



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

Co. Reg. No. 200008542N

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2021

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	Group					
	3 months ended			9 months ended		
	31 March			31 March		
	3Q FY2021 \$'000	3Q FY2020 \$'000	Inc/ (Dec) %	9M FY2021 \$'000	9M FY2020 \$'000	Inc/ (Dec) %
Revenue	64,497	79,654	(19.0)	146,066	199,418	(26.8)
Cost of sales	(61,249)	(72,389)	(15.4)	(147,161)	(183,711)	(19.9)
Gross profit/ (loss)	3,248	7,265	(55.3)	(1,095)	15,707	(107.0)
Other operating income	4,954	10,502	(52.8)	8,238	13,804	(40.3)
Administrative expenses	(4,865)	(3,570)	36.3	(12,672)	(11,564)	9.6
Other operating expenses	(1)	(267)	(99.6)	(2,553)	(267)	856.2
Finance costs	(7,211)	(6,681)	7.9	(18,469)	(19,455)	(5.1)
Fair value adjustments arising from debt refinancing exercise	-	-	-	-	(99)	(100.0)
Impairment losses on financial assets	(1,334)	(2,221)	(39.9)	(2,721)	(2,999)	(9.3)
Share of results of joint ventures and associates	(171)	174	(198.3)	(1,210)	(672)	80.1
(Loss)/ Profit before tax	(5,380)	5,202	(203.4)	(30,482)	(5,545)	449.7
Income tax credit/ (expense)	735	(31)	(2,471.0)	206	330	(37.6)
(Loss)/ Profit for the period	(4,645)	5,171	(189.8)	(30,276)	(5,215)	480.6
Attributable to:						
Owners of the Company	(4,419)	4,991	(188.5)	(28,600)	(10,517)	171.9
Non-controlling interests	(226)	180	(225.6)	(1,676)	5,302	(131.6)
	(4,645)	5,171	(189.8)	(30,276)	(5,215)	480.6
Adjusted EBITDA* for the period	18,477	29,347	(37.0)	36,111	62,157	(41.9)

Notes:

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

Nm: Not meaningful

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income

	Group						
	3 months ended			9 months ended			
	31 March			31 March			
	3Q FY2021	3Q FY2020	Inc/ (Dec)	9M FY2021	9M FY2020	Inc/ (Dec)	
Note	\$'000	\$'000	%	\$'000	\$'000	%	
(Loss)/ Profit for the period		(4,645)	5,171	(189.8)	(30,276)	(5,215)	480.6
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Translation differences relating to financial statements of foreign subsidiaries, net of tax	1	64	(1,006)	(106.4)	1,221	(355)	(443.9)
Realisation of foreign currency translation reserves on disposal a subsidiary		-	-	-	-	(193)	(100.0)
Share of other comprehensive income of joint ventures and associates		67	419	(84.0)	(196)	426	(146.0)
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Remeasurement of defined benefit plan		-	-	-	-	(100)	(100.0)
Other comprehensive income for the period, net of tax		131	(587)	(122.3)	1,025	(222)	(561.7)
Total comprehensive income for the period		(4,514)	4,584	(198.5)	(29,251)	(5,437)	438.0
Attributable to:							
Owners of the Company		(4,341)	4,174	(204.0)	(27,712)	(10,760)	157.5
Non-controlling interests		(173)	410	(142.2)	(1,539)	5,323	(128.9)
		(4,514)	4,584	(198.5)	(29,251)	(5,437)	438.0

Note:

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

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

	Group			
	3 months ended		9 months ended	
	31 March		31 March	
	3Q	3Q	9M	9M
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets	(79)	(142)	(230)	(425)
Depreciation of property, plant and equipment	(14,292)	(13,467)	(41,849)	(41,729)
Depreciation of right-of-use assets	(902)	(1,700)	(2,533)	(2,544)
Fair value adjustments arising from debt refinancing exercise	-	-	-	(99)
Gain on disposal of property, plant and equipment	1,816	908	3,999	1,467
Gain on disposal of assets classified as held for sale	666	-	744	605
Gain on disposal of disposal group classified as held for sale	-	-	-	3,271
Gain on termination of a lease	-	-	10	-
Gain/ (Loss) on foreign exchange (net)	1,643	9,301	(2,538)	7,102
(Impairment losses)/ Reversal of impairment losses on financial assets, net				
- trade receivables (third parties)	(1,548)	(1,371)	(3,760)	(2,317)
- contract assets	(50)	(568)	(12)	(400)
- other receivables	11	(550)	(184)	(550)
- amount due from joint ventures and associates	253	268	1,235	268
Impairment losses on non-financial assets				
- inventories	-	(267)	-	(267)
Interest income from bank balances	5	14	34	43
Interest income from finance lease receivables	128	145	400	445
Inventories written off	(1)	-	(13)	-
Property, plant and equipment written off	-	-	(2)	-
Reversal of pension liabilities	9	4	26	13
(Provision)/ Reversal of provision for warranty (net)	(2)	32	11	28
Over/ (Under) provision of tax in respect of prior years	715	(43)	149	367

