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 2018

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 FY2019	2Q FY2018 (restated)^	Inc/ (Dec)	1H FY2019	1H FY2018 (restated)^	Inc/ (Dec)
	$'000	$'000	%	$'000	$'000	%
Revenue	95,058	58,560	62.3	160,685	113,161	42.0
Cost of sales	(92,534)	(55,662)	66.2	(156,878)	(105,354)	48.9
Gross profit	**2,524**	**2,898**	**(12.9)**	**3,807**	**7,807**	**(51.2)**
Other operating income	1,101	4,410	(75.0)	2,533	5,152	(50.8)
Administrative expenses	(6,211)	(4,938)	25.8	(11,188)	(10,082)	11.0
Other operating expenses	(3,065)	(1,147)	167.2	(2,337)	(1,128)	107.2
Finance costs	(4,858)	(5,596)	(13.2)	(10,676)	(11,219)	(4.8)
Share of results of joint ventures and associates	(245)	(653)	(62.5)	575	(2,694)	(121.3)
Loss before tax	**(10,754)**	**(5,026)**	114.0	**(17,286)**	**(12,164)**	42.1
Tax credit/ (expense)	897	(711)	Nm	(348)	(1,122)	(69.0)
Loss for the period	**(9,857)**	**(5,737)**	**71.8**	**(17,634)**	**(13,286)**	**32.7**
Attributable to:						
Owners of the Company	**(9,154)**	**(5,434)**	**68.5**	**(17,008)**	**(12,589)**	**35.1**
Non-controlling interests	(703)	(303)	132.0	(626)	(697)	(10.2)
	(9,857)	**(5,737)**	**71.8**	**(17,634)**	**(13,286)**	**32.7**
Adjusted EBITDA* for the period	**11,081**	**15,993**	**(30.7)**	**24,687**	**30,681**	**(19.5)**

Nm: Not meaningful

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

^ Restated pursuant to adoption of new accounting standards. For details, please refer to item 5 of this results announcement.

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		
		2Q FY2019	2Q FY2018 (restated)	Inc/ (Dec)	1H FY2019	1H FY2018 (restated)	Inc/ (Dec)
	Note	$'000	$'000	%	$'000	$'000	%
Loss for the period		**(9,857)**	**(5,737)**	**71.8**	**(17,634)**	**(13,286)**	**32.7**
Items that may be reclassified subsequently to profit or loss:							
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(i)	361	(727)	(149.7)	385	(2,089)	(118.4)
Share of other comprehensive income of joint ventures and associates		(26)	(67)	(61.2)	(4)	(225)	(98.2)
Net fair value changes to cash flow hedges	(ii)	-	14	(100.0)	-	(11)	(100.0)
Items that will not be reclassified subsequently to profit or loss:							
Remeasurement of defined benefit pension plan		-	-	Nm	(58)	-	Nm
Other comprehensive income for the period, net of tax		**335**	**(780)**	**(142.9)**	**323**	**(2,325)**	**(113.9)**
Total comprehensive income for the period		**(9,522)**	**(6,517)**	**46.1**	**(17,311)**	**(15,611)**	**10.9**
Attributable to:							
Owners of the Company		**(8,836)**	**(6,164)**	**43.3**	**(16,709)**	**(14,775)**	**13.1**
Non-controlling interests		(686)	(353)	94.3	(602)	(836)	(28.0)
		(9,522)	**(6,517)**	**46.1**	**(17,311)**	**(15,611)**	**10.9**

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 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 FY2019	2Q FY2018 (restated)	1H FY2019	1H FY2018 (restated)
	$'000	$'000	$'000	$'000
Allowance for impairment of doubtful receivables (net)	-	(47)	-	(43)
Amortisation of intangible assets	(165)	(216)	(331)	(431)
Amortisation of lease prepayments	(88)	(84)	(178)	(191)
Depreciation of property, plant and equipment	(15,776)	(14,542)	(30,846)	(28,666)
Gain on disposal of property, plant and equipment	365	2,499	742	2,657
(Loss)/ gain on disposal of assets classified as held for sale	(2)	1,270	341	1,270
Loss on foreign exchange (net)	(2,183)	(1,100)	(1,321)	(1,085)
Loss on disposal of short-term investment	-	-	(134)	-
Interest income from bank balances	16	55	36	153
Interest income from finance lease receivables	163	64	329	246
Inventories written off	(880)	-	(880)	-
Property, plant and equipment written off	(2)	-	(2)	-
Provision for pension liabilities	(38)	(37)	(118)	(46)
Reversal/ (provision) for warranty (net)	28	(5)	25	133
Over/ (under) provision of tax in respect of prior years	62	(858)	(1,076)	(665)

