



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

Co. Reg. No. 200008542N

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE SECOND QUARTER ENDED 31 DECEMBER 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	
		31-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	3	352,599	375,228	-	-
Right-of-use assets		7,838	8,856	-	-
Investment in subsidiaries		-	-	38,166	38,166
Investment in joint ventures and associates		2,516	2,116	-	-
Other receivables	7	-	-	5,167	5,167
Finance lease receivables		2,866	4,580	-	-
		365,819	390,780	43,333	43,333
Current assets					
Inventories	5	94,242	89,721	-	-
Contract assets	6	26,248	21,121	-	-
Trade and other receivables	7	46,255	51,528	223,182	236,019
Prepayments		4,177	3,660	63	190
Finance lease receivables		4,622	5,080	-	-
Derivative financial instruments		-	1	-	-
Cash and bank balances		20,559	22,072	3,631	3,700
		196,103	193,183	226,876	239,909
Current liabilities					
Trade and other payables	8	161,179	149,436	76,105	82,873
Contract liabilities	6	31,658	25,883	-	-
Trust receipts	9	9,366	8,767	-	-
Interest-bearing loans and borrowings	9	35,261	37,364	10,582	10,536
Lease liabilities		1,556	1,658	-	-
Derivative financial instruments		-	1	-	-
Income tax payables		8,058	7,595	14	14
		247,078	230,704	86,701	93,423
Net current (liabilities)/ assets		(50,975)	(37,521)	140,175	146,486
Non-current liabilities					
Other payables	8	1,451	1,494	-	-
Other liabilities		2,489	2,524	-	-
Contract liabilities	6	3,284	8,144	-	-
Interest-bearing loans and borrowings	9	249,376	262,785	156,086	156,734
Lease liabilities		2,984	3,635	-	-
Deferred tax liabilities		7,087	6,922	-	-
		266,671	285,504	156,086	156,734
Net assets		48,173	67,755	27,422	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		(58,376)	(38,634)	(79,795)	(74,132)
		48,841	68,583	27,422	33,085
Non-controlling interests		(668)	(828)	-	-
Total equity		48,173	67,755	27,422	33,085

B. Consolidated Income Statement

		Group					
		3 months ended 31 December			6 months ended 31 December		
Note	2Q FY2023 \$'000	2Q FY2022 \$'000	Inc/ (Dec) %	1H FY2023 \$'000	1H FY2022 \$'000	Inc/ (Dec) %	
	Revenue	69,425	53,173	30.6	136,684	103,854	31.6
	Cost of sales	(66,464)	(51,797)	28.3	(135,331)	(100,882)	34.1
	Gross profit	2,961	1,376	115.2	1,353	2,972	(54.5)
	Other operating income	996	1,167	(14.7)	4,656	2,507	85.7
	Administrative expenses	(4,296)	(3,768)	14.0	(8,146)	(7,766)	4.9
	Other operating expenses	(3,881)	(1,049)	270.0	(2,528)	(1,162)	117.6
	Finance costs	(7,233)	(5,943)	21.7	(13,942)	(11,888)	17.3
	Impairment losses on financial assets	(807)	(278)	190.3	(1,854)	(1,508)	22.9
	Share of results of joint ventures and associates	341	1,628	(79.1)	572	1,827	(68.7)
	Loss before tax	(11,919)	(6,867)	73.6	(19,889)	(15,018)	32.4
	Income tax expenses	(1,054)	(381)	176.6	(941)	(767)	22.7
	Loss for the period	(12,973)	(7,248)	79.0	(20,830)	(15,785)	32.0
	Attributable to:						
	Owners of the Company	(13,020)	(7,572)	71.9	(21,000)	(16,110)	30.4
	Non-controlling interests	47	324	(85.5)	170	325	(47.7)
		(12,973)	(7,248)	79.0	(20,830)	(15,785)	32.0
	Loss per share						
	(cents per share)						
	Basic	(2.06)	(1.20)	71.7	(3.33)	(2.55)	30.6
	Diluted	(2.06)	(1.20)	71.7	(3.33)	(2.55)	30.6
	Adjusted EBITDA* for the period	8,092	9,424	(14.1)	21,830	19,555	11.6

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 31 December		6 months ended 31 December	
	2Q	2Q	1H	1H
	FY2023	FY2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
Loss for the period	(12,973)	(7,248)	(20,830)	(15,785)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Translation differences relating to financial statements of foreign subsidiaries, net of tax (i)	1,096	793	1,379	926
Share of other comprehensive income of joint ventures and associates	(291)	(8)	(132)	30
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	805	785	1,248	555
Total comprehensive income for the period	(12,168)	(6,463)	(19,582)	(15,230)
Attributable to:				
Owners of the Company	(12,214)	(6,794)	(19,742)	(15,520)
Non-controlling interests	46	331	160	290
	(12,168)	(6,463)	(19,582)	(15,230)

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 31-Dec-22										
Attributable to owners of the Company										
<u>Group</u>	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
1H 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	-	-	-	-	-	(21,000)	(21,000)	(21,000)	170	(20,830)
<u>Other comprehensive income</u>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	1,373	-	-	-	1,373	1,373	6	1,379
Share of other comprehensive comprehensive income of joint ventures and associates	-	-	(116)	-	-	-	(116)	(116)	(16)	(132)
Net fair value changes to cash flow hedges	-	-	-	1	-	-	1	1	-	1
Other comprehensive income for the period, net of tax	-	-	1,257	1	-	-	1,258	1,258	(10)	1,248
Total comprehensive income for the period	-	-	1,257	1	-	(21,000)	(19,742)	(19,742)	160	(19,582)
At 31-Dec-22	108,140	(923)	3,638	-	897	(62,911)	(58,376)	48,841	(668)	48,173

