ASL MARINE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Co. Reg. No. 200008542N

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTMBER 2022

QUARTERLY FINANCIAL STATEMENTS

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.

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A. Statements of Financial Position

	Note	Group		Company	
		30-Sep-22	30-Jun-22	30-Sep-22	30-Jun-22
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	3	370,908	375,228	-	-
Right-of-use assets		8,316	8,856	-	-
Investment in subsidiaries		-	-	38,166	38,166
Investment in joint ventures and associates		2,485	2,116	-	-
Other receivables	7	-	-	5,167	5,167
Finance lease receivables		3,910	4,580	-	-
		385,619	**390,780**	**43,333**	**43,333**
Current assets					
Inventories	5	94,580	89,721	-	-
Contract assets	6	19,753	21,121	-	-
Trade and other receivables	7	55,017	51,528	229,590	236,019
Prepayments		5,649	3,660	297	190
Finance lease receivables		4,658	5,080	-	-
Derivative financial instruments		-	1	-	-
Cash and bank balances		21,797	22,072	3,778	3,700
		201,454	**193,183**	**233,665**	**239,909**
Current liabilities					
Trade and other payables	8	159,574	149,436	78,956	82,873
Contract liabilities	6	31,416	25,883	-	-
Trust receipts	9	8,284	8,767	-	-
Interest-bearing loans and borrowings	9	36,836	37,364	10,559	10,536
Lease liabilities		1,526	1,658	-	-
Derivative financial instruments		51	1	-	-
Income tax payables		7,375	7,595	14	14
		245,062	**230,704**	**89,529**	**93,423**
Net current (liabilities)/ assets		**(43,608)**	**(37,521)**	**144,136**	**146,486**
Non-current liabilities					
Other payables	8	1,552	1,494	-	-
Other liabilities		2,537	2,524	-	-
Contract liabilities	6	6,287	8,144	-	-
Interest-bearing loans and borrowings	9	260,891	262,785	157,189	156,734
Lease liabilities		3,284	3,635	-	-
Deferred tax liabilities		7,119	6,922	-	-
		281,670	**285,504**	**157,189**	**156,734**
Net assets		**60,341**	**67,755**	**30,280**	**33,085**
Equity attributable to owners of the Company					
Share capital	10	108,140	108,140	108,140	108,140
Treasury shares		(923)	(923)	(923)	(923)
Reserves		(46,162)	(38,634)	(76,937)	(74,132)
		61,055	**68,583**	**30,280**	**33,085**
Non-controlling interests		(714)	(828)	-	-
Total equity		**60,341**	**67,755**	**30,280**	**33,085**

B. Consolidated Income Statement

	Note	Group		
		3 months ended 30 September		
		1Q FY2023 $'000	1Q FY2022 $'000	Inc/ (Dec) %
Revenue	**11**	67,259	50,681	32.7
Cost of sales		(68,867)	(49,085)	40.3
Gross (loss)/ profit		**(1,608)**	**1,596**	**(200.8)**
Other operating income	**12**	6,825	1,587	330.1
Administrative expenses		(3,850)	(3,998)	(3.7)
Other operating expenses	**13**	(1,812)	(360)	403.3
Finance costs	**14**	(6,709)	(5,945)	12.9
Impairment losses on financial assets		(1,047)	(1,230)	(14.9)
Share of results of joint ventures and associates		231	199	16.1
Loss before tax	**15**	**(7,970)**	**(8,151)**	(2.2)
Income tax credit/ (expenses)	**16**	113	(386)	Nm
Loss for the period/ year		**(7,857)**	**(8,537)**	**(8.0)**
Attributable to:				
Owners of the Company		**(7,980)**	**(8,538)**	**(6.5)**
Non-controlling interests		123	1	Nm
		(7,857)	**(8,537)**	**(8.0)**
Loss per share	**17**			
(cents per share)				
Basic		**(1.27)**	**(1.35)**	**(5.9)**
Diluted		**(1.27)**	**(1.35)**	**(5.9)**
Adjusted EBITDA* for the period		**13,738**	**10,131**	**35.6**

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

C. Consolidated Statement of Comprehensive Income

		Group	
		3 months ended 30 September	
		1Q FY2023 $'000	1Q FY2022 $'000
Loss for the period		**(7,857)**	**(8,537)**
Items that may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(i)	283	133
Share of other comprehensive income of joint ventures and associates		159	38
Realisation of foreign currency translation reserves upon dissolution of subsidiaries		-	(401)
Net fair value changes to cash flow hedges	(ii)	1	-
Other comprehensive income for the period, net of tax		**443**	**(230)**
Total comprehensive income for the period		**(7,414)**	**(8,767)**
Attributable to:			
Owners of the Company		**(7,528)**	**(8,726)**
Non-controlling interests		**114**	**(41)**
		(7,414)	**(8,767)**

Note:

(i) 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").

(ii) The fair value gain on cash flow hedges was primarily due to fair value adjustments on foreign currency forward contracts entered for shipbuilding contracts.

D. Statements of Changes in Equity

	For the period ended 30-Sep-22									
	Attributable to owners of the Company									
Group	**Share capital $'000**	**Treasury shares $'000**	**Foreign currency translation reserve $'000**	**Hedging reserve $'000**	**Warrant reserve $'000**	**Accumulated losses $'000**	**Total reserves $'000**	**Equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total Equity $'000**
1Q FY2023										
At 1-Jul-22	**108,140**	**(923)**	**2,381**	**(1)**	**897**	**(41,911)**	**(38,634)**	**68,583**	**(828)**	**67,755**
(Loss)/ profit for the period	-	-	-	-	-	**(7,980)**	**(7,980)**	**(7,980)**	123	**(7,857)**
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	311	-	-	-	**311**	**311**	(28)	**283**
Share of other comprehensive comprehensive income of joint ventures and associates	-	-	140	-	-	-	140	140	19	159
Net fair value changes to cash flow hedges	-	-	-	1	-	-	**1**	**1**	**-**	**1**
Other comprehensive income for the period, net of tax	**-**	**-**	451	1	-	-	**452**	**452**	(9)	**443**
Total comprehensive income for the period	-	-	451	1	-	(7,980)	**(7,528)**	**(7,528)**	114	**(7,414)**
At 30-Sep-22	**108,140**	**(923)**	**2,832**	**-**	**897**	**(49,891)**	**(46,162)**	**61,055**	**(714)**	**60,341**

D. Statements of Changes in Equity (Cont'd)

Group	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Warrant reserve $'000	Accumulated losses $'000	Total reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total Equity $'000
	For the period ended 30-Sep-21								
	Attributable to owners of the Company								
1Q FY2022									
At 1-Jul-21	**108,133**	**(923)**	**411**	**897**	**(10,350)**	**(9,042)**	**98,168**	**(797)**	**97,371**
(Loss)/ profit for the period	-	-	-	-	(8,538)	**(8,538)**	**(8,538)**	1	**(8,537)**
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	-	-	180	-	-	**180**	**180**	(47)	**133**
Share of other comprehensive income of joint ventures and associates	-	-	33	-	-	**33**	**33**	5	**38**
Realisation of foreign currency translation reserves upon dissolution of subsidiaries	-	-	(401)	-	-	**(401)**	**(401)**	-	**(401)**
Other comprehensive income for the period, net of tax	**-**	**-**	(188)	-	-	**(188)**	**(188)**	(42)	**(230)**
Total comprehensive income for the period	-	-	(188)	-	(8,538)	**(8,726)**	**(8,726)**	(41)	**(8,767)**
Contributions by owners									
Conversion of warrants	7	-	-	-	-	**-**	**7**	**-**	**7**
At 30-Sep-21	**108,140**	**(923)**	**223**	**897**	**(18,888)**	**(17,768)**	**89,449**	**(838)**	**88,611**