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-18	30-Jun-18 (restated)	01-Jul-17 (restated)	31-Dec-18	30-Jun-18
	$'000	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	537,884	577,087	611,887	-	-
Lease prepayments	5,585	5,913	5,731	-	-
Investment in subsidiaries	-	-	-	42,931	42,404
Investment in joint ventures and associates	5,301	4,845	9,008	-	-
Intangible assets	11,789	12,368	17,877	-	-
Finance lease receivables	7,497	7,841	8,865	-	-
	568,056	**608,054**	**653,368**	**42,931**	**42,404**
Current assets					
Inventories	171,942	171,457	182,015	-	-
Contract assets	16,312	45,322	84,930	-	-
Trade and other receivables	199,255	181,003	181,563	373,019	373,598
Prepayments	5,155	5,790	5,564	1,070	1,306
Finance lease receivables	651	905	1,001	-	-
Derivative financial instruments	-	-	15	-	-
Cash and bank balances	23,461	28,609	36,141	2,657	2,492
	416,776	**433,086**	**491,229**	**376,746**	**377,396**
Assets classified as held for sale	18,645	4,899	-	-	-
	435,421	**437,985**	**491,229**	**376,746**	**377,396**
Current liabilities					
Trade and other payables	216,037	206,915	184,700	120,422	115,720
Provision for warranty	9	35	169	-	-
Contract liabilities	2,033	5,579	1,437	-	-
Trust receipts	11,376	13,805	20,515	-	-
Interest-bearing loans and borrowings	75,682	99,589	215,233	16,991	14,893
Income tax payables	6,378	6,775	5,967	-	-
	311,515	**332,698**	**428,021**	**137,413**	**130,613**
Net current assets	**123,906**	**105,287**	**63,208**	**239,333**	**246,783**
Non-current liabilities					
Other liabilities	10,606	5,637	10,081	-	-
Interest-bearing loans and borrowings	379,981	388,714	313,751	213,022	219,262
Deferred tax liabilities	15,016	15,320	14,512	-	-
	405,603	**409,671**	**338,344**	**213,022**	**219,262**
Net assets	**286,359**	**303,670**	**378,232**	**69,242**	**69,925**
Equity attributable to owners of the Company					
Share capital	108,056	108,056	108,056	108,056	108,056
Treasury shares	(923)	(923)	(923)	(923)	(923)
Reserves	178,162	194,871	267,852	(37,891)	(37,208)
	285,295	**302,004**	**374,985**	**69,242**	**69,925**
Non-controlling interests	1,064	1,666	3,247	-	-
Total equity	**286,359**	**303,670**	**378,232**	**69,242**	**69,925**

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

	Group					
	As at 31-Dec-18			As at 30-Jun-18		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	85,912	1,146	87,058	112,873	521	113,394
Amount repayable after one year	376,127	3,854	379,981	384,235	4,479	388,714
	462,039	**5,000**	**467,039**	**497,108**	**5,000**	**502,108**

Details of any collateral

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

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

The Group's secured borrowings included the Series 006 and Series 007 notes issued pursuant to the S$500,000,000 Multicurrency Debt Issuance Programme established by the Company (the "**Notes**"). The Notes are secured by second priority mortgage of vessels pledged as securities for the $99.9 million 5-year club term loan facility (the "**CTL Facility**"). As at 31 December 2018, the aggregate fair market value of these 92 vessels amounted to $180.0 million.

