



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

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

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

Income Statement

| | Group | | | | | |
|--|---------------------------|------------------------|--------------------|----------------------------|------------------|--------------------|
| | 3 months ended 30 June | | | 12 months ended 30 June | | |
| | 4Q FY2020 \$'000 | 4Q FY2019 \$'000 | Inc/ (Dec) % | FY2020 \$'000 | FY2019 \$'000 | Inc/ (Dec) % |
| Revenue | 44,219 | 63,307 | (30.2) | 243,637 | 312,882 | (22.1) |
| Cost of sales | (47,258) | (59,893) | (21.1) | (230,969) | (298,523) | (22.6) |
| Gross (loss)/ profit | (3,039) | 3,414 | (189.0) | 12,668 | 14,359 | (11.8) |
| Other operating income | 3,590 | 2,110 | 70.1 | 12,953 | 4,413 | 193.5 |
| Administrative expenses | (4,567) | (5,217) | (12.5) | (16,131) | (23,088) | (30.1) |
| Other operating expenses | (18,562) | (94,153) | (80.3) | (14,388) | (98,541) | (85.4) |
| Finance costs | (6,252) | (7,820) | (20.1) | (25,707) | (23,195) | 10.8 |
| Fair value adjustments arising from debt refinancing exercise | 15,332 | 59,179 | (74.1) | 15,233 | 59,179 | (74.3) |
| Impairment losses on financial assets | (1,766) | (75,663) | (97.7) | (4,765) | (75,663) | (93.7) |
| Share of results of joint ventures and associates | (450) | 1,132 | (139.8) | (1,122) | 857 | (230.9) |
| Loss before tax | (15,714) | (117,018) | (86.6) | (21,259) | (141,679) | (85.0) |
| Income tax credit/ (expense) | 2,546 | (3,134) | (181.2) | 2,876 | (4,200) | (168.5) |
| Loss for the period/ year | (13,168) | (120,152) | (89.0) | (18,383) | (145,879) | (87.4) |
| Attributable to: | | | | | | |
| Owners of the Company | (13,116) | (116,588) | (88.8) | (23,633) | (141,027) | (83.2) |
| Non-controlling interests | (52) | (3,564) | (98.5) | 5,250 | (4,852) | Nm |
| | (13,168) | (120,152) | (89.0) | (18,383) | (145,879) | (87.4) |
| Adjusted EBITDA* for the period/ year | 6,797 | 13,637 | (50.2) | 68,954 | 51,541 | 33.8 |

Notes:

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

Nm: Not meaningful

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

Statement of Comprehensive Income

| Note | Group | | | | | |
|------|---|------------------------|--------------------|------------------|------------------|--------------------|
| | 3 months ended | | | 12 months ended | | |
| | 30 June | | | 30 June | | |
| | 4Q FY2020 \$'000 | 4Q FY2019 \$'000 | Inc/ (Dec) % | FY2020 \$'000 | FY2019 \$'000 | Inc/ (Dec) % |
| | (13,168) | (120,152) | (89.0) | (18,383) | (145,879) | (87.4) |
| | <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| | Translation differences relating to financial statements of foreign subsidiaries, net of tax* | | | | | |
| | (1,231) | 262 | (569.8) | (1,586) | 835 | (289.9) |
| | Realisation of foreign currency translation reserves on disposal a subsidiary | | | | | |
| | (750) | - | Nm | (943) | - | Nm |
| | Share of other comprehensive income of joint ventures and associates | | | | | |
| | (227) | (90) | 152.2 | 199 | (59) | Nm |
| | <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | | | |
| | Remeasurement of defined benefit plan | | | | | |
| | 312 | 58 | 437.9 | 212 | - | Nm |
| | (1,896) | 230 | (924.3) | (2,118) | 776 | (372.9) |
| | Total comprehensive income for the period/ year | | | | | |
| | (15,064) | (119,922) | (87.4) | (20,501) | (145,103) | (85.9) |
| | Attributable to: | | | | | |
| | (14,475) | (116,359) | (87.6) | (25,235) | (140,273) | (82.0) |
| | (589) | (3,563) | (83.5) | 4,734 | (4,830) | Nm |
| | (15,064) | (119,922) | (87.4) | (20,501) | (145,103) | (85.9) |

Note:

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

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

| | Group | | | |
|---|------------------------|------------------------|------------------|------------------|
| | 3 months ended | | 12 months ended | |
| | 30 June | | 30 June | |
| | 4Q FY2020 \$'000 | 4Q FY2019 \$'000 | FY2020 \$'000 | FY2019 \$'000 |
| Amortisation of intangible assets | (145) | (160) | (570) | (652) |
| Amortisation of lease prepayments | - | (86) | - | (358) |
| Bad debts written off | - | (102) | - | (102) |
| Depreciation of property, plant and equipment | (14,497) | (15,424) | (56,226) | (61,064) |
| Depreciation of right-of-use assets* | (768) | - | (3,312) | - |
| Fair value adjustments arising from debt refinancing exercise | 15,332 | 59,179 | 15,233 | 59,179 |
| Gain on disposal of property, plant and equipment | 392 | 904 | 1,859 | 327 |
| (Loss)/ Gain on disposal of assets classified as held for sale | - | (48) | 605 | 941 |
| Gain on disposal of disposal group classified as held for sale [#] | 816 | - | 4,087 | - |
| (Loss)/ Gain on foreign exchange (net) | (4,441) | (751) | 2,661 | (4,001) |
| (Impairment losses)/ Reversal of impairment losses on financial assets, net | | | | |
| - trade receivables (third parties) | (1,643) | (7,086) | (3,960) | (7,086) |
| - contract assets | 557 | (123) | 157 | (123) |
| - other receivables | (109) | (1,464) | (659) | (1,464) |
| - amount due from: | | | | |
| • amount due from joint ventures and associates | (570) | (65,420) | (302) | (65,420) |
| • companies related to directors | (1) | (4) | (1) | (4) |
| - finance lease receivables | - | (1,566) | - | (1,566) |
| Impairment losses on non-financial assets | | | | |
| - inventories | (9,227) | (72,338) | (9,494) | (72,338) |
| - property, plant and equipment | (1,608) | (13,667) | (1,608) | (13,667) |
| - intangible assets | (3,063) | (5,504) | (3,063) | (5,504) |
| Loss on disposal of short-term investment | - | - | - | (134) |
| Interest income from bank balances | 9 | 26 | 52 | 82 |
| Interest income from finance lease receivables | 147 | 155 | 592 | 640 |
| Inventories written off | - | (300) | - | (1,350) |
| Property, plant and equipment written off | (223) | (83) | (223) | (85) |
| (Provision)/ Reversal of pension liabilities | (223) | 94 | (210) | (21) |
| (Provision)/ Reversal of provision for warranty (net) | - | (33) | 28 | (9) |
| Over/(Under) provision of tax in respect of prior years | 1,613 | (288) | 1,980 | (1,634) |

Notes:

* Pursuant to the adoption of SFRS(I) 16 Leases which is effective from annual periods beginning on or after 1 January 2019. For details, please refer to item 5 of this results announcement.

The gain on disposal of disposal group classified as held for sale of \$8.9 million announced on 16 August 2019 was arrived at before transaction costs, the derecognition of liabilities attributable to the non-controlling interests and a reclassification adjustment of the cumulative amount of the translation differences from equity to profit or loss. These have been accounted for in determining the gain on disposal of \$4.1 million in FY2020.

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 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30-Jun-20 \$'000 | 30-Jun-19 \$'000 | 30-Jun-20 \$'000 | 30-Jun-19 \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 443,928 | 490,244 | - | - |
| Right-of-use assets* | 12,375 | - | - | - |
| Lease prepayments* | - | 4,606 | - | - |
| Investment in subsidiaries | - | - | 39,647 | 40,723 |
| Investment in joint ventures and associates | 4,298 | 5,450 | - | - |
| Intangible assets | 2,256 | 5,865 | - | - |
| Other receivables | - | - | 3,100 | - |
| Finance lease receivables | 4,952 | 5,536 | - | - |
| | 467,809 | 511,701 | 42,747 | 40,723 |
| Current assets | | | | |
| Inventories | 86,977 | 99,484 | - | - |
| Contract assets | 22,678 | 23,617 | - | - |
| Trade and other receivables | 63,182 | 80,546 | 278,664 | 259,353 |
| Prepayments | 3,490 | 4,811 | 184 | 185 |
| Finance lease receivables | 745 | 670 | - | - |
| Cash and bank balances | 35,165 | 15,395 | 3,984 | 3,591 |
| | 212,237 | 224,523 | 282,832 | 263,129 |
| Assets classified as held for sale | 1,047 | - | - | - |
| Assets of disposal group classified as held for sale | - | 9,841 | - | - |
| | 213,284 | 234,364 | 282,832 | 263,129 |
| Current liabilities | | | | |
| Trade and other payables | 148,823 | 178,003 | 108,233 | 99,480 |
| Contract liabilities | 7,324 | 22,149 | - | - |
| Trust receipts | 19,137 | 1,157 | - | - |
| Interest-bearing loans and borrowings | 26,972 | 45,107 | 5,737 | 11,965 |
| Lease liabilities* | 2,052 | - | - | - |
| Income tax payables | 6,129 | 6,754 | 14 | - |
| | 210,437 | 253,170 | 113,984 | 111,445 |
| Liabilities directly associated with disposal group classified as held for sale | - | 2,015 | - | - |
| | 210,437 | 255,185 | 113,984 | 111,445 |
| Net current assets/ (liabilities) | 2,847 | (20,821) | 168,848 | 151,684 |
| Non-current liabilities | | | | |
| Amount due to joint ventures and associates | 893 | - | - | - |
| Contract liabilities | 56 | 507 | - | - |
| Other liabilities | 3,633 | 3,699 | - | - |
| Interest-bearing loans and borrowings | 313,511 | 316,871 | 162,514 | 161,327 |
| Lease liabilities* | 5,921 | - | - | - |
| Deferred tax liabilities | 13,263 | 16,011 | - | - |
| | 337,277 | 337,088 | 162,514 | 161,327 |
| Net assets | 133,379 | 153,792 | 49,081 | 31,080 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 108,056 | 108,056 | 108,056 | 108,056 |
| Treasury shares | (923) | (923) | (923) | (923) |
| Reserves | 25,294 | 49,630 | (58,052) | (76,053) |
| Reserve of disposal group classified as held for sale | - | 193 | - | - |
| | 132,427 | 156,956 | 49,081 | 31,080 |
| Non-controlling interests | 952 | (3,164) | - | - |
| Total equity | 133,379 | 153,792 | 49,081 | 31,080 |

Notes:

* Pursuant to the adoption of SFRS(I) 16 Leases which is effective from annual periods beginning on or after 1 January 2019. For details, please refer to item 5 of this results announcement.