D. Statements of Changes in Equity (Cont'd)

For the periods ended 30-Sep-22 and 30-Sep-21						
COMPANY	**Share capital $'000**	**Treasury shares $'000**	**Warrant reserve $'000**	**Accumulated losses $'000**	**Total reserves $'000**	**Total equity $'000**
1Q FY2023						
At 1-Jul-22	**108,140**	**(923)**	**897**	**(75,029)**	**(74,132)**	**33,085**
Loss for the period, representing total comprehensive income for the period	-	-	-	(2,805)	**(2,805)**	**(2,805)**
At 30-Sep-22	**108,140**	**(923)**	**897**	**(77,834)**	**(76,937)**	**30,280**
1Q FY2022						
At 1-Jul-21	**108,133**	**(923)**	**897**	**(75,280)**	**(74,383)**	**32,827**
Loss for the period, representing total comprehensive income for the period	-	-	-	(2,473)	**(2,473)**	**(2,473)**
Contributions by owners						
Conversion of warrants	7	-	-	-	**-**	**7**
At 30-Sep-21	**108,140**	**(923)**	**897**	**(77,753)**	**(76,856)**	**30,361**

E. Consolidated Statement of Cash Flows

	Group	
	3 months ended 30 September	
	1Q FY2023 $'000	1Q FY2022 $'000
Cash flows from operating activities		
Loss before tax	**(7,970)**	**(8,151)**
Adjustments for:		
Amortisation of intangible assets	-	77
Depreciation of property, plant and equipment	12,179	10,746
Depreciation of right-of-use assets	485	675
Loss on ineffective portion of cash flow hedges on forward currency contracts	52	-
Loss on disposal of property, plant and equipment	55	247
Gain on dissolution of subsidiaries	-	(401)
Loss on remeasurement of lease liabilities	-	60
(Reversal of)/ impairment losses on financial assets (net):		
-amount due from:		
-contract assets	(158)	(74)
-other receivables	-	(2)
-trade receivables (third parties)	1,205	1,306
Interest income	(238)	(192)
Interest expense	6,709	5,945
Property, plant and equipment written off	1,757	-
Reversal of provision for warranty (net)	-	(3)
Provision for pension liabilities	9	8
Share of results of joint venture and associates	(231)	(199)
Operating cash flows before changes in working capital	**13,854**	**10,042**
Changes in working capital:		
Inventories	(1,998)	(2,196)
Contract assets and liabilities	4,936	(620)
Trade and other receivables	(7,682)	(286)
Prepayments	(1,989)	(239)
Trade and other payables	8,078	6,335
Finance lease receivables	453	462
Other liabilities	1	(30)
Balances with related parties (trade)	(301)	(434)
Cash flows generated from operations	**15,352**	**13,034**
Interest received from finance lease receivables	36	247
Income tax paid	(1)	-
Net cash flows generated from operating activities	**15,387**	**13,281**
Cash flows from investing activities		
Interest received	7	6
Purchase of property, plant and equipment	(2,658)	(5,583)
Proceeds from disposal of property, plant and equipment	516	217
Movement in balances with related parties (non-trade)	99	167
Net cash flows used in investing activities	**(2,036)**	**(5,193)**

E. Consolidated Statement of Cash Flows (Cont'd)

	Group	
	3 months ended 30 September	
	1Q FY2023 $'000	1Q FY2022 $'000
Cash flows from financing activities		
Interest paid	(3,450)	(2,863)
Repayment of interest-bearing loans and borrowings	(9,413)	(8,282)
Principal repayment of lease liabilities	(460)	(605)
Repayment of trust receipts	(8,198)	(5,024)
Proceeds from trust receipts	7,673	6,384
Proceeds from issuance of ordinary shares upon conversion of warrants	-	7
Cash and bank balances (restricted use)	3,612	(2,008)
Net cash flows used in financing activities	**(10,236)**	**(12,391)**
Net decrease in cash and cash equivalents	3,115	(4,303)
Cash and cash equivalents at beginning of period	7,438	14,125
Effects of exchange rate changes on cash and cash equivalents	222	120
Cash and cash equivalents at end of period (Note 1)	**10,775**	**9,942**

Note 1:

Cash and cash equivalents comprise the followings:

Bank balances and cash	21,797	24,359
Less: Restricted cash		
- Cash at banks	(11,022)	(14,417)
Cash and cash equivalents at end of period	**10,775**	**9,942**

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.

F. Selected Notes to the Condensed Consolidated Interim Financial Statements

1. Corporate information

ASL Marine Holdings Ltd. (the "**Company**"), incorporated in the Republic of Singapore on 4 October 2000, is a public limited company listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

These condensed consolidated interim financial statements as at and for the three months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are those relating to shipbuilding, shiprepair and conversion, shipchartering, dredge engineering and other marine related services.

The condensed consolidated interim financial statements have not been audited nor reviewed by the Company's auditors.

2. Basis of preparation

2.1 Statement of compliance

The condensed consolidated interim financial statements for the three months ended 30 September 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2022. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.5.

2.2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except as otherwise disclosed.

The condensed consolidated interim financial statements are presented in Singapore dollars ("SGD" or "$"), which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.3 Going concern basis of preparation of financial statements

The Group incurred loss after tax of $7,857,000 (1Q FY2022: $8,537,000) for the financial period ended 30 September 2022 ("**1Q FY2023**") and as at 30 September 2022, the Group's current liabilities exceeded its current assets by $43,608,000 (30 June 2022: $37,521,000). As at 30 September 2022, the Group's and Company's total borrowings amounted to $306,011,000 and $167,748,000 (30 June 2022: $308,916,000 and $167,270,000) of which $45,120,000 and $10,559,000 (30 June 2022: $46,131,000 and $10,536,000) were classified as current liabilities respectively.

2.3 Going concern basis of preparation of financial statements (Cont'd)

The Group's businesses are capital intensive. As at 30 September 2022, the aggregate value of property, plant and equipment and right-of-use assets amounted to $379,224,000 (30 June 2022: $384,084,000), which represented 65% (30 June 2022: 66%) of its total assets. The majority of these assets were financed through bank loans, bonds and lease liabilities of $302,537,000 (30 June 2022: $305,442,000), which represented 57% (30 June 2022: 59%) of its total liabilities as of 30 September 2022. The Group has been generating positive operating cash flows in fulfilling its debt repayment obligations, with majority of its debts maturing in 2025 and beyond.

