2Q		1H		1H	
	FY2021		FY2020		FY2021		FY2020	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
OSV	395	14.8%	677	12.9%	(1,006)	(18.1%)	1,245	14.2%
Landing crafts	(313)	(177.8%)	(529)	(587.8%)	(466)	(196.6%)	(1,427)	(604.7%)
Tug boats and Barges	(5,648)	(47.6%)	3,584	11.1%	(10,927)	(51.8%)	1,723	3.4%
Total charter	(5,566)	(37.8%)	3,732	9.9%	(12,399)	(46.1%)	1,541	2.6%
Trade sales and other services	2,076	32.8%	1,420	26.9%	3,275	35.1%	2,470	28.5%
	(3,490)	(16.6%)	5,152	12.0%	(9,124)	(25.2%)	4,011	5.9%

Gross loss and gross loss margin for charter in 2Q FY2021 and 1H FY2021 were mainly due to lower contribution generated which were insufficient to cover the fixed operating costs of the chartering fleet which included depreciation charge of \$10.4 million and \$20.4 million in 2Q FY2021 and 1H FY2021 respectively.

Other operating income

Details for other operating income are as follows:

	Group			
	2Q	2Q	1H	1H
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	2,208	559	2,183	559
Gain on disposal of assets classified as held for sale	-	-	78	605
Gain on disposal of disposal group classified as held for sale	-	-	-	3,271
Gain on termination of a lease	10	-	10	-
Interest income from bank balances	13	13	29	29
Interest income from finance lease receivables	133	148	272	300
Insurance claims	1	2	63	41
Rental income from property, plant and equipment	125	241	256	337
Government grants	715	-	1,717	-
Miscellaneous income	36	326	319	359
	3,241	1,289	4,927	5,501

The gain on disposal of property, plant and equipment in 2Q FY2021 mainly pertained to scrapping of barges.

The gain on disposal of disposal group classified as held for sale recorded in 1H FY2020 pertained to the sale of entire equity interest in its 60% owned subsidiary, Jiangmen Hongda Shipyard (the “**China Subsidiary**”) Ltd in August 2019.

The government grants pertained to grants provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme (“**JSS grant**”) and foreign workers levy rebate.

Administrative expenses

Administrative expenses decreased by \$0.3 million (6.9%) to \$3.6 million in 2Q FY2021 as compared to 2Q FY2020 mainly due to lower travelling, marketing expenses and amortisation of intangible assets.

Other operating expenses

	Group			
	2Q	2Q	1H	1H
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Inventories written off	-	-	12	-
Loss on foreign exchange (net)	4,123	2,635	4,181	2,199
Property, plant and equipment written off	-	-	2	-
	4,123	2,635	4,195	2,199

The net foreign exchange loss recorded in 2Q FY2021 was mainly due to depreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD and appreciation of IDR against SGD on IDR denominated liabilities. Whereas the net foreign exchange loss recorded in 2Q FY2020 was mainly due to the depreciation of USD against SGD on USD denominated assets

as well as SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD.

	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
USD against SGD	1.3251	1.3674	1.3932	1.3469	1.3818	1.3537
IDR against SGD	10,644	10,909	10,265	10,321	10,258	10,446

Finance costs

	Group			
	2Q FY2021	2Q FY2020	1H FY2021	1H FY2020
	\$'000	\$'000	\$'000	\$'000
Interest expense on:				
Bank loans and bonds	2,958	3,922	5,894	8,190
Lease liabilities	223	292	467	452
Amortisation of bank loans and bonds	2,494	2,417	4,897	4,132
	5,675	6,631	11,258	12,774

The decrease in finance costs was mainly due to lower interest rate charged on floating rate bank loans. The amortisation of bank loans and bond pertained to amortisation of fair value adjustments resulting from re-measurement of long term bank loans and bonds.