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

For the period ended 31-Dec-21									
Attributable to owners of the Company									
<u>Group</u>	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
1H FY2022									
At 1-Jul-21	108,133	(923)	411	897	(10,350)	(9,042)	98,168	(797)	97,371
(Loss)/ profit for the period	-	-	-	-	(16,110)	(16,110)	(16,110)	325	(15,785)
<u>Other comprehensive income</u>									
Translation differences relating to financial statements of foreign subsidiaries	-	-	965	-	-	965	965	(39)	926
Share of other comprehensive income of joint ventures and associates	-	-	26	-	-	26	26	4	30
Realisation of foreign currency translation reserves upon dissolution of subsidiaries	-	-	(401)	-	-	(401)	(401)	-	(401)
Other comprehensive income for the period, net of tax	-	-	590	-	-	590	590	(35)	555
Total comprehensive income for the period	-	-	590	-	(16,110)	(15,520)	(15,520)	290	(15,230)
<u>Contributions by owners</u>									
Conversion of warrants	7	-	-	-	-	-	7	-	7
At 31-Dec-21	108,140	(923)	1,001	897	(26,460)	(24,562)	82,655	(507)	82,148

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

For the periods ended 31-Dec-22 and 31-Dec-21						
<u>COMPANY</u>	Share capital \$'000	Treasury shares \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
1H 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	-	-	-	(5,663)	(5,663)	(5,663)
At 31-Dec-22	108,140	(923)	897	(80,692)	(79,795)	27,422
1H 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	-	-	-	(5,016)	(5,016)	(5,016)
Contributions by owners						
Conversion of warrants	7	-	-	-	-	7
At 31-Dec-21	108,140	(923)	897	(80,296)	(79,399)	27,818

E. Consolidated Statement of Cash Flows

	Group	
	6 months ended 31 December	
	1H FY2023 \$'000	1H FY2022 \$'000
Cash flows from operating activities		
Loss before tax	(19,889)	(15,018)
Adjustments for:		
Amortisation of intangible assets	-	153
Depreciation of property, plant and equipment	24,138	21,892
Depreciation of right-of-use assets	1,015	1,320
Loss on ineffective portion of cash flow hedges on forward currency contracts	1	-
Loss on disposal of property, plant and equipment	(562)	(133)
Gain on dissolution of subsidiaries	-	(401)
Loss on remeasurement of lease liabilities	-	60
(Reversal of)/ impairment losses on financial assets (net):		
-contract assets	(97)	(51)
-other receivables	-	(181)
-trade receivables (third parties)	1,951	1,740
Interest income	(416)	(361)
Interest expense	13,942	11,888
Property, plant and equipment written off	1,758	-
Provision/ (reversal of provision) for warranty (net)	3	(6)
Provision for pension liabilities	18	17
Share of results of joint venture and associates	(572)	(1,827)
Operating cash flows before changes in working capital	21,290	19,092
Changes in working capital:		
Inventories	(1,660)	(1,033)
Contract assets and liabilities	(4,571)	6,755
Trade and other receivables	(1,049)	(12,293)
Prepayments	(517)	(710)
Trade and other payables	14,562	14,917
Finance lease receivables	2,240	1,000
Other liabilities	1	(53)
Balances with related parties (trade)	3,492	(45)
Cash flows generated from operations	33,788	27,630
Interest received from finance lease receivables	221	233
Income tax paid	(24)	(441)
Net cash flows generated from operating activities	33,985	27,422
Cash flows from investing activities		
Interest received	13	41
Purchase of property, plant and equipment	(9,229)	(9,842)
Proceeds from disposal of property, plant and equipment	1,971	1,238
Movement in balances with related parties (non-trade)	(178)	167
Net cash flows used in investing activities	(7,423)	(8,396)

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

	Group	
	6 months ended 31 December	
	1H	1H
	FY2023	FY2022
	\$'000	\$'000
Cash flows from financing activities		
Interest paid	(7,450)	(5,714)
Repayment of interest-bearing loans and borrowings	(20,106)	(17,445)
Principal repayment of lease liabilities	(898)	(1,704)
Repayment of trust receipts	(16,134)	(10,516)
Proceeds from trust receipts	16,803	13,493
Proceeds from issuance of ordinary shares upon conversion of warrants	-	7
Cash and bank balances (restricted use)	925	148
Net cash flows used in financing activities	(26,860)	(21,731)
Net decrease in cash and cash equivalents	(298)	(2,705)
Cash and cash equivalents at beginning of period	7,438	14,125
Effects of exchange rate changes on cash and cash equivalents	(290)	87
Cash and cash equivalents at end of period (Note 1)	6,850	11,507
 Note 1:		
Cash and cash equivalents comprise the followings:		
Bank balances and cash	20,559	23,767
Less: Restricted cash		
- Cash at banks	(13,709)	(12,260)
Cash and cash equivalents at end of period	6,850	11,507

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 six months ended 31 December 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 six months ended 31 December 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 \$20,830,000 (1H FY2022: \$15,785,000) for the financial period ended 31 December 2022 (“**1H FY2023**”) and as at 31 December 2022, the Group’s current liabilities exceeded its current assets by \$50,975,000 (30 June 2022: \$37,521,000). As at 31 December 2022, the Group’s and Company’s total borrowings amounted to \$294,003,000 and \$166,668,000 (30 June 2022: \$308,916,000 and \$167,270,000) of which \$44,627,000 and \$10,582,000 (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 31 December 2022, the aggregate value of property, plant and equipment and right-of-use assets amounted to \$360,437,000 (30 June 2022: \$384,084,000), which represented 64% (30 June 2022: 66%) of its total assets. The majority of these assets were financed through bank loans, bonds and lease liabilities of \$289,177,000 (30 June 2022: \$305,442,000), which represented 56% (30 June 2022: 59%) of its total liabilities as of 31 December 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 \$ 21,830,000 for 1H FY2023 (1H FY2022: \$19,555,000). 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 31 December 2022. Accordingly, it has no material impact on the loss per share of the Group and the Company.

