ASL MARINE HOLDINGS LTD.

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

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 December			6 months ended 31 December		
	2Q FY2018 $'000	2Q FY2017 $'000	Inc/ (Dec) %	1H FY2018 $'000	1H FY2017 $'000	Inc/ (Dec) %
Revenue	63,538	83,663	(24.1)	135,802	180,356	(24.7)
Cost of sales	(61,529)	(73,598)	(16.4)	(128,556)	(157,209)	(18.2)
Gross profit	**2,009**	**10,065**	**(80.0)**	**7,246**	**23,147**	**(68.7)**
Other operating income	4,410	1,222	260.9	5,152	2,641	95.1
Administrative expenses	(4,938)	(5,365)	(8.0)	(10,082)	(11,005)	(8.4)
Other operating expenses	(1,147)	(7)	16,285.7	(1,128)	(1,646)	(31.5)
Finance costs	(5,596)	(4,667)	19.9	(11,219)	(9,175)	22.3
Share of results of joint ventures and associates	(653)	(414)	57.7	(2,694)	(1,456)	85.0
(Loss)/ profit before tax	**(5,915)**	**834**	**Nm**	**(12,725)**	**2,506**	**Nm**
Tax (expense)/ credit						
- current period	43	(377)	Nm	(473)	(1,809)	(73.9)
- (under)/ over provision in prior years	(858)	117	Nm	(665)	112	Nm
(Loss)/ profit for the period	**(6,730)**	**574**	**Nm**	**(13,863)**	**809**	**Nm**
Attributable to:						
Owners of the Company	**(6,427)**	**883**	**Nm**	**(13,166)**	**2,486**	**Nm**
Non-controlling interests	(303)	(309)	(1.9)	(697)	(1,677)	(58.4)
	(6,730)	**574**	**Nm**	**(13,863)**	**809**	**Nm**
Adjusted EBITDA* for the period	**16,041**	**20,996**	(23.6)	**31,504**	**43,618**	**(27.8)**

Nm: Not meaningful

* Adjusted EBITDA is computed based on earnings before interests, tax, depreciation, amortisation, and after adjusted for/ add back of allowance for impairment of doubtful debts, impairments, write-offs and any other non-cashflow items.

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

Statement of Comprehensive Income

		Group					
		3 months ended 31 December			6 months ended 31 December		
	Note	2Q FY2018 $'000	2Q FY2017 $'000	Inc/ (Dec) %	1H FY2018 $'000	1H FY2017 $'000	Inc/ (Dec) %
(Loss)/ profit for the period		**(6,730)**	**574**	**Nm**	**(13,863)**	**809**	**Nm**
Items that may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(i)	(727)	4,062	Nm	(2,089)	4,851	Nm
Share of other comprehensive income of joint ventures and associates		(67)	569	Nm	(225)	678	Nm
Net fair value changes to cash flow hedges	(ii)	14	228	(93.9)	(11)	191	Nm
Other comprehensive income for the period, net of tax		**(780)**	**4,859**	**Nm**	**(2,325)**	**5,720**	**Nm**
Total comprehensive income for the period		**(7,510)**	**5,433**	**Nm**	**(16,188)**	**6,529**	**Nm**
Attributable to:							
Owners of the Company		**(7,157)**	**5,531**	**Nm**	**(15,352)**	**7,931**	**Nm**
Non-controlling interests		(353)	(98)	260.2	(836)	(1,402)	(40.4)
		(7,510)	**5,433**	**Nm**	**(16,188)**	**6,529**	**Nm**

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 December		6 months ended 31 December	
	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
(Allowance for)/ write back of allowance for impairment of doubtful receivables (net)	(47)	-	(43)	3
Amortisation of intangible assets	(216)	(205)	(431)	(408)
Amortisation of lease prepayments	(84)	(75)	(191)	(150)
Depreciation of property, plant and equipment	(15,479)	(15,000)	(30,050)	(30,318)
Gain on disposal of property, plant and equipment	2,499	290	2,657	673
Gain/ (loss) on disposal of assets classified as held for sale	1,270	(6)	1,270	(6)
(Loss)/ gain on foreign exchange (net)	(1,100)	10	(1,085)	(1,639)
Interest income from bank balances	55	15	153	25
Interest income from finance lease receivables	64	185	246	368
Property, plant and equipment written off	-	(1)	-	(1)
Provision for pension liabilities	(37)	-	(46)	(29)
(Provision)/ reversal for warranty	(5)	10	133	(374)
(Under)/ over provision of tax in respect of prior years	(858)	117	(665)	112

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-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	595,725	611,887	-	-
Lease prepayments	5,539	5,731	-	-
Investment in subsidiaries	-	-	51,577	50,388
Investment in joint ventures and associates	5,974	9,008	-	-
Intangible assets	17,828	17,877	-	-
Finance lease receivables	7,741	8,865	-	-
	632,807	**653,368**	**51,577**	**50,388**
Current assets				
Inventories	180,793	182,015	-	-
Construction work-in-progress	58,931	85,345	-	-
Trade and other receivables	195,910	187,127	384,507	359,274
Finance lease receivables	1,281	1,001	-	-
Derivative financial instruments	-	15	-	-
Cash and bank balances	48,449	36,141	3,072	1,504
	485,364	**491,644**	**387,579**	**360,778**
Assets classified as held for sale	4,794	-	-	-
	490,158	**491,644**	**387,579**	**360,778**
Current liabilities				
Trade and other payables	187,396	184,700	111,093	108,249
Provision for warranty	30	169	-	-
Progress billings in excess of construction work-in-progress	6,102	1,437	-	-
Trust receipts	17,694	20,515	-	-
Interest-bearing loans and borrowings	192,279	215,233	95,457	65,295
Derivative financial instruments	-	-	-	-
Income tax payables	6,223	5,779	-	-
	409,724	**427,833**	**206,550**	**173,544**
Net current assets	**80,434**	**63,811**	**181,029**	**187,234**
Non-current liabilities				
Other payables and liabilities	8,656	10,081	-	-
Interest-bearing loans and borrowings	327,294	313,751	138,750	142,500
Deferred tax liabilities	14,701	14,569	-	-
	350,651	**338,401**	**138,750**	**142,500**
Net assets	**362,590**	**378,778**	**93,856**	**95,122**
Equity attributable to owners of the Company				
Share capital	108,056	108,056	108,056	108,056
Treasury shares	(923)	(923)	(923)	(923)
Reserves	253,046	268,398	(13,277)	(12,011)
	360,179	**375,531**	**93,856**	**95,122**
Non-controlling interests	2,411	3,247	-	-
Total equity	**362,590**	**378,778**	**93,856**	**95,122**