Fair value adjustments arising from debt refinancing exercise

The fair value loss recorded in 2Q FY2020 resulted from the re-measurement of fair value of certain long term loans that were subject to re-financing.

Impairment losses on financial assets

	Group			
	2Q FY2021	2Q FY2020	1H FY2021	1H FY2020
	\$'000	\$'000	\$'000	\$'000
Impairment losses/ (reversal of impairment losses) on financial assets, net				
- trade receivables (third parties)	1,486	464	2,212	946
- contract assets	(172)	(78)	(38)	(168)
- other receivables	(58)	-	195	-
- amount due from joint ventures and associates	(982)	-	(982)	-
	274	386	1,387	778

The impairment losses on financial assets pertained to allowances made on trade and other receivables, impaired based on expected credit loss model, including an estimated impact of the COVID-19 pandemic and specific impairment made on certain debts where recovery is uncertain.

The reversal of impairment loss on amount due from joint ventures and associates resulted from settlement of the debts during the quarter under review.

Nonetheless, the Group will continue to tighten its effort to recover these amounts, especially with respect to those receivables which the Group has possession of the repaired vessels in hand.

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			
		2Q	2Q	1H	1H
		FY2021	FY2020	FY2021	FY2020
		\$'000	\$'000	\$'000	\$'000
<u>Joint ventures</u>					
Sindo-Econ group	50%	-	-	-	-
<u>Associates</u>					
PT. Hafar Capitol					
Nusantara ("PT Hafar")	36.75%	(678)	(447)	(1,150)	(957)
PT Capitol Nusantara					
Indonesia ("PT CNI")	27%	56	56	111	111
		(622)	(391)	(1,039)	(846)

The Group has restricted its share of losses from Sindo-Econ group to its cost of investment since 1Q FY2018. Sindo-Econ group commenced creditors' voluntary winding up on 21 July 2020 as disclosed in the Company's announcement dated 24 July 2020.

The share of loss from PT Hafar of \$0.7 million in 2Q FY2021 was due to depreciation of USD against SGD on its SGD denominated liabilities whose account is maintained in USD.

The share of profit from PT CNI relates 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.

Loss before tax

The Group recorded a higher loss before tax of \$12.1 million in 2Q FY2021 as compared to \$4.5 million in 2Q FY2020 mainly due to higher gross loss and other operating expenses, partially offset by higher other operating income.

The Group recorded a higher loss before tax of \$25.1 million in 1H FY2021 as compared \$10.7 million in 1H FY2020 mainly due to higher gross loss and other operating expenses.

Tax (expense)/ credit

The Group's tax expense of \$0.5 million in 1H FY2021 and tax credit of \$0.4 million in 1H FY2020 pertained to underprovision of and overprovision of taxation in prior year from shipping operations respectively.

Non-controlling interests

Non-controlling interests' share of loss of \$1.2 million for 2Q FY2021 and \$1.5 million for 1H FY2021 mainly pertains to the portion of results of its non-wholly owned subsidiaries in Indonesia.

Non-controlling interests' share of profit of \$5.1 million for 1H FY2020 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 \$0.5 million.

OPERATION CASH FLOWS

2Q FY2021

The Group recorded a higher net cash inflow from operating activities of \$9.3 million in 2Q FY2021 (2Q FY2020: \$5.6 million) mainly due to higher advance receipts from customers, partially offset by lower earnings and higher payment to suppliers.

The slightly lower net cash outflow from investing activities of \$1.4 million in 2Q FY2021 (2Q FY2020: \$1.5 million) was mainly attributed to lower net purchase of property, plant and equipment, partially offset by lower receipts from debts owing from related parties.

The higher net cash outflow from financing activities of \$8.5 million in 2Q FY2021 (2Q FY2020: \$0.3 million) was mainly due to higher net repayments on trust receipts, partially offset by lower repayments on interest-bearing loans and borrowings and interest paid as well as lower restricted cash which was released upon completion of shipbuilding projects.

