ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Co. Reg. No. 200008542N

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2017

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 31 March			9 months ended 31 March		
	3Q FY2017 $'000	3Q FY2016 $'000	Inc/ (Dec) %	9M FY2017 $'000	9M FY2016 $'000	Inc/ (Dec) %
Revenue	84,147	90,101	(6.6)	264,503	265,733	(0.5)
Cost of sales	(76,347)	(77,108)	(1.0)	(233,556)	(226,339)	3.2
Gross profit	**7,800**	**12,993**	**(40.0)**	**30,947**	**39,394**	**(21.4)**
Other operating income	1,310	1,952	(32.9)	3,945	3,947	(0.1)
Administrative expenses	(9,127)	(5,810)	57.1	(20,132)	(16,690)	20.6
Other operating expenses	(3,129)	(221)	1,315.8	(4,769)	(2,000)	138.5
Finance costs	(4,897)	(5,030)	(2.6)	(14,072)	(14,325)	(1.8)
Share of results of joint ventures and associates	(2,407)	(956)	151.8	(3,863)	(295)	1,209.5
(Loss)/ profit before tax	**(10,450)**	**2,928**	**Nm**	**(7,944)**	**10,031**	**Nm**
Tax (expense)/credit						
- current period	(875)	(2,106)	(58.5)	(2,684)	(2,203)	21.8
- over/(under) provision in prior years	(30)	(2)	1,400.0	82	(124)	Nm
(Loss)/profit for the period	**(11,355)**	**820**	**Nm**	**(10,546)**	**7,704**	**Nm**
Attributable to:						
Owners of the Company	**(11,718)**	**1,278**	**Nm**	**(9,232)**	**8,351**	**Nm**
Non-controlling interests	363	(458)	**Nm**	(1,314)	(647)	103.1
	(11,355)	**820**	**Nm**	**(10,546)**	**7,704**	**Nm**

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 31 March 3Q FY2017 $'000	3Q FY2016 $'000	Inc/ (Dec) %	9 months ended 31 March 9M FY2017 $'000	9M FY2016 $'000	Inc/ (Dec) %
(Loss)/ profit for the period		**(11,355)**	**820**	**Nm**	**(10,546)**	**7,704**	**Nm**
Items that may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(i)	(2,331)	(3,562)	(34.6)	2,520	(26)	Nm
Share of other comprehensive income of joint ventures and associates		(330)	(665)	(50.4)	348	153	127.5
Net fair value changes to cash flow hedges	(ii)	193	2,569	(92.5)	384	(17)	Nm
Other comprehensive income for the period, net of tax		**(2,468)**	**(1,658)**	**48.9**	**3,252**	**110**	2,856.4
Total comprehensive income for the period		**(13,823)**	**(838)**	**1,549.5**	**(7,294)**	**7,814**	**Nm**
Attributable to:							
Owners of the Company		**(14,070)**	**(149)**	**9,343.0**	**(6,139)**	**8,426**	**Nm**
Non-controlling interests		247	(689)	**(135.8)**	(1,155)	(612)	**88.7**
		(13,823)	**(838)**	**1,549.5**	**(7,294)**	**7,814**	**Nm**

Nm: Not meaningful

Notes:

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

(ii) The fair value loss on cash flow hedges was primarily due to fair value adjustments on foreign currency forward contracts and interest rate swaps.

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

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2017 $'000	3Q FY2016 $'000	9M FY2017 $'000	9M FY2016 $'000
(Allowance for)/ write back of impairment of doubtful receivables (net)	-	(150)	3	(26)
Amortisation of intangible assets	(203)	(208)	(611)	(622)
Amortisation of lease prepayments	(82)	(76)	(232)	(280)
Bad debts written off	-	(71)	-	(71)
Depreciation of property, plant and equipment	(13,381)	(11,848)	(43,699)	(37,784)
(Loss)/ gain on disposal of property, plant and equipment	(76)	299	597	1,112
Gain on disposal of assets held for sale	62	-	56	-
(Loss)/ gain on foreign exchange (net)	(3,129)	587	(4,768)	(1,903)
Interest income from bank balances	20	7	45	36
Interest income from finance lease receivables	185	196	553	594
Property, plant and equipment written off	-	-	1	-
Provision for pension liabilities	-	(39)	(29)	(278)
Reversal/ (provision) for warranty	-	149	(374)	374
Over/ (under) provision of tax in respect of prior years				
- current tax expense	(30)	(2)	82	(124)

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

	Group		Company	
	31-Mar-17	30-Jun-16	31-Mar-17	30-Jun-16
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	587,287	603,114	-	-
Lease prepayments	5,800	5,647	-	-
Investment in subsidiaries	-	-	70,713	70,713
Investment in joint ventures and associates	11,039	14,726	-	-
Intangible assets	17,207	17,840	-	-
Finance lease receivable	8,534	8,759	-	-
	629,867	**650,086**	**70,713**	**70,713**
Current assets				
Inventories	239,115	238,481	-	-
Construction work-in-progress	108,500	108,958	-	-
Trade and other receivables	213,428	248,767	349,196	270,294
Finance lease receivable	714	650	-	-
Derivative financial instruments	10	313	-	-
Cash and bank balances	46,830	24,710	2,241	290
	608,597	**621,879**	**351,437**	**270,584**
Assets classified as held for sale	3,128	3,708	-	-
	611,725	**625,587**	**351,437**	**270,584**
Current liabilities				
Trade and other payables	201,313	223,371	113,951	90,987
Provision for warranty	215	54	-	-
Progress billings in excess of construction work-in-progress	4,953	6,862	-	-
Trust receipts	35,463	72,196	-	-
Interest-bearing loans and borrowings	212,148	290,724	10,397	100,000
Derivative financial instruments	149	897	-	-
Income tax payables	4,776	2,810	-	-
	459,017	**596,914**	**124,348**	**190,987**
Net current assets	**152,708**	**28,673**	**227,089**	**79,597**
Non-current liabilities				
Other liabilities	11,696	9,272	-	-
Interest-bearing loans and borrowings	313,215	229,266	176,743	50,000
Deferred tax liabilities	15,589	15,816	-	-
	340,500	**254,354**	**176,743**	**50,000**
Net assets	**442,075**	**424,405**	**121,059**	**100,310**
Equity attributable to owners of the Company				
Share capital	108,056	83,092	108,056	83,092
Treasury shares	(923)	(923)	(923)	(923)
Reserves	331,326	337,465	13,926	18,141
	438,459	**419,634**	**121,059**	**100,310**
Non-controlling interests	3,616	4,771	-	-
Total equity	**442,075**	**424,405**	**121,059**	**100,310**

