



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 SEPTEMBER 2021**

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-21	30-Jun-21	30-Sep-21	30-Jun-21
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	3	391,707	395,623	-	-
Right-of-use assets		10,639	10,780	-	-
Investment in subsidiaries		-	-	39,532	39,532
Investment in joint ventures and associates		2,265	2,083	-	-
Intangible assets	4	1,889	1,991	-	-
Other receivables	7	-	-	5,167	4,650
Finance lease receivables		5,623	6,441	-	-
		412,123	416,918	44,699	44,182
Current assets					
Inventories	5	84,864	82,668	-	-
Contract assets	6	19,309	20,636	-	-
Trade and other receivables	7	54,277	55,744	235,223	237,168
Prepayments		4,019	3,779	166	185
Finance lease receivables		2,105	2,201	-	-
Cash and bank balances		24,359	26,533	3,713	4,407
		188,933	191,561	239,102	241,760
Current liabilities					
Trade and other payables	8	130,491	124,338	82,133	82,044
Contract liabilities	6	15,657	15,701	-	-
Trust receipts	9	7,349	5,991	-	-
Interest-bearing loans and borrowings	9	37,768	37,620	10,460	10,436
Lease liabilities		2,061	2,069	-	-
Income tax payables		6,975	6,451	14	14
		200,301	192,170	92,607	92,494
Net current (liabilities)/ assets		(11,368)	(609)	146,495	149,266
Non-current liabilities					
Other payables	8	1,460	1,280	-	-
Other liabilities		3,349	3,381	-	-
Contract liabilities	6	12,874	15,246	-	-
Interest-bearing loans and borrowings	9	281,274	285,014	160,833	160,621
Lease liabilities		4,901	5,387	-	-
Deferred tax liabilities		8,286	8,630	-	-
		312,144	318,938	160,833	160,621
Net assets		88,611	97,371	30,361	32,827
Equity attributable to owners of the Company					
Share capital	10	108,140	108,133	108,140	108,133
Treasury shares		(923)	(923)	(923)	(923)
Reserves		(17,768)	(9,042)	(76,856)	(74,383)
		89,449	98,168	30,361	32,827
Non-controlling interests		(838)	(797)	-	-
Total equity		88,611	97,371	30,361	32,827

B. Consolidated Income Statement

		Group		
		3 months ended 30 September		
	Note	1Q FY2022 \$'000	1Q FY2021 \$'000	Inc/ (Dec) %
Revenue	11	50,681	35,878	41.3
Cost of sales		(49,085)	(39,199)	25.2
Gross profit/ (loss)		1,596	(3,321)	Nm
Other operating income	12	1,587	1,711	(7.2)
Administrative expenses		(3,998)	(4,197)	(4.7)
Other operating expenses	13	(360)	(97)	271.1
Finance costs	14	(5,945)	(5,583)	6.5
Impairment losses on financial assets		(1,230)	(1,113)	10.5
Share of results of joint ventures and associates		199	(417)	Nm
Loss before tax	15	(8,151)	(13,017)	(37.4)
Income tax expenses	16	(386)	(256)	50.8
Loss for the period		(8,537)	(13,273)	(35.7)
Attributable to:				
Owners of the Company		(8,538)	(12,995)	(34.3)
Non-controlling interests		1	(278)	Nm
		(8,537)	(13,273)	(35.7)
Loss per share				
(cents per share)	17			
Basic		(1.35)	(2.07)	(34.8)
Diluted		(1.24)	(2.07)	(40.1)
Adjusted EBITDA* for the period				
		10,131	8,392	20.7

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	1Q
	FY2022	FY2021
	\$'000	\$'000
Loss for the period	(8,537)	(13,273)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation differences relating to financial statements of foreign subsidiaries, net of tax*	133	227
Share of other comprehensive income of joint ventures and associates	38	(110)
Realisation of foreign currency translation reserves on dissolution of subsidiaries	(401)	-
Other comprehensive income for the period, net of tax	(230)	117
Total comprehensive income for the period	(8,767)	(13,156)
Attributable to:		
Owners of the Company	(8,726)	(12,941)
Non-controlling interests	(41)	(215)
	(8,767)	(13,156)

Note:

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

D. Statements of Changes in Equity

For the period ended 30-Sep-21									
Group	Attributable to owners of the Company					Total reserves \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Warrant reserve \$'000	Accumulated losses \$'000				
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, net of tax	-	-	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)
	-	-	(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 period ended 30-Sep-20									
Group	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Warrant reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
1Q FY2021									
At 1-Jul-20	108,056	(923)	(143)	899	24,538	25,294	132,427	952	133,379
Loss for the period	-	-	-	-	(12,995)	(12,995)	(12,995)	(278)	(13,273)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	150	-	-	150	150	77	227
Share of other comprehensive income of joint ventures and associates	-	-	(96)	-	-	(96)	(96)	(14)	(110)
Other comprehensive income for the period, net of tax	-	-	54	-	-	54	54	63	117
Total comprehensive income for the period	-	-	54	-	(12,995)	(12,941)	(12,941)	(215)	(13,156)
At 30-Sep-20	108,056	(923)	(89)	899	11,543	12,353	119,486	737	120,223

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

For the periods ended 30-Sep-21 and 30-Sep-20						
<u>COMPANY</u>	Share capital \$'000	Treasury shares \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
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
1Q FY2021						
At 1-Jul-20	108,056	(923)	899	(58,951)	(58,052)	49,081
Loss for the period, representing total comprehensive income for the period	-	-	-	(3,291)	(3,291)	(3,291)
At 30-Sep-20	108,056	(923)	899	(62,242)	(61,343)	45,790