The management and directors of the Company, having assessed the available sources of liquidity and funding, believe that the Group and the Company can continue as a going concern for the foreseeable future. In analysing the validity of the going concern basis applied in the preparation of the condensed consolidated interim financial statements of the Group and the Company, the following factors were considered:

(i) The Group is able to generate sufficient operating cash flows from operations to meet its working capital needs. This is supported by positive Earnings before Interest, Tax, Depreciation, Amortisation and after adjusting for impairments and any other non-cash flow items of $ 13,738,000 for 1Q FY2023 (1Q FY2022: $10,131,000). The consolidated net cash flows generated from operating activities have been consistently positive, and the Group has been meeting all its short-term obligations. The availability of the working capital banking facilities secured since August 2019 from its principal lenders provide the Group with short term trade financing when needed;

(ii) Management has provided consistent and conscientious efforts in cost controls and cash flow enhancement measures, which include:

- Planning and keeping track of project budget and setting performance parameters;
- Regular operations review and close monitoring of project progress, schedule, cost and profitability;
- Review by the management on all purchases and capital expenditures;
- Diversify supply sources for competitive procurement;
- Cutting overheads and administrative expenses which include measures such as redesigning of job scope for employees and controlling of headcount to reduce expenses of recurring nature;
- Close collaboration with contractors and suppliers to improve working capital management, such as on credit terms, payment plans and debt settlements;
- Stricter customer credit control;
- Strengthening of coordination among marketing, operations and finance departments for better credit control; and
- Disposal of vessels held as inventories to pare down borrowings and increase the availability of working capital.

(iii) Continuing support from principal lenders including trade line and project financing which provides a strong base in sustaining the businesses of the Group. The principal lenders had also granted the Group waivers from complying with certain financial covenants, a further request for the waiver may be sought, as appropriate; and

(iv) The controlling shareholders of the Company remain supportive to the Company and the Group with their injection of funds during the Company's last two fund raising exercises in December 2016 and July 2019. The controlling shareholders remain committed to funding the Group, amongst others, provided an unsecured and interest-free loan of $6,620,000 in October 2017 which remained unpaid as at reporting date.

2.4 Uses of estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. These are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical judgement and key sources of estimation uncertainty made by the management remains unchanged from audited consolidated financial statements for the financial year ended 30 June 2022.

2.5 New and amended standards

During the current financial period, the Group and the Company have adopted new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") which took effective for annual periods beginning on or after 1 July 2022.

The adoption of the new accounting standards does not have any significant impact on the financial statements of the Group and of the Company for the period ended 30 September 2022. Accordingly, it has no material impact on the loss per share of the Group and the Company.

3. Property, plant and equipment

	Group	
	30-Sep-22	30-Sep-21
	$'000	$'000
Balance as at 1 July	375,228	395,623
Additions	3,078	5,607
Disposals/ Write-off	(2,393)	(90)
Depreciation charge	(11,815)	(11,118)
Translation differences	6,810	1,685
Balance as at 30 June	**370,908**	**391,707**

The depreciation charge for the year as shown in profit or loss is arrived at as follows:

	Group	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Depreciation charge for the period	11,815	11,118
Depreciation included in construction work-in-progress carried forward	(3,888)	(3,588)
Depreciation capitalised in prior year construction work-in-progress now charged to consolidated income statement	4,252	3,216
Depreciation charge as disclosed in Note 15	12,179	10,746

4. Intangible assets

Intangible assets comprise customer relationships, brand, goodwill, patented technology and order backlog which were acquired in a business combination. The intangible assets were fully amortised and impaired in the previous financial years.

5. Inventories

	Group	
	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000
Raw materials and consumables (at cost or net realisable value)	19,941	15,182
Finished goods (at cost or net realisable value)	74,639	74,539
Total inventories	94,580	89,721

6. Contracts assets and contract liabilities

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000
Contract assets		
Current		
Accrued revenue	9,076	13,010
Construction work-in-progress	10,677	8,111
Total contract assets	19,753	21,121
Contract liabilities		
Current		
Deferred income and deposits received from customers	(16,572)	(16,293)
Progress billings in excess of construction work-in-progress	(14,844)	(9,590)
	(31,416)	(25,883)
Non-current		
Deferred income	(6,287)	(8,144)
Total contract liabilities	(37,703)	(34,027)

Construction work-in-progress/Progress billings in excess of construction work-in-progress

	Group	
	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000
At gross:		
Construction work-in-progress and attributable profits (less recognised losses) to date	42,917	32,535
Less: Progress billings	(47,084)	(34,014)
	(4,167)	(1,479)
Presented on a contract basis, net:		
Construction work-in-progress	10,677	8,111
Progress billings in excess of construction work-in-progress	(14,844)	(9,590)
	(4,167)	(1,479)

7. Trade and other receivables (Cont'd)

	Group		Company	
	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000
Non-current				
Other receivables:				
Amount due from a subsidiary	-	-	5,167	5,167
Current				
Trade receivables	59,983	57,135	-	-
Less: Allowance for impairment	(23,752)	(22,261)	-	-
	36,231	34,874	-	-
Other receivables and deposits	12,630	9,951	20	20
Amounts due from subsidiaries	-	-	305,232	311,778
Amounts due from joint ventures and associates	63,307	63,051	2,787	2,683
Amounts due from related parties	443	437	-	-
	76,380	73,439	308,039	314,481
Less: Allowance for impairment				
Other receivables	(821)	(818)	-	-
Amounts due from subsidiaries	-	-	(75,662)	(75,779)
Amounts due from joint ventures and associates	(56,726)	(55,922)	(2,787)	(2,683)
Amounts due from related parties	(47)	(45)	-	-
	(57,594)	(56,785)	(78,449)	(78,462)
	18,786	16,654	229,590	236,019
Total trade and other receivables (current)	55,017	51,528	229,590	236,019
Total trade and other receivables (current and non-current)	55,017	51,528	234,757	241,186

8. Trade and other payables

	Group		Company	
	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000	As at 30-Sep-22 $'000	As at 30-Jun-22 $'000
Non-current				
Amounts due to an associate	1,552	1,494	-	-
Current				
Trade payables and accruals	140,210	130,826	2,591	3,590
Payables for property, plant and equipment	2,857	2,192	-	-
Other payables	2,342	2,308	-	-
Other liabilities				
- Deferred income	950	987	-	-
- Deposits received from customers	1,921	1,837	-	-
Amounts due to subsidiaries	-	-	76,365	79,283
Amounts due to joint ventures and associates	263	263	-	-
Amounts due to related parties	4,187	4,187	-	
Amounts due to non-controlling interests of subsidiaries	221	213	-	-
Amounts due to a shareholder	6,620	6,620	-	-
Provision for warranty	3	3	-	-
	159,574	149,436	78,956	82,873
Total trade and other payables (current and non-current)	161,126	150,930	78,956	82,873

8. Trade and other payables (Cont'd)

The balances with joint ventures and associates and related parties and non-controlling interests of subsidiaries are unsecured, interest-free and repayable on demand.

Related parties are Koon Holdings Limited ("**KHL**") and its subsidiaries (collectively known as "**Koon Group**") and Sintech Metal Industries Pte Ltd ("**Sintech**"). Two of the directors and Mr. Ang Sin Liu have a deemed equity interest of 53.76% (FY2022: 53.76%) in Koon Group. One of the directors of the Company is also a director of KHL. Mr. Ang Sin Liu wholly owns Sintech, which is an exempt private company limited by share.