3. Property, plant and equipment

	Group	
	31-Dec-22	31-Dec-21
	\$'000	\$'000
Balance as at 1 July	375,228	395,623
Additions	9,649	10,977
Disposals/ Write-off	(3,832)	(1,294)
Depreciation charge	(23,495)	(22,546)
Translation differences	(4,951)	1,339
Balance as at 31 December	352,599	384,099

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

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Depreciation charge for the period	11,680	11,428	23,495	22,546
Depreciation included in construction work-in-progress carried forward	279	(282)	(3,609)	(3,870)
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	11,959	11,146	24,138	21,892

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 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
Raw materials and consumables (at cost or net realisable value)	18,078	15,182
Finished goods (at cost or net realisable value)	76,164	74,539
Total inventories	94,242	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 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
Contract assets		
<i>Current</i>		
Accrued revenue	8,661	13,010
Construction work-in-progress	17,587	8,111
Total contract assets	26,248	21,121
Contract liabilities		
<i>Current</i>		
Deferred income and deposits received from customers	(20,294)	(16,293)
Progress billings in excess of construction work-in-progress	(11,364)	(9,590)
	(31,658)	(25,883)
<i>Non-current</i>		
Deferred income	(3,284)	(8,144)
Total contract liabilities	(34,942)	(34,027)

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

	Group	
	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
At gross:		
Construction work-in-progress and attributable profits (less recognised losses) to date	57,863	32,535
Less: Progress billings	(51,640)	(34,014)
	6,223	(1,479)
Presented on a contract basis, net:		
Construction work-in-progress	17,587	8,111
Progress billings in excess of construction work-in-progress	(11,364)	(9,590)
	6,223	(1,479)

7. Trade and other receivables

	Group		Company	
	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
Non-current				
Other receivables:				
Amount due from a subsidiary	-	-	5,167	5,167
Current				
Trade receivables	52,801	57,135	-	-
Less: Allowance for impairment	(23,322)	(22,261)	-	-
	29,479	34,874	-	-
Other receivables and deposits	11,799	9,951	20	20
Amounts due from subsidiaries	-	-	298,769	311,778
Amounts due from joint ventures and associates	59,709	63,051	2,605	2,683
Amounts due from related parties	433	437	-	-
	71,941	73,439	301,394	314,481
Less: Allowance for impairment				
Other receivables	(787)	(818)	-	-
Amounts due from subsidiaries	-	-	(75,607)	(75,779)
Amounts due from joint ventures and associates	(54,334)	(55,922)	(2,605)	(2,683)
Amounts due from related parties	(44)	(45)	-	-
	(55,165)	(56,785)	(78,212)	(78,462)
	16,776	16,654	223,182	236,019
Total trade and other receivables (current)	46,255	51,528	223,182	236,019
Total trade and other receivables (current and non-current)	46,255	51,528	228,349	241,186

8. Trade and other payables

	Group		Company	
	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
Non-current				
Amounts due to an associate	1,451	1,494	-	-
Current				
Trade payables and accruals	142,062	130,826	3,747	3,590
Payables for property, plant and equipment	2,713	2,192	-	-
Other payables	2,431	2,308	-	-
Other liabilities				
- Deferred income	913	987	-	-
- Deposits received from customers	1,767	1,837	-	-
Amounts due to subsidiaries	-	-	72,358	79,283
Amounts due to joint ventures and associates	274	263	-	-
Amounts due to related parties	4,186	4,187	-	-
Amounts due to non-controlling interests of subsidiaries	207	213	-	-
Amounts due to a shareholder	6,620	6,620	-	-
Provision for warranty	6	3	-	-
	161,179	149,436	76,105	82,873
Total trade and other payables (current and non-current)	162,630	150,930	76,105	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 31-Dec-22 \$'000	As at 30-Jun-22 \$'000	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
Current				
Trust receipts	9,366	8,767	-	-
Interest-bearing loans and borrowings				
- Finance lease liabilities -secured	292	285	-	-
- Floating rate - secured	32,543	33,386	10,582	10,536
- Fixed rate -secured	573	1,244	-	-
- Fixed rate -unsecured	1,853	2,449	-	-
	35,261	37,364	10,582	10,536
	44,627	46,131	10,582	10,536
Non-current				
Interest-bearing loans and borrowings				
- Finance lease liabilities -secured	25	172	-	-
- Floating rate - secured	246,615	258,997	156,086	156,734
- Fixed rate -secured	-	-	-	-
- Fixed rate -unsecured	2,736	3,616	-	-
	249,376	262,785	156,086	156,734
Total loans and borrowings	294,003	308,916	166,668	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 \$33,861,000 (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 31 December 2022 was \$359,842,000 (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				
<u>1H FY2023</u>				
Balance at 1 July and 31 December 2022	630,627	2,512	108,140	(923)
<u>FY2022</u>				
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	31-Dec-22	30-Jun-22	31-Dec-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 31 December 2022 and 31 December 2021, the Company did not buy back any shares and there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

Warrants

	Number of Warrants	
	As at 31-Dec-22	As at 31-Dec-21
Balance as at 1 July	565,770,713	565,890,713
Warrants exercised	-	(120,000)
Balance at 31 December	565,770,713	565,770,713

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

Other information

The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 31 December 2022 and 31 December 2021 is 0.40% respectively.

Except for the warrants, there were no convertible securities as at 31 December 2022 and 31 December 2021. As at 31 December 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 (31 December 2021: 565,770,713).

There were no outstanding share options granted under the ASL Employee Share Option Scheme 2012 (“**ESOS**”) as at 31 December 2022 and 31 December 2021. The ESOS expired on 25 October 2022.

The Company has no subsidiary holdings as at 31 December 2022 and 31 December 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 31 December					
	Shipbuilding \$'000	Shiprepair, conversion and engineering services \$'000	Shipchartering \$'000	Investment holding \$'000	Eliminations \$'000	Consolidated \$'000
Revenue and expenses						
<u>From 1 October 2022 to 31 December 2022</u>						
Revenue from external customers	1,751	45,758	21,916	-	-	69,425
Inter-segment revenue	(598)	17,389	4,064	-	(20,855)	-
Total revenue	1,153	63,147	25,980	-	(20,855)	69,425
Segment results	(177)	11,211	(16,071)	(162)	-	(5,199)
Interest income from finance lease receivables			172			172
Finance costs						(7,233)
Share of results of joint ventures and associates						341
Income tax credit						(1,054)
Loss for the period						(12,973)
<u>From 1 October 2021 to 31 December 2021</u>						
Revenue from external customers	2,905	23,007	27,261	-	-	53,173
Inter-segment revenue	591	10,432	6,157	-	(17,180)	-
Total revenue	3,496	33,439	33,418	-	(17,180)	53,173
Segment results	(1,032)	667	(2,177)	(144)	-	(2,686)
Interest income from finance lease receivables			134			134
Finance costs						(5,943)
Share of results of joint ventures and associates						1,628
Income tax credit						(381)
Loss for the period						(7,248)
6 months ended 31 December						
	Shipbuilding \$'000	Shiprepair, conversion and engineering services \$'000	Shipchartering \$'000	Investment holding \$'000	Eliminations \$'000	Consolidated \$'000
<u>From 1 July 2022 to 31 December 2022</u>						
Revenue from external customers	7,899	82,021	46,764	-	-	136,684
Inter-segment revenue	(482)	33,483	7,496	-	(40,497)	-
Total revenue	7,417	115,504	54,260	-	(40,497)	136,684
Segment results	(1,255)	13,557	(18,805)	(419)	-	(6,922)
Interest income from finance lease receivables	-	-	403	-	-	403
Finance costs						(13,942)
Share of results of joint ventures and associates						572
Income tax credit						(941)
Loss for the year						(20,830)
<u>From 1 July 2021 to 31 December 2021</u>						
Revenue from external customers	6,969	47,910	48,975	-	-	103,854
Inter-segment revenue	451	18,088	13,218	-	(31,757)	-
Total revenue	7,420	65,998	62,193	-	(31,757)	103,854
Segment results	(2,661)	1,924	(4,228)	(312)	-	(5,277)
Interest income from finance lease receivables	-	-	320	-	-	320
Finance costs						(11,888)
Share of results of joint ventures and associates						1,827
Income tax credit						(767)
Loss for the year						(15,785)