E. Consolidated Statement of Cash Flows

	Group	
	3 months ended 30 September	
	1Q FY2022 \$'000	1Q FY2021 \$'000
Cash flows from operating activities		
Loss before tax	(8,151)	(13,017)
Adjustments for:		
Amortisation of intangible assets	77	74
Depreciation of property, plant and equipment	10,746	13,534
Depreciation of right-of-use assets	675	829
Gain on disposal of assets classified as held for sale	-	(78)
Loss on disposal of property, plant and equipment	247	25
Loss on remeasurement of lease liabilities	60	-
Gain on dissolution of subsidiaries	(401)	-
Inventories written off	-	12
(Reversal of)/ impairment losses on financial assets (net):		
-contract assets	(74)	134
-other receivables	(2)	253
-trade receivables (third parties)	1,306	726
Interest income	(192)	(155)
Interest expense	5,945	5,583
Property, plant and equipment written off	-	2
Reversal of provision for warranty (net)	(3)	(2)
Provision/(reversal of provision) for pension liabilities	8	(8)
Share of results of joint venture and associates	(199)	417
Operating cash flows before changes in working capital	10,042	8,329
Changes in working capital:		
Inventories	(2,196)	(1,397)
Contract assets and liabilities	(620)	(2,647)
Trade and other receivables	(286)	(513)
Prepayments	(239)	(2,234)
Trade and other payables	6,335	290
Finance lease receivables	462	171
Other liabilities	(30)	(24)
Balances with related parties (trade)	(434)	(52)
Cash flows generated from operations	13,034	1,923
Interest received from finance lease receivables	247	107
Income tax paid	-	(91)
Net cash flows generated from operating activities	13,281	1,939
Cash flows from investing activities		
Interest received	6	16
Purchase of property, plant and equipment	(5,583)	(1,533)
Proceeds from disposal of property, plant and equipment	217	4
Proceeds from disposal of assets classified as held for sale	-	255
Movement in balances with related parties (non-trade)	167	(179)
Net cash flows used in investing activities	(5,193)	(1,437)

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

	Group	
	3 months ended 30 September	
	1Q FY2022 \$'000	1Q FY2021 \$'000
Cash flows from financing activities		
Interest paid	(2,863)	(3,180)
Repayment of interest-bearing loans and borrowings	(8,282)	(2,931)
Principal repayment of lease liabilities	(605)	(280)
Repayment of trust receipts	(5,024)	(6,123)
Proceeds from trust receipts	6,384	3,081
Proceeds from issuance of ordinary shares upon conversion of warrants	7	-
Cash and bank balances (restricted use)	(2,008)	2,837
Net cash flows used in financing activities	(12,391)	(6,596)
Net decrease in cash and cash equivalents	(4,303)	(6,094)
Cash and cash equivalents at beginning of period	14,125	17,650
Effects of exchange rate changes on cash and cash equivalents	120	(84)
Cash and cash equivalents at end of period (Note 1)	9,942	11,472

Note 1:

Cash and cash equivalents comprise the followings:

Bank balances and cash	24,359	26,150
Less: Restricted cash		
- Cash at banks	(14,417)	(14,678)
Cash and cash equivalents at end of period	9,942	11,472

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 2021 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 2021 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 2021. 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 2021.

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 \$8,537,000 (1Q FY2021: \$13,273,000) for the financial period ended 30 September 2021 (“**1Q FY2022**”) and as at 30 September 2021, the Group’s current liabilities exceeded its current assets by \$11,368,000 (30 June 2021: \$609,000). As at 30 September 2021, the Group’s and Company’s total borrowings amounted to \$326,391,000 and \$171,293,000 (30 June 2021: \$328,625,000 and \$171,057,000) of which \$45,117,000 and \$10,460,000 (30 June 2021: \$43,611,000 and \$10,436,000) 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 2021, the aggregate value of property, plant and equipment and right-of-use assets amounted to \$402,346,000, which represented 67% of its total assets. The majority of these assets were financed through bank loans, bonds and lease liabilities of \$326,004,000, which represented 64% of its total liabilities as of 30 September 2021. 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 Group's current ratio stood at 0.94 as of 30 September 2021.

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 \$ 10,131,000 for 1Q FY2022 (FY2021: \$48,173,000). 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;
 - Increase suppliers' base;
 - Cutting overheads and administrative expenses which include measures such as redesigning of job scope for employees, control of headcount and salary freeze, reducing expenses of recurring nature;
 - Close collaboration with contractors and vendors to improve cashflow management, such as on credit terms, payment plans and debt settlements;
 - Strict management of credit terms offered to customers and timely billing of services;
 - Strengthening of coordination among marketing, operations and finance departments in the collection of debts; 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 for a period of 12 months from the date of the last audited financial statements have been authorised for issue;

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

- (iv) Management has also considered the various COVID-19 support measures aided by the Singapore government, which included (a) the Jobs Support Scheme, (b) Foreign Worker Levy Rebates, and (c) enhanced financing support under the Enterprise Financing Scheme as announced in the Singapore Budgets 2021; and
- (v) 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 2021, except as disclosed below:

Estimated residual value of vessels

The property, plant and equipment of the Group are initially recorded at cost, subsequent to recognition, they are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets. With effect from 1 July 2021, depreciation of the Group's vessels is based on the cost of an asset less its residual value.

During the current financial period, the Group conducted an operational review and assessment of the residual value of its vessels. In determining the residual values of vessels, management considers factors such as market prices of scrap metal and type of vessels. Accordingly, the Group estimated the residual value of vessels.