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

	Group					
	As at 31-Dec-17			As at 30-Jun-17		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	196,021	13,952	209,973	216,744	19,004	235,748
Amount repayable after one year	183,544	143,750	327,294	166,251	147,500	313,751
	379,565	**157,702**	**537,267**	**382,995**	**166,504**	**549,499**

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 December		6 months ended 31 December	
	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
Cash flows from operating activities				
(Loss)/ profit before tax	(5,915)	834	(12,725)	2,506
Adjustments for:				
Amortisation of intangible assets	216	205	431	408
Amortisation of lease prepayments	84	75	191	150
Allowance for/ (write back of allowance for) impairment of doubtful receivables (net)	47	-	43	(3)
Depreciation of property, plant and equipment	15,479	15,000	30,050	30,318
Gain on disposal of property, plant and equipment	(2,499)	(290)	(2,657)	(673)
(Gain)/ loss on disposal of assets classified as held for sale	(1,270)	6	(1,270)	6
Interest expense	5,596	4,667	11,219	9,175
Interest income	(119)	(200)	(399)	(393)
Provision/ (reversal) for warranty (net)	5	(10)	(133)	374
Property, plant and equipment written off	-	1	-	1
Provision for pension liabilities	37	-	46	29
Share of results of joint venture and associates	653	414	2,694	1,456
Operating cash flows before changes in working capital	**12,314**	**20,702**	**27,490**	**43,354**
Changes in working capital:				
Inventories	(1,031)	1,648	(263)	(5,196)
Construction work-in-progress and progress billings in excess of construction work-in-progress	16,514	(26,105)	34,974	(244)
Trade and other receivables	(10,666)	52,627	(10,955)	40,468
Trade and other payables	11,217	(5,038)	7,775	10,340
Finance lease receivables	199	167	512	325
Other liabilities	(75)	(2)	(1,706)	(263)
Balances with related parties (trade)	613	(3,018)	(3,524)	(3,376)
Cash flows generated from operations	**29,085**	**40,981**	**54,303**	**85,408**
Interest received from finance lease receivables	64	185	246	368
Tax (paid)/ refunded	(60)	142	(74)	27
Net cash flows generated from operating activities	**29,089**	**41,308**	**54,475**	**85,803**
Cash flows from investing activities				
Interest received from bank balances	55	14	153	25
Purchase of assets classified as held for sale	(5,849)	-	(5,849)	-
Purchase of property, plant and equipment	(9,908)	(9,056)	(20,212)	(24,623)
Proceeds from disposal of property, plant and equipment	4,542	1,090	4,704	7,272
Proceeds from disposal of assets classified as held for sale	4,715	574	4,715	574
Lease prepayments	-	(388)	-	(388)
Balances with related parties (non-trade)	(896)	(775)	1,577	(5,228)
Net cash flows used in investing activities	**(7,341)**	**(8,541)**	**(14,912)**	**(22,368)**

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
Cash flows from financing activities				
Interest paid	(6,715)	(4,667)	(13,362)	(9,175)
Repayment of interest-bearing loans and borrowings	(32,613)	(32,409)	(54,809)	(63,476)
Proceeds from interest-bearing loans and borrowings	25,796	25,055	43,857	34,855
Repayment of trust receipts	(13,689)	(41,134)	(18,223)	(64,715)
Proceeds from trust receipts	9,714	16,263	15,419	30,747
Proceeds from issue of shares by the Company	-	8,044	-	24,964
Cash and bank balances (restricted use)	(13,740)	(59)	(14,899)	(6,136)
Net cash flows used in financing activities	**(31,247)**	**(28,907)**	**(42,017)**	**(52,936)**
Net (decrease)/ increase in cash and cash equivalents	(9,499)	3,860	(2,454)	10,499
Cash and cash equivalents at beginning of period	28,869	27,722	21,903	21,621
Effects of exchange rate changes on cash and cash equivalents	(57)	123	(136)	(415)
Cash and cash equivalents at end of period	**19,313**	**31,705**	**19,313**	**31,705**

Note 1:

Cash and cash equivalents comprise the followings:

Cash and bank balances	48,449	40,930
Less: Restricted cash		
- Cash at banks	(13,700)	(2,412)
- Fixed deposits with banks	(15,436)	(6,813)
Cash and cash equivalents at end of period	**19,313**	**31,705**