KHL was delisted from the Australian Stock Exchange on 6 September 2021 and the SGX-ST on 22 September 2021. KHL was placed under Creditors' Voluntary Liquidation on 12 May 2022.

Mr. Ang Sin Liu is the father of Mr. Ang Kok Tian, Mr. Ang Ah Nui and Mr. Ang Kok Leong, all of whom are Directors and substantial shareholders of the Company.

9. Loans and Borrowings

	Group		Company	
	As at 30-Sep-22	As at 30-Jun-22	As at 30-Sep-22	As at 30-Jun-22
Current	$'000	$'000	$'000	$'000
Trust receipts	8,284	8,767	-	-
Interest-bearing loans and borrowings				
- Finance lease liabilities -secured	288	285	-	-
- Floating rate - secured	33,486	33,386	10,559	10,536
- Fixed rate -secured	911	1,244	-	-
- Fixed rate -unsecured	2,151	2,449	-	-
	36,836	37,364	10,559	10,536
	45,120	46,131	10,559	10,536
Non-current				
Interest-bearing loans and borrowings				
- Finance lease liabilities -secured	99	172	-	-
- Floating rate - secured	257,614	258,997	157,189	156,734
- Fixed rate -secured	-	-	-	-
- Fixed rate -unsecured	3,178	3,616	-	-
	260,891	262,785	157,189	156,734
Total loans and borrowings	306,011	308,916	167,748	167,270

Loans and borrowings of the Group and the Company are secured by certain assets of the Group as follows:

- 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;
- Certain vessels under construction;
- Assignment and subordination of intercompany loans; and
- Corporate guarantees from the Company and certain subsidiaries.

9. Loans and Borrowings (Cont'd)

The Group's and the Company'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 Series 006 and Series 007 notes with carrying value of $74,363,000 (30 June 2022: $71,632,000) and $32,687,000 (30 June 2022: $32,687,000) will mature on 28 March 2025 and 1 October 2026 respectively. The Notes are secured by second priority mortgages of vessels pledged as securities for the $99,900,000 5-year club term loan facility ("**CTL Facility**").

The total carrying value of the collateralized assets as of 30 September 2022 was $372,764,000 (30 June 2022: $379,518,000).

10. Share capital and treasury shares

	Group and Company			
	Number of shares		Amount	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
	$'000	$'000	$'000	$'000
Fully paid ordinary shares, with no par value				
1Q FY2023				
Balance at 1 July and 30 September 2022	630,627	2,512	108,140	(923)
FY2022				
Balance at 1 July	630,507	2,512	108,133	(923)
Conversion of warrants	120	-	7	-
Balance at 30 June	630,627	2,512	108,140	(923)

As at	30-Sep-22	30-Jun-22	30-Sep-21
Total number of issued shares	633,138,541	633,138,541	633,138,541
Total number of treasury shares	(2,511,600)	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	630,626,941	630,626,941	630,626,941

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares (except for treasury shares) carry one vote per share without restriction.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company, the Company's subsidiaries did not hold any treasury shares. During the financial periods ended 30 September 2022 and 30 September 2021, the Company did not buy back any shares and there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

10. Share capital and treasury shares (Cont'd)

Warrants

	Number of Warrants	
	As at 30-Sep-22	As at 30-Sep-21
Balance as at 1 July	565,770,713	565,890,713
Warrants exercised	-	(120,000)
Balance at 30 September	565,770,713	565,770,713

Other information

The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 30 September 2022 and 30 September 2021 is 0.40% respectively.

Except for the warrants, there were no convertible securities as at 30 September 2022 and 30 September 2021. As at 30 September 2022, 1,360,000 warrants were exercised since the date of issuance of warrants on 25 July 2019 and the number of shares that may be issued on exercise of warrants were 565,770,713 (30 September 2021: 565,770,713).

There were no outstanding share options granted under the ASL Employee Share Option Scheme 2012 ("**ESOS**") as at 30 September 2022 and 30 September 2021. The ESOS expired on 25 October 2022.

The Company has no subsidiary holdings as at 30 September 2022 and 30 September 2021.

11 Segment and revenue information

11.1 (i) Business segments

The Group's operating segments are its strategic business units that offer different products and serves different markets. Management monitors the operating results of its business segments separately for purpose of making decisions about resource allocation and performance assessment. The Group has the following four main business segments:

Shipbuilding	: Construction of vessels
Shiprepair, conversion and engineering services	: Provision of shiprepair, dredging engineering products and related services
Shipchartering	: Provision for chartering of vessels and transportation services
Investment holding	: Provision of corporate and treasury services to the Group

11.1 (i) Business segments (Cont'd)

	3 months ended 30 September					
	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Shipchartering $'000	Investment holding $'000	Eliminations $'000	Consolidated $'000
Revenue and expenses						
From 1 July 2022 to 30 September 2022						
Revenue from external customers	6,148	36,263	24,848	-	-	67,259
Inter-segment revenue	116	16,094	3,432	-	(19,642)	-
Total revenue	6,264	52,357	28,280	-	(19,642)	67,259
Segment results	(1,078)	2,346	(2,734)	(257)	-	(1,723)
Interest income from finance lease receivables	-	-	231	-	-	231
Finance costs						(6,709)
Share of results of joint ventures and associates						231
Income tax expenses						113
Loss for the year						(7,857)
From 1 July 2021 to 30 September 2021						
Revenue from external customers	4,064	24,903	21,714	-	-	50,681
Inter-segment revenue	(140)	7,656	7,061	-	(14,577)	-
Total revenue	3,924	32,559	28,775	-	(14,577)	50,681
Segment results	(1,629)	1,257	(2,051)	(168)	-	(2,591)
Interest income from finance lease receivables	-	-	186	-	-	186
Finance costs						(5,945)
Share of results of joint ventures and associates						199
Income tax credit						(386)
Loss for the year						(8,537)

	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Shipchartering $'000	Investment holding $'000	Eliminations $'000	Consolidated $'000
Assets and liabilities						
As at 30 September 2022						
Segment assets	23,169	222,361	334,784	4,274	-	584,588
Unallocated assets						2,485
Total assets						587,073
Segment liabilities	24,096	111,654	67,867	2,610	-	206,227
Unallocated liabilities						320,505
Total liabilities						526,732
As at 30 September 2021						
Segment assets	69,740	190,662	334,318	4,071	-	598,791
Unallocated assets						2,265
Total assets						601,056
Segment liabilities	18,716	89,188	60,472	2,417	-	170,793
Unallocated liabilities						341,652
Total liabilities						512,445

11.1 (i) Business segments (Cont'd)

	3 months ended 30 September				
	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Shipchartering $'000	Investment holding $'000	Consolidated $'000
Other segmental information					
From 1 July 2022 to 30 September 2022					
Capital expenditure	45	690	2,343	-	3,078
Depreciation and amortisation	1,145	3,000	8,519	-	12,664
Other non-cash expenses	-	9	1,757	-	1,766
Impairment loss on financial assets, net	-	297	750	-	1,047
Finance cost	355	2,324	1,481	2,549	6,709
Interest income	-	(6)	(232)	-	(238)
From 1 July 2021 to 30 September 2021					
Capital expenditure	6	51	5,990	-	6,047
Depreciation and amortisation	856	2,627	8,015	-	11,498
Other non-cash expenses	-	5	-	-	5
Impairment loss on financial assets, net	-	496	734	-	1,230
Finance cost	417	1,905	1,317	2,306	5,945
Interest income	-	(4)	(188)	-	(192)

11.1 (ii) Geographical segments

The Group operates in Singapore, Indonesia, Rest of Asia, Europe, Australia and other countries. In presenting information on the basis of geographical segments, segment revenue is based on the countries in which customers are invoiced.