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

	Group					
	As at 31-Mar-17			As at 30-Jun-16		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	215,488	32,123	247,611	223,798	139,122	362,920
Amount repayable after one year	165,715	147,500	313,215	179,266	50,000	229,266
	381,203	**179,623**	**560,826**	**403,064**	**189,122**	**592,186**

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
- Corporate guarantees from the Company and certain subsidiaries

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

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2017	3Q FY2016	9M FY2017	9M FY2016
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
(Loss)/ profit before tax	(10,450)	2,928	(7,944)	10,031
Adjustments for:				
Amortisation of intangible assets	203	208	611	622
Amortisation of lease prepayments	82	76	232	280
Allowance for/ (write back of) impairment of doubtful receivables (net)	-	150	(3)	26
Bad debts written off	-	71	-	71
Depreciation of property, plant and equipment	13,381	11,848	43,699	37,784
Loss/ (gain) on disposal of property, plant and equipment	76	(299)	(597)	(1,112)
Gain on disposal of assets held for sale	(62)	-	(56)	-
Interest expense	4,897	5,030	14,072	14,325
Interest income	(205)	(203)	(598)	(630)
(Reversal)/ provision for warranty (net)	-	(149)	374	(374)
Property, plant and equipment written off	-	-	1	-
Provision for pension liabilities	-	39	29	278
Share of results of joint venture and associates	2,407	956	3,863	295
Operating cash flows before changes in working capital	**10,329**	**20,655**	**53,683**	**61,596**
Changes in working capital:				
Inventories	3,886	(617)	(1,310)	(18,571)
Construction work-in-progress and progress billings in excess of construction work-in-progress	(509)	(12,547)	(753)	(83,832)
Trade and other receivables	8,242	(10,076)	48,710	(27,991)
Trade and other payables	(24,474)	5,988	(14,134)	10,896
Finance lease receivable	167	101	492	303
Other liabilities	-	(30)	(263)	(749)
Balances with related parties (trade)	(3,298)	1,599	(6,674)	(1,055)
Cash flows (used in)/ generated from operations	**(5,657)**	**5,073**	**79,751**	**(59,403)**
Interest received	185	196	553	594
Tax (paid)/ refunded	(1,067)	(43)	(1,040)	563
Net cash flows (used in)/ generated from operating activities	**(6,539)**	**5,226**	**79,264**	**(58,246)**
Cash flows from investing activities				
Interest received	20	7	45	36
Purchase of property, plant and equipment	(2,597)	(14,024)	(27,220)	(71,089)
Proceeds from disposal of assets held for sale	62	-	636	-
Proceeds from disposal of property, plant and equipment	(63)	2,781	7,209	8,280
Lease prepayments	-	-	(388)	(53)
Balances with related parties (non-trade)	(2,452)	2,021	(7,680)	4,460
Net cash flows used in investing activities	**(5,030)**	**(9,215)**	**(27,398)**	**(58,366)**

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2017	3Q FY2016	9M FY2017	9M FY2016
	$'000	$'000	$'000	$'000
Cash flows from financing activities				
Interest paid	(4,897)	(5,548)	(14,072)	(14,375)
Dividends paid	-	-	-	(1,678)
Repayment of interest-bearing loans and borrowings	(27,854)	(35,316)	(91,330)	(106,629)
Proceeds from interest-bearing loans and borrowings	53,241	18,048	88,096	165,381
Repayment of trust receipts	(11,748)	(31,434)	(76,463)	(73,232)
Proceeds from trust receipts	8,795	37,264	39,542	99,278
Proceeds from issue of shares by the Company	-	-	24,964	-
Cash and bank balances (restricted use)	(4,155)	(354)	(10,291)	(1,130)
Net cash flows generated from/ (used in) financing activities	**13,382**	**(17,340)**	**(39,554)**	**67,615**
Net increase/ (decrease) in cash and cash equivalents	1,813	(21,329)	12,312	(48,997)
Cash and cash equivalents at beginning of period	31,705	46,696	21,621	74,865
Effects of exchange rate changes on cash and cash equivalents	(69)	(228)	(484)	(729)
Cash and cash equivalents at end of period (Note 1)	**33,449**	**25,139**	**33,449**	**25,139**

<u>Note 1:</u>

Cash and cash equivalents comprise the followings:

Cash and bank balances	46,830	28,193
Less: Restricted cash		
- Cash at banks	(10,443)	(2,200)
- Fixed deposits with banks	(2,938)	(854)
Cash and cash equivalents at end of period	**33,449**	**25,139**

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

Statement of Changes in Equity for the period ended 31-Mar-17

	Attributable to owners of the Company								
Group	**Share capital $'000**	**Treasury shares $'000**	**Foreign currency translation reserve $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Total reserves $'000**	**Equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total Equity $'000**
9M FY2017									
At 1-Jul-16	**83,092**	**(923)**	**986**	**(482)**	**336,961**	**337,465**	**419,634**	**4,771**	**424,405**
Loss for the period	-	-	-	-	(9,232)	**(9,232)**	**(9,232)**	(1,314)	**(10,546)**
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	2,392	-	-	**2,392**	**2,392**	128	**2,520**
Share of other comprehensive income of joint ventures and associates	-	-	317	-	-	**317**	**317**	31	**348**
Net fair value changes to cash flow hedges			-	384	-	**384**	**384**	-	**384**
Other comprehensive income for the year, net of tax	**-**	**-**	2,709	384	-	**3,093**	**3,093**	159	**3,252**
Total comprehensive income for the period	**-**	**-**	2,709	384	(9,232)	**(6,139)**	**(6,139)**	(1,155)	**(7,294)**
Contributions by owners									
Right issue of shares	24,964	-	-	-	-	**-**	**24,964**	-	**24,964**
Total contributions by owners	24,964	-	-	-	-	**-**	**24,964**	-	**24,964**
At 31-Mar-17	**108,056**	**(923)**	**3,695**	**(98)**	**327,729**	**331,326**	**438,459**	**3,616**	**442,075**