1(b)(i) A statement of financial position (for the group and issuer), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Mar-21 \$'000	30-Jun-20 \$'000	31-Mar-21 \$'000	30-Jun-20 \$'000
Non-current assets				
Property, plant and equipment	411,549	443,928	-	-
Right-of-use assets	10,042	12,375	-	-
Investment in subsidiaries	-	-	39,733	39,647
Investment in joint ventures and associates	2,720	4,298	-	-
Intangible assets	2,048	2,256	-	-
Other receivables	-	-	3,875	3,100
Finance lease receivables	4,210	4,952	-	-
	430,569	467,809	43,608	42,747
Current assets				
Inventories	88,165	86,977	-	-
Contract assets	15,652	22,678	-	-
Trade and other receivables	56,675	63,182	279,218	278,664
Prepayments	4,394	3,490	284	184
Finance lease receivables	764	745	-	-
Cash and bank balances	23,866	35,165	5,387	3,984
	189,516	212,237	284,889	282,832
Assets classified as held for sale	-	1,047	-	-
	189,516	213,284	284,889	282,832
Current liabilities				
Trade and other payables	128,910	148,823	118,733	108,233
Contract liabilities	10,907	7,324	-	-
Trust receipts	7,485	19,137	-	-
Interest-bearing loans and borrowings	37,597	26,972	10,416	5,737
Lease liabilities	1,858	2,052	-	-
Income tax payables	6,026	6,129	14	14
	192,783	210,437	129,163	113,984
Net current (liabilities)/ assets	(3,267)	2,847	155,726	168,848
Non-current liabilities				
Amount due to joint ventures and associates	1,073	893	-	-
Contract liabilities	10,273	56	-	-
Other liabilities	3,547	3,633	-	-
Interest-bearing loans and borrowings	289,960	313,511	161,131	162,514
Lease liabilities	5,296	5,921	-	-
Deferred tax liabilities	13,025	13,263	-	-
	323,174	337,277	161,131	162,514
Net assets	104,128	133,379	38,203	49,081
Equity attributable to owners of the Company				
Share capital	108,056	108,056	108,056	108,056
Treasury shares	(923)	(923)	(923)	(923)
Reserves	(2,418)	25,294	(68,930)	(58,052)
	104,715	132,427	38,203	49,081
Non-controlling interests	(587)	952	-	-
Total equity	104,128	133,379	38,203	49,081

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

	Group (Carrying Value)					
	As at 31-Mar-21			As at 30-Jun-20		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, or on demand	42,568	2,514	45,082	44,859	1,250	46,109
Amount repayable after one year	283,182	6,778	289,960	304,532	8,979	313,511
	325,750	9,292	335,042	349,391	10,229	359,620

Details of any collateral

The Group's secured borrowings comprised of term loans and finance leases which are secured by way of:

- Legal mortgages of certain leasehold properties of subsidiaries
- Legal mortgages over certain vessels, plant and equipment of subsidiaries
- Assignment of charter income and insurance of certain vessels of subsidiaries
- Assignment of subordination and intercompany loans
- Corporate guarantees from the Company and certain subsidiaries

The Group's secured borrowings included the Series 006 and Series 007 notes issued pursuant to the S\$500,000,000 Multicurrency Debt Issuance Programme established by the Company (the "Notes"). The Notes are secured by second priority mortgages of vessels pledged as 31 March 2021, the aggregate fair market value of these 78 vessels amounted to \$144.8 million.

1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/ Profit before tax	(5,380)	5,202	(30,482)	(5,545)
Adjustments for:				
Amortisation of intangible assets	79	142	230	425
Depreciation of property, plant and equipment	14,292	13,467	41,849	41,729
Depreciation of right-of-use assets	902	1,700	2,533	2,544
Fair value adjustments arising from debt refinancing exercise	-	-	-	99
Gain on disposal of property, plant and equipment	(1,816)	(908)	(3,999)	(1,467)
Gain on disposal of assets classified as held for sale	(666)	-	(744)	(605)
Gain on disposal of disposal group classified as held for sale	-	-	-	(3,271)
Gain on termination of a lease	-	-	(10)	-
Inventories written off	1	-	13	-
Impairment losses/ (Reversal of impairment losses) on financial assets, net				
-trade receivables (third parties)	1,548	1,371	3,760	2,317
-contract assets	50	568	12	400
-other receivables	(11)	550	184	550
-amount due from joint ventures and associates	(253)	(268)	(1,235)	(268)
Impairment losses on non-financial assets				
-inventories	-	267	-	267
Interest expense	7,211	6,681	18,469	19,455
Interest income	(133)	(159)	(434)	(488)
Provision /(Reversal) of provision for warranty (net)	2	(32)	(11)	(28)
Property, plant and equipment written off	-	-	2	-
Reversal of provision for pension liabilities	(9)	(4)	(26)	(13)
Share of results of joint venture and associates	171	(174)	1,210	672
Operating cash flows before changes in working capital	15,988	28,403	31,321	56,773
Changes in working capital:				
Inventories	134	552	(1,705)	1,134
Contract assets and liabilities	16,426	(14,405)	20,110	(20,469)
Trade and other receivables	(3,295)	(1,758)	(4,552)	(643)
Prepayments	871	(160)	(903)	(5)
Trade and other payables	(8,760)	(9,908)	(14,997)	(13,394)
Finance lease receivables	256	122	548	544
Other liabilities	(25)	(11)	(74)	(10)
Balances with related parties (trade)	(93)	(255)	2,675	1,242
Cash flows generated from operations	21,502	2,580	32,423	25,172
Interest received from finance lease receivables	48	234	311	445
Income tax (refunded)/ paid	135	(261)	168	(384)
Net cash flows generated from operating activities	21,685	2,553	32,902	25,233
Cash flows from investing activities				
Interest received from bank balances	6	14	34	43
Purchase of assets classified as held for sale	-	-	-	(479)
Purchase of property, plant and equipment	(11,494)	(1,081)	(15,613)	(9,388)
Proceeds from disposal of property, plant and equipment	6,013	4,377	7,253	6,234
Proceeds from disposal of assets classified as held for sale	4,544	-	4,799	1,083
Proceeds from disposal of a subsidiary	-	-	-	3,739
Amount due from non-controlling interests of a subsidiary	-	(1,424)	-	(1,424)
Balances with related parties (non-trade)	193	(581)	(44)	1,198
Net cash flows (used in)/generated from investing activities	(738)	1,305	(3,571)	1,006