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

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

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

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
	Attributable to owners of the Company								
1H FY2018									
At 1-Jul-17	**108,056**	**(923)**	**2,896**	**11**	**265,491**	**268,398**	**375,531**	**3,247**	**378,778**
Loss for the period	-	-	-	-	(13,166)	**(13,166)**	**(13,166)**	(697)	**(13,863)**
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,979)	-	-	**(1,979)**	**(1,979)**	(110)	**(2,089)**
Share of other comprehensive income of joint ventures and associates	-	-	(196)	-	-	**(196)**	**(196)**	(29)	**(225)**
Net fair value changes to cash flow hedges			-	(11)	-	**(11)**	**(11)**	-	**(11)**
Other comprehensive income for the year, net of tax	**-**	**-**	(2,175)	(11)	-	**(2,186)**	**(2,186)**	(139)	**(2,325)**
Total comprehensive income for the period	**-**	**-**	(2,175)	(11)	(13,166)	**(15,352)**	**(15,352)**	(836)	**(16,188)**
At 31-Dec-17	**108,056**	**(923)**	**721**	**-**	**252,325**	**253,046**	**360,179**	**2,411**	**362,590**

Statement of Changes in Equity for the period ended 31-Dec-16

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
	Attributable to owners of the Company								
1H FY2017									
At 1-Jul-16	**83,092**	**(923)**	**986**	**(482)**	**336,961**	**337,465**	**419,634**	**4,771**	**424,405**
Profit for the period	-	-	-	-	2,486	**2,486**	**2,486**	(1,677)	**809**
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	4,637	-	-	**4,637**	**4,637**	214	**4,851**
Share of other comprehensive income of joint ventures and associates	-	-	617	-	-	**617**	**617**	61	**678**
Net fair value changes to cash flow hedges			-	191	-	**191**	**191**	-	**191**
Other comprehensive income for the year, net of tax	**-**	**-**	5,254	191	-	**5,445**	**5,445**	275	**5,720**
Total comprehensive income for the period	**-**	**-**	5,254	191	2,486	**7,931**	**7,931**	(1,402)	**6,529**
Contributions by owners									
Issuance of ordinary shares from Rights Issue	24,964	-	-	-	-	**-**	**24,964**	-	**24,964**
Total contributions by owners	24,964	-	-	-	-	**-**	**24,964**	-	**24,964**
At 31-Dec-16	**108,056**	**(923)**	**6,240**	**(291)**	**339,447**	**345,396**	**452,529**	**3,369**	**455,898**

Statement of Changes in Equity for the period ended 31-Dec-17 and 31-Dec-16						
Company	**Share capital $'000**	**Treasury shares $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Total reserves $'000**	**Total equity $'000**
1H FY2018						
At 1-Jul-17	**108,056**	**(923)**	**-**	**(12,011)**	**(12,011)**	**95,122**
Loss for the period, representing total comprehensive income for the period	-	-	-	(1,266)	**(1,266)**	**(1,266)**
At 31-Dec-17	**108,056**	**(923)**	**-**	**(13,277)**	**(13,277)**	**93,856**
1H FY2017						
At 1-Jul-16	**83,092**	**(923)**	**-**	**18,141**	**18,141**	**100,310**
Profit for the period, representing total comprehensive income for the period	-	-	-	(411)	**(411)**	**(411)**
Contributions by owners						
Issuance of ordinary shares from Rights Issue	24,964	-	-	-	**-**	**24,964**
Total contributions by owners	24,964	-	-	-	**-**	**24,964**
At 31-Dec-16	**108,056**	**(923)**	**-**	**17,730**	**17,730**	**124,863**

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 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)	
	As at 31-Dec-17	**As at 31-Dec-16**
Balance as at 1 July	629,266,941	419,511,294
Rights issue of shares	-	209,755,647
Balance as at 31 December	**629,266,941**	**629,266,941**

The percentage of the aggregate number of treasury shares held against the total number of shares outstanding that is listed as at 31 December 2017 and 31 December 2016 is 0.40%.

There were no convertibles or subsidiary holdings as at 31 December 2017 and 31 December 2016.

There were no outstanding share options granted under the ESOS as at 31 December 2017 and 31 December 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-Dec-17	**As at 30-Jun-17**	**As at 31-Dec-16**
Total number of issued shares	631,778,541	631,778,541	631,778,541
Total number of treasury shares	(2,511,600)	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	**629,266,941**	**629,266,941**	**629,266,941**

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.

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.

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 2017.

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 December		6 months ended 31 December	
Earnings per ordinary share:	**2Q FY2018**	**2Q FY2017**	**1H FY2018**	**1H FY2017**
(i) On weighted average no. of ordinary shares in issue	(1.02) cents	0.19 cents	(2.09) cents	0.57 cents
(ii) On a fully diluted basis	(1.02) cents	0.19 cents	(2.09) cents	0.57 cents
Net (loss)/ profit attributable to shareholders:	($6,427,000)	$883,000	($13,166,000)	$2,486,000
Number of shares in issue:				
(i) Weighted average no. of shares in issue	629,266,941	453,083,535	629,266,941	438,587,432
(ii) On a fully diluted basis	629,266,941	453,083,535	629,266,941	438,587,432

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-Dec-17	**30-Jun-17**	**31-Dec-17**	**30-Jun-17**
Net Asset Value (NAV) per ordinary share	57.24 cents	59.68 cents	14.92 cents	15.12 cents
NAV computed based on no. of ordinary shares issued	629,266,941	629,266,941	629,266,941	629,266,941

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF GROUP PERFORMANCE

Revenue

Group revenue of $63.5 million for the 3 months ended 31 December 2017 ("2Q FY2018") was $20.1 million (24.1%) lower compared to the corresponding period in FY2017 ("2Q FY2017"). For the 6 months ended 31 December 2017 ("1H FY2018"), the Group revenue was $44.6 million lower compared to the corresponding period ended 31 December 2016 ("1H FY2017").