11.1 (i) Business segments (Cont'd)

	Shiprepair, conversion and engineering		Investment		Eliminations \$'000	Consolidated \$'000
	Shipbuilding \$'000	services \$'000	Shipchartering \$'000	holding \$'000		
Assets and liabilities						
<u>As at 31 December 2022</u>						
Segment assets	19,148	226,159	310,218	3,881	-	559,406
Unallocated assets						2,516
Total assets						561,922
Segment liabilities	16,803	120,900	63,135	3,763	-	204,601
Unallocated liabilities						309,148
Total liabilities						513,749
<u>As at 31 December 2021</u>						
Segment assets	67,036	198,422	335,094	4,072	-	604,624
Unallocated assets						3,829
Total assets						608,453
Segment liabilities	24,692	95,551	66,438	3,491	-	190,172
Unallocated liabilities						336,133
Total liabilities						526,305

	3 months ended 31 December				
	Shipbuilding \$'000	Shiprepair, conversion and engineering services \$'000	Shipchartering \$'000	Investment holding \$'000	Consolidated \$'000
Other segmental information					
<u>From 1 October 2022 to 31 December 2022</u>					
Capital expenditure	141	1,799	4,631	-	6,571
Depreciation and amortisation	787	3,096	8,606	-	12,489
Other non-cash expenses	-	14	-	-	14
Impairment loss on financial assets, net	-	99	708	-	807
Finance cost	78	2,921	1,536	2,698	7,233
Interest income	-	(4)	(174)	-	(178)
<u>From 1 October 2021 to 31 December 2021</u>					
Capital expenditure	124	732	4,074	-	4,930
Depreciation and amortisation	976	2,677	8,214	-	11,867
Other non-cash expenses	-	6	-	-	6
(Reversal of)/ impairment losses on financial assets, net	-	(240)	518	-	278
Finance cost	297	1,976	1,271	2,399	5,943
Interest income	(1)	(3)	(165)	-	(169)
6 months ended 31 December					
<u>From 1 July 2022 to 31 December 2022</u>					
Capital expenditure	186	2,489	6,974	-	9,649
Depreciation and amortisation	1,932	6,096	17,125	-	25,153
Other non-cash expenses	-	23	1,757	-	1,780
Impairment loss on financial assets, net	-	396	1,458	-	1,854
Finance cost	433	5,245	3,017	5,247	13,942
Interest income	-	(10)	(406)	-	(416)
<u>From 1 July 2021 to 31 December 2021</u>					
Capital expenditure	130	783	10,064	-	10,977
Depreciation and amortisation	1,832	5,304	16,229	-	23,365
Other non-cash expenses	-	11	-	-	11
Impairment loss on financial assets, net	-	256	1,252	-	1,508
Finance cost	714	3,881	2,588	4,705	11,888
Interest income	(1)	(7)	(353)	-	(361)

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 31 December							
	Singapore \$'000	Indonesia \$'000	Rest of Asia \$'000	Europe \$'000	Australia \$'000	Other Countries \$'000	Consolidated \$'000
From 1 October 2022 to 31 December 2022							
Revenue from external customers	22,455	13,288	23,247	6,036	1,912	2,487	69,425
Non-current assets	203,562	120,239	40,920	1,098	-	-	365,819
From 1 October 2021 to 31 December 2021							
Revenue from external customers	19,468	6,691	11,500	5,139	3,311	7,064	53,173
Non-current assets	224,961	133,697	42,657	3,399	-	-	404,714
6 months ended 31 December							
	Singapore \$'000	Indonesia \$'000	Rest of Asia \$'000	Europe \$'000	Australia \$'000	Other Countries \$'000	Consolidated \$'000
From 1 July 2022 to 31 December 2022							
Revenue from external customers	46,896	19,166	41,107	14,419	4,631	10,465	136,684
Non-current assets	203,562	120,239	40,920	1,098	-	-	365,819
From 1 July 2021 to 31 December 2021							
Revenue from external customers	40,459	16,086	19,594	9,007	5,203	13,505	103,854
Non-current assets	224,961	133,697	42,657	3,399	-	-	404,714