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

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2019	2Q FY2018 (restated)	1H FY2019	1H FY2018 (restated)
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Loss before tax	(10,754)	(5,026)	(17,286)	(12,164)
Adjustments for:				
Amortisation of intangible assets	165	216	331	431
Amortisation of lease prepayments	88	84	178	191
Allowance for impairment of doubtful receivables (net)	-	47	-	43
Depreciation of property, plant and equipment	15,776	14,542	30,846	28,666
Gain on disposal of property, plant and equipment	(365)	(2,499)	(742)	(2,657)
Loss/ (gain) on disposal of assets classified as held for sale	2	(1,270)	(341)	(1,270)
Inventories written off	880	-	880	-
Loss on disposal of short-term investment	-	-	134	-
Interest expense	4,858	5,596	10,676	11,219
Interest income	(179)	(119)	(365)	(399)
(Reversal)/ provision for warranty (net)	(28)	5	(25)	(133)
Property, plant and equipment written off	2	-	2	-
Provision for pension liabilities	38	37	118	46
Share of results of joint venture and associates	245	653	(575)	2,694
Operating cash flows before changes in working capital	**10,728**	**12,266**	**23,831**	**26,667**
Changes in working capital:				
Inventories	1,607	(1,031)	(3,252)	(263)
Contract assets and liabilities	14,907	16,562	28,616	35,797
Trade and other receivables	(10,509)	(11,663)	(23,698)	(11,525)
Prepayments	(217)	997	635	570
Trade and other payables	986	11,217	2,618	7,775
Finance lease receivables	287	199	586	512
Other liabilities	5,193	(75)	4,786	(1,706)
Balances with related parties (trade)	499	613	211	(3,524)
Cash flows generated from operations	**23,481**	**29,085**	**34,333**	**54,303**
Interest received from finance lease receivables	163	64	329	246
Income tax paid	(522)	(60)	(400)	(74)
Net cash flows generated from operating activities	**23,122**	**29,089**	**34,262**	**54,475**
Cash flows from investing activities				
Interest received from bank balances	16	55	36	153
Purchase of assets classified as held for sale	-	(5,849)	-	(5,849)
Purchase of property, plant and equipment	(1,307)	(9,908)	(4,326)	(20,212)
Proceeds from disposal of property, plant and equipment	2,974	4,542	5,687	4,704
Proceeds from disposal of assets classified as held for sale	-	4,715	5,242	4,715
Proceeds from disposal of short-term investment	300	-	534	-
Lease prepayments	-	-	(416)	-
Balances with related parties (non-trade)	2,273	(896)	1,799	1,577
Net cash flows generated from/ (used in) investing activities	**4,256**	**(7,341)**	**8,556**	**(14,912)**

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2019	2Q FY2018 (restated)	1H FY2019	1H FY2018 (restated)
	$'000	$'000	$'000	$'000
Cash flows from financing activities				
Interest paid	(5,795)	(6,715)	(12,527)	(13,362)
Repayment of interest-bearing loans and borrowings	(17,989)	(32,613)	(36,819)	(54,809)
Proceeds from interest-bearing loans and borrowings	-	25,796	3,850	43,857
Repayment of trust receipts	(8,780)	(13,689)	(16,633)	(18,223)
Proceeds from trust receipts	3,300	9,714	14,206	15,419
Cash and bank balances (restricted use)	197	(13,740)	1,094	(14,899)
Net cash flows used in financing activities	**(29,067)**	**(31,247)**	**(46,829)**	**(42,017)**
Net decrease in cash and cash equivalents	(1,689)	(9,499)	(4,011)	(2,454)
Cash and cash equivalents at beginning of period	10,401	28,869	12,793	21,903
Effects of exchange rate changes on cash and cash equivalents	27	(57)	(43)	(136)
Cash and cash equivalents at end of period (Note 1)	**8,739**	**19,313**	**8,739**	**19,313**

Note 1:

Cash and cash equivalents comprise the followings:		
Cash and bank balances	23,461	48,449
Less: Restricted cash		
- Cash at banks	(14,182)	(13,700)
- Fixed deposits with banks	(540)	(15,436)
Cash and cash equivalents at end of period	**8,739**	**19,313**