The revision in estimate has been applied on a prospective basis from 1 July 2021. Changes in above-mentioned factors could potentially impact the residual value of these assets, and thereby resulting in changes in future depreciation charges. Such changes are accounted for prospectively.

2.4 Uses of estimates and judgements (Cont'd)

The effect of the above revision on depreciation charge, included in “cost of sales”, in current and future financial years are as follows:

	FY2022	FY2023	FY2024	FY2025	FY2026
Group	\$'m	\$'m	\$'m	\$'m	\$'m
Decrease in depreciation charge	7	6	4	3	2

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 2021.

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 2021. 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-21	30-Sep-20
	\$'000	\$'000
Balance as at 1 July	395,623	443,928
Additions	5,607	2,649
Disposals/ Write-off	(90)	(31)
Depreciation charge	(11,118)	(13,745)
Translation differences	1,685	(3,241)
Balance as at 30 September	391,707	429,560

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

	Group	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Depreciation charge for the period	11,118	13,745
Depreciation included in construction work-in-progress carried forward	(3,588)	(4,666)
Depreciation capitalised in prior year construction work-in-progress now charged to consolidated income statement	3,216	4,455
Depreciation charge as disclosed in Note 15	10,746	13,534

4. Intangible assets

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

5. Inventories

	Group	
	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000
Raw materials and consumables (at cost or net realisable value)	12,503	13,993
Finished goods (at cost or net realisable value)	72,361	68,675
Total inventories	84,864	82,668

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-21 \$'000	As at 30-Jun-21 \$'000
Contract assets		
<i>Current</i>		
Accrued revenue	7,486	10,008
Construction work-in-progress	11,823	10,628
Total contract assets	19,309	20,636
Contract liabilities		
<i>Current</i>		
Deferred income and deposits received from customers	(9,012)	(8,051)
Progress billings in excess of construction work-in-progress	(6,645)	(7,650)
	(15,657)	(15,701)
<i>Non-current</i>		
Deferred income	(12,874)	(15,246)
Total contract liabilities	(28,531)	(30,947)

6. Contracts assets and contract liabilities (Cont'd)

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

	Group	
	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000
Construction work-in-progress and attributable profits (less recognised losses) to date	24,670	20,672
Less: Progress billings	(19,492)	(17,694)
	5,178	2,978
Presented as:		
Construction work-in-progress	11,823	10,628
Progress billings in excess of construction work-in-progress	(6,645)	(7,650)
	5,178	2,978

7. Trade and other receivables

	Group		Company	
	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000
<u>Non-current</u>				
Other receivables:				
Amount due from a subsidiary	-	-	5,167	4,650
<u>Current</u>				
Trade receivables	69,805	69,970	-	-
Less: Allowance for impairment	(29,893)	(28,647)	-	-
	39,912	41,323	-	-
Other receivables and deposits	9,770	9,944	20	20
Amounts due from subsidiaries	-	-	323,469	325,488
Amounts due from joint ventures and associates	63,299	62,855	2,621	2,596
Amounts due from related parties	434	433	-	-
	73,503	73,232	326,110	328,104
Less: Allowance for impairment				
Other receivables	(1,114)	(1,111)	-	-
Amounts due from subsidiaries	-	-	(88,266)	(88,340)
Amounts due from joint ventures and associates	(57,980)	(57,656)	(2,621)	(2,596)
Amounts due from related parties	(44)	(44)	-	-
	(59,138)	(58,811)	(90,887)	(90,936)
	14,365	14,421	235,223	237,168
Total trade and other receivables (current)	54,277	55,744	235,223	237,168
Total trade and other receivables (current and non-current)	54,277	55,744	240,390	241,818

8. Trade and other payables

	Group		Company	
	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000
Non-current				
Amounts due to an associate	1,460	1,280	-	-
Current				
Trade payables and accruals	112,996	107,572	2,397	3,900
Payables for property, plant and equipment	2,119	1,187	-	-
Other payables	1,810	2,437	-	-
Other liabilities				
- Deferred income	936	1,332	-	-
- Deposits received from customers	4,786	3,966	-	-
Amounts due to subsidiaries	-	-	79,736	78,144
Amounts due to joint ventures and associates	263	263	-	-
Amounts due to related parties	749	749	-	-
Amounts due to non-controlling interests of subsidiaries	208	206	-	-
Amounts due to a shareholder	6,620	6,620	-	-
Provision for warranty	4	6	-	-
	<u>130,491</u>	<u>124,338</u>	<u>82,133</u>	<u>82,044</u>
Total trade and other payables (current and non-current)	<u>131,951</u>	<u>125,618</u>	<u>82,133</u>	<u>82,044</u>

9. Loans and Borrowings

	Group		Company	
	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000	As at 30-Sep-21 \$'000	As at 30-Jun-21 \$'000
Current				
Trust receipts	7,349	5,991	-	-
Interest-bearing loans and borrowings				
- Finance lease liabilities -secured	275	362	-	-
- Floating rate - secured	33,305	33,080	10,460	10,436
- Fixed rate -secured	1,261	1,238	-	-
- Fixed rate -unsecured	2,927	2,940	-	-
	<u>37,768</u>	<u>37,620</u>	<u>10,460</u>	<u>10,436</u>
	<u>45,117</u>	<u>43,611</u>	<u>10,460</u>	<u>10,436</u>
Non-current				
Interest-bearing loans and borrowings				
- Finance lease liabilities -secured	387	457	-	-
- Floating rate - secured	274,602	277,224	160,833	160,621
- Fixed rate -secured	956	1,294	-	-
- Fixed rate -unsecured	5,329	6,039	-	-
	<u>281,274</u>	<u>285,014</u>	<u>160,833</u>	<u>160,621</u>
Total loans and borrowings	<u>326,391</u>	<u>328,625</u>	<u>171,293</u>	<u>171,057</u>

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 \$69,051,000 (30 June 2021: \$66,653,000) and \$30,581,000 (30 June 2021: \$30,581,000) 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").