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

- 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
- 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	3 months ended 31 December						6 months ended 31 December					
	2Q FY2023			2Q FY2022			1H FY2023			1H FY2022		
	At a point in time \$'000	Over time \$'000	Total \$'000	At a point in time \$'000	Over time \$'000	Total \$'000	At a point in time \$'000	Over time \$'000	Total \$'000	At a point in time \$'000	Over time \$'000	Total \$'000
<i>Shipbuilding segment</i>												
- Construction of tugs	-	722	722	-	-	-	-	1,248	1,248	-	-	-
- Construction of barges and others	141	888	1,029	141	2,764	2,905	281	6,370	6,651	281	6,688	6,969
	141	1,610	1,751	141	2,764	2,905	281	7,618	7,899	281	6,688	6,969
<i>Shiprepair, conversion and engineering services segment</i>												
- Provision of shiprepair and related services	-	43,122	43,122	-	21,390	21,390	-	76,989	76,989	-	45,147	45,147
- Provision of engineering service and sales of components	1,781	855	2,636	347	1,270	1,617	3,403	1,629	5,032	438	2,325	2,763
	1,781	43,977	45,758	347	22,660	23,007	3,403	78,618	82,021	438	47,472	47,910
<i>Shipchartering segment</i>												
- Leasing income	-	7,828	7,828	-	9,044	9,044	-	15,435	15,435	-	18,543	18,543
- Mobilisation and demobilisation income	-	58	58	-	47	47	-	1,038	1,038	-	420	420
- Freight income	-	5,334	5,334	-	8,429	8,429	-	12,136	12,136	-	10,755	10,755
- Other charter ancillary and marine related service income	1,902	6,420	8,322	1,770	7,839	9,609	3,532	14,037	17,569	3,576	15,153	18,729
- Ship management income	-	114	114	-	163	163	-	237	237	-	313	313
- Trade sales	215	45	260	(75)	44	(31)	259	90	349	133	82	215
	2,117	19,799	21,916	1,695	25,566	27,261	3,791	42,973	46,764	3,709	45,266	48,975
	4,039	65,386	69,425	2,183	50,990	53,173	7,475	129,209	136,684	4,428	99,426	103,854

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 31 December									
Group	Shipbuilding		Shiprepair, conversion and engineering services		Shipchartering and rental		Total		
	2Q FY2023	2Q FY2022	2Q FY2023	2Q FY2022	2Q FY2023	2Q FY2022	2Q FY2023	2Q FY2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Singapore	-	120	12,490	9,935	9,965	9,413	22,455	19,468	
Indonesia	1,017	141	10,386	1,698	1,885	4,852	13,288	6,691	
Rest of Asia	722	-	15,160	1,969	7,365	9,531	23,247	11,500	
Europe	-	-	5,159	4,891	877	248	6,036	5,139	
Australia	-	-	753	1,732	1,159	1,579	1,912	3,311	
Other Countries	12	2,644	1,810	2,782	665	1,638	2,487	7,064	
	<u>1,751</u>	<u>2,905</u>	<u>45,758</u>	<u>23,007</u>	<u>21,916</u>	<u>27,261</u>	<u>69,425</u>	<u>53,173</u>	

6 months ended 31 December									
Group	Shipbuilding		Shiprepair, conversion and engineering services		Shipchartering and rental		Total		
	1H FY2023	1H FY2022	1H FY2023	1H FY2022	1H FY2023	1H FY2022	1H FY2023	1H FY2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Singapore	-	737	27,589	19,811	19,307	19,911	46,896	40,459	
Indonesia	1,522	281	13,058	8,593	4,586	7,212	19,166	16,086	
Rest of Asia	1,248	-	24,467	3,461	15,392	16,133	41,107	19,594	
Europe	-	-	12,933	7,738	1,486	1,269	14,419	9,007	
Australia	-	-	874	2,718	3,757	2,485	4,631	5,203	
Other Countries	5,129	5,951	3,100	5,589	2,236	1,965	10,465	13,505	
	<u>7,899</u>	<u>6,969</u>	<u>82,021</u>	<u>47,910</u>	<u>46,764</u>	<u>48,975</u>	<u>136,684</u>	<u>103,854</u>	

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 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	617	380	562	133
Gain on dissolution of subsidiaries	-	-	-	401
Government grants	-	326	-	973
Insurance claims	-	-	3,146	33
Interest income from debt instruments at amortised costs				
- deposits and bank balances	6	35	13	41
- finance lease receivables	172	134	403	320
Miscellaneous income	86	175	283	375
Rental income	115	117	249	231
	<u>996</u>	<u>1,167</u>	<u>4,656</u>	<u>2,507</u>

13. Other operating expenses

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Loss on foreign exchange (net)	3,880	1,049	770	1,102
Loss on remeasurement of lease liabilities	-	-	-	60
Property, plant and equipment written off	1	-	1,758	-
	<u>3,881</u>	<u>1,049</u>	<u>2,528</u>	<u>1,162</u>

14. Finance costs

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Interest expense on:				
- bank loans and notes	7,114	5,772	13,692	11,530
- finance lease	4	7	9	16
- lease liabilities	115	164	241	342
- trust receipts	105	33	191	76
	<u>7,338</u>	<u>5,976</u>	<u>14,133</u>	<u>11,964</u>
Less:				
Interest expense capitalised in contract assets				
- trust receipts	3	(4)	(3)	(14)
Interest expense charged to cost of sales				
- trust receipts	(108)	(29)	(188)	(62)
	<u>7,233</u>	<u>5,943</u>	<u>13,942</u>	<u>11,888</u>

15. Loss before tax

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Loss before tax is stated after charging/(crediting):				
Amortisation of intangible assets	-	76	-	153
Audit fees paid/payable				
- auditor of the Company	87	77	175	153
- overseas affiliates of the auditors of the Company	22	21	43	42
- other auditors	14	4	28	9
Non-audit fees paid/payable to auditor of the Company	3	1	7	2
Depreciation of property, plant and equipment	11,959	11,146	24,138	21,892
Depreciation of right-of-use assets	530	645	1,015	1,320
Employee benefits expense	9,369	8,182	18,685	17,603
(Gain)/ Loss on ineffective portion of cash flow hedges on forward currency contracts	(51)	-	1	-
Impairment losses/ (reversal of impairment losses) on financial assets (net):				
- contract assets	61	23	(97)	(51)
- other receivables	-	(179)	-	(181)
- trade receivables (third parties)	746	434	1,951	1,740

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 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Current income tax:				
Current income tax	(1,049)	(615)	(1,377)	(1,082)
(Under)/ over provision in respect of prior years	-	(161)	629	(538)
	(1,049)	(776)	(748)	(1,620)
Deferred tax:				
Movements in temporary differences	-	19	-	708
(Under)/ over provision in respect of prior years	(5)	376	(193)	145
	(5)	395	(193)	853
Total income tax (expenses)/ credit	(1,054)	(381)	(941)	(767)

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.