	Group			
	3 months ended		9 months ended	
	31 March		31 March	
	3Q	3Q	9M	9M
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(2,928)	(3,703)	(9,289)	(12,944)
Repayment of interest-bearing loans and borrowings	(12,837)	(7,793)	(18,593)	(22,290)
Proceeds from interest-bearing loans and borrowings	-	68	-	68
Repayment of trust receipts	(6,808)	(5,748)	(23,378)	(10,229)
Proceeds from trust receipts	4,604	12,178	11,733	31,700
Repayment of lease liabilities	(481)	(1,892)	(1,004)	(2,384)
Net proceeds from issuance of rights warrants	-	-	-	899
Cash and bank balances (restricted use)	983	3,248	8,018	(3,919)
Net cash flows used in financing activities	(17,467)	(3,642)	(32,513)	(19,099)
Net increase/ (decrease) in cash and cash equivalents	3,480	216	(3,182)	7,140
Cash and cash equivalents at beginning of period	10,879	14,076	17,650	7,151
Effects of exchange rate changes on cash and cash equivalents	10	(2)	(99)	(1)
Cash and cash equivalents at end of period (Note 1)	14,369	14,290	14,369	14,290

Note 1:

Cash and cash equivalents comprise the followings:

Cash and bank balances	23,866	28,362
Less: Restricted cash		
- Cash at banks	(9,497)	(13,495)
- Fixed deposits with banks	-	(577)
Cash and cash equivalents at end of period	14,369	14,290

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

1(d)(i) A statement (for the group and issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 31-Mar-21									
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			
9M FY2021									
At 1-Jul-20	108,056	(923)	(143)	899	24,538	25,294	132,427	952	133,379
Loss for the period	-	-	-	-	(28,600)	(28,600)	(28,600)	(1,676)	(30,276)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	1,060	-	-	1,060	1,060	161	1,221
Share of other comprehensive income of joint ventures and associates	-	-	(172)	-	-	(172)	(172)	(24)	(196)
Other comprehensive income for the period, net of tax	-	-	888	-	-	888	888	137	1,025
Total comprehensive income for the period	-	-	888	-	(28,600)	(27,712)	(27,712)	(1,539)	(29,251)
At 31-Mar-21	108,056	(923)	745	899	(4,062)	(2,418)	104,715	(587)	104,128

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

<u>Group</u>	Attributable to owners of the Company									
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Warrant reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Reserve of disposal group classified as held for sale \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total Equity \$'000
9M FY2020										
At 1-Jul-19	108,056	(923)	1,671	-	47,959	49,630	193	156,956	(3,164)	153,792
Loss for the period	-	-	-	-	(10,517)	(10,517)	-	(10,517)	5,302	(5,215)
<u>Other comprehensive income</u>										
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(520)	-	-	(520)	-	(520)	165	(355)
Share of other comprehensive income of joint ventures and associates	-	-	377	-	-	377	-	377	49	426
Re-measurement of defined benefit plans	-	-	-	-	(100)	(100)	-	(100)	-	(100)
Other comprehensive income for the period, net of tax	-	-	(143)	-	(100)	(243)	-	(243)	214	(29)
Total comprehensive income for the period	-	-	(143)	-	(10,617)	(10,760)	-	(10,760)	5,516	(5,244)
<u>Others</u>										
Disposal of a subsidiary	-	-	-	-	-	-	(193)	(193)	4,421	4,228
<u>Contributions by owners</u>										
Issuance of rights warrants	-	-	-	899	-	899	-	899	-	899
At 31-Mar-20	108,056	(923)	1,528	899	37,342	39,769	-	146,902	6,773	153,675

Statement of Changes in Equity for the periods ended 31-Mar-21 and 31-Mar-20						
Company	Share capital \$'000	Treasury shares \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
<u>9M FY2021</u>						
At 1-Jul-20	108,056	(923)	899	(58,951)	(58,052)	49,081
Loss for the year, representing total comprehensive income for the period	-	-	-	(10,878)	(10,878)	(10,878)
At 31-Mar-21	108,056	(923)	899	(69,829)	(68,930)	38,203
<u>9M FY2020</u>						
At 1-Jul-19	108,056	(923)	-	(76,053)	(76,053)	31,080
Loss for the period, representing total comprehensive income for the period	-	-	-	(3,736)	(3,736)	(3,736)
<u>Contributions by owners</u>						
Issuance of rights warrants	-	-	899	-	899	899
At 31-Mar-20	108,056	(923)	899	(79,789)	(78,890)	28,243

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

	Number of Ordinary Shares (excluding treasury shares)
Balance as at 31-Mar-21, 30-Jun-20 and 31-Mar-20	<u>629,266,941</u>
	Number of Warrants
Balance as at 31-Mar-21, 30-Jun-20 and 31-Mar-20	<u>567,130,713</u>

The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 31 March 2021 and 31 March 2020 is 0.40%.

Except for the warrants, there were no convertible securities or subsidiary holdings as at 31 March 2021 and 31 March 2020. No warrants were exercised since the date of issuance of warrants on 25 July 2019. As at 31 March 2021, the number of shares that may be issued on exercise of warrants were 567,130,713 (31 March 2020: 567,130,713).

There were no outstanding share options granted under the ESOS as at 31 March 2021 and 31 March 2020.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31-Mar-21	As at 31-Mar-20
Total number of issued shares	631,778,541	631,778,541
Total number of treasury shares	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u>629,266,941</u>	<u>629,266,941</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the current financial period reported on, there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

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

Not applicable as the Company has no subsidiary holdings.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

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

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

The accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2020.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 30 June 2020. The Group has adopted the following new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that are effective for annual periods beginning on or after 1 July 2020:

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

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2021	3Q FY2020	9M FY2021	9M FY2020
Earnings per ordinary share:				
(i) On weighted average no. of ordinary shares in issue	(0.70) cents	0.79 cents	(4.54) cents	(1.67) cents
(ii) On a fully diluted basis	(0.70) cents	0.79 cents	(4.54) cents	(1.67) cents
Net loss attributable to shareholders:	(\$4,419,000)	\$4,991,000	(\$28,600,000)	(\$10,517,000)
Number of shares in issue:				
(i) Weighted average no. of shares in issue	629,266,941	629,266,941	629,266,941	629,266,941
(ii) On a fully diluted basis	629,266,941	629,266,941	629,266,941	629,266,941

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	31-Mar-21	30-Jun-20	31-Mar-21	30-Jun-20
Net Asset Value (NAV) per ordinary share	16.64 cents	21.04 cents	6.07 cents	7.80 cents
NAV computed based on no. of ordinary shares issued	629,266,941	629,266,941	629,266,941	629,266,941

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
 (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF GROUP PERFORMANCE

Revenue

Group revenue of \$64.5 million for the 3 months ended 31 March 2021 ("3Q FY2021") was \$15.2 million (19.0%) lower compared to the corresponding quarter in FY2020 ("3Q FY2020"). For the 9 months ended 31 March 2021 ("9M FY2021"), the Group revenue was \$53.4 million (26.8%) lower compared to the corresponding period ended 31 March 2020 ("9M FY2020").