Details for revenue generated from each segment are as follows:

	Group					
	2Q FY2018 $'000	2Q FY2017 $'000	Increase/ (Decrease) %	1H FY2018 $'000	1H FY2017 $'000	Increase/ (Decrease) %
Shipbuilding	5,675	34,928	(83.8)	23,989	80,935	(70.4)
Shiprepair and conversion	24,749	14,747	67.8	51,919	29,040	78.8
Shipchartering	31,379	26,589	18.0	54,619	54,381	0.4
Engineering	1,735	7,399	(76.6)	5,275	16,000	(67.0)
	63,538	**83,663**	**(24.1)**	**135,802**	**180,356**	**(24.7)**

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									
	2Q FY2018		2Q FY2017		Increase/ (Decrease)	1H FY2018		1H FY2017		Increase/ (Decrease)
	Units	$'000	Units	$'000	%	Units	$'000	Units	$'000	%
Tugs	9	2,499	7	29,171	(91.4)	11	13,068	11	69,102	(81.1)
Barges and others	13	3,176	7	5,757	(44.8)	13	10,921	8	11,833	(7.7)
	22	**5,675**	**14**	**34,928**	**(83.8)**	**24**	**23,989**	**19**	**80,935**	(70.4)

Shipbuilding revenue decreased by $29.3 million (83.8%) in 2Q FY2018 and $56.9 million (70.4%) in 1H FY2018 as compared to last corresponding periods mainly due to lower progressive recognition from the new shipbuilding projects secured. Of the 9 units of Tugs recognised in 2Q FY2018, 1 unit was completed in 2Q FY2018 and the remaining 8 units comprised new projects (secured during 1H FY2018) with low POC attained from their initial stages of construction.

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 can now be lumpy.

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

	Group					
	2Q FY2018 $'000	2Q FY2017 $'000	Increase/ (Decrease) %	1H FY2018 $'000	1H FY2017 $'000	Increase/ (Decrease) %
Shiprepair and conversion	24,530	12,979	89.0	50,073	27,134	84.5
Other marine related services	219	1,768	(87.6)	1,846	1,906	(3.1)
	24,749	**14,747**	**67.8**	**51,919**	**29,040**	**78.8**

Shiprepair and conversion revenue increased by $11.6 million (89.0%) to $24.5 million in 2Q FY2018 and $22.9 million (84.5%) to $50.1m in 1H FY2018 mainly due to market conditions where fewer new ships are being built and more older ships are being repaired. Consequently, there were more high value (>$1.0 million) shiprepair jobs completed in the periods under review.

The other marine related services of $1.8 million recorded in 2Q FY2017 included sale of some steel plates amounted to $1.6 million.

Shipchartering

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

	Group					
	2Q FY2018 $'000	2Q FY2017 $'000	Increase/ (Decrease) %	1H FY2018 $'000	1H FY2017 $'000	Increase/ (Decrease) %
OSV	5,014	2,914	72.1	7,324	6,162	18.9
Landing Crafts	1,838	2,381	(22.8)	4,653	4,079	14.1
Tug Boats	8,095	5,988	35.2	14,525	12,736	14.0
Barges	11,405	10,388	9.8	20,896	21,677	(3.6)
Total charter	26,352	21,671	21.6	47,398	44,654	6.1
Trade sales	5,027	4,918	2.2	7,221	9,727	(25.8)
	31,379	**26,589**	**18.0**	**54,619**	**54,381**	**0.4**

Shipchartering revenue increased by $4.7 million (21.6%) in 2Q FY2018 mainly due to

(i) Higher contribution from OSV with the
  a) Deployment of three AHTS in India during the quarter under review; and
  b) Charter of several OSVs for ad-hoc towage jobs;

(ii) Higher contribution from Tug Boats and Barges
  a) with the commencement and mobilization of our charter fleet to support our customers in several infrastructure projects in Bangladesh, Indonesia and Singapore; and
  b) Pick up of activities from the 5-year local infrastructure project secured in 4Q FY2016 which was chartered under contract of affreightment; partially offset by

(iii) Lower charter income from Landing Crafts due to off-hire of one unit of Landing craft in August 2017.

Shipchartering revenue increased by $2.7 million (6.1%) in 1H FY2018 mainly due to higher charter income derived in 2Q FY2018. Trade sales decreased in 1H FY2018 due to lower bunker sales and absence of ad hoc services rendered in one of the large marine infrastructure projects in South Asia which commenced in 4Q FY2016.

Engineering

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

	Group					
	2Q FY2018 $'000	2Q FY2017 $'000	Increase/ (Decrease) %	1H FY2018 $'000	1H FY2017 $'000	Increase/ (Decrease) %
Engineered dredgers products & dredger ("New Buildings")	-	-	Nm	-	653	(100.0)
Components & services ("Components")	1,735	7,399	(76.6)	5,275	15,347	(65.6)
	1,735	**7,399**	**(76.6)**	**5,275**	**16,000**	**(67.0)**

Engineering revenue was lower in 2Q FY2018 mainly due to lower orders received.