Non-current assets relate to property, plant and equipment, right-of-use assets, investment in joint ventures and associates, intangible assets and finance lease receivables. Non-current assets are based on the geographical location of the respective entities within the Group.

	3 months ended 30 September						
From 1 July 2022 to 30 September 2022	Singapore $'000	Indonesia $'000	Rest of Asia $'000	Europe $'000	Australia $'000	Other Countries $'000	Consolidated $'000
Revenue from external customers	24,441	5,878	17,860	8,383	2,719	7,978	67,259
Non-current assets	213,296	126,734	44,411	1,178	-	-	385,619
From 1 July 2021 to 30 September 2021							
Revenue from external customers	20,991	9,395	8,094	3,868	1,892	6,441	50,681
Non-current assets	228,839	136,376	43,252	3,656	-	-	412,123

Management believes it would not be meaningful to analyse the segment assets by geographical segment because

a. For charter services, certain vessels cannot be practically allocated to the different geographical areas. Charterers of the Group's vessels have the discretion to operate within a wide area and are not constrained by a specific sea route; and

b. For shipyard operations, majority of the large scale repair works are performed in the Group's Batam shipyard, and where geographical location of customers is outside Indonesia, the segment revenue is presented based on the geographical location of customers.

11.2 Disaggregation of revenue

Group	1Q FY2023 At a point in time	1Q FY2023 Over time	1Q FY2023 Total	1Q FY2022 At a point in time	1Q FY2022 Over time	1Q FY2022 Total
	3 months ended 30 September					
	$'000	$'000	$'000	$'000	$'000	$'000
Shipbuilding segment						
- Construction of tugs	-	526	526	-	-	-
- Construction of barges and others	140	5,482	5,622	140	3,924	4,064
	140	6,008	6,148	140	3,924	4,064
Shiprepair, conversion and engineering services segment						
- Provision of shiprepair and related services	-	33,867	33,867	-	23,757	23,757
- Provision of engineering service and sales of components	1,622	774	2,396	91	1,055	1,146
	1,622	34,641	36,263	91	24,812	24,903
Shipchartering segment						
- Leasing income	-	7,607	7,607	-	9,499	9,499
- Mobilisation and demobilisation income	-	980	980	-	373	373
- Freight income	-	6,802	6,802	-	2,326	2,326
- Other charter ancillary and marine related service income	1,630	7,617	9,247	1,806	7,314	9,120
- Ship management income	-	123	123	-	150	150
- Trade sales	44	45	89	208	38	246
	1,674	23,174	24,848	2,014	19,700	21,714
	3,436	63,823	67,259	2,245	48,436	50,681

11.2 Disaggregation of revenue (Cont'd)

The following table set out the Group's revenue disaggregated by primary geographical markets and main business segments:

	3 months ended 30 September							
Group	**Shipbuilding**		**Shiprepair, conversion and engineering services**		**Shipchartering and rental**		**Total**	
	1Q FY2023	**1Q FY2022**	**1Q FY2023**	**1Q FY2022**	**1Q FY2023**	**1Q FY2022**	**1Q FY2023**	**1Q FY2022**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	-	617	15,099	9,876	9,342	10,498	24,441	20,991
Indonesia	505	140	2,672	6,895	2,701	2,360	5,878	9,395
Rest of Asia	526	-	9,307	1,492	8,027	6,602	17,860	8,094
Europe	-	-	7,774	2,847	609	1,021	8,383	3,868
Australia	-	-	121	986	2,598	906	2,719	1,892
Other Countries	5,117	3,307	1,290	2,807	1,571	327	7,978	6,441
	6,148	4,064	36,263	24,903	24,848	21,714	67,259	50,681

11.3 Seasonality of operations

The Group's shipyard and shipchartering businesses are not affected significantly by seasonable factors quarter-to-quarter in a financial year.

12. Other operating income

	Group	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Gain on dissolution of subsidiaries	-	401
Gain on foreign exchange (net)	3,110	-
Government grants	-	647
Insurance claims	3,146	33
Interest income from debt instruments at amortised costs		
- deposits and bank balances	7	6
- finance lease receivables	231	186
Miscellaneous income	197	200
Rental income	134	114
	6,825	1,587

13. Other operating expenses

	Group	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Loss on disposal of property, plant and equipment	55	247
Loss on foreign exchange (net)	-	53
Loss on remeasurement of lease liabilities	-	60
Property, plant and equipment written off	1,757	-
	1,812	360

14. Finance costs

	Group	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Interest expense on:		
- bank loans and notes	6,578	5,758
- finance lease	5	9
- lease liabilities	126	178
- trust receipts	86	43
	6,795	5,988
Less:		
Interest expense capitalised in contract assets		
- trust receipts	(6)	(10)
Interest expense charged to cost of sales		
- trust receipts	(80)	(33)
	6,709	5,945

15. Loss before tax

	Group	
	3 months ended 30 September	
	1Q FY2023	**1Q FY2022**
	$'000	$'000
Loss before tax is stated after charging/(crediting):		
Amortisation of intangible assets	-	77
Audit fees paid/payable		
- auditor of the Company	88	76
- overseas affiliates of the auditors of the Company	21	21
- other auditors	14	5
Non-audit fees paid/payable to auditor of the Company	4	1
Depreciation of property, plant and equipment	12,179	10,746
Depreciation of right-of-use assets	485	675
Employee benefits expense	9,316	9,421
Loss on ineffective portion of cash flow hedges on forward currency contracts	52	-
(Reversal of)/ impairment losses on financial assets (net):		
- contract assets	(158)	(74)
- other receivables	-	(2)
- trade receivables (third parties)	1,205	1,306

16. Income tax expenses

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax (expense)/credit are:

	Group	
	3 months ended 30 September	
	1Q FY2023	**1Q FY2022**
	$'000	$'000
Current income tax:		
Current income tax	(328)	(467)
Over/(under) provision in respect of prior years	629	(377)
	301	(844)
Deferred tax:		
Movements in temporary differences	-	689
Underprovision in respect of prior years	(188)	(231)
	(188)	458
Total income tax credit/ (expenses)	113	(386)

17. Loss per share

Basic earnings per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

17. Loss per share (Cont'd)

Diluted earnings per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The following table reflects the loss and share data used in the computation of basic and diluted earnings per share during the financial periods reported on:

	Group	
	3 months ended 30 September	
Earnings per ordinary share:	**1Q FY2023**	**1Q FY2022**
(i) On weighted average no. of ordinary shares in issue	(1.27) cents	(1.35) cents
(ii) On a fully diluted basis	(1.27) cents	(1.35) cents
Net loss attributable to shareholders:	($7,980,000)	($8,538,000)
Number of shares in issue:		
(i) Weighted average no. of shares in issue	630,626,941	630,595,637
(ii) On a fully diluted basis	630,626,941	630,595,637

Treasury shares have not been included in the calculation of both basic and diluted earnings per share because the holders of these treasury shares are not entitled to dividend of the Company.