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
Fully paid ordinary shares, with no par value				
<u>1Q FY2022</u>				
Balance at 1 July	630,506,941	2,511,600	108,133	(923)
Conversion of warrants	120,000	-	7	-
Balance at 30 September	<u>630,626,941</u>	<u>2,511,600</u>	<u>108,140</u>	<u>(923)</u>
<u>FY2021</u>				
Balance at 1 July	629,266,941	2,511,600	108,056	(923)
Conversion of warrants	1,240,000	-	77	-
Balance at 30 June	<u>630,506,941</u>	<u>2,511,600</u>	<u>108,133</u>	<u>(923)</u>

As at	30-Sep-21	30-Jun-21	30-Sep-20
Total number of issued shares	633,138,541	633,018,541	631,778,541
Total number of treasury shares	(2,511,600)	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u>630,626,941</u>	<u>630,506,941</u>	<u>629,266,941</u>

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 2021 and 30 September 2020, 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-21	As at 30-Sep-20
Balance as at 1 July	565,890,713	567,130,713
Warrants exercised	(120,000)	-
Balance to date	<u>565,770,713</u>	<u>567,130,713</u>

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 2021 and 30 September 2020 is 0.40% respectively.

Except for the warrants, there were no convertible securities as at 30 September 2021 and 30 September 2020. As at 30 September 2021, 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 2020: 567,130,713).

There were no outstanding share options granted under the ASL Employee Share Option Scheme 2012 as at 30 September 2021 and 30 September 2020.

The Company has no subsidiary holdings as at 30 September 2021 and 30 September 2020.

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)

	Shipbuilding \$'000	Shiprepair, conversion and engineering services \$'000	Shipchartering \$'000	Investment holding \$'000	Eliminations \$'000	Consolidated \$'000
Revenue and expenses						
<u>From 1 July 2021 to 30 September 2021</u>						
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 expenses						(386)
Loss for the period						(8,537)
<u>From 1 July 2020 to 30 September 2020</u>						
Revenue from external customers	3,370	17,314	15,194	-	-	35,878
Inter-segment revenue	1,745	7,296	3,910	-	(12,951)	-
Total revenue	5,115	24,610	19,104	-	(12,951)	35,878
Segment results	72	1,216	(8,100)	(344)	-	(7,156)
Interest income from finance lease receivables	-	-	139	-	-	139
Finance costs						(5,583)
Share of results of joint ventures and associates						(417)
Income tax expenses						(256)
Loss for the period						(13,273)
Assets and liabilities						
<u>As at 30 September 2021</u>						
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
<u>As at 30 September 2020</u>						
Segment assets	106,020	190,841	357,965	4,156	-	658,982
Unallocated assets						3,714
Total assets						662,696
Segment liabilities	20,779	91,570	51,389	3,899	-	167,637
Unallocated liabilities						374,836
Total liabilities						542,473

11.1 (i) Business segments (Cont'd)

	Shipbuilding \$'000	Shiprepair, conversion and engineering services \$'000	Shipchartering \$'000	Investment holding \$'000	Consolidated \$'000
Other segmental information					
<u>From 1 July 2021 to 30 September 2021</u>					
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)
<u>From 1 July 2020 to 30 September 2020</u>					
Capital expenditure	257	753	1,639	-	2,649
Depreciation and amortisation	1,085	2,846	10,506	-	14,437
Other non-cash expenses	-	3	-	-	3
Impairment loss on financial assets, net	196	288	629	-	1,113
Finance cost	419	1,219	994	2,951	5,583
Interest income	-	(11)	(144)	-	(155)

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						
	Singapore \$'000	Indonesia \$'000	Rest of Asia \$'000	Europe \$'000	Australia \$'000	Other Countries \$'000	Consolidated \$'000
<u>From 1 July 2021 to 30 September 2021</u>							
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
<u>From 1 July 2020 to 30 September 2020</u>							
Revenue from external customers	13,639	9,191	6,377	2,227	3,747	697	35,878
Non-current assets	247,694	154,043	45,682	4,682	-	-	452,101

Management believes it would not be meaningful to analyse the segment assets by geographical segment because certain vessels cannot be practically allocated to the different geographical areas. For charter services, charterers of the Group's vessels have the discretion to operate within a wide area and are not constrained by a specific sea route.

11.2 Disaggregation of revenue

Group	3 months ended 30 September					
	1Q FY2022			1Q FY2021		
	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	-	-	-	-	3,230	3,230
- Construction of barges and others	140	3,924	4,064	140	-	140
	140	3,924	4,064	140	3,230	3,370
<i>Shiprepair, conversion and engineering services segment</i>						
- Provision of shiprepair and related services	-	23,757	23,757	-	14,473	14,473
- Provision of engineering service and sales of components	91	1,055	1,146	1,601	1,240	2,841
	91	24,812	24,903	1,601	15,713	17,314
<i>Shipchartering segment</i>						
- Leasing income	-	9,499	9,499	-	7,655	7,655
- Mobilisation and demobilisation income	-	373	373	-	10	10
- Freight income	-	2,326	2,326	-	1,190	1,190
- Other charter ancillary and marine related service income	1,806	7,314	9,120	1,321	4,838	6,159
- Ship management income	-	150	150	-	144	144
- Trade sales	208	38	246	36	-	36
	2,014	19,700	21,714	1,357	13,837	15,194
	2,245	48,436	50,681	3,098	32,780	35,878