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

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

Statement of Changes in Equity for the period ended 31-Dec-18

Group	Attributable to owners of the Company							
	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total Equity $'000
1H FY2019								
At 1-Jul-18 (As previously reported)	108,056	(923)	1,110	195,776	196,886	304,019	1,666	305,685
Adoption of the SFRS(I) 15	-	-	-	(2,015)	(2,015)	(2,015)	-	(2,015)
At 1-Jul-18 (Restated)	108,056	(923)	1,110	193,761	194,871	302,004	1,666	303,670
Loss for the period	-	-	-	(17,008)	(17,008)	(17,008)	(626)	(17,634)
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	360	-	360	360	25	385
Share of other comprehensive income of joint ventures and associates	-	-	(3)	-	(3)	(3)	(1)	(4)
Re-measurement of defined benefit pension plans			-	(58)	(58)	(58)	-	(58)
Other comprehensive income for the period, net of tax	-	-	357	(58)	299	299	24	323
Total comprehensive income for the period	-	-	357	(17,066)	(16,709)	(16,709)	(602)	(17,311)
At 31-Dec-18	108,056	(923)	1,467	176,695	178,162	285,295	1,064	286,359

Statement of Changes in Equity for the period ended 31-Dec-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
1H FY2018									
At 1-Jul-17 (As previously reported)	108,056	(923)	2,896	11	265,491	268,398	375,531	3,247	378,778
Adoption of the SFRS(I) 15	-	-	-	-	(546)	(546)	(546)	-	(546)
At 1-Jul-17 (Restated)	108,056	(923)	2,896	11	264,945	267,852	374,985	3,247	378,232
Loss for the period	-	-	-	-	(12,589)	(12,589)	(12,589)	(697)	(13,286)
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 period, net of tax	-	-	(2,175)	(11)	-	(2,186)	(2,186)	(139)	(2,325)
Total comprehensive income for the period	-	-	(2,175)	(11)	(12,589)	(14,775)	(14,775)	(836)	(15,611)
At 31-Dec-17 (Restated)	108,056	(923)	721	-	252,356	253,077	360,210	2,411	362,621

Statement of Changes in Equity for the period ended 31-Dec-18 and 31-Dec-17

Company	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Total equity $'000
1H FY2019				
At 1-Jul-18	108,056	(923)	(37,208)	69,925
Loss for the period, representing total comprehensive income for the period	-	-	(683)	(683)
At 31-Dec-18	108,056	(923)	(37,891)	69,242
1H FY2018				
At 1-Jul-17	108,056	(923)	(12,011)	95,122
Loss for the period, representing total comprehensive income for the period	-	-	(1,266)	(1,266)
At 31-Dec-17	108,056	(923)	(13,277)	93,856

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)
Balance as at 31-Dec-18 and 31-Dec-17	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 2018 and 31 December 2017 is 0.40%.

There were no convertibles or subsidiary holdings as at 31 December 2018 and 31 December 2017.

There were no outstanding share options granted under the ESOS as at 31 December 2018 and 31 December 2017.

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-18	As at 31-Dec-17
Total number of issued shares	631,778,541	631,778,541
Total number of treasury shares	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	**629,266,941**	**629,266,941**

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

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

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

Not applicable.

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.

Except as disclosed in item 5 below, the accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2018.

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

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)), on 1 July 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I) in preparing the financial information included in this announcement. The Group's opening balance sheet has been prepared as at 1 July 2017 which is the Group's transition date to SFRS(I).

Adoption of SFRS(I)s:

The following SFRS(I)s, amendments and interpretations of SFRS(I)s are applicable to the Group:
- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The adoption of the new accounting standards does not have any significant impact on the financial statements of the Group and the Company except for SFRS(I) 15.

Adoption of SFRS(I) 15

The adoption of SFRS(I) 15 has the following key changes to the accounting of contracts of the Group:

i) Timing of revenue recognition: Revenue and related costs of sales of contracts with non-enforceability of right to payment for performance completed to-date are recognised only when the constructed assets are delivered to customers at a point in time, instead of using the percentage of completion method.

ii) Contract costs: For long term contracts where the stage of completion is measured by reference to the contracts costs incurred to date as a percentage of the total estimated costs for each contract, contract costs are recognised as an expense in profit or loss using the percentage of completion method prior to the adoption of SFRS(I) 15.