Statement of Changes in Equity for the period ended 31-Mar-16										
	Attributable to owners of the Company									
Group	**Share capital $'000**	**Treasury shares $'000**	**Foreign currency translation reserve $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Total reserves $'000**	**Equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total Equity $'000**
9M FY2016									
At 1-Jul-15	**83,092**	**(923)**	**742**	**(422)**	**337,034**	**327,354**	**419,523**	**5,786**	**425,309**
Profit for the period	-	-	-	-	8,351	**8,351**	**8,351**	(647)	**7,704**
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(47)	-	-	**(47)**	**(47)**	22	**(25)**
Share of other comprehensive income of joint ventures and associates	-	-	139	-	-	**139**	**139**	14	**153**
Net fair value changes to cash flow hedges	-	-	-	(17)	-	**(17)**	**(17)**	-	**(17)**
Other comprehensive income for the year, net of tax	-	-	92	(17)	-	**75**	**75**	36	**111**
Total comprehensive income for the period	-	-	92	(17)	8,351	**8,426**	**8,426**	(611)	**7,815**
Distributions to owners									
Dividends on ordinary shares	-	-	-	-	(1,678)	**(1,678)**	**(1,678)**	**-**	(1,678)
Total distributions to owners	-	-	-	-	(1,678)	**(1,678)**	**(1,678)**	-	(1,678)
At 31-Mar-16	**83,092**	**(923)**	**834**	**(439)**	**343,707**	**344,102**	**426,271**	**5,175**	**431,446**

Statement of Changes in Equity for the period ended 31-Mar-17 and 31-Mar-16						
Company	**Share capital $'000**	**Treasury shares $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Total reserves $'000**	**Total equity $'000**
9M FY2017						
At 1-Jul-16	**83,092**	**(923)**	**-**	**18,141**	**18,141**	**100,310**
Loss for the period, representing total comprehensive income for the period	-	-	-	(4,215)	**(4,215)**	**(4,215)**
Contributions by owners						
Rights issue of shares	24,964	-	-	-	**-**	**24,964**
Total contributions by owners	24,964	-	-	-	**-**	**24,964**
At 31-Mar-17	**108,056**	**(923)**	**-**	**13,926**	**13,926**	**121,059**
9M FY2016						
At 1-Jul-15	**83,092**	**(923)**	**-**	**18,799**	**18,799**	**100,968**
Profit for the period, representing total comprehensive income for the period	-	-	-	1,299	**1,299**	**1,299**
Distributions to owners						
Dividends on ordinary shares	-	-	-	(1,678)	**(1,678)**	**(1,678)**
Total distributions to owners	-	-	-	(1,678)	**(1,678)**	**(1,678)**
At 31-Mar-16	**83,092**	**(923)**	**-**	**18,420**	**18,420**	**100,589**

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of Ordinary Shares (excluding treasury shares)	
	As at 31-Mar-17	**As at 31-Mar-16**
Balance as at 1 July	419,511,294	419,511,294
Rights issue of shares	209,755,647	-
Balance as at 31 March	**629,266,941**	**419,511,294**

During the second quarter of 2017, the Company has undertaken a renounceable non-underwritten rights issue of 209,755,647 new ordinary shares in the share capital of the Company (the “Rights Shares”) at an issue price of S$0.12 for each Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the share capital of the Company (the “Rights Issue”). The Rights Shares has been issued and allotted on 19 December 2016, and listed for quotation on the Main Board of the SGX-ST on 21 December 2016. The newly issued shares rank pari passu in all respects with the previously issued shares.

There are no outstanding share options granted under the ESOS as at 31 March 2017 and 31 March 2016.

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

	As at 31-Mar-17	**As at 30-Jun-16**	**As at 31-Mar-16**
Total number of issued shares	631,778,541	422,022,894	422,022,894
Total number of treasury shares	(2,511,600)	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	**629,266,941**	**419,511,294**	**419,511,294**

1(d)(iv) A statement showing all purchases, 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 purchases, sales, transfers, disposal, cancellation and/or use of treasury shares.

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.

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

The accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2016 except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning as of 1 July 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

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.

Not applicable.

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

	Group			
	3 months ended 31 March		9 months ended 31 March	
Earnings per ordinary share:	**3Q FY2017**	**3Q FY2016 (Restated)**	**9M FY2017**	**9M FY2016 (Restated)**
(i) On weighted average no. of ordinary shares in issue	(1.86) cents	0.30 cents	(1.84) cents	1.97 cents
(ii) On a fully diluted basis	(1.86) cents	0.30 cents	(1.84) cents	1.97 cents
Net (loss)/ profit attributable to shareholders:	($11,718,000)	$1,278,000	($9,232,000)	$8,351,000
Number of shares in issue:				
(i) Weighted average no. of shares in issue	629,266,941	424,091,329	501,219,388	424,091,329
(ii) On a fully diluted basis	629,266,941	424,091,329	501,219,388	424,091,329

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

	Group		Company	
	31-Mar-17	**30-Jun-16**	**31-Mar-17**	**30-Jun-16**
Net Asset Value (NAV) per ordinary share	69.68 cents	100.03 cents	19.24 cents	23.91 cents
NAV computed based on no. of ordinary shares issued	629,266,941	419,511,294	629,266,941	419,511,294

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

REVIEW OF GROUP PERFORMANCE

Revenue

Group revenue of $84.1 million for the 3 months ended 31 March 2017 ("3Q FY2017") was $6.0 million (6.6%) lower compared to the corresponding period in FY2016 ("3Q FY2016"). For the 9 months ended 31 March 2017 ("9M FY2017"), the Group revenue was $1.2 million (0.5%) lower compared to the corresponding period ended 31 March 2016 ("9M FY2016").