Gross profit and gross profit margin

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

	Group							
	2Q FY2018		2Q FY2017		1H FY2018		1H FY2017	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
Shipbuilding	(1,195)	(21.1%)	4,324	12.4%	(197)	(0.8%)	9,540	11.8%
Shiprepair and conversion	2,275	9.2%	2,985	20.2%	5,952	11.5%	6,380	22.0%
Shipchartering	480	1.5%	252	0.9%	(83)	(0.2%)	2,357	4.3%
Engineering	449	25.9%	2,504	33.8%	1,574	29.8%	4,870	30.4%
	2,009	**3.2%**	**10,065**	**12.0%**	**7,246**	**5.3%**	**23,147**	**12.8%**

Shipbuilding

The gross loss of $1.2 million with negative GPM of 21.1% in 2Q FY2018 was mainly due to

(i) The much lower value of shipbuilding work available resulting in more overheads having to be allocated to three Barges which were scheduled for delivery in 3Q FY2018; coupled with

(ii) lower single digit margins secured on the construction of existing Tugs which were at their initial stage of construction.

Excluding the loss incurred on the 3 Barges, the GP and GPM for 2Q FY2018 and 1H FY2018 would have been $0.2 million (GPM: 3.3%) and $1.3 million (GPM: 6.6%) respectively.

Shiprepair and conversion

Despite increase in revenue, gross profit decreased by $0.7 million (GPM: 9.2%) in 2Q FY2018 and $0.4 million (GPM: 11.5%) in 1H FY2018 mainly attributable to single digit margin derived from several high value shiprepair jobs recognised in the financial periods under review. This was in part due to competitive market conditions and the need for higher manpower overheads being allocated to the shiprepair segment.

Shipchartering

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

	Group							
	2Q FY2018		2Q FY2017		1H FY2018		1H FY2017	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
OSV	(685)	(13.7%)	(408)	(14.0%)	(2,645)	(36.1%)	(441)	(7.2%)
Landing Crafts	168	9.1%	618	26.0%	1,039	22.3%	761	18.7%
Tug boats and Barges	379	1.9%	(1,206)	(7.4%)	531	1.5%	70	0.2%
Total charter	(138)	(0.5%)	(996)	(4.6%)	(1,075)	(2.3%)	390	0.9%
Trade sales	618	12.3%	1,248	25.4%	992	13.7%	1,967	20.2%
	480	1.5%	**252**	0.9%	**(83)**	(0.2%)	**2,357**	4.3%

In line with the increase in revenue, a lower gross loss was recorded in 2Q FY2018 as compared to the corresponding quarter.

Gross profit and gross profit margin in 2Q FY2018 remains low, mainly due to a higher proportion of charter income was under towage jobs/ lumpsum charters and contracts of affreightment, which yields a lower margin.

Gross profit and gross profit margin were lower in 1H FY2018 as compared to the corresponding period, this was mainly due to

a) negative contribution from OSV as a result of lower charter rate and compensation for late delivery of two AHTS to charterer in India; and
b) negative contribution from Grab Dredgers (classified under Barges) as a result of low utilisation of 16% recorded in 1Q FY2018.

The lower trade sales profit in 2Q FY2018 and 1H FY2018 mainly due to absence of ad hoc services rendered in last corresponding periods for one of the large marine infrastructure projects in South Asia which commenced in 4Q FY2016.

Engineering

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

	Group							
	2Q FY2018		2Q FY2017		1H FY2018		1H FY2017	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
New Buildings	-	-	-	-	-	-	611	93.6%
Components	449	25.9%	2,504	33.8%	1,574	29.8%	4,259	27.8%
	449	25.9%	**2,504**	33.8%	**1,574**	29.8%	**4,870**	30.4%

Consequent to the lower revenue in 2Q FY2018, gross profit reduced to $0.5 million. Gross profit margin reduced to 25.9% mainly due to reduced orders of higher margin products such as cutting and coupling systems.

Other operating income

Details for other operating income are as follows:

	Group			
	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
Gain on disposal of plant and equipment	2,499	290	2,657	673
Gain on disposal of assets classified as held for sale	1,270	-	1,270	-
Gain/ (loss) on foreign exchange (net)				
- unrealised	-	690	-	-
- realised	-	(680)	-	-
Interest income from bank balances	55	15	153	25
Interest income from finance lease receivables	64	185	246	368
Insurance claims	82	-	83	-
Rental income from plant & equipment and yard space	399	618	598	1,429
Write-back of impairment of doubtful receivables (net)	-	-	-	3
Miscellaneous income	41	104	145	143
	4,410	**1,222**	**5,152**	**2,641**

The higher other operating income in 2Q FY2018 and 1H FY2018 was mainly due to higher gain on disposal of cranes as well as sale of 2 vessels under assets classified as held for sale, partially offset by lower rental income from leasing of precast workshop, production and storage areas.

Administrative expenses

Administrative expenses decreased by $0.4 million (8.0%) to $4.9 million in 2Q FY2018 and by $0.9 million (8.4%) to $10.1 million in 1H FY2018 when compared to corresponding periods mainly due to lower staff costs and rental expenses partially offset by higher legal and professional fees incurred on recovery of debts.

Other operating expenses

	Group			
	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
Allowance for impairment of doubtful receivables (net)	47	-	43	-
Loss/ (gain) on foreign exchange (net)				
- unrealised	1,378	-	1,736	79
- realised	(278)	-	(651)	1,560
Loss on disposal of assets held for sale	-	6	-	6
Property, plant and equipment written off	-	1	-	1
	1,147	**7**	**1,128**	**1,646**

Other operating expenses of $1.1 million in 2Q FY2018 comprised foreign exchange loss, of which unrealised loss of $1.4 million was mainly due to the depreciation of USD against SGD on USD denominated assets.

Finance costs

Finance costs increased by $0.9 million (19.9%) to $5.6 million in 2Q FY2018 and by $2.0 million (22.3%) to $11.2 million in 1H FY2018 mainly due to i) interest incurred from progressive drawdown of loans under the committed $99.9 million 5-year club term loan facility (the "CTL Facility") and ii) stepped up interest rate payable under the fixed rate bonds which became effective from 1 April 2017.