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

| | Group (Carrying Value) | | | | | |
|--|------------------------|---------------|----------------|-----------------|--------------|----------------|
| | As at 30-Jun-20 | | | As at 30-Jun-19 | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount repayable in one year or less, or on demand | 44,859 | 1,250 | 46,109 | 45,014 | 1,250 | 46,264 |
| Amount repayable after one year | 304,532 | 8,979 | 313,511 | 313,642 | 3,229 | 316,871 |
| | 349,391 | 10,229 | 359,620 | 358,656 | 4,479 | 363,135 |

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 securities for the \$99.9 million club term loan facility (the "CTL Facility"). As at 30 June 2020, the aggregate fair market value of these 86 vessels amounted to \$157.4 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 30 June | | 12 months ended 30 June | |
| | 4Q | 4Q | | |
| | FY2020 \$'000 | FY2019 \$'000 | FY2020 \$'000 | FY2019 \$'000 |
| Cash flows from operating activities | | | | |
| Loss before tax | (15,715) | (117,018) | (21,260) | (141,679) |
| Adjustments for: | | | | |
| Amortisation of intangible assets | 145 | 160 | 570 | 652 |
| Amortisation of lease prepayments | - | 86 | - | 358 |
| Bad debts written off | - | 102 | - | 102 |
| Depreciation of property, plant and equipment | 14,497 | 15,424 | 56,226 | 61,064 |
| Depreciation of right-of-use assets | 768 | - | 3,312 | - |
| Fair value adjustments arising from debt refinancing exercise | (15,332) | (59,179) | (15,233) | (59,179) |
| Gain on disposal of property, plant and equipment | (392) | (904) | (1,859) | (327) |
| Loss /(Gain) on disposal of assets classified as held for sale | - | 48 | (605) | (941) |
| Gain on disposal of disposal group classified as held for sale | (816) | - | (4,087) | - |
| Inventories written off | - | 300 | - | 1,350 |
| Impairment losses/ (Reversal of impairment losses) on financial assets, net | | | | |
| -trade receivables (third parties) | 1,643 | 7,086 | 3,960 | 7,086 |
| -contract assets | (557) | 123 | (157) | 123 |
| -other receivables | 109 | 1,464 | 659 | 1,464 |
| -amount due from: | | | | |
| • amount due from joint ventures and associates | 570 | 65,420 | 302 | 65,420 |
| • companies related to directors | 1 | 4 | 1 | 4 |
| -finance lease receivables | - | 1,566 | - | 1,566 |
| Impairment losses on non-financial assets | | | | |
| -inventories | 9,227 | 72,338 | 9,494 | 72,338 |
| -property, plant and equipment | 1,608 | 13,667 | 1,608 | 13,667 |
| -intangible assets | 3,063 | 5,504 | 3,063 | 5,504 |
| Loss on disposal of short-term investment | - | - | - | 134 |
| Interest expense | 6,252 | 7,820 | 25,707 | 23,195 |
| Interest income | (156) | (181) | (644) | (722) |
| (Reversal of provision)/ Provision for warranty (net) | - | 33 | (28) | 9 |
| Property, plant and equipment written off | 223 | 83 | 223 | 85 |
| Provision/ (Reversal) for pension liabilities | 223 | (94) | 210 | 21 |
| Share of results of joint venture and associates | 450 | (1,132) | 1,122 | (857) |
| Operating cash flows before changes in working capital | 5,811 | 12,720 | 62,584 | 50,437 |
| Changes in working capital: | | | | |
| Inventories | 1,069 | 2,108 | 2,203 | (1,437) |
| Contract assets and liabilities | 6,651 | 5,606 | (13,818) | 21,972 |
| Trade and other receivables | 12,204 | 7,980 | 11,561 | 5,457 |
| Prepayments | 1,326 | (1,144) | 1,321 | (61) |
| Trade and other payables | (11,695) | (4,480) | (24,989) | (1,470) |
| Finance lease receivables | 732 | 801 | 1,276 | 1,543 |
| Other liabilities | (97) | (58) | (107) | (2) |
| Balances with related parties (trade) | 110 | (11,444) | 1,352 | (12,583) |
| Cash flows generated from operations | 16,111 | 12,089 | 41,383 | 63,856 |
| Interest received from finance lease receivables | (261) | (485) | 184 | - |
| Income tax (paid)/refunded | (146) | 247 | (530) | (495) |
| Net cash flows generated from operating activities | 15,704 | 11,851 | 41,037 | 63,361 |
| Cash flows from investing activities | | | | |
| Interest received from bank balances | 9 | 26 | 52 | 82 |
| Purchase of assets classified as held for sale | - | - | (479) | (2,509) |
| Purchase of property, plant and equipment | (957) | (3,782) | (10,345) | (10,179) |
| Proceeds from disposal of property, plant and equipment | 954 | 3,959 | 7,188 | 28,894 |
| Proceeds from disposal of assets classified as held for sale | - | - | 1,083 | 9,077 |
| Proceeds from disposal of a subsidiary | - | - | 3,639 | - |
| Payments to non-controlling interests upon disposal of a subsidiary | (3,143) | - | (3,143) | - |
| Proceeds from disposal of short-term investment | - | - | - | 534 |
| Lease prepayments | - | - | - | (505) |
| Repayment of amount due from non-controlling interests a subsidiary | 1,424 | - | - | - |
| Return of capital to non-controlling interests upon capital reduction of a subsidiary | (2,089) | - | (2,089) | - |
| Balances with related parties (non-trade) | (118) | 1,269 | 1,080 | 3,230 |
| Net cash flows (used in)/ generated from investing activities | (3,920) | 1,472 | (3,014) | 28,624 |

| | Group | | | |
|--|---------------------------|-----------------|----------------------------|-----------------|
| | 3 months ended 30 June | | 12 months ended 30 June | |
| | 4Q | 4Q | | |
| | FY2020 | FY2019 | FY2020 | FY2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from financing activities | | | | |
| Interest paid | (3,834) | (5,285) | (16,778) | (23,205) |
| Repayment of interest-bearing loans and borrowings | (4,049) | (14,754) | (26,339) | (71,253) |
| Proceeds from interest-bearing loans and borrowings | 7,000 | - | 7,068 | 3,850 |
| Repayment of trust receipts | (10,567) | (1,835) | (20,796) | (28,976) |
| Proceeds from trust receipts | 6,916 | 936 | 38,616 | 16,328 |
| Repayment of lease liabilities | (488) | - | (2,872) | - |
| Net proceeds from issuance of rights warrants | - | - | 899 | - |
| Cash and bank balances (restricted use) | (3,444) | 2,599 | (7,363) | 5,664 |
| Net cash flows used in financing activities | (8,466) | (18,339) | (27,565) | (97,592) |
| Net increase/ (decrease) in cash and cash equivalents | 3,318 | (5,016) | 10,458 | (5,607) |
| Cash and cash equivalents at beginning of period/ year | 14,290 | 12,172 | 7,151 | 12,793 |
| Effects of exchange rate changes on cash and cash equivalents | 42 | (5) | 41 | (35) |
| Cash and cash equivalents at end of period/ year (Note 1) | 17,650 | 7,151 | 17,650 | 7,151 |

Note 1:

Cash and cash equivalents comprise the followings:

| | | |
|---|---------------|--------------|
| Cash and bank balances | 35,165 | 17,303 |
| Less: Restricted cash | | |
| - Cash at banks | (17,515) | (6,797) |
| - Fixed deposits with banks | - | (3,355) |
| Cash and cash equivalents at end of year | 17,650 | 7,151 |

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 year ended 30-Jun-20 | | | | | | | | | | |
|--|---------------------------------------|---------------------------|--|---------------------------|-------------------------------|--------------------------|---|--|-------------------------------------|------------------------|
| <u>Group</u> | Attributable to owners of the Company | | | | | | 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 |
| | Share capital \$'000 | Treasury shares \$'000 | Foreign currency translation reserve \$'000 | Warrant reserve \$'000 | Accumulated profits \$'000 | Total reserves \$'000 | | | | |
| FY2020 | | | | | | | | | | |
| At 1-Jul-19 | 108,056 | (923) | 1,671 | - | 47,959 | 49,630 | 193 | 156,956 | (3,164) | 153,792 |
| Loss for the year | - | - | - | - | (23,633) | (23,633) | - | (23,633) | 5,250 | (18,383) |
| <u>Other comprehensive income</u> | | | | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries, net of tax | - | - | (1,423) | - | - | (1,423) | - | (1,423) | (163) | (1,586) |
| Share of other comprehensive income of joint ventures and associates | - | - | 175 | - | - | 175 | - | 175 | 24 | 199 |
| Realisation of foreign currency translation reserves on disposal of a subsidiary | - | - | (566) | - | - | (566) | (193) | (759) | (184) | (943) |
| Re-measurement of defined benefit plans | - | - | - | - | 212 | 212 | - | 212 | - | 212 |
| Other comprehensive income for the year, net of tax | - | - | (1,814) | - | 212 | (1,602) | (193) | (1,795) | (323) | (2,118) |
| Total comprehensive income for the year | - | - | (1,814) | - | (23,421) | (25,235) | (193) | (25,428) | 4,927 | (20,501) |
| <u>Others</u> | | | | | | | | | | |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | 1,278 | 1,278 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Return of share capital to non-controlling interests | - | - | - | - | - | - | - | - | (2,089) | (2,089) |
| Issuance of rights warrants | - | - | - | 899 | - | 899 | - | 899 | - | 899 |
| Total transactions with owners | - | - | - | 899 | - | 899 | - | 899 | (2,089) | (1,190) |
| At 30-Jun-20 | 108,056 | (923) | (143) | 899 | 24,538 | 25,294 | - | 132,427 | 952 | 133,379 |