Details for revenue generated from each segment are as follows:

	Group					
	3Q		Increase/ (Decrease) %	9M		Increase/ (Decrease) %
	FY2021	FY2020		FY2021	FY2020	
	\$'000	\$'000	\$'000	\$'000		
Shipbuilding	16,119	10,888	48.0	23,093	29,781	(22.5)
Shiprepair, conversion and engineering services	23,366	24,507	(4.7)	61,733	57,468	7.4
Shipchartering	25,012	44,259	(43.5)	61,240	112,169	(45.4)
	64,497	79,654	(19.0)	146,066	199,418	(26.8)

Shipbuilding

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

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

	Group									
	3Q		3Q		Increase/ (Decrease) %	9M		9M		Increase/ (Decrease) %
	FY2021	FY2020	FY2021	FY2020		FY2021	FY2020	FY2021	FY2020	
	Units	\$'000	Units	\$'000	Units	\$'000	Units	\$'000		
Tugs	2	9,936	3	9,353	6.2	4	16,441	3	16,062	2.4
Barges and others	11	6,183	2	1,535	302.8	11	6,652	17	13,719	(51.5)
	13	16,119	5	10,888	48.0	15	23,093	20	29,781	(22.5)

Shipbuilding revenue increased by \$5.2 million to \$16.1 million in 3Q FY2021 as compared to last corresponding quarter under review. The higher revenue in 3Q FY2021 was attributable to delivery and completion of 10 Barges and 1 Tug which were recognised based on Completion method.

Shipbuilding revenue in 9M FY2021 was \$6.7 million (22.5%) lower as compared to last corresponding period mainly attributable to lesser units of barges delivered and recognised based on Completion 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 breakdown of revenue generated from the shiprepair, conversion and engineering services segment are as follows:

	Group					
	3Q		Increase/ (Decrease) %	9M		Increase/ (Decrease) %
	FY2021	FY2020		FY2021	FY2020	
	\$'000	\$'000	\$'000	\$'000		
Shiprepair, conversion and engineering services	23,191	23,957	(3.2)	61,012	56,466	8.1
Other marine related services	175	550	(68.2)	721	1,002	(28.0)
	23,366	24,507	(4.7)	61,733	57,468	7.4

The variances in the revenue of shiprepair, conversion and engineering services in 3Q FY2021 and 9M FY2021 were mainly due to

- i) recognition of prior year projects from certain customers upon finalization in 2Q FY2021 and 3Q FY2021; and
- ii) reversal of accrued discounts for prior years' completed projects in 1QFY2021; partially offset by
- iii) lower revenue attributed to COVID-19 in 9M FY2021.

Shipchartering

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

	Group					
	3Q		Increase/ (Decrease) %	9M		Increase/ (Decrease) %
	FY2021	FY2020		FY2021	FY2020	
\$'000	\$'000		\$'000	\$'000		
Offshore Support Vessels ("OSV")	4,918	6,424	(23.4)	10,470	15,222	(31.2)
Landing crafts	263	244	7.8	500	480	4.2
Tug Boats	8,190	19,447	(57.9)	19,275	46,184	(58.3)
Barges	5,853	10,915	(46.4)	15,881	34,380	(53.8)
Total charter	19,224	37,030	(48.1)	46,126	96,266	(52.1)
Trade sales and other services	5,788	7,229	(19.9)	15,114	15,903	(5.0)
	25,012	44,259	(43.5)	61,240	112,169	(45.4)

Charter revenue decreased by \$17.8 million (48.1%) to \$19.2 million in 3Q FY2021 and by \$50.1 million (52.1%) to \$46.1 million in 9M FY2021 mainly due to:

- (i) Lower utilisation rate of OSV (3Q FY2021: 53%; 3Q FY2020: 86%; 9M FY2021: 54%; 9M FY2020: 82%) partly due to early termination of one OSV in 2Q FY2020 and two chemical tankers in 4Q FY2020;
- (ii) Certain of the major local infrastructure projects being affected by COVID-19 pandemic, resumed progressively from September 2020; and
- (iii) Completion of two major overseas infrastructure projects in 3Q FY2020 and 1Q FY2021, partially offset by an additional long term overseas charter contract commenced in December 2020.

The overall utilisation rate of chartering fleet reduced from 57% in 9M FY2020 to 36% in 9M FY2021, with an increase in utilization rate from 39% in last preceding quarter (2Q FY2021) to 42% in current quarter (3Q FY2021).

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

Gross profit/ (loss) and gross margin

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

	Group							
	3Q		3Q		9M		9M	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM	
Shipbuilding	466	2.9%	560	5.1%	765	3.3%	1,989	6.7%
Shiprepair, conversion and engineering services	5,255	22.5%	2,159	8.8%	9,737	15.8%	5,161	9.0%
Shipchartering	(2,473)	(9.9%)	4,546	10.3%	(11,597)	(18.9%)	8,557	7.6%
	3,248	5.0%	7,265	9.1%	(1,095)	(0.7%)	15,707	7.9%

Shipbuilding

The lower gross profit and gross margins in 3Q FY2021 and 9M FY2021 as compared to corresponding periods were due to lower margin achieved for tugs as a result of costs overrun.