Details for revenue generated from each segment are as follows:

	Group					
	3Q FY2017 $'000	**3Q FY2016 $'000**	Increase/ (Decrease) %	**9M FY2017 $'000**	**9M FY2016 $'000**	Increase/ (Decrease) %
Shipbuilding	41,775	41,657	0.3	122,710	139,304	(11.9)
Shiprepair and conversion	12,700	18,783	(32.4)	41,740	44,622	(6.5)
Shipchartering	25,700	21,048	22.1	80,081	59,023	35.7
Engineering	3,972	8,613	(53.9)	19,972	22,784	(12.3)
	84,147	**90,101**	**(6.6)**	**264,503**	**265,733**	**(0.5)**

Shipbuilding

Recognition of shipbuilding revenue is calculated based on project value multiplied by the percentage of completion ("POC").

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

	Group									
	3Q FY2017		3Q FY2016		Increase/ (Decrease)	9M FY2017		9M FY2016		Increase/ (Decrease)
	Units	$'000	Units	$'000	%	Units	$'000	Units	$'000	%
Offshore support vessels ("OSV")	3	1,392	3	3,060	(54.5)	3	8,507	5	26,067	(67.4)
Tugs	6	32,690	13	32,260	1.3	11	101,792	13	83,360	22.1
Barges and others	6	7,693	11	6,337	21.4	7	12,411	11	29,877	(58.5)
	15	**41,775**	**27**	**41,657**	**0.3**	**21**	**122,710**	**29**	**139,304**	(11.9)

Shipbuilding revenue in 3Q FY2017 increased marginally by $0.1 million (0.3%) compared to the corresponding quarter. The Group has delivered a total of 7 Tugs and 1 Barge in 9M FY2017 (two Tugs of which were in 3Q FY2017).

Shiprepair and conversion

Shiprepair and conversion projects are meant to be short term in nature, resulting in revenue recognised only upon completion. With several of our shiprepair jobs being partial conversions, which take far longer than historic jobs to complete (i.e. may not complete within a quarter), revenue from shiprepair and conversions are now likely to be lumpy.

The breakdown of revenue generated from the shiprepair and conversion segment are as follows:

	Group					
	3Q FY2017 $'000	3Q FY2016 $'000	Increase/ (Decrease) %	9M FY2017 $'000	9M FY2016 $'000	Increase/ (Decrease) %
Shiprepair and conversion	12,543	18,528	(32.3)	39,677	43,997	(9.8)
Other marine related services	157	255	(38.4)	2,063	625	230.1
	12,700	**18,783**	**(32.4)**	**41,740**	**44,622**	**(6.5)**

Shiprepair and conversion revenue decreased by $6.1 million (32.4%) in 3Q FY2017 and $2.9 million (6.5%) in 9M FY2017 when compared to corresponding periods mainly due to there being less high value (>$0.2 million) shiprepair jobs undertaken in 3Q FY2017.

Shipchartering

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

	Group					
	3Q FY2017 $'000	3Q FY2016 $'000	Increase/ (Decrease) %	9M FY2017 $'000	9M FY2016 $'000	Increase/ (Decrease) %
OSV	2,652	3,020	(12.2)	8,814	9,538	(7.6)
Landing Crafts	2,497	947	163.7	6,576	4,095	60.6
Tug Boats	6,848	5,761	18.9	19,584	16,183	21.0
Barges	9,078	9,994	(9.2)	30,755	26,388	16.5
Total charter	21,075	19,722	6.9	65,729	56,204	16.9
Trade sales	4,625	1,326	248.8	14,352	2,819	409.1
	25,700	**21,048**	**22.1**	**80,081**	**59,023**	**35.7**

Shipchartering revenue was 6.9% higher in 3Q FY2017 and 16.9% higher in 9M FY2017 mainly due to

(i) higher contributions from operation of Tug Boats and Barges with the commencement of large marine infrastructure projects in Singapore and South Asia in 4Q FY2016 (the "New Charter Contracts");

(ii) contribution from operation of a Landing Craft acquired in 2Q FY2016 for an overseas infrastructure project commenced in end of 3Q FY2016;

(iii) despite the off-hire of an Anchor Handling Tug ("AHT") from a long term charter contract since July 2016 and lower charter rate of an Anchor Handling Tug Supply vessel ("AHTS") since November 2016; and

(iv) weaker contributions from operation of grab dredgers.

Total sales rose 22.1% due to a significant rise in bunker fuel sales. There were also significant ad hoc services rendered in conjunction with the New Charter Contracts mentioned above.

Engineering

Similar to shipbuilding, revenue from New Buildings is calculated based on project value multiply by POC.

The breakdown by revenue generated from the engineering segment are as follows:

	Group					
	3Q FY2017 $'000	3Q FY2016 $'000	Increase/ (Decrease) %	9M FY2017 $'000	9M FY2016 $'000	Increase/ (Decrease) %
Engineered dredgers products & dredger ("New Buildings")	-	1,995	(100.0)	653	3,617	(81.9)
Components & services ("Components")	3,972	6,618	(40.0)	19,319	19,167	0.8
	3,972	**8,613**	**(53.9)**	**19,972**	**22,784**	**(12.3)**

Engineering revenue were lower in 3Q FY2017 mainly due to absence of revenue recognition from New Buildings and lower orders for spare parts and cutting/ coupling systems.

Gross profit and gross profit margin

The Group gross profit decreased by $5.2 million (40.0%) to $7.8 million in 3Q FY2017 and $8.4 million (21.4%) to $30.9 million in 9M FY2017 compared to the respective corresponding periods.