1H FY2021

The Group recorded a lower net cash inflow from operating activities of \$11.2 million in 1H FY2021 (1H FY2020: \$22.7 million) mainly due to lower operating cash flows and higher payment to suppliers, prepayments and purchase of inventories, partially offset by higher advance receipts from customers.

The higher cash outflow from investing activities of \$2.8 million in 1H FY2021 (1H FY2020: \$0.3 million) was mainly due to absence of proceeds from disposal of the China Subsidiary.

The lower net cash outflow from financing activities of \$15.0 million in 1H FY2021 (1H FY2020: \$15.5 million) was mainly due to higher net repayments on trust receipts, partially offset by lower repayments on interest-bearing loans and borrowings and interest paid as well as lower restricted cash which was released upon completion of shipbuilding projects.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Non-current assets

Property, plant and equipment (“**PPE**”) decreased by \$29.2 million (6.6%) from \$443.9 million as at 30 June 2020 to \$414.7 million as at 31 December 2020.

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

	\$'000
Balance as at 1 July 2020	443,928
Additions, inclusive of:	5,938
- \$1.2 million for vessels and modification works	
- \$1.8 million for plant and equipment	
- \$0.4 million for yard infrastructure	
- \$0.4 million for vessel under construction	
- \$2.1 million for dry docking expenditure on vessels capitalised	
Disposals/ Write-off	(348)
Depreciation charge	(27,678)
Translation differences	(7,122)
Balance as at 31 December 2020	<u>414,718</u>

The additions included assets of \$1.1 million swapped with the Koon Group (companies related to directors) pursuant to the deed of settlement entered as disclosed in Note 38 of the Annual Report for the year ended 30 June 2020 (“**FY2020 Annual Report**”).

The right-of-use assets (“**ROU 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. ROU assets decreased by \$1.5 million (11.7%) to \$10.9 million as at 31 December 2020 mainly due to depreciation charge of \$1.7 million, partially offset by addition of \$0.4 million.

Current assets

Current assets decreased by \$12.7 million (5.9%) to \$200.6 million as at 31 December 2020 mainly due to lower cash and bank balances, trade and other receivables, partially offset by higher contract assets and assets classified as held for sale.

Inventories comprised the following:

	Group			
	31-Dec-20	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Raw materials and fuel on board	12,341	11,421	920	8.1
Finished goods	75,958	75,556	402	0.5
Total inventories	88,299	86,977	1,322	1.5

Majority of the raw materials are inventories meant for ongoing shipbuilding and shiprepair projects. Finished goods comprised mainly three PSV and dredge component parts. The increase in inventories pertained to bunker remaining on board the vessels.

Trade and other receivables comprised the following:

	Group			
	31-Dec-20	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	43,231	49,667	(6,436)	(13.0)
Other receivables	9,902	10,247	(345)	(3.4)
Amount due from related parties				
- joint ventures and associates	1,445	2,695	(1,250)	(46.4)
- companies related to directors	434	573	(139)	(24.3)
	55,012	63,182	(8,170)	(12.9)

The trade receivables decreased by \$6.4 million (13.0%) to \$43.2 million as at 31 December 2020 mainly due to settlement-in-kind entered with certain customers, and impairment made during the period. Trade receivables of \$12.6 million have been received subsequent to the financial period under review.

Other receivables comprised mainly receivables from sale of vessels, advances to suppliers and subcontractors and recoverables from customers.

The increase in prepayments by \$1.8 million (50.8%) to \$5.3 million as at 31 December 2020 mainly pertained to prepaid taxes in Indonesia and insurance premiums.

Assets classified as held for sale as at 31 December 2020 comprised one accommodation rig (which was acquired as part of a settlement agreement entered with certain customer) contracted for sale to a third party within a year. Assets classified as held for sale as at 30 June 2020 comprised two barges which were subsequently sold in 1Q FY2021.