Share of results of joint ventures and associates

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

		Group			
	Group's effective interest	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
Joint ventures					
Sindo-Econ group	50%	-	(374)	(1,311)	(776)
Associates					
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	(709)	566	(1,494)	338
PT Capitol Nusantara Indonesia ("PT CNI")	27%	56	(606)	111	(1,018)
		(653)	**(414)**	**(2,694)**	**(1,456)**

The loss of $1.3 million recorded by Sindo-Econ group in 1H FY2018 was due to lower margin of precast products attributed to competitive market condition. The Group has restricted its share of losses to its cost of investment since 1Q FY2018.

The share of loss from PT Hafar of $0.7 million in 2Q FY2018 and $1.5 million in 1H FY2018 was due to low utilisation from its vessel fleet (which in turn is due to weak market conditions) and the foreign exchange loss recorded.

The share of profit from PT CNI of $0.1 million in 1H FY2018 mainly pertained to progressive recognition of the Group's proportionate interest of unrealised profits previously eliminated on sale of vessels to PT CNI. The required accounting policy restricts the Group share of losses to its cost of investment.

Loss before tax

The Group recorded a loss before tax of $5.9 million in 2Q FY2018 mainly due to an overall decrease in gross profit coupled with higher foreign exchange loss and finance costs, partially offset by higher other operating income.

The Group recorded a loss before tax of $12.7 million in 1H FY2018 mainly due to an overall decrease in gross profit coupled with higher finance costs and share of losses of joint ventures and associates, partially offset by higher other operating income.

Tax credit/ (expense)

	Group			
	2Q FY2018 $'000	2Q FY2017 $'000	1H FY2018 $'000	1H FY2017 $'000
Income tax	289	(838)	(223)	(2,030)
Deferred tax	(246)	461	(250)	221
	43	**(377)**	(473)	(1,809)
Effective tax rate			**Nm**	**-45.7%**

The Group's current tax expenses were $0.4 million and $1.3 million lower in 2Q FY2018 and 1H FY2018 respectively when compared to the corresponding periods, this was mainly due to loss incurred from shipyard operations.

Non-controlling interests

Non-controlling interests' share of loss of $0.3 million for 2Q FY2018 and $0.7 million for 1H FY2018 mainly pertains to the portion of results of its non-wholly owned subsidiaries in Indonesia and China.

Operation cash flows

2Q FY2018

The Group recorded a lower net cash inflow from operating activities of $29.1 million in 2Q FY2018 (2Q FY2017: $41.3 million) mainly due to lower earnings, lower receipts from customers, offset by lower construction costs incurred on projects and higher advances required from customers.

The lower net cash outflow from investing activities of $7.3 million in 2Q FY2018 (2Q FY2017: $8.5 million) mainly attributed to higher proceeds from disposal of property, plant and equipment and assets classified as held for sale, offset by acquisition of assets classified as held for sale.

The higher net cash outflow from financing activities of $29.4 million (2Q FY2018: $28.9 million) was mainly due to higher restricted cash and bank balances, and absence of proceeds from rights issue of shares, partially offset by lower repayment of trust receipts.

1H FY2018

The Group recorded a lower net cash inflow from operating activities of $54.5 million in 1H FY2018 (1H FY2017: $85.8 million) mainly due to lower earnings and lower receipts from customers offset by lower construction costs incurred on projects.

The lower net cash outflow from investing activities of $14.9 million in 1H FY2018 (1H FY2017: $22.4 million) was mainly due to lower acquisition of property, plant and equipment and receipts from related parties, partially offset by acquisition of assets classified as held for sale.

The lower net cash outflow from financing activities of $40.2 million in 1H FY2018 (1H FY2017: $52.9 million) was mainly due to lower repayment of trust receipts offset by absence of proceeds from shares issuance raised in 1H FY2017.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Non-current assets

Property, plant and equipment ("PPE") decreased by $16.2 million (2.6%) from $611.9 million as at 30 June 2017 to $595.7 million as at 31 December 2017.

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

	$'000
Balance as at 1 July 2017	611,887
Acquisition of property, plant and equipment Inclusive of : - $1.8 million for plant and machinery - $22.7 million for vessels - $0.9 million for yard infrastructure under development - $0.2 million for vessels under construction - $1.3 million for capitalization of dry docking expenditure	26,962
Disposal	(2,047)
Depreciation charge	(30,317)
Transfer to assets classified as held for sale	(2,390)
Translation differences	(8,370)
Balance as at 31 December 2017	**595,725**

The vessels acquired in 1H FY2018 were mainly tugs and barges deployed to support our customers in marine infrastructure project in Singapore, Indonesia and South Asia.

Current assets

Current assets decreased marginally by $1.4 million (0.3%) from $491.6 million as at 30 June 2017 to $490.2 million as at 31 December 2017. The decrease was mainly from construction work-in-progress; partially offset by higher trade and other receivables, assets classified as held for sale and cash and bank balances.

Inventories comprised the following:

	Group			
	31-Dec-17	**30-Jun-17**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
Raw materials and consumables	18,949	20,773	(1,824)	(8.8)
Work-in-progress	7,676	7,997	(321)	(4.0)
Finished goods	154,168	153,245	923	0.6
Total inventories at cost	**180,793**	**182,015**	**(1,222)**	**(0.7)**

Bulk of the raw materials and consumables are inventories meant for ongoing shipbuilding and shiprepair projects.