On adoption of SFRS(I) 15, the costs incurred to fulfil the satisfied performance obligation are recognised in profit or loss as control of goods or services to the customer is transferred over time. Where the control of goods and services to the customer is transferred at a future point in time, the costs incurred to fulfil the future performance obligation are capitalised as they are recoverable, and presented as "Contract Assets" within the balance sheet. The costs capitalised are recognised in profit or loss when the performance obligation is satisfied.

iii) In accordance with the presentation requirements of the SFRS(I) 15, the Group has presented "Construction work-in-progress in excess of progress billings" as "Contract assets" and "Progress billings in excess of construction work-in-progress" as "Contract liabilities".

Adoption of SFRS(I) 9

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 are applied to financial instruments up to the financial year ended 30 June 2018. Financial assets measured at amortised costs or Fair Value Through Other Comprehensive Income (FVOCI) and financial guarantees are subject to expected credit loss impairment model under SFRS(I) 9. There were no adjustments made to the opening retained earnings in this regard as the Group preliminarily assessed that the impacts were immaterial. A more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact is in process.

In general, with respect to SFRS(I) 15 and SFRS(I) 9, the Group will continue the assessment on transition requirements and therefore the restatement of prior periods' information may be subject to adjustments.

Impact on the comparatives for the second quarter ended 31 December 2018 financial statements

The financial impact of adopting SFRS(I) 15 is as follows:

Consolidated Income Statement

	2Q FY2018			1H FY2018		
	As previously reported	Effect of SFRS(I) 15	As restated	As previously reported	Effect of SFRS(I) 15	As restated
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	63,538	(4,978)	58,560	135,802	(22,641)	113,161
Cost of sales	(61,529)	5,867	(55,662)	(128,556)	23,202	(105,354)
Gross profit	**2,009**	**889**	**2,898**	**7,246**	**561**	**7,807**
Loss before tax	(5,915)	889	(5,026)	(12,725)	561	(12,164)
Tax expense	(815)	104	(711)	(1,138)	16	(1,122)
Loss for the period	**(6,730)**	**993**	**(5,737)**	**(13,863)**	**577**	**(13,286)**
Attributable to:						
Owners of the Company	(6,427)	993	(5,434)	(13,166)	577	(12,589)
Non-controlling interests	(303)	-	(303)	(697)	-	(697)
Loss for the period	**(6,730)**	**993**	**(5,737)**	**(13,863)**	**577**	**(13,286)**
Adjusted EBITDA for the period	**16,041**	**(48)**	**15,993**	**31,504**	**(823)**	**30,681**

Consolidated Statement of Comprehensive income

	2Q FY2018			1H FY2018		
	As previously reported	Effect of SFRS(I) 15	As restated	As previously reported	Effect of SFRS(I) 15	As restated
	$'000	$'000	$'000	$'000	$'000	$'000
Loss for the period	**(6,730)**	**993**	**(5,737)**	**(13,863)**	**577**	**(13,286)**
Other comprehensive income for the period, net of tax	(780)	-	(780)	(2,325)	-	(2,325)
Total comprehensive income for the period	**(7,510)**	**993**	**(6,517)**	**(16,188)**	**577**	**(15,611)**
Total comprehensive income attributed to:						
Owners of the Company	**(7,157)**	**993**	**(6,164)**	**(15,352)**	**577**	**(14,775)**
Non-controlling interests	(353)	-	(353)	(836)	-	(836)
Total comprehensive income for the period	**(7,510)**	**993**	**(6,517)**	**(16,188)**	**577**	**(15,611)**