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:

Group	3 months ended 30 September							
	Shipbuilding		Shiprepair, conversion and engineering services		Shipchartering and rental		Total	
	1Q FY2022	1Q FY2021	1Q FY2022	1Q FY2021	1Q FY2022	1Q FY2021	1Q FY2022	1Q FY2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	617	-	9,876	7,518	10,498	6,121	20,991	13,639
Indonesia	140	140	6,895	3,589	2,360	5,462	9,395	9,191
Rest of Asia	-	-	1,492	3,510	6,602	2,867	8,094	6,377
Europe	-	-	2,847	2,164	1,021	63	3,868	2,227
Australia	-	3,230	986	149	906	368	1,892	3,747
Other Countries	3,307	-	2,807	384	327	313	6,441	697
	<u>4,064</u>	<u>3,370</u>	<u>24,903</u>	<u>17,314</u>	<u>21,714</u>	<u>15,194</u>	<u>50,681</u>	<u>35,878</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 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Gain on disposal of assets classified as held for sale	-	78
Gain on dissolution of subsidiaries	401	-
Government grants	647	1,002
Insurance claims	33	62
Interest income from debt instruments at amortised costs		
- deposits and bank balances	6	16
- finance lease receivables	186	139
Miscellaneous income	200	283
Rental income	114	131
	<u>1,587</u>	<u>1,711</u>

13. Other operating expenses

	Group	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Inventories written off	-	12
Loss on disposal of property, plant and equipment	247	25
Loss on foreign exchange (net)	53	58
Loss on remeasurement of lease liabilities	60	-
Property, plant and equipment written off	-	2
	<u>360</u>	<u>97</u>

14. Finance costs

	Group	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Interest expense on:		
- bank loans and notes	5,758	5,339
- finance lease	9	50
- lease liabilities	178	194
- trust receipts	43	239
	<u>5,988</u>	<u>5,822</u>
Less:		
Interest expense capitalised in contract assets		
- trust receipts	(10)	(103)
Interest expense charged to cost of sales		
- trust receipts	(33)	(136)
Finance costs	<u>5,945</u>	<u>5,583</u>
Fair value adjustments on debt securities arising from refinancing exercise, net	<u>-</u>	<u>-</u>

15. Loss before tax

	Group	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Loss before tax is stated after charging/(crediting):		
Amortisation of intangible assets	77	74
Audit fees paid/payable		
- auditor of the Company	76	76
- overseas affiliates of the auditors of the Company	21	21
- other auditors	5	5
Non-audit fees paid/payable to auditor of the Company	1	1
Depreciation of property, plant and equipment	10,746	13,534
Depreciation of right-of-use assets	675	829
Employee benefits expense	9,421	8,194
(Reversal of)/ impairment losses on financial assets (net):		
- contract assets	(74)	134
- other receivables	(2)	253
- trade receivables (third parties)	1,306	726

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 FY2022	1Q FY2021
	\$'000	\$'000
Current income tax:		
Current income tax	(467)	-
Under provision in respect of prior years	(377)	(269)
	(844)	(269)
Deferred tax:		
Movements in temporary differences	689	19
Under provision in respect of prior years	(231)	(6)
	458	13
Total income tax expenses	(386)	(256)

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 FY2022	1Q FY2021
(i) On weighted average no. of ordinary shares in issue	<u>(1.35) cents</u>	<u>(2.07) cents</u>
(ii) On a fully diluted basis	<u>(1.24) cents</u>	<u>(2.07) cents</u>
Net loss attributable to shareholders:	<u>(\$8,538,000)</u>	<u>(\$12,995,000)</u>
Number of shares in issue:		
(i) Weighted average no. of shares in issue	<u>630,595,637</u>	<u>629,266,941</u>
(ii) On a fully diluted basis	<u>686,618,267</u>	<u>629,266,941</u>

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-21	30-Jun-21	30-Sep-21	30-Jun-21
Net Asset Value (NAV) per ordinary share	<u>14.18 cents</u>	<u>15.57 cents</u>	<u>4.81 cents</u>	<u>5.21 cents</u>
NAV computed based on no. of ordinary shares issued	<u>630,626,941</u>	<u>630,506,941</u>	<u>630,626,941</u>	<u>630,506,941</u>

The calculation of net asset value per share as at 30 September 2021 and 30 June 2021 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:

19. Related party transactions (Cont'd)

(i) Sale and purchase of goods and services

	Group	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Joint ventures and associates		
Charter and trade expenses	(441)	(285)
Shipcharter income	-	(15)
Related parties		
Charter and trade expenses	(6)	-
Miscellaneous income	-	25
Purchase of materials	-	(226)
Shipcharter income	676	-

	Company	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Subsidiaries		
Interest income	1,359	556

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

	Group	
	3 months ended 30 September	
	1Q FY2022	1Q FY2021
	\$'000	\$'000
Joint ventures and associates	563	185
Joint ventures and associates	-	(12)
Related parties	-	11

Related parties:

The related parties are Koon Holdings Limited and its subsidiaries ("Koon Group") as two of the directors and the founder of the Company have a deemed equity interest of 53.76% (1Q FY2021: 53.76%) in Koon Group. One of the directors of the Company is also a director of Koon Holdings Limited. Koon Group is in the business of providing infrastructure and civil engineering services, specialising in reclamation and shore protection works. Transactions entered by the Group with the Koon Group include provision of ship chartering services, trade sales income, rental income, charter and trade expenses, and consultancy fees.

Outstanding balances due from/to related parties at the end of the reporting period are disclosed in Note 7 and Note 8 to the financial statements.