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:

17. Loss per share (Cont'd)

	Group			
	3 months ended 31 December		6 months ended 31 December	
Earnings per ordinary share:	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
(i) On weighted average no. of ordinary shares in issue	(2.06) cents	(1.20) cents	(3.33) cents	(2.55) cents
(ii) On a fully diluted basis	(2.06) cents	(1.20) cents	(3.33) cents	(2.55) cents
Net loss attributable to shareholders:	(\$13,020,000)	(\$7,572,000)	(\$21,000,000)	(\$16,110,000)
Number of shares in issue:				
(i) Weighted average no. of shares in issue	630,626,941	630,626,941	630,626,941	630,611,289
(ii) On a fully diluted basis	630,626,941	630,626,941	630,626,941	630,611,289

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	
	31-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
Net Asset Value (NAV) per ordinary share	7.74 cents	10.88 cents	4.35 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 31 December 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 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Joint ventures and associates				
Charter and trade expenses	(647)	(639)	(1,710)	(1,080)
Related parties				
Charter and trade expenses	-	(4)	-	(10)
Purchase of plant and machinery	-	(810)	-	(810)
Shipcharter income	-	-	-	676
	Company			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Subsidiaries				
Interest income	1,678	1,353	3,213	2,712

19. Related party transactions (Cont'd)

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

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Joint ventures and associates	150	242	249	805

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.

	Group		Company	
	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000	As at 31-Dec-22 \$'000	As at 30-Jun-22 \$'000
<u>Financial assets not measured at fair value</u>				
Trade and other receivables	46,255	51,528	228,349	241,186
Accrued revenue	8,661	13,010	-	-
Finance lease receivables	7,488	9,660	-	-
Cash and bank balances	20,559	22,072	3,631	3,700
At amortised cost	82,963	96,270	231,980	244,886
<u>Financial liabilities not measured at fair value</u>				
Trade and other payables*	159,944	148,103	76,105	82,873
Trust receipts	9,366	8,767	-	-
Interest bearing loans and borrowings	284,637	300,149	166,668	167,270
Lease liabilities	4,540	5,293	-	-
At amortised cost	458,487	462,312	242,773	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 ended 31 December 2022 and 30 June 2022.

20. Fair value measurement (Cont'd)

(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 independent valuers of the lenders' approved panel of valuers. The valuers 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.

Inventories

The recoverable amounts of certain inventories were based on fair value less cost of disposal which was determined by independent valuers of the lenders' approved panel of valuers. 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	
	31-Dec-22 \$'000	30-Jun-22 \$'000	31-Dec-22 \$'000	30-Jun-22 \$'000
Financial liabilities				
Finance lease liabilities (Non-current) (Note 9)	25	172	22	160
Fixed rate loans (Non-current) (Note 9)	2,736	3,616	2,385	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

Consolidated Income Statement

Revenue by business segments

Group revenue of \$69.4 million for the 3 months ended 31 December 2022 ("2Q FY2023") was \$16.3 million (30.6%) higher compared to the corresponding quarter in FY2022 ("2Q FY2022"), due to higher contribution from shiprepair, conversion and engineering services. For the 6 months ended 31 December 2022 ("1H FY2023"), the Group revenue was \$32.8 million (31.6%) higher compared to the corresponding period ended 31 December 2021 ("1H FY2022").

Details for revenue generated from each segment are as follows:

	Group					
	2Q	2Q	Increase/	1H	1H	Increase/
	FY2023	FY2022	(Decrease)	FY2023	FY2022	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shipbuilding	1,751	2,905	(39.7)	7,899	6,969	13.3
Shiprepair, conversion and engineering services	45,758	23,007	98.9	82,021	47,910	71.2
Shipchartering	21,916	27,261	(19.6)	46,764	48,975	(4.5)
	69,425	53,173	30.6	136,684	103,854	31.6

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									
	2Q		2Q		Increase/	1H		1H		Increase/
	FY2023	FY2022	FY2023	FY2022	(Decrease)	FY2023	FY2022	FY2023	FY2022	(Decrease)
	Units	\$'000	Units	\$'000	%	Units	\$'000	Units	\$'000	%
Tanker	1	722	-	-	Nm	1	1,248	-	-	Nm
Barges and others	1	1,029	3	2,905	(64.6)	3	6,651	3	6,969	(4.6)
	2	1,751	3	2,905	(39.7)	4	7,899	3	6,969	13.3

Shipbuilding revenue in 2Q FY2023 was lower by \$1.1 million (39.7%) as compared to last corresponding period due to completion and delivery of the two units of oil spill recovery barges in 1Q FY2023, supplemented by the progressive revenue recognition of a tanker.

As at 31 December 2022, the Group had an outstanding shipbuilding order book from external customers of approximately \$53 million for 15 vessels (mainly barges) with progressive deliveries up to 2H FY2024.

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 shiprepair, conversion and engineering services revenue in 2Q FY2023 almost doubled to \$45.8 million mainly due to higher volume of repair jobs including repair of bulk carriers, tankers, container/ cargo vessels, pipe lay vessel etc undertaken in the current and preceding quarters.

Shipchartering

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

	Group					
	2Q		Increase/ (Decrease) %	1H		Increase/ (Decrease) %
	FY2023	FY2022		FY2023	FY2022	
\$'000	\$'000		\$'000	\$'000		
Offshore Support Vessels ("OSV")	3,778	4,934	(23.4)	9,564	8,757	9.2
Tug Boats	8,605	9,079	(5.2)	18,289	16,090	13.7
Barges	4,360	8,811	(50.5)	9,160	15,301	(40.1)
Total charter	16,743	22,824	(26.6)	37,013	40,148	(7.8)
Trade sales and other services	5,173	4,437	16.6	9,751	8,827	10.5
	21,916	27,261	(19.6)	46,764	48,975	(4.5)

Charter revenue decreased by \$6.1 million (26.6%) to \$16.7 million in 2Q FY2023 mainly due to

(i) reduced contribution from local infrastructure projects which are near completion and overseas towing jobs; and

(ii) lower utilisation of OSV (2Q FY2023: 48%; 2Q FY2022: 58%);

partially offset by

(iii) increased contribution from charter of tugs and barges for rock shipment to Bangladesh.