Current liabilities

Current liabilities decreased by \$6.1 million (2.9%) from \$210.4 million as at 30 June 2020 to \$204.3 million as at 31 December 2020. The decrease was mainly due to lower trade payables and trust receipts, partially offset by higher interest-bearing loans and borrowings.

Trade and other payables comprised the following:

	Group			
	31-Dec-20	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade and other payables (current)				
Trade payables	117,583	127,121	(9,538)	(7.5)
Payables for property, plant and equipment	3,260	3,674	(414)	(11.3)
Other payables	3,105	3,212	(107)	(3.3)
Deposits received from customers	3,809	3,788	21	0.6
Deferred income	1,850	2,083	(233)	(11.2)
Amount due to related parties				
- joint ventures and associates	277	1,374	(1,097)	(79.8)
- companies related to directors	748	724	24	3.3
Amounts due to shareholders	6,620	6,620	-	-
Loan from non-controlling interests of subsidiaries	203	213	(10)	(4.7)
Provision for warranty	1	14	(13)	(92.9)
	137,456	148,823	(11,367)	(7.6)

The decrease in trade payables was due to progressive payments to suppliers during the period. The decrease in amount due to related parties was mainly due to settlement of accounts.

Contracts assets and liabilities

	Group			
	31-Dec-20	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Contract assets				
Construction work-in-progress	17,915	17,707	208	1.2
Accrued revenue	8,101	4,971	3,130	63.0
	26,016	22,678	3,338	14.7
Contract liabilities (current)				
Progress billings in excess of construction work-in-progress	1,625	1,929	(304)	(15.8)
Deferred income and deposits received from customers	8,288	5,395	2,893	53.6
	9,913	7,324	2,589	35.3
Contract liabilities (non-current)				
Deferred income	4,275	56	4,219	Nm
	14,188	7,380	6,808	92.2

Net construction work-in-progress in excess of progress billings for shipbuilding and shiprepair projects increased by \$0.5 million (3.2%) from \$15.8 million as at 30 June 2020 to \$16.3 million as at 31 December 2020.

Accrued revenue primarily relates to the shiprepair and shipchartering services completed but not yet billed at reporting date, of which \$2.9 million have been billed subsequent to the financial 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 increase was mainly due to advance receipts from shipchartering customers on long-term overseas charter contracts and ad hoc towing jobs secured.

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

	Group (Carrying Value)				Group (Face Value)			
	31-Dec-20	30-Jun-20	Increase/ (Decrease)		31-Dec-20	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Current								
Bonds	1,500	1,500	-	-	1,500	1,500	-	-
Trust receipts								
- shipbuilding related	4,223	10,492	(6,269)	(59.8)	4,223	10,492	(6,269)	(59.8)
- general	5,417	8,645	(3,228)	(37.3)	5,417	8,645	(3,228)	(37.3)
	9,640	19,137	(9,497)	(49.6)	9,640	19,137	(9,497)	(49.6)
Long term loan								
- vessels loan	11,332	8,200	3,132	38.2	11,940	8,935	3,005	33.6
- assets financing	7,389	3,400	3,989	117.3	8,933	4,678	4,255	91.0
- working capital	17,756	12,167	5,589	45.9	18,389	12,837	5,552	43.2
	36,477	23,767	12,710	53.5	39,262	26,450	12,812	48.4
Finance lease liabilities	643	1,705	(1,062)	(62.3)	643	1,705	(1,062)	(62.3)
	48,260	46,109	2,151	4.7	51,045	48,792	2,253	4.6
Non-current								
Bonds	92,505	89,496	3,009	3.4	134,250	135,000	(750)	(0.6)
Long term loan								
- vessels loan	60,211	66,767	(6,556)	(9.8)	71,862	78,967	(7,105)	(9.0)
- assets financing	63,911	70,934	(7,023)	(9.9)	67,844	75,746	(7,902)	(10.4)
- working capital	78,018	84,603	(6,585)	(7.8)	78,884	85,661	(6,777)	(7.9)
	202,140	222,304	(20,164)	(9.1)	218,590	240,374	(21,784)	(9.1)
Finance lease liabilities	595	1,711	(1,116)	(65.2)	595	1,711	(1,116)	(65.2)
	295,240	313,511	(18,271)	(5.8)	353,435	377,085	(23,650)	(6.3)
Total borrowings	343,500	359,620	(16,120)	(4.5)	404,480	425,877	(21,397)	(5.0)
Total shareholders' funds	109,056	132,427						
Gearing ratio (times)	3.15	2.72						
Net gearing ratio (times)	2.95	2.45						