Trade and other receivables comprised the following:

	Group			
	31-Dec-17	30-Jun-17	Increase/ (Decrease)	
	$'000	$'000	$'000	%
Trade receivables	95,149	88,184	6,965	7.9
Other receivables	18,667	14,150	4,517	31.9
Prepayments	4,994	5,564	(570)	(10.2)
Amounts due from related parties	77,100	79,229	(2,129)	(2.7)
	195,910	**187,127**	**8,783**	**4.7**

Of the total trade receivables, $24.7 million was received subsequent to the quarter under review.

Other receivables comprised mainly downpayment made for purchase of vessels, and advances to subcontractors. Increase in other receivables was mainly due to advance payments made for purchase of vessels.

Assets classified as held for sale ("AHFS") comprised 3 vessels contracted for disposal within a year.

Cash and bank balances increased by $12.3 million to $48.4 million included payments received from customers based on progress billings for shipbuilding projects on hand.

Current liabilities

Current liabilities decreased by $18.1 million (4.2%) from $427.8 million as at 30 June 2017 to $409.7 million as at 31 December 2017. The decrease was mainly due to lower trust receipts and current portion of interest-bearing loans and borrowings, partially offset by higher other payables.

Trade and other payables comprised the following:

	Group			
	31-Dec-17	30-Jun-17	Increase/ (Decrease)	
	$'000	$'000	$'000	%
Trade payables	129,478	135,712	(6,234)	(4.6)
Other payables	32,123	19,649	12,474	63.5
Deferred income	13,531	12,990	541	4.2
Amounts due to related parties	12,059	16,136	(4,077)	(25.3)
Loan from non-controlling interests of subsidiaries	205	213	(8)	(3.8)
	187,396	**184,700**	**2,696**	**1.5**

Other payables increased by $12.5 million mainly due to higher payables for vessels acquired with jobs secured and advance receipts of $8.5 million from customers for the sale of vessels.

The decrease in amount due to related parties was mainly due to contra arrangements entered with related parties.

Net construction work-in-progress in excess of progress billings decreased by $31.1 million (37.0%) from $83.9 million as at 30 June 2017 to $52.8 million as at 31 December 2017, mainly attributed to completion of jobs during the period.

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

	Group			
	31-Dec-17	**30-Jun-17**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
<u>Current</u>				
Bonds	7,500	7,500	-	-
Short term loan				
- shipbuilding related	31,672	34,954	(3,282)	(9.4)
- general	21,594	56,884	(35,290)	(62.0)
	53,266	91,838	(38,572)	(42.0)
Trust receipts				
- shipbuilding related	13,010	11,076	1,934	17.5
- general	4,684	9,439	(4,755)	(50.4)
	17,694	20,515	(2,821)	(13.8)
Long term loan				
- vessels loan	22,831	26,474	(3,643)	(13.8)
- assets financing	13,758	27,941	(14,183)	(50.8)
- working capital	87,957	57,795	30,162	52.2
	124,546	112,210	12,336	11.0
Finance lease liabilities	6,967	3,685	3,282	89.1
	209,973	**235,748**	**(25,775)**	**(10.9)**
<u>Non-current</u>				
Bonds	138,750	142,500	(3,750)	(2.6)
Long term loan				
- vessels loan	109,554	126,321	(16,767)	(13.3)
- assets financing	67,175	31,907	35,268	110.5
- working capital	10,000	10,000	-	-
	186,729	168,228	18,501	11.0
Finance lease liabilities	1,815	3,023	(1,208)	(40.0)
	327,294	**313,751**	**13,543**	**4.3**
Total borrowings	**537,267**	**549,499**	**(12,232)**	**(2.2)**
Total shareholders' funds	**360,179**	**375,531**		
Gearing ratio (times)	**1.49**	**1.46**		
Net gearing ratio (times)	**1.36**	**1.37**		

The Group's total borrowings decreased by $12.2 million (2.2%) to $537.3 million as at 31 December 2017 mainly arose from repayment of long term loans, partially offset by partial draw down of $31.8 million on the CTL Facility and addition of finance lease liabilities for acquisition of vessels.

Non-current liabilities

Non-current liabilities increased by $12.3 million (3.6%) to $350.7 million as at 31 December 2017 mainly due to increase in non-current portion of the Group's total borrowings resulted from re-profiling of its property and vessels loans during the period under review.

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 statement made on 14 November 2017 and its profit guidance announcement released on 2 February 2018.

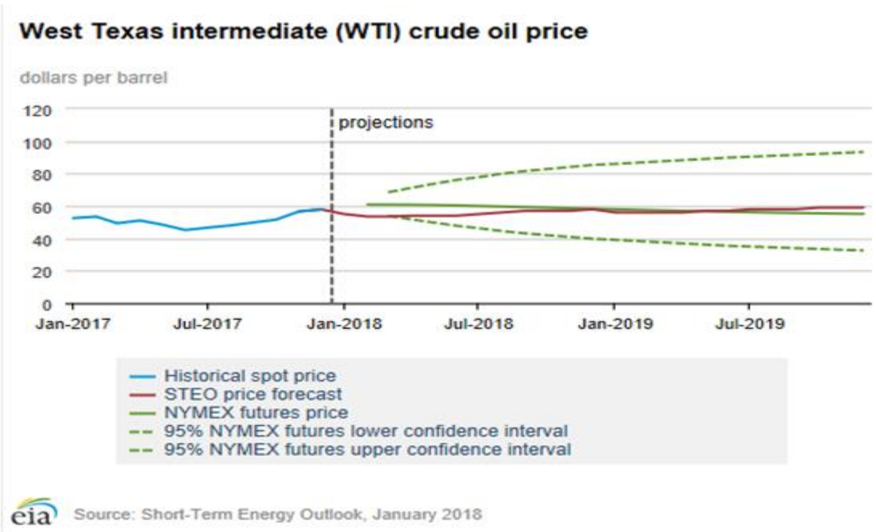
10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Market and industry outlook

As our businesses are primarily reliant on the market conditions in the shipbuilding, shipping, oil & gas and offshore & marine industries, the main macroeconomic variables we are sensitive to include (but not exclusively) global trade, oil prices and infrastructure spending in Asia. Consequently, the industry downturn has adversely affected our financial performance over the past few years. However, the macro economy has started to show some encouraging signs. We are now more hopeful that the business environment that defines our operations is likely to improve.