The breakdown of gross profit and gross profit margin for each respective segment are as follows:

	Group							
	3Q FY2017		3Q FY2016		9M FY2017		9M FY2016	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
Shipbuilding	5,427	13.0%	4,994	12.0%	14,967	12.2%	20,747	14.9%
Shiprepair and conversion	2,455	19.3%	4,022	21.4%	8,835	21.2%	9,027	20.2%
Shipchartering	(414)	(1.6%)	557	2.6%	1,943	2.4%	1,967	3.3%
Engineering	332	8.4%	3,420	39.7%	5,202	26.0%	7,653	33.6%
	7,800	**9.3%**	**12,993**	**14.4%**	**30,947**	**11.7%**	**39,394**	**14.8%**

Shipbuilding

Gross profit decreased by $5.8 million (27.9%) for the 9M FY2017 compared to the corresponding FY2016 period. Whilst gross profit margin were also lower at 12.2% for the 9 months mainly due to costs overruns on the construction of certain OSV and Barges, which were near completion and the low margins derived from the construction of existing barges secured in 4Q FY2016. The higher gross profit and gross profit margin in 3Q FY2017 was contributed by the building of Tugs.

Shiprepair and conversion

In line with the decrease in revenue, gross profit reduced to $2.5 million with a gross profit margin of 19.3% in 3Q FY2017. The margin was lower due to the competitive pricing on the few major projects (amount above $1 million) undertaken.

Shipchartering

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

	Group							
	3Q FY2017		3Q FY2016		9M FY2017		9M FY2016	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
OSV	(1,301)	(49.1%)	161	5.3%	(1,742)	(19.8%)	905	9.5%
Landing Crafts	433	17.3%	(984)	(103.9%)	1,194	18.2%	(812)	(19.8%)
Tug boats and Barges	(498)	(3.1%)	1,054	6.7%	(428)	(0.9%)	1,046	2.5%
Total charter	(1,366)	(6.5%)	231	1.2%	(976)	(1.5%)	1,139	2.0%
Trade sales	952	20.6%	326	24.6%	2,919	20.3%	828	29.4%
	(414)	(1.6%)	**557**	2.6%	**1,943**	2.4%	**1,967**	3.3%

Despite higher charter revenue (excluding trade sales) recorded in 3Q FY2017, gross profit and gross profit margin was lower as compared with corresponding period. This was mainly due to:

(i) Off-hire of an Anchor Handling Tug ("AHT") from a long term charter contract since July 2016 coupled with reduced charter rate of an Anchor Handling Tug Supply vessel ("AHTS") since November 2016;

(ii) Low profit contributions in 3Q FY2017 for Tug boats and Barges mainly attributed to the low activity level from the local marine infrastructure project. Under the contract of affreightment, the Group is require to keep its vessels on standby. The main standby cost is fuel and labour. The Group's revenues are based on tonnage carried. During the quarter under review, fuel prices rose ($0.43/litre in 3Q FY2016 to $0.66/litre in 3Q FY2017) resulting in higher fuel bill of $0.5 million. However, tonnage available for carry fell; and

(iii) Lower utilisation rate from grab dredgers which decreased from 98% in 3Q FY2016 to 41% in 3Q FY2017;

partially offset by

(iv) Higher utilisation rate from Landing crafts which increased from 45% in 3Q FY2016 to 99% in 3Q FY2017 coupled with a new addition in 2Q FY2016 which commenced operation in end of 3Q FY2016.

The higher trade sales profit mainly derived from ad hoc services rendered in conjunction with the New Charter Contracts.

Engineering

The breakdown of gross profit and gross profit margin from engineering segment are as follows:

	Group							
	3Q FY2017		3Q FY2016		9M FY2017		9M FY2016	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
New Buildings	-	Nm	1,763	88.4%	611	93.6%	3,195	88.3%
Components	332	8.4%	1,657	25.0%	4,591	23.8%	4,458	23.3%
	332	8.4%	**3,420**	39.7%	**5,202**	26.0%	**7,653**	33.6%

Consequent to the lower revenue in 3Q FY2017, gross profit and gross profit margin decreased to $0.3 million and 8.4% respectively.

Other operating income

Details for other operating income are as follows:

	Group			
	3Q FY2017 $'000	3Q FY2016 $'000	9M FY2017 $'000	9M FY2016 $'000
(Loss)/ gain on disposal of plant and equipment	(76)	299	597	1,112
Gain on disposal of assets held for sale	62	-	56	-
(Loss)/ gain on foreign exchange (net)				
- unrealised	-	(295)	-	-
- realised	-	882	-	-
Interest income from bank balances	20	7	45	36
Interest income from finance lease receivables	185	196	553	594
Insurance claims	-	45	-	133
Rental income	826	651	2,255	1,628
Write-back of impairment of doubtful receivables (net)	-	-	3	-
Miscellaneous income	293	167	436	444
	1,310	**1,952**	**3,945**	**3,947**

The higher rental income was mainly derived from leasing of precast workshop, production and storage areas.

Administrative expenses

Administrative expenses increased by $3.3 million (57.1%) to $9.1 million in 3Q FY2017 and by $3.4 million (20.6%) to $20.1 million in 9M FY2017 when compared to corresponding periods mainly due to:

(i) one-off transaction costs of $3.7 million including consent fees, solicitation agent and legal and professional fees incurred in relation to the Consent Solicitation Exercise undertaken on extension of tenor of the Company's existing Notes and an addition of Club Term Loan facility obtained from the three local banks;

partially offset by

(ii) lower upkeep expenses and bank charges recorded in 3Q FY2017.