Statement of Changes in Equity for the year ended 30-Jun-19

| <u>Group</u> | Attributable to owners of the Company | | | | | | | Non-controlling interests \$'000 | Total Equity \$'000 |
|--|---------------------------------------|---------------------------|--|-------------------------------|--------------------------|---|--|-------------------------------------|------------------------|
| | Share capital \$'000 | Treasury shares \$'000 | Foreign currency translation 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 | | |
| FY2019 | | | | | | | | | |
| At 1-Jul-18 | 108,056 | (923) | 1,110 | 188,986 | 190,096 | - | 297,229 | 1,666 | 298,895 |
| Loss for the year | - | - | - | (141,027) | (141,027) | - | (141,027) | (4,852) | (145,879) |
| <u>Other comprehensive income</u> | | | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries, net of tax | - | - | 806 | - | 806 | - | 806 | 29 | 835 |
| Share of other comprehensive income of joint ventures and associates | - | - | (52) | - | (52) | - | (52) | (7) | (59) |
| Other comprehensive income for the year, net of tax | - | - | 754 | - | 754 | - | 754 | 22 | 776 |
| Total comprehensive income for the year | - | - | 754 | (141,027) | (140,273) | - | (140,273) | (4,830) | (145,103) |
| Reserves attributable to disposal group classified as held for sale | - | - | (193) | - | (193) | 193 | - | - | - |
| At 30-Jun-19 | 108,056 | (923) | 1,671 | 47,959 | 49,630 | 193 | 156,956 | (3,164) | 153,792 |

Statement of Changes in Equity for the period ended 30-Jun-20 and 30-Jun-19

| <u>Company</u> | Share capital \$'000 | Treasury shares \$'000 | Warrant reserve \$'000 | Accumulated losses \$'000 | Total reserves \$'000 | Total equity \$'000 |
|---|-------------------------------------|---------------------------------------|---------------------------------------|--|--------------------------------------|------------------------------------|
| <u>FY2020</u> | | | | | | |
| At 1-Jul-19 | 108,056 | (923) | - | (76,053) | (76,053) | 31,080 |
| Profit for the year, representing total comprehensive income for the year | - | - | - | 17,102 | 17,102 | 17,102 |
| <u>Contributions by owners</u> | | | | | | |
| Issuance of rights warrants | - | - | 899 | - | 899 | 899 |
| At 30-Jun-20 | 108,056 | (923) | 899 | (58,951) | (58,052) | 49,081 |
| <u>FY2019</u> | | | | | | |
| At 1-Jul-18 | 108,056 | (923) | - | (53,249) | (53,249) | 53,884 |
| Loss for the year, representing total comprehensive income for the year | - | - | - | (22,804) | (22,804) | (22,804) |
| At 30-Jun-19 | 108,056 | (923) | - | (76,053) | (76,053) | 31,080 |

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 30-Jun-20 and 30-Jun-19 | <u>629,266,941</u> |
| | Number of Warrants |
| Balance as at 30-Jun-20 and 25-Jul-19 (date of issuance) | <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 30 June 2020 and 30 June 2019 is 0.40%.

Except for the warrants, there were no convertible securities or subsidiary holdings as at 30 June 2020 and 30 June 2019.

There were no outstanding share options granted under the ESOS as at 30 June 2020 and 30 June 2019.

Warrants

On 25 July 2019, the Company completed the issuance of renounceable non-underwritten rights warrants and allotted 266,505,713 rights warrants for a total consideration of \$1,599,000. On the same date, the Company also completed the issuance of 300,625,000 free warrants to the noteholders. As announced on 29 August 2019, the net proceeds of \$899,000 (net of transaction cost of \$700,000) raised from the renounceable non-underwritten rights issue of warrants have been fully utilized for working capital requirement.

No warrants were exercised since the date of issuance of warrants on 25 July 2019. As at 30 June 2020, the number of shares that may be issued on exercise of warrants were 567,130,713.

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 30-Jun-20 | As at 30-Jun-19 |
|--|----------------------------|----------------------------|
| Total number of issued shares | 631,778,541 | 631,778,541 |
| Total number of treasury shares | (2,511,600) | (2,511,600) |
| Total number of issued shares (excluding treasury shares) | <u>629,266,941</u> | <u>629,266,941</u> |

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

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

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

Not applicable as the Company has no subsidiary holdings.

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

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

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

Not applicable.

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

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

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

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

Except as disclosed in item 5 below, 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 2019.

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 2019. 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 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 3 Business Combinations and SFRS(I) 11 Joint Arrangements
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-12 Income Taxes
- Amendments to SFRS(I) 1-19 Plan Amendment, Curtailment or Settlement
- Amendments to SFRS(I) 1-23 Borrowing Costs
- Amendments to SFRS(I) 1-28 Long-Term Interests in Associates and Joint Ventures

The adoption of the new accounting standards does not have any significant impact on the financial statements of the Group except for SFRS(I) 16 Leases.

Adoption of SFRS(I) 16 Leases

The Group has adopted the SFRS(I) 16 Leases on 1 July 2019, using the modified retrospective approach. The Group has measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019. The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rates. Subsequent to the initial recognition, right-of-use asset is depreciated over the shorter of the useful life of right-of-use asset and lease term. In addition, the right-of-use asset is reduced by impairment losses, if any.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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 30 June | | 12 months ended 30 June | |
| | 4Q FY2020 | 4Q FY2019 | FY2020 | FY2019 |
| Earnings per ordinary share: | | | | |
| (i) On weighted average no. of ordinary shares in issue | (2.08) cents | (18.53) cents | (3.76) cents | (22.41) cents |
| (ii) On a fully diluted basis | (2.08) cents | (18.53) cents | (3.76) cents | (22.41) cents |
| Net loss attributable to shareholders: | (\$13,116,000) | (\$116,588,000) | (\$23,633,000) | (\$141,027,000) |
| 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 | |
|---|-------------|-------------|-------------|-------------|
| | 30-Jun-20 | 30-Jun-19 | 30-Jun-20 | 30-Jun-19 |
| Net Asset Value (NAV) per ordinary share | 21.04 cents | 24.94 cents | 7.80 cents | 4.94 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

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.

Revenue

Group revenue of \$44.2 million for the 3 months ended 30 June 2020 ("**4Q FY2020**") was \$19.1 million (30.2%) lower compared to the corresponding period in FY2019 ("**4Q FY2019**"). For the 12 months ended 30 June 2020 ("**FY2020**"), the Group revenue was \$69.2 million (22.1%) lower compared to the corresponding period ended 30 June 2019 ("**FY2019**").

Details for revenue generated from each segment are as follows:

| | Group | | | | | |
|---|---------------|---------------|---------------------------------|----------------|----------------|---------------------------------|
| | 4Q | | Increase/ (Decrease) | FY2020 | | Increase/ (Decrease) |
| | FY2020 | FY2019 | | FY2020 | FY2019 | |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Shipbuilding | 6,485 | 315 | Nm | 36,266 | 63,341 | (42.7) |
| Shiprepair, conversion and engineering services | 17,551 | 28,311 | (38.0) | 75,019 | 103,923 | (27.8) |
| Shipchartering | 20,183 | 34,681 | (41.8) | 132,352 | 145,618 | (9.1) |
| | 44,219 | 63,307 | (30.2) | 243,637 | 312,882 | (22.1) |

Shipbuilding

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

| | Group | | | | | | | | | |
|-------------------|---------------|---------------|---------------------------------|---------------|---------------|---------------------------------|---------------|--------------|---------------|---------------|
| | 4Q | | Increase/ (Decrease) | FY2020 | | Increase/ (Decrease) | | | | |
| | FY2020 | FY2019 | | FY2020 | FY2019 | | | | | |
| | Units | \$'000 | Units | \$'000 | % | Units | \$'000 | Units | \$'000 | % |
| Tugs | 3 | 2,794 | 4 | 1,656 | 68.7 | 3 | 18,856 | 9 | 40,643 | (53.6) |
| Barges and others | 6 | 3,691 | - | (1,341) | Nm | 23 | 17,410 | 4 | 22,698 | (23.3) |
| | 9 | 6,485 | 4 | 315 | Nm | 26 | 36,266 | 13 | 63,341 | (42.7) |

Shipbuilding revenue increased by \$6.2 million to \$6.5 million in 4Q FY2020 as compared to last corresponding period. The revenue in 4Q FY2020 was attributable to higher progressive recognition of tugs based on POC method from the new building projects secured in February 2019, which were at their initial stage of construction in the corresponding period last year. The barges were recognised based on Completion

method, the reversal in 4Q FY2019 was due to cancellation of a delivery where the customer had instead chartered the barge from the Group.

Shipbuilding revenue in FY2020 was \$27.1 million (42.7%) lower as compared to last corresponding year mainly attributable to more tugs being delivered and recognised based on Completion method in FY2019.