18. Net asset value per share

	Group		Company	
	30-Sep-22	**30-Jun-22**	**30-Sep-22**	**30-Jun-22**
Net Asset Value (NAV) per ordinary share	9.68 cents	10.88 cents	4.80 cents	5.25 cents
NAV computed based on no. of ordinary shares issued	630,626,941	630,626,941	630,626,941	630,626,941

The calculation of net asset value per share as at 30 September 2022 and 30 June 2022 was computed based on the number of shares as at the end of the reporting periods.

19. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial statements, the following significant transactions were entered by the Group and its related parties on terms agreed between the parties during the financial periods:

(i) Sale and purchase of goods and services

	Group	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Joint ventures and associates		
Charter and trade expenses	(1,063)	(441)
Related parties		
Charter and trade expenses	-	(6)
Shipcharter income	-	676

	Company	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Subsidiaries		
Interest income	1,535	1,359

(ii) Settlement of liabilities on behalf by/(for) the Group

	Group	
	3 months ended 30 September	
	1Q FY2023	1Q FY2022
	$'000	$'000
Joint ventures and associates	99	563

20. Fair value measurement

(i) Financial assets and financial liabilities

The following table shows carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

20. Fair value measurement (Cont'd)

	Group		Company	
	As at 30-Sep-22	As at 30-Jun-22	As at 30-Sep-22	As at 30-Jun-22
	$'000	$'000	$'000	$'000
Financial assets not measured at fair value				
Trade and other receivables	55,017	51,528	234,757	241,186
Accrued revenue	9,076	13,010	-	-
Finance lease receivables	8,568	9,660	-	-
Cash and bank balances	21,797	22,072	3,778	3,700
At amortised cost	94,458	96,270	238,535	244,886
Financial liabilities not measured at fair value				
Trade and other payables*	158,252	148,103	78,956	82,873
Trust receipts	8,284	8,767	-	-
Interest bearing loans and borrowings	297,727	300,149	167,748	167,270
Lease liabilities	4,810	5,293	-	-
At amortised cost	469,073	462,312	246,704	250,143

* Excludes deferred income, deposits received from customers and provision for warranty

(ii) Measurement of fair values

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1: Quoted prices (unadjusted) in active markets of identical assets or liabilities that the Group can access at the measurement date,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during financial periods 30 September 2022 and 30 June 2022.

(b) Assets and liabilities measured at fair value

Level 3 fair value measurements

Property, plant and equipment

The recoverable amounts of certain plant and equipment were based on fair value less cost of disposal which was determined by an independent valuer. These considered replacement costs of similar plant and equipment currently owned by the Group adjusted for age, condition and technological obsolescence. In addition, the valuers also considered sales of similar plant and equipment that have been transacted in the open market.

20. Fair value measurement (Cont'd)

Inventories

The recoverable amounts of certain inventories were based on fair value less cost of disposal which was determined by an independent valuer. The valuers considered sales of similar vessels that have been transacted in the open market.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value*

The Group's financial assets and liabilities include cash and bank balances, trade and other receivables, contract assets, trade and other payables, contract liabilities, trust receipts, floating rate loans and current portion of fixed rate loans.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, because these are short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period.

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value*

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	Carrying amount		**Fair value**	
	30-Sep-22	**30-Jun-22**	**30-Sep-22**	**30-Jun-22**
	$'000	$'000	$'000	$'000
Financial liabilities				
Finance lease liabilities (Non-current) (Note 9)	99	172	89	160
Fixed rate loans (Non-current) (Note 9)	3,178	3,616	2,771	3,241

These financial liabilities are categorised within Level 3 of the fair value hierarchy.

Determination of fair value

The fair values of finance lease liabilities, interest-bearing loans and borrowings and lease liabilities with fixed interest rates are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(II) Other Information Required under Appendix 7.2 of the Listing Manual of SGX-ST

A. Review of Group Performance

<u>Consolidated Income Statement</u>

Revenue by business segments

Group revenue of $67.2 million for the 3 months ended 30 September 2022 ("**1Q FY2023**") was $16.6 million (32.7%) higher compared to the corresponding quarter in FY2022 ("**1Q FY2022**"), on the back of higher contributions from all three business segments.

Details for revenue generated from each segment are as follows:

	Group		
	1Q FY2023 $'000	1Q FY2022 $'000	Increase/ (Decrease) %
Shipbuilding	6,148	4,064	51.3
Shiprepair, conversion and engineering services	36,263	24,903	45.6
Shipchartering	24,848	21,714	14.4
	67,259	**50,681**	**32.7**

Shipbuilding

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**") in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. As a result, shipbuilding revenue and results can fluctuate depending on whether the revenue from shipbuilding contracts is recognised on Completion or POC methods.

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

	Group				
	1Q FY2023		1Q FY2022		Increase/ (Decrease)
	Units	$'000	Units	$'000	%
Tugs	1	526	-	-	-
Barges and others	3	5,622	3	4,064	38.3
	4	**6,148**	**3**	**4,064**	51.3

Shipbuilding revenue increased by $2.1 million (51.3%) to $6.1 million in 1Q FY2023 as compared to last corresponding period due to higher percentage of completion recognised in 1Q FY2023 attributable to completion of two units of high-value oil spill recovery barges.

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 increase in shiprepair, conversion and engineering services revenue in 1Q FY2023 was mainly due to more and bigger vessel jobs including repair of bulk carriers, tankers, pipe lay vessel etc undertaken in the current quarter as well as other marine related services.

Shipchartering

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

	Group		
	1Q FY2023 $'000	1Q FY2022 $'000	Increase/ (Decrease) %
OSV	5,786	3,823	51.3
Tug Boats	9,684	7,011	38.1
Barges	4,800	6,490	(26.0)
Total charter	**20,270**	**17,324**	**17.0**
Trade sales and other services	4,578	4,390	4.3
	24,848	**21,714**	**14.4**

Charter revenue increased by $2.9 million (17.0%) to $20.3 million in 1Q FY2023 mainly due to

(i) higher contribution from OSV deployed in overseas infrastructure projects under towage and contract of affreightment arrangements;

(ii) contribution from charter for rock shipment to Bangladesh;

partially offset by

(iii) reduced contribution from local infrastructure projects which are near completion.

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

Gross profit/(loss) and gross margin

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

	Group			
	1Q FY2023		1Q FY2022	
	$'000	GPM	$'000	GPM
Shipbuilding	(833)	(13.5%)	136	3.3%
Shiprepair, conversion and engineering services	6,207	17.1%	3,180	12.8%
Shipchartering	(6,982)	(28.1%)	(1,720)	(7.9%)
	(1,608)	**(2.4%)**	**1,596**	**3.1%**

Shipbuilding

The gross loss in 1Q FY2023 was attributed to costs overrun incurred on the barges. The costs overrun was primarily due to shortage of manpower and rising cost of raw materials and labour.