Other operating expenses

Other operating expenses comprised the following:

	Group			
	3Q FY2017 $'000	3Q FY2016 $'000	9M FY2017 $'000	9M FY2016 $'000
Allowance for impairment of doubtful receivables (net)	-	150	-	26
Bad debts written off (trade)	-	71	-	71
Loss/ (gain) on foreign exchange (net)				
- unrealised	3,132	-	3,211	2,218
- realised	(3)	-	1,557	(315)
Property, plant and equipment written off	-	-	1	-
	3,129	**221**	**4,769**	**2,000**

The net foreign exchange losses in 3Q FY2017 arose mainly due to the depreciation of USD against SGD on USD denominated assets; whereas the net foreign exchange losses in 9M FY2017 was mainly attributed from appreciation of USD and IDR against SGD on USD and IDR denominated liabilities.

Exchange rates for the respective reporting periods were as follows:

	31 Mar 2017	31 Mar 2016	31 Dec 2016	31 Dec 2015	30 Jun 2016	30 Jun 2015
USD against SGD	1.3975	1.3505	1.4449	1.4218	1.3489	1.3474
EUR against SGD	1.4943	1.5306	1.5150	1.5454	1.4967	1.4989
IDR against SGD	9,532	9,804	9,259	9,751	9,804	9,804

Finance costs

Finance costs decreased slightly by $0.1 million (2.6%) to $4.9 million in 3Q FY2017 and by $0.3 million (1.8%) to $14.1 million in 9M FY2017 when compared to corresponding periods.

Share of results of jointly-controlled entity and associates

The Group's share of results of jointly-controlled entity and associates comprised:

		Group			
	Group's effective interest	3Q FY2017 $'000	3Q FY2016 $'000	9M FY2017 $'000	9M FY2016 $'000
Joint ventures					
Sindo-Econ group	50%	(1,599)	260	(2,375)	2,594
Associates					
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	(870)	(460)	(532)	(173)
PT Capitol Nusantara Indonesia ("PT CNI")	27%	62	(756)	(956)	(2,716)
		(2,407)	**(956)**	**(3,863)**	**(295)**

The share of loss from Sindo-Econ group of $1.6 million in 3Q FY2017 was attributed by low margin due to competitive market conditions from precast operation in Indonesia.

The share of loss from PT Hafar of $0.9 million in 3Q FY2017 was due to absence of charter income from its fleet of vessels.

The share of profit from PT CNI of $62,000 in 3Q FY2017 pertained to progressive recognition of the Group's proportionate interest of unrealised profits previously eliminated on sale of vessels to PT CNI. No further loss from PT CNI was recorded during the current reporting quarter as the Group has restricted its share of losses to its cost of investment.

(Loss)/ profit before tax

The Group recorded a loss before tax of $7.9 million in 9M FY2017 as compared to a profit before tax of $10.0 million in 9M FY2016. However, much of the loss arose from one-off events in 3Q FY2017:

	3Q FY2017 $'m
Loss before tax	(10.5)
One-off losses (written back)	
- Cost arising from debt restructuring	3.7
- Net foreign exchange loss	3.1
- Joint ventures and associates losses	2.4
Adjusted loss before tax	(1.3)

Tax (expense)/credit

The Group's current period tax (expense)/credit comprised the following:

	Group			
	3Q FY2017 $'000	3Q FY2016 $'000	9M FY2017 $'000	9M FY2016 $'000
Income tax	(421)	(1,963)	(2,451)	(2,401)
Deferred tax	(454)	(143)	(233)	198
	(875)	**(2,106)**	(2,684)	(2,203)
Effective tax rate			**Nm**	**21.3%**

Despite the pre-tax loss position, the Group's current income tax expense was $2.5 million in 9M FY2017 mainly pertained to tax provided on profit of shipyard operations, which cannot be used to offset against losses recorded by the Company and other subsidiaries within the Group.

Non-controlling interests

Non-controlling interests' share of profit of $0.4 million for 3Q FY2017 and share of loss of $1.3 million for 9M FY2017 mainly pertains to the portion of results of its non-wholly owned subsidiaries in Indonesia and China.

Operation cash flows

3Q FY2017
The Group recorded a net cash outflow of $6.5 million from operating activities in 3Q FY2017 (3Q FY2016: cash inflow of $5.2 million) mainly due to higher payments made to suppliers.

The lower net cash outflow of $5.0 million from investing activities in 3Q FY2017 as compared to $9.2 million in 3Q FY2016 was mainly attributed to lower acquisition of property, plant and equipment; partially offset by higher non-trade balances owing from related parties.

The net cash inflow from financing activities of $13.4 million (3Q FY2016: net cash outflow of $17.3 million) arose as the Group borrowed more money than it repaid. During the current quarter under review, the Group made a partial draw down of $37.1 million on its $99.9 million 5-year club term loan facility provided by the three local banks and has also obtained a Spring's Bridging Loan of $5 million for working capital usage.

9M FY2017
In 9MFY2017, the Group recorded a net cash inflow of $79.3 million from operating activities (9M FY2016: cash outflow of $58.2 million). The higher cash inflow was mainly due to lower purchase of inventories and construction costs incurred on projects, higher receipts from customers, partially offset by higher payments made to suppliers.

The lower net cash outflow of $27.4 million from investing activities in 9M FY2017 as compared to $58.4 million in 9M FY2016 was mainly due to lower acquisition of property, plant and equipment; partially offset by higher non-trade balances owing from related parties.

The net cash outflow from financing activities of $39.6 million in 9M FY2017 (9M FY2016: net cash inflow of $67.6 million) arose as the Group repaid more money than it borrowed.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2017

Non-current assets

Property, plant and equipment ("PPE") decreased by $15.8 million (2.6%) from $603.1 million as at 30 June 2016 to $587.3 million as at 31 March 2017.

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

	$'000
Balance as at 1 July 2016	603,114
Acquisition of property, plant and equipment Inclusive of : - $6.0 million for plant and machinery - $13.0 million for vessels - $4.0 million for yard infrastructure under development - $1.8 million for vessels under construction - $4.0 million for capitalization of dry docking expenditure	28,897
Disposal/ write-off	(6,612)
Depreciation charge	(43,723)
Translation differences	5,611
Balance as at 31 March 2017	**587,287**

The vessels acquired in 9M FY2017 were mainly tugs and barges that were deployed to support our customers in marine infrastructure project in South Asia.