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 | | | | | |
|---|---------------|---------------|---------------|---------------|----------------|---------------|
| | 4Q | 4Q | Increase/ | FY2020 | FY2019 | Increase/ |
| | FY2020 | FY2019 | (Decrease) | | | |
| \$'000 | \$'000 | % | \$'000 | \$'000 | % | |
| Shiprepair, conversion and engineering services | 17,366 | 27,802 | (37.5) | 73,832 | 102,376 | (27.9) |
| Other marine related services | 185 | 509 | (63.7) | 1,187 | 1,547 | (23.3) |
| | 17,551 | 28,311 | (38.0) | 75,019 | 103,923 | (27.8) |

Shiprepair, conversion and engineering services revenue decreased by \$10.8 million (38.0%) to \$17.6 million in 4Q FY2020 and by \$28.9 million (27.8%) to \$75.0 million in FY2020 mainly due to fewer shiprepair jobs undertaken in 4Q FY2020 as a result of the COVID-19 pandemic. There were delay/cancellation in confirmation of shiprepair job orders and suspension of ongoing projects as a result of travel restrictions imposed on owners' representatives and shipyard technicians. The movement restrictions arose from COVID-19 pandemic in 4Q FY2020 curtailed the availability of local workers on jobs as well.

Shipchartering

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

| | Group | | | | | |
|----------------------------------|---------------|---------------|---------------|----------------|----------------|--------------|
| | 4Q | 4Q | Increase/ | FY2020 | FY2019 | Increase/ |
| | FY2020 | FY2019 | (Decrease) | | | |
| \$'000 | \$'000 | % | \$'000 | \$'000 | % | |
| Offshore Support Vessels ("OSV") | 4,288 | 5,560 | (22.9) | 19,510 | 21,354 | (8.6) |
| Landing crafts | 244 | 1,257 | (80.6) | 724 | 3,711 | (80.5) |
| Tug Boats | 6,461 | 9,256 | (30.2) | 52,645 | 44,475 | 18.4 |
| Barges | 6,581 | 14,686 | (55.2) | 40,961 | 56,192 | (27.1) |
| Total charter | 17,574 | 30,759 | (42.9) | 113,840 | 125,732 | (9.5) |
| Trade sales and other services | 2,609 | 3,922 | (33.5) | 18,512 | 19,886 | (6.9) |
| | 20,183 | 34,681 | (41.8) | 132,352 | 145,618 | (9.1) |

Charter revenue decreased by \$13.2 million (42.9%) to \$17.6 million in 4Q FY2020 and by \$11.9 million (9.5%) to \$113.8 million in FY2020 mainly due to certain of the key marine transportation for local infrastructure projects being affected by temporary suspension consequent to the movements restriction on personnel performing

infrastructure works during the Circuit Breaker Period in Singapore and with few other smaller charters having sought to declare force majeure.

Trade sales and other services comprised bunker sales, agency and management fees and ad-hoc services rendered. Trade sales reduced in 4Q FY2020 mainly due to lower income from ad-hoc and agency services rendered.

Gross profit/(loss) and gross profit/(loss) margin

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

| | Group | | | | | | | |
|---|----------------|---------------|--------------|-------------|---------------|-------------|---------------|-------------|
| | 4Q | | 4Q | | FY2020 | | FY2019 | |
| | FY2020 | FY2019 | FY2020 | FY2019 | FY2020 | FY2019 | FY2020 | FY2019 |
| | \$'000 | GPM | \$'000 | GPM | \$'000 | GPM | \$'000 | GPM |
| Shipbuilding | 126 | 1.9% | 207 | 65.7% | 2,115 | 5.8% | (3,862) | (6.1%) |
| Shiprepair, conversion and engineering services | 490 | 2.8% | 3,310 | 11.7% | 5,651 | 7.5% | 12,791 | 12.3% |
| Shipchartering | (3,655) | (18.1%) | (103) | (0.3%) | 4,902 | 3.7% | 5,430 | 3.7% |
| | (3,039) | (6.9%) | 3,414 | 5.4% | 12,668 | 5.2% | 14,359 | 4.6% |

Shipbuilding

The gross profit of \$0.1 million recorded in 4Q FY2020 was mainly derived from contribution from barges delivered and some reversal of accrued costs for prior years' projects, partially offset by absorption of additional overheads. The gross profit of \$2.1 million recorded in FY2020 were derived from the existing and completed vessels during the current year under review and reversal of accrued costs for prior years' projects.

The shipbuilding segment recorded a gross loss of \$3.9 million in FY2019 mainly attributed to cost overruns, exchange loss and liquidated damage for late delivery of a tanker.

Shiprepair, conversion and engineering services

In addition to the decrease in revenue in 4Q FY2020 and FY2020, gross profit decreased by \$2.8 million to \$0.5 million (GPM: 2.8%) in 4Q FY2020 and by \$7.1 million to \$5.7 million (GPM: 7.5%) in FY2020 mainly due to competitive pricing in a weak market and absorption of manpower overheads over a lower revenue base. The engineering services recorded a gross loss of \$0.9m in 4Q FY2020 and FY2020 owing to nominal sales generated in 4Q FY2020 due to delayed delivery and production stoppages as a result of COVID-19 pandemic, insufficient to cover its fixed operating costs.

Excluding the gross loss of the engineering services, the Group's shiprepair gross profit and gross profit margin would have been \$1.4 million and 8.0% in 4Q FY2020 and \$6.6 million and 9.4% in FY2020 respectively.

Shipchartering

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

| | Group | | | | | | | |
|--------------------------------|----------------|----------------|----------------|---------------|--------------|---------------|--------------|-------------|
| | 4Q FY2020 | | 4Q FY2019 | | FY2020 | | FY2019 | |
| | \$'000 | GPM | \$'000 | GPM | \$'000 | GPM | \$'000 | GPM |
| OSV | 673 | 15.7% | (428) | (7.7%) | 2,717 | 13.9% | (1,022) | (4.8%) |
| Landing crafts | (380) | (155.7%) | (1,120) | (89.1%) | (2,523) | (348.5%) | (2,753) | (74.2%) |
| Tug boats and Barges | (4,468) | (34.3%) | (163) | (0.7%) | (612) | (0.7%) | 4,052 | 4.0% |
| Total charter | (4,175) | (23.8%) | (1,711) | (5.6%) | (418) | (0.4%) | 277 | 0.2% |
| Trade sales and other services | 520 | 19.9% | 1,608 | 41.0% | 5,320 | 28.7% | 5,153 | 25.9% |
| | (3,655) | (18.1%) | (103) | (0.3%) | 4,902 | 3.7% | 5,430 | 3.7% |

Gross loss and gross loss margin for charter in 4Q FY2020 and FY2020 were due to low contribution from Tug boats and Barges, partially offset by high contribution from OSV for towing jobs.

Lower contribution from Tug boats and Barges in the current periods under review were due to:

- a) certain of the key marine transportation for local infrastructure projects are affected by temporary suspension consequent to the movements restriction on personnel performing infrastructure works during the Circuit Breaker Period in Singapore and few other smaller charters have sought to declare force majeure which reduced the overall utilisation rate of vessels (4QFY2020: 24%; 4QFY2019: 59%; FY2020: 49%; FY2019: 61%). Such projects are expected to resume progressively in 1Q FY2021; and
- b) absence of revenue due to completion of one of the major local infrastructure projects in June 2019.

The negative contribution from landing crafts was attributed to absence of revenue recognition from the precast operations since 1Q FY2020 due to uncertainty of recovery.

Gross profit and gross profit margin for trade sales and other services were lower in 4Q FY2020 mainly due to absence of ad-hoc modification and outfitting services.

Other operating income

Details for other operating income are as follows:

| | Group | | | |
|--|--------------|--------------|---------------|--------------|
| | 4Q | 4Q | FY2020 | FY2019 |
| | FY2020 | FY2019 | | |
| \$'000 | \$'000 | \$'000 | \$'000 | |
| Gain on disposal of property, plant and equipment | 392 | 904 | 1,859 | 327 |
| Gain on disposal of assets classified as held for sale | - | - | 605 | 941 |
| Gain on disposal of disposal group classified as held for sale | 816 | - | 4,087 | - |
| Gain on foreign exchange (net) | - | - | 2,661 | - |
| Interest income from bank balances | 9 | 26 | 52 | 82 |
| Interest income from finance lease receivables | 147 | 155 | 592 | 640 |
| Insurance claims | 1 | 570 | 42 | 670 |
| Rental income from property, plant and equipment | 86 | 228 | 514 | 946 |
| Government grants | 1,870 | - | 1,870 | - |
| Miscellaneous income | 269 | 227 | 671 | 807 |
| | 3,590 | 2,110 | 12,953 | 4,413 |

The net foreign exchange gain recorded in FY2020 mainly pertained to unrealised exchange gain due to the appreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD, partially offset by the appreciation of IDR against SGD on IDR denominated liabilities.

| | 30 Jun | 31 Mar | 30 Jun | 31 Mar | 30 Jun |
|------------------------|--------|--------|--------|--------|--------|
| | 2020 | 2020 | 2019 | 2019 | 2018 |
| USD against SGD | 1.3932 | 1.4238 | 1.3537 | 1.3556 | 1.3679 |
| IDR against SGD | 10,265 | 11,495 | 10,446 | 10,507 | 10,530 |

The gain on disposal of disposal group classified as held for sale recorded in FY2020 pertained to the sale of entire equity interest in its 60% owned subsidiary, Jiangmen Hongda Shipyard Ltd (the “**China Subsidiary**”) in August 2019. An additional gain of \$0.8 million was recognised in 4Q FY2020 due to a reclassification adjustment of the cumulative amount of the translation differences relating to the China Subsidiary, from equity to profit or loss.

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

Administrative expenses

Administrative expenses decreased by \$0.6 million (12.4%) to \$4.6 million in 4Q FY2020 mainly due to absence of sales commission of \$0.6 million incurred on shipbuilding projects in 4Q FY2019.

Administrative expenses decreased by \$7.0 million (30.1%) to \$16.1 million in FY2020 when compare to last corresponding year mainly attributed to lower legal and professional fee, staff costs, transport and travelling expenses as well as sales commission incurred on shipbuilding projects.