Trade sales and other services comprised bunker sales, shipping agency and management fees and other 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							
	2Q		2Q		1H		1H	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM	
Shipbuilding	141	8.1%	126	4.3%	(692)	(8.8%)	262	3.8%
Shiprepair, conversion and engineering services	10,620	23.2%	2,566	11.2%	16,827	20.5%	5,746	12.0%
Shipchartering	(7,800)	(35.6%)	(1,316)	(4.8%)	(14,782)	(31.6%)	(3,036)	(6.2%)
	2,961	4.3%	1,376	2.6%	1,353	1.0%	2,972	2.9%

Shipbuilding

Shipbuilding gross profit improved marginally in 2Q FY2023. The gross loss in 1H FY2023 was attributed to costs overrun incurred on the barges completed in 1Q FY2023 due to shortage of manpower and rising cost of raw materials and labour.

Shirepair, conversion and engineering services

In line with higher revenue, gross profit increased by \$8.0 million to \$10.6 million and gross profit margin increased from 11.2% to 23.2% in 2Q FY2023.

Shipchartering

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

	Group							
	2Q		2Q		1H		1H	
	FY2023	GPM	FY2022	GPM	FY2023	GPM	FY2022	GPM
	\$'000		\$'000		\$'000		\$'000	
OSV	(2,359)	(62.4%)	(901)	(18.3%)	(4,615)	(48.3%)	(1,869)	(21.3%)
Tug boats and Barges	(6,855)	(52.9%)	(1,133)	(6.3%)	(12,835)	(46.8%)	(3,239)	(10.3%)
Total charter	(9,214)	(55.0%)	(2,034)	(8.9%)	(17,450)	(47.1%)	(5,108)	(12.7%)
Trade sales and other services	1,414	27.3%	718	16.2%	2,668	27.4%	2,072	23.5%
	(7,800)	(35.6%)	(1,316)	(4.8%)	(14,782)	(31.6%)	(3,036)	(6.2%)

In 2Q FY2023, consequent to the decrease in revenue, the Group recorded higher gross losses due to continuous pricing pressure under the current economic environment. In addition, on a reduced quantum consumed fuel price however on average rose from \$0.86/litre in 2Q FY2022 as compared to \$1.50 /litre in 2Q FY2023.

The Group incurred higher gross losses in 1H FY2023 as it experienced comparatively higher fuel price coupled with competitive pricing rendered under the current economic environment. Fuel price on average rose from \$0.77/litre in 1H FY2022 as compared to \$1.53/litre in 1H FY2023.

Other operating income

Refer to breakdown of other operating income in section (I) F, Note 12 of this report. The decrease by \$0.2 million (14.7%) to \$1.0 million in 2Q FY2023 was mainly due to absence of government grants pertained to COVID-19 relief measures, partially offset by higher gain on disposal of barges.

Administrative expenses

Administrative expenses increased by \$0.5 million (14.0%) to \$4.3 million in 2Q FY2023 as compared to corresponding period mainly due to higher staff related costs.

Other operating expenses

Refer to breakdown of other operating expenses in section (I) F, Note 13 of this report. The other operating expenses in 2Q FY2023 comprised net foreign exchange loss of \$3.9 million, bulk of which were unrealized losses due to depreciation of USD against SGD on SGD denominated liabilities of certain subsidiaries whose accounts are maintained in USD, partially offset by unrealized gains due to depreciation of IDR against SGD on IDR denominated liabilities.

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
USD against SGD	1.3492	1.4434	1.3895	1.3546	1.3573	1.3445
IDR against SGD	11,659	10,563	10,685	10,534	10,540	10,781

Other operating expenses in 1H FY2023 comprised barges written off, the insurance claims of which were recorded under other operating income.

Finance costs

	Group			
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Interest expense on:				
Bank loans and bonds	3,786	2,650	7,047	5,294
Lease liabilities	120	171	251	358
Amortisation of bank loans and bonds	3,327	3,122	6,644	6,236
	7,233	5,943	13,942	11,888

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			
	2Q FY2023	2Q FY2022	1H FY2023	1H FY2022
	\$'000	\$'000	\$'000	\$'000
Impairment losses/ (reversal of impairment losses) on financial assets, net				
- contract assets	61	23	(97)	(51)
- other receivables	-	(179)	-	(181)
- trade receivables (third parties)	746	434	1,951	1,740
	807	278	1,854	1,508

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's effective interest	Group			
		2Q	2Q	1H	1H
		FY2023	FY2022	FY2023	FY2022
		\$'000	\$'000	\$'000	\$'000
<u>Joint ventures</u>					
Sindo-Econ group	50%	-	-	-	-
<u>Associates</u>					
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	325	1,575	539	1,721
PT Capitol Nusantara Indonesia ("PT CNI")	27%	16	53	33	106
		341	1,628	572	1,827

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 \$0.3 million in 2Q FY2023 was mainly due to charters secured in Indonesia.

The share of profit 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 higher loss before tax of \$11.9 million in 2Q FY2023 (2Q FY2022: \$6.9 million) mainly attributable to higher foreign exchange loss and finance cost as well as lower share of profits of joint ventures and associates, partially offset by higher gross profit.

The Group recorded a higher loss before tax of \$19.9 million in 1H FY2023 (1H FY2022: \$15.0 million) mainly attributable to lower gross profit, higher finance cost, and lower share of profits of joint ventures and associates.

Non-controlling interests

Non-controlling interests' share of loss of \$0.2 million for 1H FY2023 (1H FY2022: \$0.3 million) 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 \$34.0 million in 1H FY2023 (1H FY2022: \$27.4 million) mainly due to higher inflow from net working capital.

The lower cash outflow from investing activities of \$7.4 million in 1H FY2023 (1H FY2022: \$8.4 million) was mainly due to lower net purchase of property, plant and equipment.

The higher net cash outflow from financing activities of \$26.9 million in 1H FY2023 (1H FY2022: \$21.7 million) was mainly due to higher net repayments on interest-bearing loans and borrowings as well as interest paid.

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 \$22.6 million (6.0%) from \$375.2 million as at 30 June 2022 to \$352.6 million as at 31 December 2022 mainly due to depreciation charge and disposals of vessels partially offset by additions made during the period. The additions made during the period comprised:

	\$'000
- vessels and modification works	1,103
- plant and equipment, office equipment and motor vehicles	1,273
- assets under construction	4,101
- drydocking expenditure on vessels capitalised	3,172
	<u>9,649</u>

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 \$1.0 million (11.5%) to \$7.8 million as at 31 December 2022 mainly due to depreciation charge.