Current assets

Current assets decreased by $13.9 million (2.2%) from $625.6 million as at 30 June 2016 to $611.7 million as at 31 March 2017 due to the decrease in trade and other receivables, partially offset by increase in amounts due from related parties and cash and bank balances.

Inventories comprised the following:

	Group			
	31-Mar-17	**30-Jun-16**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
Raw materials and consumables	11,794	15,594	(3,800)	(24.4)
Work-in-progress	67,289	167,362	(100,073)	(59.8)
Finished goods	160,032	55,525	104,507	188.2
Total inventories at cost	**239,115**	**238,481**	**634**	**0.3**

The increase in finished goods mainly relates to transfer of two platform supply vessels from work-in-progress to finished goods upon completion.

Trade and other receivables comprised the following:

	Group			
	31-Mar-17	30-Jun-16	Increase/ (Decrease)	
	$'000	$'000	$'000	%
Trade receivables	115,755	156,601	(40,846)	(26.1)
Other receivables and prepayment	21,458	29,319	(7,861)	(26.8)
Amounts due from related parties	76,215	62,847	13,368	21.3
	213,428	**248,767**	**(35,339)**	**(14.2)**

The decrease in trade receivables was mainly due to receipt of milestone billings from shipbuilding projects; increased focus on trade debt collection; and netting agreements entered during the period under review. Of the total trade receivables, $18.5 million was received subsequent to the period under review.

The increase in amounts due from related parties was mainly due to settlement on behalf of US$4.95 million owing under other receivables pursuant to a mutual agreement entered, payments on behalf and upward revaluation of balances denominated in USD as a result of appreciation of USD against SGD during the period under review.

Current liabilities

Current liabilities decreased by $137.9 million (23.1%) from $596.9 million as at 30 June 2016 to $459.0 million as at 31 March 2017. The decrease was mainly due to lower trade payables, trust receipts and interest-bearing loans and borrowings, partially offset by increase in other payables.

Trade and other payables comprised the following:

	Group			
	31-Mar-17	30-Jun-16	Increase/ (Decrease)	
	$'000	$'000	$'000	%
Trade payables	150,974	177,967	(26,993)	(15.2)
Other payables	37,376	31,464	5,912	18.8
Amounts due to related parties	12,749	13,734	(985)	(7.2)
Loan from non-controlling interests of subsidiaries	214	206	8	3.9
	201,313	**223,371**	**(22,058)**	**(9.9)**

The decrease in trade payables was mainly due to higher payment and netting agreements entered with trade creditors. Other payables increased by $5.9 million (18.8%) mainly due to payables for the purchase of cranes and additional advance payments received from customer for one of the New Charter Contracts.

Net construction work-in-progress in excess of progress billings increased marginally by $1.4 million (1.4%) from $102.1 million as at 30 June 2016 to $103.5 million as at 31 March 2017.

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

	Group			
	31-Mar-17	30-Jun-16	Increase/ (Decrease)	
	$'000	$'000	$'000	%
<u>Current</u>				
Bonds	7,500	100,000	(92,500)	(92.5)
Short term loan				
- shipbuilding related	34,665	46,730	(12,065)	(25.8)
- vessels loan	17,864	-	17,864	Nm
- general	62,714	54,424	8,290	15.2
	115,243	101,154	14,089	13.9
Trust receipts				
- shipbuilding related	25,681	57,990	(32,309)	(55.7)
- general	9,782	14,206	(4,424)	(31.1)
	35,463	72,196	(36,733)	(50.9)
Long term loan				
- vessels loan	50,045	48,201	1,844	3.8
- assets financing	31,874	35,556	(3,682)	(10.4)
- working capital	2,897	-	2,897	Nm
	84,816	83,757	1,059	1.3
Finance lease liabilities	4,589	5,813	(1,224)	(21.1)
	247,611	**362,920**	**(115,309)**	**(31.8)**
<u>Non-current</u>				
Bonds	142,500	50,000	92,500	185.0
Long term loan				
- vessels loan	93,682	111,311	(17,629)	(15.8)
- assets financing	34,255	62,636	(28,381)	(45.3)
- working capital	39,243	-	39,243	Nm
	167,180	173,947	(46,010)	(26.5)
Finance lease liabilities	3,535	5,319	(1,784)	(33.5)
	313,215	**229,266**	**83,949**	**36.6**
Total borrowings	**560,826**	**592,186**	**(31,360)**	**(5.3)**
Total shareholders' funds	**438,459**	**419,634**		
Gearing ratio (times)	**1.28**	**1.41**		
Net gearing ratio (times)	**1.17**	**1.35**		

The Group's total borrowings decreased by $31.4 million (5.3%) mainly due to repayment of long term loans and trust receipts of those shipbuilding projects completed during the period under review, partially offset by addition of working capital loans in 3Q FY2017. The working capital loans comprised:

(i) a partial draw down of $37.1 million on its $99.9 million 5-year club term loan facility provided by the three local banks; and

(ii) a 6-year Spring's Bridging Loan of $5 million.

Non-current liabilities

Non-current liabilities increased by $86.1 million (33.9%) to $340.5 million as at 31 March 2017 mainly due to increase in

(i) non-current portion of the Group's total borrowings as a result of extension of the maturity dates of $100 million and $50 million notes originally due in March 2017 and October 2018 respectively for three years each and the drawdown of new working capital loans mentioned above; and

(ii) other liabilities as a result of additional advance payments received for one of the New Charter Contracts.

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

The current results announcement is in line with the Group's previous outlook announcement made on 29 August 2016 and its profit guidance announcement released on 8 May 2017.

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.

Market and industry outlook

Our businesses are primarily affected by the market conditions in the shipbuilding, shipping, oil & gas and offshore & marine industries. As a result, the main macroeconomic variables we are sensitive to include (but not exclusively) global trade, oil prices and infrastructure spending in Asia.