Other operating expenses

| | Group | | | |
|---|---------------|---------------|---------------|---------------|
| | 4Q | 4Q | FY2020 | FY2019 |
| | FY2020 | FY2019 | | |
| \$'000 | \$'000 | \$'000 | \$'000 | |
| Impairment losses on non-financial assets | | | | |
| -inventories | 9,227 | 72,338 | 9,494 | 72,338 |
| - property, plant and equipment | 1,608 | 13,667 | 1,608 | 13,667 |
| - intangible assets | 3,063 | 5,504 | 3,063 | 5,504 |
| | 13,898 | 91,509 | 14,165 | 91,509 |
| Bad debts written off | - | 102 | - | 102 |
| Inventories written off | - | 300 | - | 1,350 |
| Loss on disposal of property, plant and equipment | - | 48 | - | - |
| Loss on foreign exchange (net) | 4,441 | 751 | - | 4,001 |
| Loss on disposal of short-term investment | - | - | - | 134 |
| Property, plant and equipment written off | 223 | 83 | 223 | 85 |
| Liquidated damages | - | 1,360 | - | 1,360 |
| | 18,562 | 94,153 | 14,388 | 98,541 |

The impairment losses on non-financial assets mainly comprised:

a) Inventories

Impairment of

- i) inventories (Finished goods) of \$5.5 million mainly on three Platform Support Vessels (“**PSV**”), which the Group holds as inventories, was based on fair market value assessed by independent professional valuers;
- ii) inventories (Work-in-progress and Raw materials) of \$3.7 million on equipment previously purchased for cancelled built-to-stock vessels based on net realisable value of the equipment estimated by the management;

b) Property, plant and equipment

Impairment of the Group’s chartering fleet of vessels of \$0.9 million and shipyard’s plant and equipment of \$0.5 million based on fair market value assessed by independent professional valuers; and

c) Intangible assets

The intangible assets arose from the Group’s acquisition of VOSTA LMG group in December 2012. The Engineering segment continued to incur operating losses. The intangible assets were impaired based on recoverable amount determined from value in use calculations using cash flow projections from financial budgets prepared by the management covering a five-year period.

The net foreign exchange loss in 4Q FY2020, 4Q FY2019 and FY2019 were mainly due to depreciation of USD against SGD on SGD denominated liabilities for certain subsidiaries whose accounts are maintained in USD, coupled with the appreciation of IDR against SGD on IDR denominated liabilities during the quarter under review.

The inventories written off in 4Q FY2019 and FY2019 mainly pertained to cessation of operation of the China Subsidiary.

Liquidated damages recorded in 4Q FY2019 related to claims for not fulfilling a charter contract.

Finance costs

| | Group | | | |
|--------------------------------------|--------------|--------------|---------------|---------------|
| | 4Q | 4Q | FY2020 | FY2019 |
| | FY2020 | FY2019 | | |
| Interest expense on: | | | | |
| Bank loans and bonds | 3,373 | 4,455 | 15,395 | 19,512 |
| Lease liabilities | 248 | (76) | 1,060 | 242 |
| Amortisation of bank loans and bonds | 2,631 | 3,441 | 9,252 | 3,441 |
| | 6,252 | 7,820 | 25,707 | 23,195 |

The increase in finance costs in FY2020 was mainly due to amortisation of fair value adjustments resulting from re-measurement of long term loans and bonds which were subject to refinancing in FY2019 (the “**Amortisation of Bank loans and Bonds**”). This was partially offset by lower bonds interest incurred due to reduction of coupon rate which took effect from 1 October 2018 pursuant to the noteholders’ approval of the Consent Solicitation Exercise (“**CSE**”) undertaken in January 2019.

Fair value adjustments arising from debt refinancing exercise

In 4Q FY2020, the Group re-measured the fair value of its existing long term loans pursuant to a 8-months principal moratorium of loans deferred by its principal bankers amid the COVID-19 pandemic. The deferment resulted in the modification gain as the loans and borrowings were not substantially modified.

Whereas in 4Q FY2019, the fair value adjustments mainly arose from the derecognition of long term loans and bonds on the completion of debt refinancing exercise.

Impairment losses

| | Group | | | |
|--|---------------|----------------|---------------|----------------|
| | 4Q | 4Q | FY2020 | FY2019 |
| | FY2020 | FY2019 | | |
| Impairment losses/ (reversal of impairment losses) on financial assets, net | | | | |
| - trade receivables (third parties) | 1,643 | 7,086 | 3,960 | 7,086 |
| - contract assets | (557) | 123 | (157) | 123 |
| - other receivables | 109 | 1,464 | 659 | 1,464 |
| - amount due from joint ventures and associates | | | | |
| • joint ventures and associates | 570 | 65,420 | 302 | 65,420 |
| • companies related to directors | 1 | 4 | 1 | 4 |
| - finance lease receivables | - | 1,566 | - | 1,566 |
| | 1,766 | 75,663 | 4,765 | 75,663 |
| Impairment losses on non-financial assets (recorded under other operating expenses) | 13,898 | 91,509 | 14,165 | 91,509 |
| Total impairment losses | 15,664 | 167,172 | 18,930 | 167,172 |

The impairment losses on financial assets pertained to allowances on trade and other receivables, impaired based on expected credit loss model arising from the adoption of SFRS(I) 9, including estimated impact of the COVID-19 pandemic and specific impairment made on certain debts where recovery is uncertain.

Nonetheless, the Group continues to make great 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 | | | |
|---|----------------------------|--------------|--------------|----------------|------------|
| | | 4Q | 4Q | FY2020 | FY2019 |
| | | FY2020 | FY2019 | FY2020 | FY2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Joint ventures</u> | | | | | |
| Sindo-Econ group | 50% | - | - | - | - |
| <u>Associates</u> | | | | | |
| PT. Hafar Capitol Nusantara ("PT Hafar") | 36.75% | (505) | 1,114 | (1,343) | 673 |
| PT Capitol Nusantara Indonesia ("PT CNI") | 27% | 55 | 18 | 221 | 184 |
| | | (450) | 1,132 | (1,122) | 857 |

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 \$0.5 million in 4Q FY2020 was due to absence of charter income during the quarter under review.

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 \$15.7 million in 4Q FY2020 (4Q FY2019: \$117.0 million) due to lower impairment losses, partially offset by lower fair value adjustments arising from debt refinancing exercise and higher gross loss.

The Group recorded a lower loss before tax of \$21.3 million in FY2020 (FY2019: \$141.7 million) due to lower impairment losses and administrative expenses, coupled with higher other operating income, partially offset by lower fair value adjustments arising from debt refinancing exercise.

Tax credit/ (expense)

The Group recorded a tax credit of \$2.9 million in FY2020 mainly due to overprovision of current taxation in prior year from shipping operations and reversal of deferred tax arising from impairment of intangible assets.

Non-controlling interests

Non-controlling interests' share of profit of \$5.3 million for FY2020 (FY2019: loss of \$4.9 million) mainly pertained to i) their share of profit on gain on disposal of the China Subsidiary of \$5.8 million, partially offset by ii) their share of loss of the Group's non-wholly owned subsidiaries in Indonesia.

OPERATION CASH FLOWS

4Q FY2020

The Group recorded a higher net cash inflow from operating activities of \$15.7 million in 4Q FY2020 (4Q FY2019: \$11.9 million) mainly due to lower work-in-progress incurred and higher receipts from customers, partially offset by lower operating cash flows and higher payment to suppliers.

The net cash outflow from investing activities of \$3.9 million in 4Q FY2020 (4Q FY2019: inflow of \$1.5 million) was mainly attributed to net payment to non-controlling interests from the proceeds of disposal of the China Subsidiary and return of capital to non-controlling interests upon completion of capital reduction exercise of Hongda Investment Pte Ltd on 18 May 2020.

The lower net cash outflow from financing activities of \$8.5 million in 4Q FY2020 (4Q FY2019: \$18.3 million) was mainly due to proceeds from temporary bridging loans of \$7.0 million, lower repayment of interest-bearing loans and borrowings and interest paid, partially offset by higher net repayments on trust receipts and higher cash balances being restricted in shipbuilding project accounts.

FY2020

The Group recorded a lower net cash inflow from operating activities of \$41.0 million in FY2020 (FY2019: \$63.4 million) mainly due to higher work-in-progress incurred, higher payment to suppliers, partially offset by higher operating cash flows and receipts from customers.

The net cash outflow from investing activities of \$3.0 million in FY2020 (FY2019: inflow of \$28.6 million) was mainly due to lower net proceeds from disposal and acquisition of property, plant and equipment as well as assets classified as held for sale, net payment to non-controlling interests from the proceeds of disposal of the China Subsidiary and return of capital to non-controlling interests, partially offset by proceeds from disposal of the China Subsidiary.

The lower net cash outflow from financing activities of \$27.6 million in FY2020 (FY2019: \$97.6 million) was mainly due to higher net proceeds from trust receipts, lower net repayments on interest-bearing loans and borrowings and interest paid partially offset by higher cash balances being restricted in shipbuilding project accounts.

REVIEW OF FINANCIAL POSITION AS AT 30 JUNE 2020

Non-current assets

Property, plant and equipment (“PPE”) decreased by \$46.3 million (9.4%) from \$490.2 million as at 30 June 2019 to \$443.9 million as at 30 June 2020.

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

| | \$'000 |
|---|---------------|
| Balance as at 1 July 2019 | 490,244 |
| Additions, inclusive of: | 13,186 |
| - \$3.8 million for vessels and modification works | |
| - \$1.9 million for plant and equipment | |
| - \$2.8 million for yard infrastructure (including a floating dock) | |
| - \$1.2 million for vessel under construction | |
| - \$3.5 million for dry docking expenditure on vessels capitalised | |
| Disposals/ Write-off | (5,552) |
| Depreciation charge | (57,400) |
| Impairment on plant and equipment | (1,608) |

| | |
|--|-----------------------|
| Transfer from inventories | 811 |
| Transfer to assets classified as held for sale | (1,047) |
| Translation differences | 5,294 |
| Balance as at 30 June 2020 | <u><u>443,928</u></u> |

The addition of vessels and modification works as well as the plant and equipment were acquired to support current marine infrastructure projects in the region.