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	As at	As at	As at
	30-Sep-21	30-Jun-21	30-Sep-21	30-Jun-21
	\$'000	\$'000	\$'000	\$'000
Financial assets not measured at fair value				
Trade and other receivables	54,277	55,744	240,390	241,818
Accrued revenue	7,486	10,008	-	-
Finance lease receivables	7,728	8,642	-	-
Cash and bank balances	24,359	26,533	3,713	4,407
At amortised cost	93,850	100,927	244,103	246,225

	Group		Company	
	As at	As at	As at	As at
	30-Sep-21	30-Jun-21	30-Sep-21	30-Jun-21
	\$'000	\$'000	\$'000	\$'000
Financial liabilities not measured at fair value				
Trade and other payables*	126,225	120,314	82,133	82,044
Trust receipts	7,349	5,991	-	-
Interest bearing loans and borrowings	319,042	322,634	171,293	171,057
Lease liabilities	6,962	7,456	-	-
At amortised cost	459,578	456,395	253,426	253,101

* 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 2021 and 30 June 2021.

(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

20. Fair value measurement (Cont'd)

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 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-21	30-Jun-21	30-Sep-21	30-Jun-21
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Finance lease liabilities (Non-current) (Note 9)	387	457	368	434
Fixed rate loans (Non-current) (Note 9)	6,285	7,333	5,675	6,638

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 \$50.7 million for the 3 months ended 30 September 2021 ("1Q FY2022") was \$14.8 million (41.3%) higher compared to the corresponding quarter in FY2021 ("1Q FY2021"), on the back of higher contributions from all three business segments.

Details for revenue generated from each segment are as follows:

	Group		
	1Q FY2022 \$'000	1Q FY2021 \$'000	Increase/ (Decrease) %
Shipbuilding	4,064	3,370	20.6
Shiprepair, conversion and engineering services	24,903	17,314	43.8
Shipchartering	21,714	15,194	42.9
	50,681	35,878	41.3

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 FY2022		1Q FY2021		Increase/ (Decrease) %
	Units	\$'000	Units	\$'000	
Tugs	-	-	3	3,230	(100.0)
Barges and others	3	4,064	-	140	Nm
	3	4,064	3	3,370	20.6

Shipbuilding revenue increased by \$0.7 million (20.6%) to \$4.1 million in 1Q FY2022 as compared to last corresponding period. The revenue in 1Q FY2022 was attributable to higher percentage of progressive recognition from the construction of barges based on POC method.

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 FY2022 was mainly due to more high value shiprepair jobs undertaken in the current quarter, partially offset by decreased revenue from dredge engineering.

Shipchartering

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

	Group		
	1Q FY2022 \$'000	1Q FY2021 \$'000	Increase/ (Decrease) %
Offshore Support Vessels ("OSV")	3,823	2,889	32.3
Landing crafts	49	61	(19.7)
Tug Boats	6,962	4,359	59.7
Barges	6,490	4,887	32.8
Total charter	17,324	12,196	42.0
Trade sales and other services	4,390	2,998	46.4
	21,714	15,194	42.9

Charter revenue increased by \$5.1 million (42.0%) to \$17.3 million in 1Q FY2022 mainly due to:

- (i) Resumption of activities of certain major local infrastructure projects which were affected by COVID-19 pandemic in last corresponding quarter; and
- (ii) Higher charter income from OSV in 1Q FY2022 mainly owing to higher proportion of lumpsum charter secured during the period under review.

Trade sales and other services comprised bunker sales, agency and management fees and ad-hoc marine-related services. Trade sales and other services increased by \$1.4 million (46.4%) as compared to last corresponding period mainly due to more agency and port clearance services provided in 1Q FY2022.

Gross profit/(loss) and gross margin

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

	Group			
	1Q FY2022		1Q FY2021	
	\$'000	GPM	\$'000	GPM
Shipbuilding	136	3.3%	143	4.2%
Shiprepair, conversion and engineering services	3,180	12.8%	2,170	12.5%
Shipchartering	(1,720)	(7.9%)	(5,634)	(37.1%)
	1,596	3.1%	(3,321)	(9.3%)

Shipbuilding

The gross profit margin in 1Q FY2022 was lower when compared to 1Q FY2021 as there was reversal of accrued costs for prior years' completed projects in 1QFY2021.

Shiprepair, conversion and engineering services

In line with the increase in revenue from shiprepair jobs, gross profit increased by \$1.0 million to \$3.2 million with gross profit margin of 12.8% recorded in 1Q FY2022.

Shipchartering

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

	Group			
	1Q FY2022		1Q FY2021	
	\$'000	GPM	\$'000	GPM
OSV	(968)	(25.3%)	(1,401)	(48.5%)
Landing crafts	(165)	(336.7%)	(153)	(250.8%)
Tug boats and Barges	(1,941)	(14.4%)	(5,279)	(57.1%)
Total charter	(3,074)	(17.7%)	(6,833)	(56.0%)
Trade sales and other services	1,354	30.8%	1,199	40.0%
	(1,720)	(7.9%)	(5,634)	(37.1%)

With resumption of business activities on infrastructure projects from Covid-19 pandemic in Singapore and Indonesia, the Group recorded an improvement in its gross loss and gross margin. The overall vessel utilisation rate increased from 26% in 1Q FY2021 to 54% in 1Q FY2022.

In addition, the Group recorded a lower depreciation charge on its vessel fleet of \$8.0 million in 1Q FY2022 as compared to \$10.5 million 1Q FY2021. As highlighted in Section (1) F, Note 2.4 of this report, during the current financial period, the Group conducted an operational review and assessment of the residual value of its vessels. With effect from 1 July 2021, the depreciation of vessels owned by the Group has been adjusted to take into account the residual value of its vessels. An adjustment of \$1.9 million was made in 1Q FY2022.