Shiprepair, conversion and engineering services

Gross profit increased by \$3.1 million to \$5.3 million (GPM 22.5%) in 3Q FY2021 and by \$4.6 million to \$9.7 million (GPM: 15.8%) in 9M FY2021 as compared to the corresponding periods mainly attributed to recognition of prior year projects from certain customers upon finalization.

Shipchartering

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

	Group							
	3Q FY2021		3Q FY2020		9M FY2021		9M FY2020	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
OSV	(2,836)	(57.7%)	799	12.4%	(3,842)	(36.7%)	2,044	13.4%
Landing crafts	32	12.2%	(716)	(293.4%)	(434)	(86.8%)	(2,143)	(446.5%)
Tug boats and Barges	(2,049)	(14.6%)	2,133	7.0%	(12,976)	(36.9%)	3,856	4.8%
Total charter	(4,853)	(25.2%)	2,216	6.0%	(17,252)	(37.4%)	3,757	3.9%
Trade sales and other services	2,380	41.1%	2,330	32.2%	5,655	37.4%	4,800	30.2%
	(2,473)	(9.9%)	4,546	10.3%	(11,597)	(18.9%)	8,557	7.6%

Gross loss and gross loss margin for charter in 3Q FY2021 and 9M FY2021 were mainly due to lower contribution generated which were insufficient to cover the fixed operating costs of the chartering fleet which included depreciation charge of \$11.3 million and \$31.7 million in 3Q FY2021 and 9M FY2021 respectively.

Gross profit and gross profit margin for trade sales and other services were higher in 9M FY2021 mainly attributed to finalisation of prior years projects.

Other operating income

Details for other operating income are as follows:

	Group			
	3Q FY2021	3Q FY2020	9M FY2021	9M FY2020
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	1,816	908	3,999	1,467
Gain on disposal of assets classified as held for sale	666	-	744	605
Gain on disposal of disposal group classified as held for sale	-	-	-	3,271
Gain on foreign exchange (net)	1,643	9,301	-	7,102
Gain on termination of a lease	-	-	10	-
Interest income from bank balances	5	14	34	43
Interest income from finance lease receivables	128	145	400	445
Insurance claims	1	-	64	41
Rental income from property, plant and equipment	127	91	383	428
Government grants	463	-	2,180	-
Miscellaneous income	105	43	424	402
	4,954	10,502	8,238	13,804

The gain on disposal of property, plant and equipment in 3Q FY2021 mainly due to disposal of 6 vessels.

The gain on disposal of assets classified as held for sale in 3Q FY2021 arose from the sale of an accommodation rig acquired as part of a settlement agreement on outstanding debts owing to the Group.

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

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.

The net foreign exchange gain recorded in 3Q FY2021 was mainly due to appreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD. The net foreign exchange gain recorded in 3Q FY2020 was mainly due to the appreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD and the depreciation of IDR against SGD on IDR denominated liabilities.

	31 Mar 2021	31 Dec 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Jun 2019
USD against SGD	1,3470	1,3251	1,3932	1,4238	1,3469	1,3537
IDR against SGD	10,818	10,644	10,265	11,495	10,321	10,446

Administrative expenses

Administrative expenses increased by \$1.3 million (36.3%) to \$4.9 million in 3Q FY2021 and by \$1.1 million (9.6%) to \$12.7 million in 9M FY2021 when compared to last corresponding periods mainly due to reversal of overprovision of professional fee in 3Q FY2020 incurred on debt refinancing exercise carried out in FY2019.

Other operating expenses

	Group			
	3Q FY2021 \$'000	3Q FY2020 \$'000	9M FY2021 \$'000	9M FY2020 \$'000
Impairment losses on non-financial assets				
-inventories	-	267	-	267
Inventories written off	1	-	13	-
Loss on foreign exchange (net)	-	-	2,538	-
Property, plant and equipment written off	-	-	2	-
	1	267	2,553	267

Impairment losses on non-financial assets in 3Q FY2020 pertained to impairment on a vessel held as inventory, impaired based on selling price.

The net foreign exchange loss recorded in 9M FY2021 was mainly due to depreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD.

Finance costs

	Group			
	3Q	3Q	9M	9M
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Interest expense on:				
Bank loans and bonds	2,748	3,832	8,642	12,022
Lease liabilities	180	360	647	812
Amortisation of bank loans and bonds	4,283	2,489	9,180	6,621
	7,211	6,681	18,469	19,455

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.

Fair value adjustments arising from debt refinancing exercise

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

Impairment losses on financial assets

	Group			
	3Q	3Q	9M	9M
	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Impairment losses/ (reversal of impairment losses) on financial assets, net				
- trade receivables (third parties)	1,548	1,371	3,760	2,317
- contract assets	50	568	12	400
- other receivables	(11)	550	184	550
- amount due from joint ventures and associates	(253)	(268)	(1,235)	(268)
	1,334	2,221	2,721	2,999
Impairment losses on non-financial assets (recorded under other operating expenses)				
	-	267	-	267
Total impairment losses	1,334	2,488	2,721	3,266

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

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

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

Share of results of joint ventures and associates

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

	Group's effective interest	Group			
		3Q	3Q	9M	9M
		FY2021	FY2020	FY2021	FY2020
		\$'000	\$'000	\$'000	\$'000
<u>Joint ventures</u>					
Sindo-Econ group	50%	-	-	-	-
<u>Associates</u>					
PT. Hafar Capitol					
Nusantara ("PT Hafar")	36.75%	(226)	119	(1,376)	(838)
PT Capitol Nusantara					
Indonesia ("PT CNI")	27%	55	55	166	166
		(171)	174	(1,210)	(672)

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

The share of loss from PT Hafar of \$0.2 million in 3Q FY2021 was mainly due to underprovision of tax expense in prior years.