The net carrying value of right-of-use assets of \$12.4 million, lease liabilities of \$8.0 million and the absence of lease prepayments as at 30 June 2020 arose pursuant to the adoption of SFRS(I)16. The right-of-use 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.

Current assets

Current assets decreased by \$21.1 million (9.0%) from \$234.4 million as at 30 June 2019 to \$213.3 million as at 30 June 2020. The decrease was mainly due to lower inventories, trade and other receivables and absence of assets of disposal group classified as held for sale (the China Subsidiary) which was disposed in 1Q FY2020, partially offset by higher cash and bank balances.

Inventories comprised the following:

| | Group | | | |
|-------------------------------|------------------|------------------|-------------------------|---------------|
| | 30-Jun-20 | 30-Jun-19 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | \$'000 | % |
| Raw materials and consumables | 11,421 | 14,919 | (3,498) | (23.4) |
| Finished goods | 75,556 | 84,565 | (9,009) | (10.7) |
| Total inventories | 86,977 | 99,484 | (12,507) | (12.6) |

Majority of the raw materials and consumables are inventories meant for ongoing shipbuilding and shiprepair projects. Finished goods comprised mainly three PSV and dredge component parts. The decrease in inventories was mainly due to impairment made during the year.

Trade and other receivables comprised the following:

| | Group | | | |
|----------------------------------|------------------|------------------|-------------------------|---------------|
| | 30-Jun-20 | 30-Jun-19 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | \$'000 | % |
| Trade receivables | 49,667 | 55,775 | (6,108) | (11.0) |
| Other receivables | 10,247 | 10,724 | (477) | (4.4) |
| Amount due from related parties | | | | |
| - joint ventures and associates | 2,695 | 5,058 | (2,363) | (46.7) |
| - companies related to directors | 573 | 8,989 | (8,416) | (93.6) |
| | 63,182 | 80,546 | (17,364) | (21.6) |

The trade receivables decreased by \$6.1 million (11.0%) to \$49.7 million partly due to impairment made during the year. Trade receivables of \$18.5 million have been received subsequent to the financial year under review.

Other receivables comprised mainly receivables from sale of vessels, advances to suppliers and subcontractors and recoverables from customers. The decrease in other receivables was mainly due to impairment made during the year.

The decrease in amount due from related parties was mainly due to settlement of accounts. The following settlements were entered with companies related to directors in 4Q FY2020:

- (a) On 13 April 2020, the Group entered into a settlement deed with Koon Holdings Limited (“**KHL**”) and certain of its subsidiaries (the “**Koon Group**”) to contra the mutual debts of \$9.0 million owed between the Koon Group and ASL Group. The salient terms of which were disclosed in the announcements titled “Response to SGX-ST queries on the unaudited quarterly financial statements announcement for the third quarter ended 31 March 2020” released via SGXNET on 30 June 2020.
- (b) On 17 June 2020, the Group entered into a second deed of settlement to further set-off balances and transactions incurred after 31 March 2020 with the Koon Group (the “**Second Set-off**”), the salient terms of which are as follows:
 - (i) Assets swap between the 2 groups where ASL Group acquired assets from the Koon Group aggregated to \$1,098,000 whilst the Koon Group acquired an asset from ASL Group at \$870,000 (the “**Assets Swap**”). The Assets Swap were transacted based on market valuation (supported by independent valuation reports or third party purchase) and were conducted at arm length basis; and
 - (ii) Set-off of outstanding balances of \$161,045.15 owed by Koon Group to ASL Group as at 30 June 2020; and
 - (iii) Net payments of \$66,954.85 from ASL Group to the Koon Group, mainly to facilitate repayment to the mortgagee of the Koon Group for release of certain underlying assets being swapped to ASL Group.

This settlement deed is subject to a condition precedent that approval of shareholders of KHL be obtained by 31 August 2020 (the “**Approval**”). The Approval was obtained at KHL’s Extraordinary General Meeting held on 31 August 2020, as such the Second Set-off will be effected in 1Q FY2021 by the Group.

Assets classified as held for sale comprised two barges contracted for disposal within a year.

Current liabilities

Current liabilities decreased by \$44.8 million (17.5%) from \$255.2 million as at 30 June 2019 to \$210.4 million as at 30 June 2020. The decrease was mainly due to lower trade and other payables, contract liabilities and interest-bearing loans and borrowings partially offset by higher trust receipts.

Trade and other payables comprised the following:

| | Group | | | |
|---|------------------|------------------|-------------------------|---------------|
| | 30-Jun-20 | 30-Jun-19 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | \$'000 | % |
| Trade and other payables (current) | | | | |
| Trade payables | 127,121 | 144,212 | (17,091) | (11.9) |
| Payables for property, plant and equipment | 3,674 | 5,931 | (2,257) | (38.1) |
| Other payables | 3,212 | 5,628 | (2,416) | (42.9) |
| Deposits received from customers | 3,788 | 3,958 | (170) | (4.3) |
| Deferred income | 2,083 | 1,615 | 468 | 29.0 |
| Amount due to related parties | | | | |
| - joint ventures and associates | 1,374 | 1,030 | 344 | 33.4 |
| - companies related to directors | 724 | 8,760 | (8,036) | (91.7) |
| Amounts due to shareholders | 6,620 | 6,620 | - | - |
| Loan from non-controlling interests of subsidiaries | 213 | 207 | 6 | 2.9 |
| Provision for warranty | 14 | 42 | (28) | (66.7) |
| | 148,823 | 178,003 | (29,180) | (16.4) |

The decrease in trade payables was due to progressive payments to suppliers during the year.

The decrease in payables for property, plant and equipment was due to settlement of accounts with the sellers who are also the debtors of the Group.

The decrease in other payables was mainly due to settlement of compensation claims during the year for not fulfilling a charter contract.

The increase in deferred income was attributed to deferred income under JSS grant.

Contracts assets and liabilities

| | Group | | | |
|--|------------------|------------------|-------------------------|---------------|
| | 30-Jun-20 | 30-Jun-19 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | \$'000 | % |
| Contract assets | | | | |
| Construction work-in-progress | 17,707 | 11,075 | 6,632 | 59.9 |
| Accrued revenue | 4,971 | 12,542 | (7,571) | (60.4) |
| | 22,678 | 23,617 | (939) | (4.0) |
| Contract liabilities (current) | | | | |
| Progress billings in excess of construction work-in-progress | 1,929 | 6,536 | (4,607) | (70.5) |
| Deferred income and deposits received from customers | 5,395 | 15,613 | (10,218) | (65.4) |
| | 7,324 | 22,149 | (14,825) | (66.9) |
| Contract liabilities (non-current) | | | | |
| Deferred income | 56 | 507 | (451) | (89.0) |
| | 7,380 | 22,656 | (15,276) | (67.4) |

Net construction work-in-progress in excess of progress billings for shipbuilding and shiprepair projects increased by \$11.3 million (247.6%) from \$4.5 million as at 30 June 2019 to \$15.8 million as at 30 June 2020 mainly due to higher work in progress incurred for shipbuilding projects.

Accrued revenue primarily relate to the services completed but not yet billed at reporting date. The decrease was mainly due to billings made during the financial year 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 decrease was mainly due to income recognised when the services were performed.

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

| | Group (Carrying Value) | | | | Group (Face Value) | | | |
|----------------------------------|------------------------|----------------|-------------------------|--------------|--------------------|----------------|-------------------------|------------|
| | 30-Jun-20 | 30-Jun-19 | Increase/ (Decrease) | | 30-Jun-20 | 30-Jun-19 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | \$'000 | % | \$'000 | \$'000 | \$'000 | % |
| Current | | | | | | | | |
| Bonds | 1,500 | 1,500 | - | - | 1,500 | 1,500 | - | - |
| Short term loan | | | | | | | | |
| - general | - | 2,161 | (2,161) | (100.0) | - | 2,161 | (2,161) | (100.0) |
| Trust receipts | | | | | | | | |
| - shipbuilding related | 10,492 | - | 10,492 | Nm | 10,492 | - | 10,492 | Nm |
| - general | 8,645 | 1,157 | 7,488 | 647.2 | 8,645 | 1,157 | 7,488 | 647.2 |
| | 19,137 | 1,157 | 17,980 | 1,554.0 | 19,137 | 1,157 | 17,980 | 1,554.0 |
| Long term loan | | | | | | | | |
| - vessels loan | 8,200 | 12,271 | (4,071) | (33.2) | 8,935 | 14,159 | (5,224) | (36.9) |
| - assets financing | 3,400 | 9,472 | (6,072) | (64.1) | 4,678 | 9,727 | (5,049) | (51.9) |
| - working capital | 12,167 | 18,624 | (6,457) | (34.7) | 12,837 | 17,922 | (5,085) | (28.4) |
| | 23,767 | 40,367 | (16,600) | (41.1) | 26,450 | 41,808 | (15,358) | (36.7) |
| Finance lease liabilities | 1,705 | 1,079 | 626 | 58.0 | 1,705 | 1,079 | 626 | 58.0 |
| | 46,109 | 46,264 | (155) | (0.3) | 48,792 | 47,705 | 1,087 | 2.3 |
| Non-current | | | | | | | | |
| Bonds | 89,496 | 84,029 | 5,467 | 6.5 | 135,000 | 136,500 | (1,500) | (1.1) |
| Long term loan | | | | | | | | |
| - vessels loan | 66,767 | 70,368 | (3,601) | (5.1) | 78,967 | 78,644 | 323 | 0.4 |
| - assets financing | 70,934 | 76,390 | (5,456) | (7.1) | 75,746 | 76,790 | (1,044) | (1.4) |
| - working capital | 84,603 | 84,290 | 313 | 0.4 | 85,661 | 81,629 | 4,032 | 4.9 |
| | 222,304 | 231,048 | (8,744) | (3.8) | 240,374 | 237,063 | 3,311 | 1.4 |
| Finance lease liabilities | 1,711 | 1,794 | (83) | (4.6) | 1,711 | 1,794 | (83) | (4.6) |
| | 313,511 | 316,871 | (3,360) | (1.1) | 377,085 | 375,357 | 1,728 | 0.5 |
| Total borrowings | 359,620 | 363,135 | (3,515) | (1.0) | 425,877 | 423,062 | 2,815 | 0.7 |
| Total shareholders' funds | 132,427 | 156,956 | | | | | | |
| Gearing ratio (times) | 2.72 | 2.31 | | | | | | |
| Net gearing ratio (times) | 2.45 | 2.20 | | | | | | |