Other operating income

Refer to breakdown of other operating income in section (I) F, Note 12 of this report. The decrease by \$0.1 million to \$1.6 million in 1Q FY2022, mainly due to reduction in government grants, partially offset by gain on dissolution of three dormant foreign subsidiaries of VOSTA LMG group in 1Q FY2022.

The government grants mainly pertained to COVID-19 relief measures provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme (“**JSS grant**”) and rebates for foreign workers levy.

Other operating expenses

Refer to breakdown of other operating expenses in section (I) F, Note 13 of this report. The increase by \$0.2 million to \$0.3 million in 1Q FY2022 as the Group recorded a higher loss on disposal of property, plant and equipment attributed to additional costs incurred for a vessel disposed in 4Q FY2021.

Finance costs

	Group	
	1Q	1Q
	FY2022	FY2021
	\$'000	\$'000
Interest expense on:		
Bank loans and bonds	2,644	2,936
Lease liabilities	187	244
Amortisation of bank loans and bonds	3,114	2,403
	5,945	5,583

There were higher amortisation of bank loans and bonds, partially offset by lower interest expense incurred 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	1Q
	FY2022	FY2021
	\$'000	\$'000
(Reversal of)/ impairment losses on financial assets, net		
- contract assets	(74)	134
- other receivables	(2)	253
- trade receivables (third parties)	1,306	726
	1,230	1,113

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	
		1Q	1Q
		FY2022	FY2021
Group's effective interest		\$'000	\$'000
<u>Joint ventures</u>			
Sindo-Econ group	50%	-	-
<u>Associates</u>			
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	146	(472)
PT Capitol Nusantara Indonesia ("PT CNI")	27%	53	55
		199	(417)

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 as disclosed in the Company's announcement dated 24 July 2020.

The share of profit from PT Hafar of \$0.1 million in 1Q FY2022 was mainly due to spot charters secured in Indonesia.

The share of profit from PT CNI relates to progressive recognition of the Group's proportionate interest of unrealised profits previously eliminated on sale of vessels to PT CNI. The Group has restricted its share of losses to its cost of investment since 4Q FY2017.

Loss before tax

The Group recorded a lower loss before tax of 8.2 million in 1Q FY2022 (1Q FY2021: \$13.0 million) mainly due to higher gross profit in the current quarter under review.

Non-controlling interests

Non-controlling interests' share of loss of \$0.3 million for 1Q FY2021 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 \$13.3 million in 1Q FY2022 (1Q FY2021: \$1.9 million) mainly due to higher operating cash flows and lesser payments in trade and other payables.

The higher cash outflow from investing activities of \$5.2 million in 1Q FY2022 (1Q FY2021: \$1.4 million) was mainly due to higher net purchase of property, plant and equipment.

The higher net cash outflow from financing activities of \$12.4 million in 1Q FY2022 (1Q FY2021: \$6.6 million) was mainly due to higher repayments on interest-bearing loans and borrowings as well as higher cash balances being restricted in shipbuilding project accounts. There were 8 months deferral of principal repayment from May 2020 to December 2020 granted by major lenders to the respective loans maturity dates.

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 \$3.9 million (1.0%) from \$395.6 million as at 30 June 2021 to \$391.7 million as at 30 September 2021 mainly due to depreciation charge, partially offset by additions made.

The additions made during the period comprised:

	\$'000
- vessels and modification works	2,956
- plant and equipment, office equipment and motor vehicles	450
- assets under construction	4
- drydocking expenditure on vessels capitalised	2,197
	<u>5,607</u>

The vessels and modification works were incurred to support long-term charter contracts.

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 \$0.2 million (1.3%) to \$10.6 million as at 30 September 2021 mainly due to depreciation charge of \$0.7 million, partially offset by addition of \$0.5 million which pertained to renewal of one of the plots of land in Indonesia.

Current assets

Current assets decreased by \$2.6 million (1.4%) to \$188.9 million as at 30 September 2021 mainly due to lower cash and bank balances, trade and other receivables and contract assets, offset by higher inventories.

Inventories

Refer to breakdown of inventories in section (I) F, Note 5 of this report. 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. The increase in finished goods was mainly due to addition of two used vessels which resulted from settlement of debts owing to the Group in-kind.

Trade and other receivables

	Group			
	30-Sep-21	30-Jun-21	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	39,912	41,323	(1,411)	(3.4)
Other receivables and deposits	8,656	8,833	(177)	(2.0)
Amount due from:				
- joint ventures and associates	5,319	5,199	120	2.3
- related parties	390	389	1	0.3
	54,277	55,744	(1,467)	(2.6)

The trade receivables decreased by \$1.4 million (3.4%) to \$39.9 million as at 30 September 2021 mainly due to impairment made during the current quarter. Trade receivables of \$12.6 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.

Current liabilities

Current liabilities increased by \$8.1 million (4.2%) to \$200.3 million as at 30 September 2021. The increase was mainly due to higher trade and other payables and trust receipts.

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. The accrued revenue primarily relates to the shiprepair and shipchartering services completed but not yet billed at the end of reporting period, of which \$3.6 million have been billed subsequent to the end of financial period under review.

Net construction work-in-progress in excess of progress billings for shipbuilding and shiprepair projects increased by \$2.2 million (73.9%) to \$5.2 million as at 30 September 2021, mainly due to higher work in progress incurred on shiprepair jobs.