The Group's current portion of long-term loans (carrying value) increased by \$2.2 million (4.7%) to \$48.3 million as at 31 December 2020 mainly due to the 8 months deferral of principal repayment from May 2020 to December 2020 granted by the lenders to the respective loans maturity dates. There were no deferral remaining as at 31 December 2020 as compared to 6 months of deferral as of 30 June 2020. The increase was partially offset by repayment of trust receipts and finance lease liabilities.

The Group's total borrowings (carrying value) decreased by \$16.1 million (4.5%) to \$343.5 million as at 31 December 2020 mainly due to net repayment of interest-bearing loans and borrowings and trust receipts, partially offset by the accretion of interests on bank loans and bonds measured at fair value.

The Group re-measured 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.

Net current liabilities

The Group recorded a net current liabilities of \$3.7 million as at 31 December 2020. The financial statements are prepared on a going concern basis, the validity of which was disclosed in Note 2.1 of the FY2020 Annual Report.

Non-current liabilities

Non-current liabilities decreased by \$14.6 million to \$322.7 million as at 31 December 2020 mainly due to decrease in the non-current portion of the Group's total borrowings, partially offset by higher contract liabilities due to advance receipts from shipchartering customers on long-term charter contracts.

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

The COVID-19 pandemic has severely disrupted global economic activity, and led to both demand- and supply-side shocks to worldwide economy. 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 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, and is prolonged given the COVID-19 pandemic.

Macro trends remain uncertain in near term in view of

- a. WTI crude oil price have been trending higher, trading at around US\$53 a barrel as of 1 February 2021 since hitting lows of negative US\$37 in April 2020. The positive risk sentiment following the recent vaccine news might have triggered the oil price, however oil prices could see choppy recovery through 2021 as the world wrestles pandemic¹. The COVID-19 pandemic continues to exert a substantial toll on economies. Prospects for an eventual path out of the crisis have improved, with encouraging news about progress in developing effective vaccines, the rollout plan of which will take time to implement. As such, the near-term outlook remains uncertain. Growth prospects depend on many factors, including the magnitude and duration of the COVID-19 pandemic, the degree to which current containment measures are maintained or reinforced, the time until an effective treatment or vaccine is deployed, and the extent to which significant fiscal and monetary policy actions support revival of market demand.

¹ S&P Global, "Oil prices could see choppy recovery through 2021 as world wrestles pandemic" (28 December 2020)

- b. On the assumption that renewed virus outbreaks remain contained, and that the prospect of a widely available vaccine towards the end of 2021 helps to support confidence, a gradual but uneven recovery in the global economy should occur in the next two years. The global economy will gain momentum over the coming two years, with global GDP at pre-pandemic levels by the end of 2021. After a sharp decline this year, global GDP is projected to rise by around 4.25% in 2021 and a further 3.75% in 2022².
- c. Governments and public authorities may selectively proceed on infrastructure projects as soon as normality returns so as to reinvigorate the construction industry and the wider economy. This will spread across all areas of transport infrastructure and energy and utilities. The post COVID-19 long-term prospects for infrastructure investment in the Asia-Pacific region remain positive, reflecting the need to expand and modernise transport infrastructure and utilities to cope with the region's demand growth amid rising economic prosperity and urbanisation³.