The Group's total borrowings (carrying value) decreased by \$3.5 million (1.0%) to \$359.6 million as at 30 June 2020 mainly due to

- net repayment of interest-bearing loans and borrowings and trust receipts;
- net fair value gain resulted from re-measurement of certain long term loans as a result of refinancing and 8 months deferral of principal repayment to its relevant maturity date; partially offset by
- higher trust receipts resulted from activation of new project financing facilities for shipbuilding and shiprepair since August 2019, and
- new Temporary Bridging Loans of \$7 million disbursed in 4Q FY2020.

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 increased marginally by \$0.2 million to \$337.3 million as at 30 June 2020 due to increase in lease liabilities pursuant to adoption of SFRS(I)16 and the non-current portion of amount due to joint ventures and associates, partially offset by decrease in the non-current portion of the Group's total borrowings as a result of re-measurement of certain long term loans which were subject to 8 months deferral of principal repayment to its relevant maturity date and lower deferred tax liabilities.

The non-current portion of amount due to joint ventures and associates of \$0.9 million pertained to receipts on behalf of one of its associates, on their repayment of bank loans to one of the Group's lenders. Such receipts are to be treated as part of the financing granted by the lender under the Group's existing project financing arrangements.

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 may be prolonged given the outbreak of the COVID-19 pandemic.

Macro trends remain uncertain in view of

- a. Recent fall and weakness in crude oil prices due to the demand shock from the COVID-19 and the supply shock from the Saudi-Russian oil price war. Although oil prices have recovered since April 2020, with the WTI crude oil price trading at around US\$40 a barrel as of 31 August 2020. The worldwide economic shock caused by the COVID-19 pandemic is having widespread and dramatic effects on investment in the energy sector, risks remain elevated and skewed to the downside. A potential resurgence of the global pandemic remains, the picture is still bleak for the industry.

The global outlook remains highly uncertain. Growth prospects depend on many factors, including the magnitude and duration of new COVID-19 outbreaks, the degree to which current containment measures are maintained or reinforced and feed through to confidence, the time until an effective treatment or vaccine is deployed, and the extent to which significant fiscal and monetary policy actions support demand.

- b. The global GDP is projected to decline by 4.5% this year, before picking up by 5% in 2021¹.
- c. The outlook is uncertain given that government infrastructure spending in Asian regions is expected to be reduced in view of the COVID-19 pandemic, with most government prioritising direct support to businesses and households.

In general, the factors discussed above suggest a negative outlook going forward.

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 optimize financial performance.

(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, we have increased our drydocking capacity in Singapore by the addition of a medium sized floating dock in 3Q FY2020.

Our engineering segment (VOSTA LMG) engages primarily in the land reclamation, dredging and marine infrastructure industry. The demand for our engineering business is continued to be supported by i) the fundamental demand from land reclamation and coastal protection projects, due mainly to population growth and climate change; and ii) port expansion projects due to anticipated increase in activity of regional seaborne trade and growing size of cargo vessels.

The Group currently adopted the strategy to train direct employed workers for specialized work, thus reducing part of its reliance on subcontractors, and strengthening our skills competency and efficiency. The Group will continue to improve its operational efficiency, tighten cost control to ensure our competitiveness.

Shipchartering

The diversified vessel types in our fleet are expected to lend support to our chartering business in view of the steady demand from marine infrastructure projects in South Asia, South East Asia and Singapore. The Group expects continued pressure on charter rates due to market competition and COVID-19 situation. The management will continue to focus on increasing utilisation of its fleet, widening geographical coverage, raising operational efficiency and limiting capital expenditure.

¹ OECD Interim Economic Assessment, 16 September 2020

Order Book

As at 30 June 2020, the Group had an outstanding shipbuilding order book from external customers of approximately \$28 million with progressive deliveries up to 3Q FY2021.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 18% of shipchartering revenue in FY2020 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 June 2020, the Group had an outstanding ship chartering order book of approximately \$49 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

Completion of refinancing exercises

The Group embarked on a comprehensive refinancing exercise in FY2019. With the support of the Group's Lenders, Noteholders and the Shareholders, the Group was able to successfully complete the CSE in January 2019 and re-profiled its existing loans.

The Principal Lenders have provided further support to the Group with additional revolving project financing facilities with trade lines of up to S\$114 million. These facilities were activated in August 2019 and have since been progressively drawn down, which provides a strong base in sustaining the businesses of the Group.

Support measures in response to the COVID-19 pandemic

Pursuant to the Government's relief and support measures on the COVID-19 pandemic, key lenders of the Group remain supportive and granted temporary bridging loans and/or deferral on principal repayment of existing long term loans up to the end of the calendar year. This has further helped to alleviate and sustain the Group's operating cash flows amid this challenging period.

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

Further to our announcement released on 13 May 2020 and the results announcement for 3Q FY2020 released on 12 June 2020, the Board wishes to update as follows:

- (1) On 4 August 2020, 265,000 foreign workers in the construction, marine shipyard and process sectors have been given the green light to return to work by the Ministry of Manpower. Our shipbuilding operations in Singapore resumed work in mid-August 2020, dependent on availability of workers from certain sub-contractors.
- (2) Demand for shiprepair services in Batam are still affected by restrictive movement controls in Indonesia and Singapore imposed on owners' representatives and Singapore-based specialists. The engagement of Singapore-based shipyard specialists rendering certain engine, communications, safety, inspection, and engineering services are curtailed as a result of travel restrictions in place.
- (3) Several key local infrastructure projects under shipchartering segment progressively resumed operations in September 2020. However, the deployment of supporting vessels for those operations are being progressively increased.

Barring any unforeseen circumstances, the Group expects a pick up of momentum of business in 2H FY2021 (January 2021 to June 2021).

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 dividend has been declared for the year ended 30 June 2020 after taking into consideration the operating requirement, cash flow position of the Group and the current market weakness, and to conserve cash for working capital usage.

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

The Group has renewed the general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 30 October 2019. During the financial period, the following interested person transactions were entered into by the Group:

| Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) | 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 | \$'000 |
| <u>Sale of goods and services</u> | | |
| Contech Precast Pte Ltd | ¹ Subsidiary of KHL | - 2,511 |
| Econ Precast Pte Ltd | ¹ Subsidiary of KHL | - 11,078 |
| Entire Engineering Pte Ltd | ¹ Subsidiary of KHL | - 23 |
| Koon Construction & Transport Co Pte Ltd | ¹ Subsidiary of KHL | - (83) |
| Petra I Pte Ltd | ¹ Subsidiary of KHL | - (258) |
| Sindo-Econ Pte Ltd | ¹ Joint venture of the Company and KHL | - 1,802 |
| PT. Sindomas Precas | ¹ Joint venture of the Company and KHL | - 970 |
| Reem Island Pte Ltd | ¹ Subsidiary of KHL | - (887) |
| <u>Purchase of goods and services</u> | | |
| Koon Construction & Transport Co Pte Ltd | ¹ Subsidiary of KHL | - 484 |
| Econ Precast Pte Ltd | ¹ Subsidiary of KHL | - 1,093 |
| PT. Sindomas Precas | ¹ Joint venture of the Company and KHL | 1,147 - |
| Sintech Metal Industries Pte Ltd | ² Wholly owned by Mr. Ang Sin Liu | 629 - |
| <u>Assets Swap (refer to Page 24 of this results announcement)</u> | | |
| Koon Construction & Transport Co Pte Ltd | ¹ Subsidiary of KHL | 170 |
| Entire Engineering Pte Ltd | ¹ Subsidiary of KHL | 928 870 |
| <u>Reimbursement of expenses due from</u> | | |
| Koon Construction & Transport Co Pte Ltd | ¹ Subsidiary of KHL | 177 - |
| Entire Engineering Pte Ltd | ¹ Subsidiary of KHL | 201 - |
| Econ Precast Pte Ltd | ¹ Subsidiary of KHL | 584 - |
| PT. Sindomas Precas | ¹ Joint venture of the Company and KHL | 196 - |
| | | 4,032 17,603 |

Notes:

1. The executive directors of the Company and their family in aggregate hold approximately 67.3% of the Company and 53.8% of Koon Holdings Limited ("KHL"). Accordingly KHL, its subsidiaries and associated companies (including joint venture) are deemed to be interested persons in the above disclosure.
2. 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.
3. The above aggregate values were based on amount incurred and accrued, including where an interested person transaction had an indefinite term or where the contract sum was not specified.
4. Credit balances of IPT were mainly due to credit notes for transactions recorded in FY2019 issued in 1Q FY2020.