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-21	30-Jun-21	Increase/ (Decrease)		30-Sep-21	30-Jun-21	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Current								
Bonds	1,500	1,500	-	-	1,500	1,500	-	-
Trust receipts								
- general	7,349	5,991	1,358	22.7	7,349	5,991	1,358	22.7
Term loans								
- vessels loan	9,160	9,152	8	0.1	11,610	11,585	25	0.2
- assets financing	8,089	7,924	165	2.1	9,133	9,054	79	0.9
- working capital	18,744	18,682	62	0.3	19,272	19,244	28	0.1
	35,993	35,758	235	0.7	40,015	39,883	132	0.3
Finance lease liabilities	275	362	(87)	(24.0)	275	362	(87)	(24.0)
	45,117	43,611	1,506	3.5	49,139	47,736	1,403	2.9
Non-current								
Bonds	98,132	95,734	2,398	2.5	133,000	133,500	(500)	(0.4)
Term loans								
- vessels loan	58,141	59,412	(1,271)	(2.1)	65,372	67,227	(1,855)	(2.8)
- assets financing	55,629	57,164	(1,535)	(2.7)	58,753	60,506	(1,753)	(2.9)
- working capital	68,985	72,247	(3,262)	(4.5)	69,609	72,943	(3,334)	(4.6)
	182,755	188,823	(6,068)	(3.2)	193,734	200,676	(6,942)	(3.5)
Finance lease liabilities	387	457	(70)	(15.3)	387	457	(70)	(15.3)
	281,274	285,014	(3,740)	(1.3)	327,121	334,633	(7,512)	(2.2)
Total borrowings	326,391	328,625	(2,234)	(0.7)	376,260	382,369	(6,109)	(1.6)
Total shareholders' funds	89,449	98,168						
Gearing ratio (times)	3.65	3.35						
Net gearing ratio (times)	3.38	3.08						

The increase in current portion of total borrowings (carrying value) by \$1.5 million (3.5%) to \$45.1 million as at 30 September 2021 was mainly due to higher trust receipts.

The Group's total borrowings (carrying value) decreased by \$2.2 million (0.7%) to \$326.4 million as at 30 September 2021 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 \$6.8 million (2.1%) to \$312.1 million as at 30 September 2021 mainly due to decrease in the non-current portion of the Group's total borrowings and contract liabilities. The decrease in deferred income and deposits (classified as contract liabilities) was mainly due to income recognised 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 not limited to the global logistics trade, oil & gas prices and infrastructure expenditure in Asia.

Our business performance is affected and still subjected to the limitations of the global COVID-19 pandemic. The overall global economy has since shown signs of recovery but its macro trends remain mixed and uncertain:

- a. Organization for Economic Co-operation and Development ("OECD") has estimated an average 5% global growth per year in CY2021 and CY2022. The growth may be hindered by persistent economic inflation and increasing resources and raw material prices¹.
- b. Global logistics trade has improved and the re-opening of international borders through the government vaccination programs would further enhance and stabilize the recovery. The potential mutation of the COVID-19 virus, the different vaccine efficacy rates and the speed of roll-out in vaccine programs by different government healthcare bodies can setback global trade recovery.
- 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.

While it can be impractical to forecast when normality can return, the management, with the support of various stakeholders, will continue to navigate and manage

¹ OECD press release, "Global economic recovery continues but remains uneven" (21 September 2021)

foreseeable risks and long-run disruptions that the current political, social, and economic environment presents.

The management's strategy and approach is to remain cautiously optimistic towards market demands whilst we continue to focus on our core business, optimizing our current business processes and strengthen our foothold in supporting the marine infrastructure work in Singapore and abroad. Furthermore, we had embarked in leveraging on our integrated marine services experience and knowledge to explore and expand to new growth areas in sustainability, recycling and greener environment projects.

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 selection 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 a) the fundamental demand from land reclamation and coastal protection projects; and b) 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 transportation sectors (such as carriage of aggregates and nickel) in South Asia and South East Asia.

Order Book

As at 30 September 2021, the Group had an outstanding shipbuilding order book from external customers of approximately \$24 million for 5 vessels with progressive deliveries up to 1Q FY2023.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 35% of shipchartering revenue in 1Q FY2022 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2021, the Group had an outstanding ship chartering order book of approximately \$50 million with respect to long-term contracts.

3. Update on the Group's Operations in relation to the COVID-19 Pandemic

The Board wishes to update as follows:

- a. Our shipbuilding operations in Singapore will be progressively delivering its existing order books of tugs and barges within expected deliveries.
- b. Whilst demand for ship repair services are still affected by COVID-19 related movement controls in Indonesia and Singapore, such restrictions have been progressively loosened as both countries pivot to treating the coronavirus as endemic. Travel restrictions have been eased but these measures have not translated to foreign skilled labor, there is still a shortage of such labor in Singapore. In addition, compliance with required COVID-19 testing protocols as well as increased weekly testing especially in Singapore still remain a burden, adding to time and cost of operations for both the yard and vessel owners.
- c. The Group expects continued pressure on charter rates due to market competition and COVID-19 pandemic situation. The management will continue to focus on increasing utilisation of its fleet, widening geographical coverage and raising operational efficiency.

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

D. Dividend

No dividend has been declared for the three months ended 30 September 2021 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 FY2022, the following interested person transactions were entered into by the Group:

Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) \$'000
<u>Sale of goods and services</u> Sintech Metal Industries Pte Ltd	Wholly owned by Mr. Ang Sin Liu 676

Notes:

Mr. Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui and Ang Kok Leong, all of whom are Directors and substantial shareholders of the Company. He is also the father of Ang Kok Eng and Ang Swee Kuan, both of whom are also the substantial shareholders of the Company. Each of them is deemed to have an interest in the shares held by the other.

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 2021 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
12 November 2021