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)/ profit before tax

The Group recorded a loss before tax of \$5.4 million in 3Q FY2021 (3Q FY2020: profit before tax of \$5.2 million) and a higher loss before tax of \$30.5 million in 9M FY2021 (9M FY2020: \$5.5 million) mainly due to lower gross profit and foreign exchange gain.

Tax credit/ (expense)

The Group's tax credit of \$0.7 million in 3Q FY2021 was mainly due to overprovision of tax expenses in prior year, where tax losses from certain subsidiary had been utilized by other subsidiaries within the Group under group tax relief.

Non-controlling interests

Non-controlling interests' share of loss of \$0.2 million for 3Q FY2021 and \$1.7 million for 9M FY2021 mainly pertains to the portion of results of its non-wholly owned subsidiaries in Indonesia.

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

OPERATION CASH FLOWS

3Q FY2021

The Group recorded a higher net cash inflow from operating activities of \$21.7 million in 3Q FY2021 (3Q FY2020: \$2.6 million) mainly due to lower construction work-in-progress incurred and higher advance payments received from customers, partially offset by lower operating cash flows.

The net cash outflow from investing activities of \$0.7 million in 3Q FY2021 (3Q FY2020: cash inflow of \$1.3 million) was mainly attributed to higher net purchase of property, plant and equipment, partially offset by proceeds from disposal of assets classified as held for sale and absence of an advance of US\$1 million extended to minority shareholder of a subsidiary (as announced on page 22 of the unaudited quarterly financial statements announcement for the third quarter ended 31 March 2020).

The higher net cash outflow from financing activities of \$17.5 million in 3Q FY2021 (3Q FY2020: \$3.6 million) was mainly due to higher net repayments on trust receipts and interest-bearing loans and borrowings as well as lower restricted cash being released upon completion of shipbuilding projects.

9M FY2021

The Group recorded a higher net cash inflow from operating activities of \$32.9 million in 9M FY2021 (9M FY2020: \$25.2 million) mainly due to lower construction work-in-progress incurred and higher advance payments received from customers partially offset by lower operating cash flows .

The higher cash outflow from investing activities of \$3.6 million in 9M FY2021 (9M FY2020: cash inflow of \$1.0 million) was mainly due to higher net purchase of property, plant and equipment, absence of proceeds from disposal of the China Subsidiary, partially offset by higher proceeds from disposal of assets classified as held for sale and absence of an advance of US\$1 million extended to minority shareholder of a subsidiary.

The higher net cash outflow from financing activities of \$32.5 million in 9M FY2021 (9M FY2020: \$19.1 million) was mainly due to higher net repayments on trust receipts, partially offset by lower repayments on interest-bearing loans and borrowings and interest paid as well as higher restricted cash being released upon completion of shipbuilding projects.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2021

Non-current assets

Property, plant and equipment (“PPE”) decreased by \$32.4 million (7.3%) from \$443.9 million as at 30 June 2020 to \$411.5 million as at 31 March 2021. Movement in PPE during the period under review is as follows:

	\$'000
Balance as at 1 July 2020	443,928
Additions, inclusive of:	17,829
- \$5.6 million for vessels and modification works	
- \$2.5 million for plant and equipment	
- \$0.4 million for yard infrastructure	
- \$2.4 million for vessel under construction	
- \$6.9 million for dry docking expenditure on vessels capitalised	
Disposals/ Write-off	(4,598)
Depreciation charge	(41,149)
Translation differences	(4,461)
Balance as at 31 March 2021	<u>411,549</u>

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

During the period under review, majority of vessels, plant and equipment were acquired to support long-term overseas charter contracts. These assets were financed with disposal proceeds from plant and equipment and assets classified as held for sale and internal resources.

The right-of-use assets (“**ROU assets**”) pertained to leases of plant and equipment, leasehold properties and buildings as well as land use rights over plots of land in Indonesia and Singapore where the shipyards of the Group operate. ROU assets decreased by \$2.3 million (18.9%) to \$10.0 million as at 31 March 2021 mainly due to depreciation charge of \$2.5 million, partially offset by addition of \$0.4 million.

Current assets

Current assets decreased by \$23.8 million (11.1%) to \$189.5 million as at 31 March 2021 mainly due to lower cash and bank balances, contract assets, trade and other receivables.

Inventories comprised the following:

	Group			
	31-Mar-21	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Raw materials and fuel on board	12,820	11,421	1,399	12.2
Finished goods	75,345	75,556	(211)	(0.3)
Total inventories	88,165	86,977	1,188	1.4

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

Trade and other receivables comprised the following:

	Group			
	31-Mar-21	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	45,519	49,667	(4,148)	(8.4)
Other receivables	9,027	10,247	(1,220)	(11.9)
Amount due from related parties				
- joint ventures and associates	1,697	2,695	(998)	(37.0)
- companies related to directors	432	573	(141)	(24.6)
	56,675	63,182	(6,507)	(10.3)

The trade receivables decreased by \$4.1 million (8.4%) to \$45.5 million as at 31 March 2021 mainly due to settlement-in-kind entered with certain customers, and impairment made during the period. Trade receivables of \$12.2 million have been received subsequent to the financial period under review.

Other receivables comprised mainly receivables from sale of vessels, advances to suppliers and subcontractors and recoverables from customers. The reduction was mainly due to reduction in advances to suppliers and subcontractors and lower JSS grant receivable.

Assets classified as held for sale as at 30 June 2020 comprised two barges which were subsequently sold in 1Q FY2021.

Current liabilities

Current liabilities decreased by \$17.6 million (8.4%) from \$210.4 million as at 30 June 2020 to \$192.8 million as at 31 March 2021. The decrease was mainly due to lower trade and other payables and trust receipts, partially offset by higher interest-bearing loans and borrowings and contract liabilities.