14. 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business Segments

| 2020 | Shipbuilding \$'000 | Shiprepair, conversion and engineering services \$'000 | Shipchartering and rental \$'000 | Investment holding \$'000 | Eliminations \$'000 | Consolidated \$'000 |
|---|------------------------|--|--|---------------------------------|------------------------|------------------------|
| Revenue | | | | | | |
| Revenue from external customers | 36,266 | 75,019 | 132,352 | - | - | 243,637 |
| Inter-segment revenue | 12,047 | 48,613 | 32,342 | - | (93,002) | - |
| Total revenue | 48,313 | 123,632 | 164,694 | - | (93,002) | 243,637 |
| Results | | | | | | |
| Segment results | (8,527) | (10,680) | (105,792) | 35,115 | 79,628 | (10,256) |
| Interest income from finance lease receivables | | | 592 | | | 592 |
| Finance costs | | | | | | (25,707) |
| Fair value adjustments arising from debt refinancing exercise | | | | | | 15,233 |
| Share of results of joint ventures and associates | | | | | | (1,122) |
| Tax credit | | | | | | 2,877 |
| Loss for the year | | | | | | (18,383) |
| Assets | | | | | | |
| Segment assets | 128,212 | 172,520 | 371,686 | 4,377 | - | 676,795 |
| Unallocated assets | | | | | | 4,298 |
| Total assets | | | | | | 681,093 |
| Liabilities | | | | | | |
| Segment liabilities | 33,389 | 79,530 | 50,466 | 5,317 | - | 168,702 |
| Unallocated liabilities | | | | | | 379,012 |
| Total liabilities | | | | | | 547,714 |
| Capital expenditure | 1,581 | 2,847 | 8,758 | - | - | 13,186 |
| Depreciation and amortisation | 4,267 | 12,056 | 43,785 | - | - | 60,108 |
| Other non-cash expenses | 132 | 273 | - | - | - | 405 |
| Impairment of financial assets | (17) | 2,300 | 2,407 | 75 | - | 4,765 |
| Impairment of property, plant and equipment | 244 | 460 | 904 | - | - | 1,608 |
| Impairment of inventories | 3,681 | - | 5,813 | - | - | 9,494 |
| Impairment of intangible assets | - | 3,063 | - | - | - | 3,063 |
| Finance cost | 4,281 | 8,300 | 6,211 | 6,915 | - | 25,707 |
| Interest income | (7) | (19) | (612) | (6) | - | (644) |

| | Shipbuilding \$'000 | Shiprepair, conversion and engineering services \$'000 | Shipchartering and rental \$'000 | Investment holding \$'000 | Eliminations \$'000 | Consolidated \$'000 |
|---|------------------------|--|--|---------------------------------|------------------------|------------------------|
| 2019 | | | | | | |
| Revenue | | | | | | |
| Revenue from external customers | 63,341 | 103,923 | 145,618 | - | - | 312,882 |
| Inter-segment revenue | 27,254 | 79,442 | 54,695 | - | (161,391) | - |
| Total revenue | 90,595 | 183,365 | 200,313 | - | (161,391) | 312,882 |
| Results | | | | | | |
| Segment results | (79,704) | (14,710) | (91,839) | (57,573) | 64,666 | (179,160) |
| Interest income from finance lease receivables | | | 640 | | | 640 |
| Finance costs | | | | | | (23,195) |
| Fair value adjustments arising from debt refinancing exercise | | | | | | 59,179 |
| Share of results of joint ventures and associates | | | | | | 857 |
| Tax expense | | | | | | (4,200) |
| Loss for the year | | | | | | (145,879) |
| Assets | | | | | | |
| Segment assets | 140,318 | 182,653 | 413,849 | 3,795 | - | 740,615 |
| Unallocated assets | | | | | | 5,450 |
| Total assets | | | | | | 746,065 |
| Liabilities | | | | | | |
| Segment liabilities | 44,525 | 86,102 | 68,512 | 7,230 | - | 206,369 |
| Unallocated liabilities | | | | | | 385,904 |
| Total liabilities | | | | | | 592,273 |
| Capital expenditure | 1,288 | 1,679 | 21,400 | - | - | 24,367 |
| Depreciation and amortisation | 7,738 | 12,009 | 42,327 | - | - | 62,074 |
| Other non-cash expenses | 1,357 | 203 | - | - | - | 1,560 |
| Impairment of financial assets | 27,124 | 16,400 | 29,525 | 2,614 | - | 75,663 |
| Impairment of property, plant and equipment | 169 | - | 13,498 | - | - | 13,667 |
| Impairment of inventories | 17,063 | - | 55,275 | - | - | 72,338 |
| Impairment of intangible assets | - | 5,504 | - | - | - | 5,504 |
| Finance cost | 5,521 | 8,735 | 6,620 | 2,319 | - | 23,195 |
| Interest income | (16) | (28) | (676) | (2) | - | (722) |

(b) Geographical segments

| | Singapore \$'000 | Indonesia \$'000 | Rest of Asia \$'000 | Europe \$'000 | Australia \$'000 | United States and Other Countries \$'000 | Consolidated \$'000 |
|---------------------------------|---------------------|---------------------|------------------------|------------------|---------------------|---|------------------------|
| 2020 | | | | | | | |
| Revenue from external customers | 102,497 | 50,995 | 47,099 | 14,863 | 22,524 | 5,659 | 243,637 |
| Non-current assets | 256,500 | 159,825 | 47,085 | 4,399 | - | - | 467,809 |
| 2019 | | | | | | | |
| Revenue from external customers | 170,105 | 55,609 | 23,356 | 11,218 | 5,114 | 47,480 | 312,882 |
| Non-current assets | 255,339 | 202,273 | 47,817 | 6,272 | - | - | 511,701 |

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.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

17. A breakdown of sales.

| | Group | | | |
|---|---------------|---------------|-------------------------|----------|
| | FY2020 | FY2019 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | \$'000 | % |
| Sales reported for first half year | 119,764 | 160,685 | (40,921) | (25.5) |
| Operating loss after tax before deducting non-controlling interests reported for first half year | (10,386) | (17,634) | 7,248 | (41.1) |
| Sales reported for second half year | 123,873 | 152,197 | (28,324) | (18.6) |
| Operating loss after tax before deducting non-controlling interests reported for second half year | (7,997) | (128,245) | 120,248 | (93.8) |

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| Total Annual Dividend | Latest full year | Previous full year |
|------------------------------|-------------------------|---------------------------|
| | \$'000 | \$'000 |
| Ordinary | - | - |
| Preference | - | - |
| Total | - | - |

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

| Name | Age | Family relationship with any director, chief executive officer and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|--------------|-----|--|---|---|
| Ang Kok Tian | 59 | <p>Brother of Ang Ah Nui and Ang Kok Leong, both of whom are Directors and substantial shareholders of the Company.</p> <p>Son of Ang Sin Liu and brother of Ang Kok Eng and Ang Swee Kuan, all of whom are substantial shareholders of the Company.</p> | <p>Appointed in 2003 as Chairman and Managing Director and Chief Executive Officer of the Company. Also acting as Executive Director of certain principal subsidiaries of the Company.</p> <p>Responsible for the Group's business strategies and direction, corporate plans and policies as well as the overall management, development, operations, finance and treasury functions of the Group. Also in charge of the Group's shipbuilding division and dredge engineering business.</p> | No change |
| Ang Ah Nui | 57 | <p>Brother of Ang Kok Tian and Ang Kok Leong, both of whom are Directors and substantial shareholders of the Company.</p> <p>Son of Ang Sin Liu and brother of Ang Kok Eng and Ang Swee Kuan, all of whom are substantial shareholders of the Company.</p> | <p>Appointed in 2003 as Deputy Managing Director of the Company. Also acting as Executive Director of certain principal subsidiaries of the Company.</p> <p>Jointly responsible for the Group's business strategies and direction, corporate plans and policies. Also, in charge of the Group's shipchartering, shiprepair and conversion business.</p> | No change |
| Ang Kok Eng | 53 | <p>Brother of Ang Kok Tian, Ang Ah Nui and Ang Kok Leong, all of whom are Directors and substantial shareholders of the Company.</p> <p>Son of Ang Sin Liu and brother of Ang Swee Kuan, both of whom are substantial shareholders of the Company.</p> | <p>Acting as Executive Director of certain principal subsidiaries of the Company since 2003.</p> <p>Responsible for the Group's marketing and business development function for Asia. Also in charge of the Group's management information systems.</p> | No change |

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---------------|-----|--|--|---|
| Ang Kok Leong | 52 | <p>Brother of Ang Kok Tian and Ang Ah Nui, both of whom are Directors and substantial shareholders of the Company.</p> <p>Son of Ang Sin Liu and brother of Ang Kok Eng and Ang Swee Kuan, all of whom are substantial shareholders of ASL Marine.</p> | <p>Appointed in 2002 as Executive Director of ASL Marine. Also acting as Executive Director of certain principal subsidiaries of the Company.</p> <p>Responsible for the Group's marketing and business development function for Europe, Middle East and other regions. Also in charge of overseeing engineering and research development division of the Group.</p> | No change |
| Ang Sin Liu | 85 | <p>Father of Ang Kok Tian, Ang Ah Nui and Ang Kok Leong, all of whom are Directors and substantial shareholders of the Company.</p> <p>Father of Ang Kok Eng and Ang Swee Kuan, both of whom are substantial shareholders of the Company.</p> | <p>Appointed in 2003 as Advisor to the Company.</p> <p>Advising on the setting of Group's business strategy and direction.</p> | No change |

Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong, Ang Sin Liu and Ang Swee Kuan are substantial shareholders of the Company.

Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan. Each of them is deemed to have an interest in the shares held by the other.

20. Use of proceeds

The Group had fully utilised the net proceeds of \$0.9 million raised from the subscription of Rights Issue of 266,505,713 warrants issued in July 2019 for working capital usage including payment to its suppliers and subcontractors, and for its operating expenses. The utilisation is in accordance with the intended use of proceeds as stated by the Company Announcement dated 26 January 2019, the Offer Information Statement dated 2 July 2019 and the Circular to Shareholders dated 3 July 2019.

There were no warrants exercised since the date of issuance on 25 July 2019.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
29 September 2020