Shiprepair, conversion and engineering services

In line with the increase in revenue from shiprepair jobs, gross profit increased by $3.0 million to $6.2 million with higher gross profit margin of 17.1% recorded in 1Q FY2023.

Shipchartering

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

	Group			
	1Q FY2023		1Q FY2022	
	$'000	GPM	$'000	GPM
OSV	(2,256)	(39.0%)	(968)	(25.3%)
Tug boats and Barges	(5,980)	(41.3%)	(2,106)	(15.6%)
Total charter	**(8,236)**	(40.6%)	**(3,074)**	(17.7%)
Trade sales and other services	1,254	27.4%	1,354	30.8%
	(6,982)	(28.1%)	**(1,720)**	(7.9%)

Despite increase in revenue, the Group incurred higher fuel costs in mobilizing vessels deployed in overseas infrastructure projects under towage and contract of affreightment arrangements in 1Q FY2023. Fuel price on average rose from $0.66/litre in 1Q FY2022 to $1.55/litre in 1Q FY2023. The Group experienced continuous pricing pressure under the current economic environment.

Other operating income

Refer to breakdown of other operating income in section (I) F, Note 12 of this report. The increase by $5.2 million to $6.8 million in 1Q FY2023 was mainly due to insurance claim receivables relating to few barges, which were written off (recorded in other operating expense) and net foreign exchange gain during the current period under review.

The net foreign exchange gain in 1Q FY2023 was mainly due to appreciation of USD against SGD on SGD denominated liabilities of certain subsidiaries whose accounts are maintained in USD.

Other operating expenses

Refer to breakdown of other operating expenses in section (I) F, Note 13 of this report. Other operating expenses in 1Q FY2023 comprised barges written off which are under insurance claims.

Finance costs

	Group	
	1Q FY2023 $'000	1Q FY2022 $'000
Interest expense on:		
Bank loans and bonds	3,261	2,644
Lease liabilities	131	187
Amortisation of bank loans and bonds	3,317	3,114
	6,709	5,945

There were higher interest expense due to increase in interest rate 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 in prior years.

Impairment losses on financial assets

	Group	
	1Q FY2023 $'000	1Q FY2022 $'000
(Reversal of)/ impairment losses on financial assets, net		
- contract assets	(158)	(74)
- other receivables	-	(2)
- trade receivables (third parties)	1,205	1,306
	1,047	**1,230**

The impairment losses made were based on expected credit loss model and specific impairment on certain debts where recovery is uncertain.

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	
	Group's effective interest	1Q FY2023 $'000	1Q FY2022 $'000
Joint ventures			
Sindo-Econ group	50%	-	-
Associates			
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	214	146
PT Capitol Nusantara Indonesia ("PT CNI")	27%	17	53
		231	**199**

The Group has restricted its share of losses from Sindo-Econ group to its cost of investment since 1Q FY2018. Sindo-Econ Pte Ltd commenced creditors' voluntary winding up on 21 July 2020, which is still on going in the current financial period.

The share of profit from PT Hafar of $0.2 million in 1Q FY2023 was mainly due to foreign exchange gain on IDR and SGD denominated liabilities whose accounts are maintained in USD.

The share of results of 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 lower loss before tax of $8.0 million in 1Q FY2023 (1Q FY2022: $8.2 million) mainly attributable to higher foreign exchange gain and insurance claims, partially offset by gross loss from operations as a result of i) inflationary increase in the prices of energy and raw materials; and ii) escalating costs due to labour and staff shortages.

Non-controlling interests

Non-controlling interests' share of loss of $0.1 million for 1Q FY2023 mainly pertains to the portion of results of its non-wholly owned subsidiaries in Indonesia.

Consolidated Statement of Cash Flows

The Group recorded a higher net cash inflow from operating activities of $15.4 million in 1Q FY2023 (1Q FY2022: $13.3 million) mainly due to higher inflow from net working capital.

The lower cash outflow from investing activities of $2.0 million in 1Q FY2023 (1Q FY2022: $5.2 million) was mainly due to lower net purchase of property, plant and equipment.

The lower net cash outflow from financing activities of $10.2 million in 1Q FY2023 (1Q FY2022: $12.4 million) was mainly due to higher restricted cash being released upon completion of shipbuilding projects, partially offset by higher net repayments on interest-bearing loans and borrowings as well as trust receipts.

Consolidated Statement of Financial Position

Non-current assets

Property, plant and equipment

Refer movement in property, plant and equipment during the period in section I (F), Note 3 of this report. Property, plant and equipment decreased by $4.3 million (1.2%) from $375.2 million as at 30 June 2022 to $370.9 million as at 30 September 2022 mainly due to depreciation charge, partially offset by additions made.

The additions made during the period comprised:

	$'000
- vessels and modification works	802
- plant and equipment, office equipment and motor vehicles	707
- assets under construction	28
- drydocking expenditure on vessels capitalised	1,541
	3,078

The dry docking expenditure pertained to costs capitalized relating to regulatory dry dock activity including intermediate as well as special surveys (seaworthiness checks) on vessels so as to maintain the vessels in the standardized working condition.

Right-of-use assets ("**ROU assets**")

The 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 $0.5 million (6.1%) to $8.3 million as at 30 September 2022 mainly due to depreciation charge.

Current assets

Current assets increased by $8.3 million (4.3%) to $201.5 million as at 30 September 2022 mainly due to higher inventories as well as trade and other receivables.

Inventories

Refer to breakdown of inventories in section (I) F, Note 5 of this report. The increase in inventories was mainly due to increase in raw materials. Majority of the raw materials are inventories meant for ongoing shipbuilding and shiprepair projects. Finished goods consist of vessels for sale (including three Platform Support Vessels) and dredge component parts.

Trade and other receivables

	Group			
	30-Sep-22	**30-Jun-22**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
Trade receivables	36,231	34,874	1,357	3.9
Other receivables and deposits	11,809	9,133	2,676	29.3
Amount due from:				
- joint ventures and associates	6,581	7,129	(548)	(7.7)
- related parties	396	392	4	1.0
	55,017	**51,528**	**3,489**	**6.8**

The increase in trade receivables was mainly due to higher billings for shipbuilding projects towards the end of the reporting period. Trade receivables of $18.9 million have been received subsequent to the end of financial period under review.

Other receivables and deposits comprised mainly receivables from sale of vessels, advances to suppliers and subcontractors and recoverable from customers. Increase in other receivables and deposits were mainly due to insurance claimable recorded during the period under review.

Current liabilities

Current liabilities increased by $14.4 million (6.2%) to $245.1 million as at 30 September 2022. The increase was mainly due to higher trade and other payables and contract liabilities.

Trade and other payables

Refer to breakdown of trade and other payables in section (I) F, Note 8 of this report. The increase in trade and other payables was mainly due to higher payables owing to subcontractors with the pick-up of shiprepair activities during the quarter under review.