Trade and other payables comprised the following:

	Group			
	31-Mar-21	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Trade and other payables (current)				
Trade payables	110,767	127,121	(16,354)	(12.9)
Payables for property, plant and equipment	1,357	3,674	(2,317)	(63.1)
Other payables	3,238	3,212	26	0.8
Deposits received from customers	3,939	3,788	151	4.0
Deferred income	1,768	2,083	(315)	(15.1)
Amount due to related parties				
- joint ventures and associates	264	1,374	(1,110)	(80.8)
- companies related to directors	748	724	24	3.3
Amounts due to shareholders	6,620	6,620	-	-
Loan from non-controlling interests of subsidiaries	206	213	(7)	(3.3)
Provision for warranty	3	14	(11)	(78.6)
	128,910	148,823	(19,913)	(13.4)

The decrease in trade payables was due to progressive payments to suppliers during the period. Lower payables for property, plant and equipment and amount due to related parties were mainly attributed to settlement of accounts.

Contracts assets and liabilities

	Group			
	31-Mar-21	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Contract assets				
Construction work-in-progress	7,565	17,707	(10,142)	(57.3)
Accrued revenue	8,087	4,971	3,116	62.7
	15,652	22,678	(7,026)	(31.0)
Contract liabilities (current)				
Progress billings in excess of construction work-in-progress	2,599	1,929	670	34.7
Deferred income and deposits received from customers	8,308	5,395	2,913	54.0
	10,907	7,324	3,583	48.9
Contract liabilities (non-current)				
Deferred income	10,273	56	10,217	Nm
	21,180	7,380	13,800	187.0

Net construction work-in-progress in excess of progress billings for shipbuilding and shiprepair projects decreased by \$10.8 million (68.5%) to \$5.0 million as at 31 March 2021, mainly due to completion of shipbuilding projects during the current period under review.

Accrued revenue primarily relates to the shiprepair and shipchartering services completed but not yet billed at reporting date, of which \$3.4 million have been billed subsequent to the financial period under review.

Deferred income and deposits received from customers mainly relates to advance payments received from customers for which charter services have not been rendered and/or obligation to transfer goods. The deferred income and deposits will be recognised as income when the services are performed. The increase was mainly due to advance receipts from shipchartering customers on long-term overseas charter contracts and ad hoc towing jobs secured.

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

	Group (Carrying Value)				Group (Face Value)			
	31-Mar-21	30-Jun-20	Increase/ (Decrease)		31-Mar-21	30-Jun-20	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Current								
Bonds	1,500	1,500	-	-	1,500	1,500	-	-
Trust receipts								
- shipbuilding related	-	10,492	(10,492)	(100.0)	-	10,492	(10,492)	(100.0)
- general	7,485	8,645	(1,160)	(13.4)	7,485	8,645	(1,160)	(13.4)
	7,485	19,137	(11,652)	(60.9)	7,485	19,137	(11,652)	(60.9)
Term loan								
- vessels loan	9,634	8,200	1,434	17.5	11,896	8,935	2,961	33.1
- assets financing	7,686	3,400	4,286	126.1	9,069	4,678	4,391	93.9
- working capital	18,274	12,167	6,107	50.2	18,868	12,837	6,031	47.0
	35,594	23,767	11,827	49.8	39,833	26,450	13,383	50.6
Finance lease liabilities	503	1,705	(1,202)	(70.5)	503	1,705	(1,202)	(70.5)
	45,082	46,109	(1,027)	(2.2)	49,321	48,792	529	1.1
Non-current								
Bonds	94,773	89,496	5,277	5.9	133,750	135,000	(1,250)	(0.9)
Term loan								
- vessels loan	60,596	66,767	(6,171)	(9.2)	69,089	78,967	(9,878)	(12.5)
- assets financing	59,348	70,934	(11,586)	(16.3)	62,877	75,746	(12,869)	(17.0)
- working capital	74,716	84,603	(9,887)	(11.7)	75,491	85,661	(10,170)	(11.9)
	194,660	222,304	(27,644)	(12.4)	207,457	240,374	(32,917)	(13.7)
Finance lease liabilities	527	1,711	(1,184)	(69.2)	527	1,711	(1,184)	(69.2)
	289,960	313,511	(23,551)	(7.5)	341,734	377,085	(35,351)	(9.4)
Total borrowings	335,042	359,620	(24,578)	(6.8)	391,055	425,877	(34,822)	(8.2)
Total shareholders' funds	104,715	132,427						
Gearing ratio (times)	3.20	2.72						
Net gearing ratio (times)	2.97	2.45						

The Group's current portion of term loan (carrying value) increased by \$11.8 million (49.8%) to \$35.6 million as at 31 March 2021 mainly due to the 8 months deferment of principal repayment from May 2020 to December 2020 granted by the lenders to the respective loans maturity dates. There were no deferment remaining as at 31 March 2021 as compared to 6 months of deferral as of 30 June 2020. The increase in current portion of term loan was partially offset by repayment of trust receipts and finance lease liabilities.

The Group's total borrowings (carrying value) decreased by \$24.6 million (6.8%) to \$335.0 million as at 31 March 2021 mainly due to net repayment of interest-bearing loans and borrowings and trust receipts, partially offset by the accretion of interests on bank loans and bonds measured at fair value.

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

Net current liabilities

The Group recorded a net current liabilities of \$3.3 million as at 31 March 2021. The financial statements are prepared on a going concern basis, the validity of which was disclosed in Note 2.1 of the FY2020 Annual Report and announcement of “Responses to SGX Queries” on 25 February 2021.

Non-current liabilities

Non-current liabilities decreased by \$14.1 million to \$323.2 million as at 31 March 2021 mainly due to decrease in the non-current portion of the Group’s total borrowings, partially offset by higher contract liabilities due to advance receipts from shipchartering customers on long-term charter contracts.

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

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

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

(A) Market and industry outlook

The COVID-19 pandemic has severely disrupted global economic activity, and led to both demand- and supply-side shocks to worldwide economy. As our businesses are primarily reliant on the market conditions in the infrastructure, shipbuilding and shiprepair, shipping and offshore & marine industries, the main macroeconomic variables we are sensitive to include global trade, oil price and infrastructure spending in Asia.