2017 and 2018 continues to look challenging for vessels directly related to global trade. Sizeable scheduled newbuild vessel deliveries suggest another 2 years of industry oversupply. However, global trade by tonnage continues to recover and, according to the World Trade Organization, in Q4 2016 continued to trend upwards.

On the other hand, the factors affecting the oil prices remain dynamic. This has caused oil and gas producers to continually reassess their capital and exploration spending. In general they remain cautious. We only expect meaningful improvement in the operating environment for the offshore & marine sector when upstream activities pick up significantly. Only after the upstream activities pick up, will the demand for oil rigs increase, and only thereafter the demand for offshore service vessels and related conversion and repair work will have a chance to recover.

Infrastructure spending in select Asia region has increased. Especially in the Indian Ocean due to China's one belt one road, India's continued 6.5% to 7% GDP growth and Myanmar's revival. Whilst off shore demand for such work is strong, competition is also very keen.

Given the above, we do not foresee the operating environment for our businesses improving significantly in the next 12 months. Meaning the demand for shipbuilding and shipchartering is likely to remain weak and price-sensitive. However with careful cost control, committed management and increased financial flexibility from our recent financial restructuring plan, the Company will continue to seek cash flow positive business opportunities for our various business segments.

Business segments

Shipbuilding and Shiprepair

In shipbuilding, we will continue to seek orders for non-OSV vessels such as tanker, tugs and barges, improve our operational efficiency and tighten cost control to ensure our competitiveness, and stimulate shiprepair and conversion business by offering maintenance services at the enhanced facilities in Batam.

Shipchartering

Singapore's mega infrastructure program in Tuas is making good progress. Given the master plan for the next few years and the amount of construction work required, our fleet, with a good proportion of barges and tugs, is expected to benefit from the potential increase in demand.

The diversified vessel types in our fleet, especially the non-OSV vessels are expected to lend support to our chartering business in the current low-oil-price environment However, due to market competition, the Group expects continued pressure on charter rates.

On the 5-year large local infrastructure project secured in 4Q FY2016 which was chartered under the contract of affreightment, revenue has decreased since November 2016 due to low volume of excavated materials being transported as a result of reduction in earth works, excavation and tunnelling related projects in Singapore. Upon consultation with main contractors and our customers, we have been led to believe that the volume of excavated materials should gradually pick up from September 2017 until early 2018 to the expected volume.

The transportation of precast concrete products from the precast yard in Batam to Singapore by our landing crafts will continue to provide a steady flow of income to our shipchartering operations.

As at 31 March 2017, the Group's shipchartering operations have an outstanding delivery order of 6 tugs worth approximately $4.9 million. With the exception of 3 tugs with a total worth of $1.9 million, the rest of the vessels are being built internally by the Group.

Engineering

Our engineering division (VOSTA LMG) engages primarily in the infrastructure and construction industry which is less affected by the weak oil price. However, due to sluggish demand for dredging in Europe, we expect the revenue of our engineering division to stay flat for FY2017.

Share of results of jointly-controlled entity and associates

With respect to Sindo Econ group, we have been informed by our partners that there is a significant amount of work being tendered for, as a result, they expect Sindo Econ group to perform better in 2018.

With respect to our Indonesia associates, recent political developments in Jakarta and continued subdued economic activities in Indonesia, suggested that the accumulated losses are unlikely to be reversed in the immediate future.

Order Book

As at 31 March 2017, the Group had an outstanding shipbuilding order book from external customers of approximately $107 million for the building of 15 vessels with progressive deliveries up to 4Q FY2018. The order book comprises OSV, harbour tugs, barges and tankers. Barring any unforeseen circumstances, approximately 29% of the order book is expected to be recognised in 4Q FY2017.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 33% of shipchartering revenue in 9M FY2017 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2017, the Group had an outstanding chartering order book of approximately $127 million with respect to long-term contracts.

Funding Arrangements

The Company has on 19 December 2016 pursuant to its Rights Issue exercise, allotted and issued 209,755,647 Rights Shares and raised a total gross proceeds of $25.2 million.

On 20 January 2017, the Company received approval from noteholders to extend the maturity dates of its $100 million and $50 million notes originally due in March 2017 and October 2018 respectively for another three years each.

In March 2017, the Company has partially drawn down $37.1 million from its $99.9 million 5-year club term loan facility provided by the three local banks. The loan will be further drawn down in tranches according to the Group’s working capital needs and availability of security.

The Group has also recently obtained approval from the principal lenders to re-profile its existing term loans, generally based on a 10-year profile with 4 years repayment term.

11. Dividend

(a) Current Financial Period

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No interim dividend has been declared for the period ended 31 March 2017.

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 obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 28 November 2016. During the financial period, the following interested person transactions were entered into by the Group:

	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
Sale of goods and services		
Bukit Intan Pte Ltd	925	-
Contech Precast Pte Ltd	282	3,962
Econ Precast Pte Ltd	407	4,467
Koon Construction & Transport Co Pte Ltd	1,633	1,354
Sindo-Econ Pte Ltd	322	1,926
PT. Sindomas Precas	814	960
Purchase of goods and services		
Koon Holdings Limited	-	186
Koon Construction & Transport Co Pte Ltd	2,399	1,576
Entire Engineering Pte Ltd	415	315
Sale of equipment		
PT. Sindomas Precas	2,279	-
Dredging and Dumping Services		
Koon Construction & Transport Co Pte Ltd	572	-
	10,048	**14,746**

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

We, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Group and the Company for the third quarter and nine months ended 31 March 2017 to be false or misleading in any material aspect.

15. Undertakings pursuant to Rule 720(1).

We further confirm that the Company has procured undertakings from the Company's directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing manual.

On behalf of the Board

Ang Kok Tian	Ang Ah Nui
Chairman, Managing Director and CEO	Deputy Managing Director

16. Use of Proceeds

The Group has fully utilised the net proceeds of $25.0 million raised from its Rights Issue in December 2016 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 29 August 2016 and the Offer Information Statement dated 24 November 2016.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
15 May 2017