Contracts assets and liabilities

Refer to breakdown of contracts assets and liabilities in section (I) F, Note 6 of this report. Accrued revenue of $9.1 million primarily relates to the shiprepair and shipchartering services completed but not yet billed at the end of reporting period, of which $3.0 million have been billed subsequent to the end of financial period under review.

The Group recorded a net progress billings in excess of construction work-in-progress of $4.2 million as at 30 September 2022 (30 June 2022: $1.5 million) mainly attributed to milestone billings for shipbuilding projects secured.

Deferred income and deposits received from customers primarily relate 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.

Total borrowings

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

	Group (Carrying Value)				Group (Face Value)			
	30-Sep-22	30-Jun-22	Increase/ (Decrease)		30-Sep-22	30-Jun-22	Increase/ (Decrease)	
	$'000	$'000	$'000	%	$'000	$'000	$'000	%
Current								
Bonds	1,500	1,500	-	-	1,500	1,500	-	-
Trust receipts								
- general	8,284	8,767	(483)	(5.5)	8,284	8,767	(483)	(5.5)
Term loans								
- vessels loan	8,994	9,167	(173)	(1.9)	11,478	11,636	(158)	(1.4)
- assets financing	8,913	8,525	388	4.6	9,670	9,334	336	3.6
- working capital	17,141	17,887	(746)	(4.2)	17,512	18,294	(782)	(4.3)
	35,048	35,579	(531)	(1.5)	38,660	39,264	(604)	(1.5)
Finance lease liabilities	288	285	3	1.1	288	285	3	1.1
	45,120	**46,131**	**(1,011)**	**(2.2)**	**48,732**	**49,816**	**(1,084)**	**(2.2)**
Non-current								
Bonds	105,550	102,819	2,731	2.7	131,500	132,000	(500)	(0.4)
Term loans								
- vessels loan	50,213	51,694	(1,481)	(2.9)	55,316	57,262	(1,946)	(3.4)
- assets financing	50,212	50,568	(356)	(0.7)	52,517	53,037	(520)	(1.0)
- working capital	54,817	57,532	(2,715)	(4.7)	55,203	57,966	(2,763)	(4.8)
	155,242	159,794	(4,552)	(2.8)	163,036	168,265	(5,229)	(3.1)
Finance lease liabilities	99	172	(73)	(42.4)	99	172	(73)	(42.4)
	260,891	**262,785**	**(1,894)**	**(0.7)**	**294,635**	**300,437**	**(5,802)**	**(1.9)**
Total borrowings	**306,011**	**308,916**	**(2,905)**	**(0.9)**	**343,367**	**350,253**	**(6,886)**	**(2.0)**

Total shareholders' funds	**61,055**	**68,583**
Gearing ratio (times)	**5.01**	**4.50**
Net gearing ratio (times)	**4.66**	**4.18**

The Group's total borrowings (carrying value) decreased by $2.9 million (0.9%) to $306.0 million as at 30 September 2022 mainly due to net repayment of interest-bearing loans and borrowings, 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.

Non-current liabilities

Non-current liabilities decreased by $3.8 million (1.3%) to $281.7 million as at 30 September 2022 mainly due to decrease in the non-current portion of the Group's total borrowings and contract liabilities. The lower deferred income was mainly due to transfer of current portion to current liabilities where income is recognised over the period when the services were performed.

B. Variance from Prospect Statement

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

C. Outlook and Prospect

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.

1. Market and industry outlook

Our businesses are primarily driven by the market conditions in the infrastructure, shipbuilding and shiprepair, shipping, and offshore & marine services industries. The main macroeconomic variables affecting our performance include but are not limited to the global logistics trade, oil & gas prices and infrastructure expenditure in Asia.

The overall global economy has since shown signs of recovery but its macro trends remain mixed and uncertain:

a. Despite a boost in activity as COVID-19 infections drop worldwide, Organization for Economic Co-operation and Development ("OECD") projected global growth to remain subdued in the second half of 2022, before slowing further in 2023 to an annual growth of just 2.2%, as compared to 3% projected in their June 2022 outlook report. A key factor slowing global growth is the generalised tightening of monetary policy, driven by the greater-than-expected overshoot of inflation targets. Strict lockdowns associated with China's zero COVID-19 policy have also impacted the Chinese and global economy[1].

b. The outlook for transportation industry is affected by a weakening Chinese economy and lower global economic growth. However, the regional maritime infrastructure remains active.

c. Policymakers are increasingly implementing fiscal policies that support growth in infrastructure, green energy, decarbonization, and sustainable resources projects. Though the wider economy can benefit from the stronger and higher spending in the long run, the projects are of long term commitments with higher financial risks and burden, and it does not guarantee short to mid-term realization.

As we gradually return to normality from the COVID-19 pandemic, there are encouraging signs that the martime industry is recovering in tandem, barring the adverse impacts that may be caused by a) potential resurgence of COVID-19; b) geopolitical rivalry; c) rising interest rates and d) increase in the prices of energy, raw materials as well as labour costs. Whilst it is difficult to predict the impact of global

[1] OECD Economic Outlook, Interim Report September 2022

events on the maritime industry, the overall long-term maritime industry outlook remains sustainable.

The management, with the support of various stakeholders, will continue to navigate and mitigate foreseeable risks and long-run disruptions that the current political, social, and economic environment present.

The management is closely monitoring the market demands on our core business, optimizing our current business processes and strengthening our foothold in the local and global maritime industry. The Group had embarked on leveraging its integrated marine engineering capabilities to explore and expand to new growth areas anchored in environmental sustainability.

2. Business segments

Shipbuilding, Shiprepair, Conversion and Engineering Services

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

For shiprepair segment, the Group expanded its dry-docking capacity in Singapore yard with a floating dock to capture the local shiprepair market for bunkering vessels and cargo ships. The Group is actively expanding its marketing network and engaging international customers. Seaborne transport is essential for international trade and upswing of shipping activities which will spur the demand for maintenance and shiprepairs.

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

The Group will continue to improve its operational efficiency and tighten cost control to enhance its competitiveness.

Shipchartering

The diversified vessel types in our fleet are expected to lend support to our chartering business. We expect continued inflow of business from customers in the marine infrastructure industry (such as land reclamation and dredging, port and bridge construction) and cargo transhipment sectors in South Asia and South East Asia.

Order Book

As at 30 September 2022, the Group had an outstanding shipbuilding order book from external customers of approximately $52 million for 14 vessels with progressive deliveries up to 2H FY2024.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 27% of shipchartering revenue in 1Q FY2023 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2022, the Group had an outstanding ship chartering order book of approximately $34 million with respect to long-term contracts.

D. Dividend

No dividend has been declared for the three months ended 30 September 2022 and the previous corresponding period 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.

E. Interested Person Transactions

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 not obtained a general mandate from shareholders for interested person transactions. During 1Q FY2023, the Group did not have any interested person transactions (excluding transactions less than $100,000) reportable under Rule 920 of the SGX-ST Listing Manual.

F. 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 first quarter ended 30 September 2022 to be false or misleading in any material aspect.

G. 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.

H. Use of Proceeds

Refer to breakdown of convertible securities in section (I) F, Note 10 of this report. As of to-date, the Group has not utilised proceeds of $81,600 received from the warrant holders on their conversion of 1,360,000 warrants into shares.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
14 November 2022