In general, the factors discussed above suggest a negative outlook in near term. While it is difficult to prognosticate when normality will return or when we will adjust to a new normal. The management, with the support of various stakeholders, will continue to navigate and manage foreseeable risks and long-run disruptions that the current political, social, and economic environment presents.

We will continue to focus on our core business and strengthen our foothold in supporting the marine infrastructure work in Singapore and abroad. We are exploring 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 improve assets utilisation rates.

(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, the Group increased its capacity in Singapore yard to capture the local shiprepair for bunkering vessels, tugs, workboats, mid-size cargo ships. The Group is actively engaging international customers so as to secure more jobs at its Batam yard. As the scheduled maintenance of vessels cannot be postponed indefinitely, there is evidence that more ships will have to be sent to shipyards for repair in 2021.

Our engineering segment (VOSTA LMG) engages primarily in the land reclamation, dredging and marine infrastructure industry. The demand is supported by i) the fundamental demand from land reclamation and coastal protection projects; and ii) port expansion projects.

² OECD Economic Outlook, Volume 2020 Issue 2

³ Jenny Lescohier, "Asia-Pacific region poised for infrastructure investment" (11 June 2020) <https://www.khl.com/international-construction/asia-pacific-region-poised-for-infrastructure-investment/144532.article> (accessed 11 December 2020)

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 demand from marine infrastructure projects in South Asia, South East Asia and Singapore for a) land reclamation and dredging; b) port and bridge construction; c) coastal transportation on stone aggregates; and d) Cargo transshipment in Indonesia.

Order Book

As at 31 December 2020, the Group had an outstanding shipbuilding order book from external customers of approximately \$23 million with progressive deliveries up to 4Q FY2021.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 23% of shipchartering revenue in FY2020 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2020, the Group had an outstanding ship chartering order book of approximately \$64 million with respect to long-term contracts.

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

Continuing support from principal lenders

In addition to the revolving project financing and trade lines of \$114,000,000 granted by the principal lenders, the trade line facilities activated in August 2019 provides a strong base in sustaining the businesses of the Group. The Group obtained an eight months deferment of principal repayment from May 2020 to December 2020 for certain loans to the respective maturity dates.

Support measures in response to the COVID-19 pandemic

Pursuant to the Government's relief and support measures on the COVID-19 pandemic, the Group received (a) the Jobs Support Scheme and its related enhancements, (b) waiver of monthly foreign worker levy and levy rebates, and (c) enhanced financing support under the Temporary Bridging Loan Programme and Enterprise Financing Scheme as announced in the various Singapore Budgets 2020.

This has further helped to alleviate and sustain the Group's operating cash flows amid this challenging period.

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

The Board wishes to update as follows:

- (1) The Group has participated in the COVID-19 vaccination programme in Singapore.
- (2) Our shipbuilding operations in Singapore will be progressively delivering its existing order books of tugs and barges within expected deliveries up to 4Q FY2021.

- (3) Demand for ship repair services are still affected by COVID-19 related movement controls in Indonesia and Singapore, with more restrictive measures introduced since December 2020 for both countries. This has resulted in slow-downs and delays especially for foreign vessel repair projects.
- (4) The Group expects continued pressure on charter rates due to market competition and COVID-19 pandemic situation. The management will continue to focus on increasing utilisation of its fleet, widening geographical coverage and raising operational efficiency.

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 December 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 IPT Mandate was last renewed on 30 October 2019 and lapsed on 25 November 2020 as the Company did not renew its IPT mandate from its shareholders in its 20th Annual General Meeting held on 26 November 2020.

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) \$'000	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
<u>Purchase of goods and services</u> Sintech Metal Industries Pte Ltd	Wholly owned by Mr. Ang Sin Liu 228	-

Notes:

1. 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.

14. 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 second quarter ended 31 December 2020 to be false or misleading in any material aspect.

15. 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
10 February 2021