The drop in global trade, the disruptions to global supply chains, the flight to safety in financial markets and the reduction in consumer and business confidence are all expected to take their toll on future economic activity, and is prolonged given the COVID-19 pandemic.

Macro trends remain mixed and uncertain in near term in view of

- a. WTI crude oil price have been trending higher, trading at around US\$64 a barrel as of 30 April 2021 since hitting lows of negative US\$37 in April 2020. OPEC and partners are betting on a significant boost in oil demand over the coming months as member states get ready to ramp up oil production. OPEC will be hoping that prices remain generally high as production increases, relying on the international market to soak up the higher crude production by the summer months. While Covid-19 restrictions continue to hamper oil demand, optimism around the vaccine rollout as well as increased demand from emerging markets suggests OPEC’s plan to ramp up production will be met with enthusiasm¹.

¹ Felicity Bradstock, “Optimism grows over oil demand recovery” (7 April 2021)

Growth prospects depend on many factors, including the magnitude and duration of the COVID-19 pandemic, the degree to which current containment measures are maintained or reinforced, the time until an effective treatment or vaccine is effectively deployed, and the extent to which significant fiscal and monetary policy actions support revival of market demand.

- b. Global economic prospects have improved markedly in recent months, helped by the gradual deployment of effective vaccines, announcements of additional fiscal support in some countries, and signs that economies are coping better with measures to suppress the virus. Global GDP growth is projected to be 5½ per cent in 2021 and 4% in 2022, with global output rising above the pre-pandemic level by mid-2021. Despite the improved global outlook, output and incomes in many countries will remain below the level expected prior to the pandemic at the end of 2022².
- c. Governments and public authorities may selectively proceed on infrastructure projects as soon as normality returns so as to reinvigorate the construction industry and the wider economy. This will spread across all areas of transport infrastructure and energy and utilities. The post COVID-19 long-term prospects for infrastructure investment in the Asia-Pacific region remain positive, reflecting the need to expand and modernise transport infrastructure and utilities to cope with the region's demand growth amid rising economic prosperity and urbanisation³.

While it is difficult to prognosticate when normality will return or when we will adjust to a new normal, the management, with the support of various stakeholders, will continue to navigate and manage foreseeable risks and long-run disruptions that the current political, social, and economic environment presents.

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

(B) Business segments

Shipbuilding, Shiprepair, Conversion and Engineering Services

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

For shiprepair segment, the Group expanded its capacity in Singapore yard with a floating dock to capture the local shiprepair for bunkering vessels, tugs, workboats, mid-size cargo ships. The Group is actively engaging international customers so as to secure more jobs at its Batam yard. The scheduled maintenance of vessels cannot be postponed indefinitely. Seaborne transport, plays a key role in the development of a country, involves ports, inland water systems, ship repair,

² OECD Economic Outlook, Interim Report March 2021

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

shipping and ship building. Upswing activities in sea-borne trade activities increase the need for regular maintenance and repairs. This scenario is expected to augment the demand for the ship repairing market.

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, tighten cost control to ensure its competitiveness.

Shipchartering

The diversified vessel types in our fleet are expected to lend support to our chartering business in view of the demand from marine infrastructure projects in South Asia, South East Asia and Singapore for a) land reclamation and dredging; b) port and bridge construction; c) coastal transportation on stone aggregates; and d) Cargo transshipment in Indonesia.

Order Book

As at 31 March 2021, the Group had an outstanding shipbuilding order book from external customers of approximately \$29 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 30% of shipchartering revenue in 9M FY2021 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2021, the Group had an outstanding ship chartering order book of approximately \$55 million with respect to long-term contracts.

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

(C) Financing arrangements

Continuing support from principal lenders

The project financing and trade line facilities activated in August 2019 provides a strong base in sustaining the businesses of the Group. The Group received an eight months deferment of principal repayment for the period from May 2020 to December 2020 on certain loans to its respective maturity dates.

Support measures in response to the COVID-19 pandemic

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

The above have helped to alleviate and sustain the Group's operating cash flows amid this challenging period.

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

The Board wishes to update as follows:

- (1) The Group has participated in the COVID-19 vaccination programme in Singapore.
- (2) Our shipbuilding operations in Singapore will be progressively delivering its existing order books of tugs and barges within expected deliveries up to 1Q FY2023.
- (3) Demand for ship repair services are still affected by COVID-19 related movement controls in Indonesia and Singapore, with more restrictive measures introduced since December 2020 for both countries. The Singapore authorities have put in place certain Mandatory Precautionary Measures that apply to all inbound vessels arriving in Singapore-based shipyards for repair calls. These measures impose obligations which must be complied with by both vessel owner and the yard before the yard is able to accept the vessel. During repair operations, there are also additional protocols implemented to minimize personnel contact. Similarly for Indonesia, increased regulatory requirements on foreigner travel to the country and additional COVID-19 prevention measures including increased testing add both logistical and financial burdens to both the yard and vessel owners. Such measures in aggregate have resulted in operational slow-downs and delays in both yards, especially for foreign vessel repair projects.
- (4) The Group expects continued pressure on charter rates due to market competition and COVID-19 pandemic situation. The management will continue to focus on increasing utilisation of its fleet, widening geographical coverage and raising operational efficiency.

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

11. Dividend

If a decision regarding dividend has been made:-

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

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

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

Not applicable.

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

None.

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

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

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No interim dividend has been declared for the period ended 31 March 2021 after taking into consideration the operating requirement, cash flow position of the Group and the current market weakness, and to conserve cash for working capital usage.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

During 9M FY2021, the following interested person transactions were entered into by the Group:

Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000) \$'000
<u>Purchase of goods and services</u> Sintech Metal Industries Pte Ltd	Wholly owned by Mr. Ang Sin Liu 229	-

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.

- 14. Negative confirmation pursuant to Rule 705(5).**

We, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Group and the Company for the third quarter ended 31 March 2021 to be false or misleading in any material aspect.

- 15. Confirmation pursuant to Rule 720(1).**

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

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
14 May 2021