Current assets

Current assets increased by \$2.9 million (1.5%) to \$196.1 million as at 31 December 2022 mainly due to higher inventories and contract assets, partially offset by lower trade 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 and finished goods. 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			
	31-Dec-22	30-Jun-22	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	29,479	34,874	(5,395)	(15.5)
Other receivables and deposits	11,012	9,133	1,879	20.6
Amount due from:				
- joint ventures and associates	5,375	7,129	(1,754)	(24.6)
- related parties	389	392	(3)	(0.8)
	<u>46,255</u>	<u>51,528</u>	<u>(5,273)</u>	<u>(10.2)</u>

The decrease in trade receivables was partly due to lower shipbuilding milestone billings towards the end of financial reporting periods. Trade receivables of \$12.9 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 claimables, partially offset by lower recoverable from customers during the periods under review.

Current liabilities

Current liabilities increased by \$16.4 million (7.1%) to \$247.1 million as at 31 December 2022. The increase was mainly due to higher trade payables and accruals as well as 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 payables and accruals was mainly due to higher payables owing to subcontractors with the pick-up of shiprepair activities during the period 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 \$8.7 million primarily relates to the shiprepair and shipchartering services completed but not yet billed at the end of reporting period, of which \$2.5 million have been billed subsequent to the end of financial period under review.

The Group recorded a net construction work-in-progress in excess of progress billings of \$6.2 million as at 31 December 2022 (30 June 2022: a net progress billings in excess of construction work-in-progress of \$1.5 million) mainly due to higher work in progress incurred for shipbuilding and shiprepair projects.

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)			
	31-Dec-22	30-Jun-22	Increase/ (Decrease)		31-Dec-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	9,366	8,767	599	6.8	9,366	8,767	599	6.8
Term loans								
- vessels loan	9,128	9,167	(39)	(0.4)	11,017	11,636	(619)	(5.3)
- assets financing	7,950	8,525	(575)	(6.7)	9,083	9,334	(251)	(2.7)
- working capital	16,391	17,887	(1,496)	(8.4)	16,726	18,294	(1,568)	(8.6)
	33,469	35,579	(2,110)	(5.9)	36,826	39,264	(2,438)	(6.2)
Finance lease liabilities	292	285	7	2.5	292	285	7	2.5
	44,627	46,131	(1,504)	(3.3)	47,984	49,816	(1,832)	(3.7)
Non-current								
Bonds	106,724	102,819	3,905	3.8	131,250	132,000	(750)	(0.6)
Term loans								
- vessels loan	46,012	51,694	(5,682)	(11.0)	50,624	57,262	(6,638)	(11.6)
- assets financing	44,518	50,568	(6,050)	(12.0)	46,335	53,037	(6,702)	(12.6)
- working capital	52,097	57,532	(5,435)	(9.4)	52,435	57,966	(5,531)	(9.5)
	142,627	159,794	(17,167)	(10.7)	149,394	168,265	(18,871)	(11.2)
Finance lease liabilities	25	172	(147)	(85.5)	25	172	(147)	(85.5)
	249,376	262,785	(13,409)	(5.1)	280,669	300,437	(19,768)	(6.6)
Total borrowings	294,003	308,916	(14,913)	(4.8)	328,653	350,253	(21,600)	(6.2)
Total shareholders' funds	48,841	68,583						
Gearing ratio (times)	6.02	4.50						
Net gearing ratio (times)	5.60	4.18						

The Group's total borrowings (carrying value) decreased by \$14.9 million (4.8%) to \$294.0 million as at 31 December 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 \$18.8 million (6.6%) to \$266.7 million as at 31 December 2022 mainly due to decrease in contract liabilities (deferred income) and the non-current portion of the Group's total borrowings. 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

The outlook for the shipbuilding, ship repair, offshore, and marine services industries is dependent on several factors, including the global economic conditions, demand for shipping, changes in regulations and environmental standards as well as technologies. 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 shown signs of recovery after the lifting of most Covid-19 restrictions but its macro trends remain mixed and uncertain:

- a. Organization for Economic Co-operation and Development (“OECD”) projected that world growth will decline to 2.2% in 2023 and bounce back to a relatively modest 2.7% in 2024. Asia will be the main engine of growth in 2023 and 2024, whereas Europe, North America and South America will see very low growth. Tighter monetary policy and higher interest rates, high energy prices, weak real household income growth and declining confidence are all expected to sap growth¹.
- b. The outlook for transportation industry is affected by a weakening Chinese economy and lower global economic growth
- 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.

There are encouraging signs that the maritime 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 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 adapt, 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.

¹ OECD Economic Outlook, Volume 2022 Issue 2

2. Business segments

Shipbuilding, Shiprepair, Conversion and Engineering Services

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

Subsequent to the end of the financial reporting period, the Group sold one of its three platform supply vessels (PSV). The Group is now re-activating its remaining two PSV for charter projects which are anticipated to commence in 3Q FY2023.

For the shiprepair segment, the Group expanded its dry-docking capacity in its Singapore yard by adding a second floating dock and we aim to capture a larger share of the local shiprepair market for bunkering vessels and coastal vessels. The Group is actively expanding its marketing network and engaging international customers. Seaborne transport is essential for international trade and upswing of shipping activities will continue to spur the demand for maintenance and repairs of vessels.

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. With the commencement of new projects, we expect continued inflow of business from customers in the marine infrastructure industry (land reclamation and dredging, port and bridge construction), oil and gas exploration and production, wind energy sectors and cargo transshipment sectors in Asia Pacific and South Asia region.

Order Book

As at 31 December 2022, the Group had an outstanding shipbuilding order book from external customers of approximately \$53 million for 15 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 1H FY2023 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2022, the Group had an outstanding ship chartering order book of approximately \$33 million with respect to long-term contracts. With the increase in demand for vessels from the traditional oil and gas industry and the emerging renewable energy market, we anticipate that we will be able to secure more employment for our fleet of vessels.

D. Dividend

No dividend has been declared for the six months ended 31 December 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 1H 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 second quarter ended 31 December 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 February 2023