The outlook for economic growth, according to forecasts by various international organizations[1], is looking significantly better in 2018. According to a recent report by World Bank, "the global economy is experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade". In Emerging Asia, (Southeast Asia, China and India), the economy is expected to grow by an average 6.3% per year on the assumption that trade momentum holds and domestic reforms continue[2]. Stronger economic growth and increase in international trade volume are expected to support the demand for shipping and related industries.

Oil prices have also recovered steadily in 2017, and Brent reached the highest level since Dec 2014. This rise in price, reflects the continuing decline in global oil inventory levels. Given that OPEC has extended its oil supply reduction agreement to the end of 2018, oil prices are expected to remain stable to firm (chart below). However, and as always, certain risks that could influence prices in either direction remain[3].



[1] http://www.straitstimes.com/business/economy/stronger-growth-expected-for-global-economy-in-2018
[2] https://www.oecd.org/dev/SAEO2018_Preliminary_version.pdf ;
[3] https://www.eia.gov/outlooks/steo/report/prices.php

As oil prices recover and stabilize, more global oil and gas firms expect to increase capital spending in 2018. Wood Mackenzie expects global oil and gas capital expenditure to recover in 2018 to a total of US$400 billion, up from the US$200 billion[4] in 2016. While capital expenditure is unlikely to return to the pre-2014 norms, as upstream companies make efforts to survive and make profit in a lower-oil-price environment, higher expenditure and drilling activities will gradually help lift the demand for the offshore and marine industry in the downstream.

Infrastructure spending in select Asia region is also expected to increase further, as stimulated by China's Belt and Road Initiative. Research[5] shows that driven by China's growth, "Asia is slated to represent nearly 60% of global infrastructure spending by 2025. Growing urbanization in emerging markets such as Philippines and Indonesia should boost spending for vital infrastructure sectors such as water, power, and transportation". This represents mid-long term opportunities for the Group's non-offshore and marine business. In Singapore, as the Tuas Mega Port project gains momentum, the demand for hiring tugs and barges is expected to remain strong.

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

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. The management has been actively working on increasing utilisation of fleet.

As at 31 December 2017, the Group's shipchartering operations have an outstanding delivery order of 3 tugs and 2 barges worth approximately $8 million. With the exception of 2 barges with a total worth of $5 million, the rest of the vessels are being built internally by the Group. 2 of these vessels are for charter already secured.

Engineering

Our engineering division (VOSTA LMG) engages primarily in the infrastructure and construction industry. The main growth drivers of the global dredging market include: i) more land and coastal areas has to be reclaimed and protected due to population growth and global warming; ii) expansion of ports due to increasing seaborne trade and growing size of container vessels. The Group is working closely with suppliers and seek to expand production capability in different regional markets to drive down costs.

[4] https://www.reuters.com/article/us-oil-gas-spending/more-oil-and-gas-firms-expect-to-hike-capital-spending-in-2018-survey-idUSKBN1FE003
[5] https://www.pwc.com/sg/en/capital-projects-infrastructure/assets/cpi-sea-infrastructure-spend-summary-201405.pdf

Order Book

As at 31 December 2017, the Group had an outstanding shipbuilding order book from external customers of approximately $60 million for the building of 17 vessels with progressive deliveries up to financial year ending 30 June 2019 (“2H FY2019”). The order book comprises OSV, harbour tugs, barges and tankers.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 29% of shipchartering revenue in 1H FY2018 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2017, the Group had an outstanding chartering order book of approximately $125 million with respect to long-term contracts.

Although the macro economic environment does not appear to be deteriorating further, and while the Management is actively seeking for new orders, the Board expects the Group’s revenue to be lower and is unlikely to be profitable for the financial year ending 30 June 2018.

Funding Arrangements

With respect to the CTL Facility, the Group continues to classify the non-current portion of $82.2 million as current liabilities as waiver for the breach of one of the financial covenants in 1H FY2018 (the “Breach”) has not been obtained at the end of the reporting period. The Breach relates to the same covenant that we had made in the clarification announcement released via SGXNET on 19 October 2017. Waivers has been obtained for the past quarters from the lenders of CTL Facility since the inception of the loan.

The Group has today obtained waiver from the lenders in respect of the Breach for 1H FY2018. The Company continues to service the CTL facility in accordance to the monthly repayment schedule of the Facility Agreement, over the 5-year tenor of the CTL Facility.

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 December 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 renewed the general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 28 October 2017.

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		
Contech Precast Pte Ltd	-	323
Econ Precast Pte Ltd	-	10,870
Koon Construction & Transport Co Pte Ltd	-	11,397
Sindo-Econ Pte Ltd	-	2,844
PT. Sindomas Precas	-	831
Purchase of goods and services		
Koon Holdings Limited	-	174
Koon Construction & Transport Co Pte Ltd	-	2,402
Entire Engineering Pte Ltd	-	452
Econ Precast Pte Ltd	-	1,520
	-	**30,813**

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 second quarter and six months ended 31 December 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

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
14 February 2018