Consolidated Statement of Financial Position

	30-Jun-2018 As previously reported $'000	Effect of SFRS(I) 15 $'000	30-Jun-2018 As restated $'000	1-Jul-2017 As previously reported $'000	Effect of SFRS(I) 15 $'000	1-Jul-2017 As restated $'000
Non-current assets	**608,054**	**-**	**608,054**	**653,368**	**-**	**653,368**
Current assets						
Construction work-in-progress	46,748	(46,748)	-	85,345	(85,345)	-
Contract assets	-	45,322	45,322	-	84,930	84,930
Others	392,663	-	392,663	406,299	-	406,299
Total current assets	**439,411**	**(1,426)**	**437,985**	**491,644**	**(415)**	**491,229**
Current liabilities						
Progress billings in excess of construction work-in-progress	5,285	(5,285)	-	1,437	(1,437)	-
Contract liabilities	-	5,579	5,579	-	1,437	1,437
Income tax payables	6,772	3	6,775	5,779	188	5,967
Others	320,344	-	320,344	420,617	-	420,617
Total current liabilities	**332,401**	**297**	**332,698**	**427,833**	**188**	**428,021**
Net current assets	**107,010**	**(1,723)**	**105,287**	**63,811**	**(603)**	**63,208**
Non-current liabilities						
Deferred tax liabilities	15,028	292	15,320	14,569	(57)	14,512
Others	394,351	-	394,351	323,832	-	323,832
Total non-current liabilities	**409,379**	**292**	**409,671**	**338,401**	**(57)**	**338,344**
Net assets	**305,685**	**(2,015)**	**303,670**	**378,778**	**(546)**	**378,232**
Equity attributable to of the Company						
Share capital	108,056	-	108,056	108,056	-	108,056
Treasury shares	(923)	-	(923)	(923)	-	(923)
Reserves	196,886	(2,015)	194,871	268,398	(546)	267,852
	304,019	**(2,015)**	**302,004**	**375,531**	**(546)**	**374,985**
Non-controlling interests	1,666	-	1,666	3,247	-	3,247
Total equity	**305,685**	**(2,015)**	**303,670**	**378,778**	**(546)**	**378,232**

Consolidated Statement of Cash Flows

	2Q FY2018 As previously reported $'000	2Q FY2018 Effect of SFRS(I) 15 $'000	2Q FY2018 As restated $'000	1H FY2018 As previously reported $'000	1H FY2018 Effect of SFRS(I) 15 $'000	1H FY2018 As restated $'000
Cash flows from operating activities						
Loss before tax	**(5,915)**	**889**	**(5,026)**	**(12,725)**	**561**	**(12,164)**
Adjustments for:						
Depreciation of property, plant and equipment	15,479	(937)	14,542	30,050	(1,384)	28,666
Others	2,750	-	2,750	10,165	-	10,165
Operating cash flows before changes in working capital	**12,314**	**(48)**	**12,266**	**27,490**	**(823)**	**26,667**
Changes in working capital:						
Contract assets and liabilities	16,514	48	16,562	34,974	823	35,797
Others	257	-	257	(8,161)	-	(8,161)
Cash flows generated from operations	**29,085**	**-**	**29,085**	**54,303**	**-**	**54,303**
Others	4	-	4	172	-	172
Net cash flows generated from operating activities	**29,089**	**-**	**29,089**	**54,475**	**-**	**54,475**
Net cash flows used in investing activities	**(7,341)**	**-**	**(7,341)**	**(14,912)**	**-**	**(14,912)**
Net cash flows used in financing activities	**(31,247)**	**-**	**(31,247)**	**(42,017)**	**-**	**(42,017)**
Net decrease in cash and cash equivalents	**(9,499)**	**-**	**(9,499)**	**(2,454)**	**-**	**(2,454)**
Cash and cash equivalents at beginning of period	28,869	-	28,869	21,903	-	21,903
Effects of exchange rate changes on cash and cash equivalents	(57)	-	(57)	(136)	-	(136)
Cash and cash equivalents at end of period	**19,313**	**-**	**19,313**	**19,313**	**-**	**19,313**

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 FY2019**	**2Q FY2018 (restated)**	**1H FY2019**	**1H FY2018 (restated)**
(i) On weighted average no. of ordinary shares in issue	(1.45) cents	(0.86) cents	(2.70) cents	(2.00) cents
(ii) On a fully diluted basis	(1.45) cents	(0.86) cents	(2.70) cents	(2.00) cents
Net loss attributable to shareholders:	($9,154,000)	($5,434,000)	($17,008,000)	($12,589,000)
Number of shares in issue:				
(i) Weighted average no. of shares in issue	629,266,941	629,266,941	629,266,941	629,266,941
(ii) On a fully diluted basis	629,266,941	629,266,941	629,266,941	629,266,941

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

	Group			Company	
	31-Dec-18	30-Jun-18 (restated)	01-Jul-18 (restated)	31-Dec-18	30-Jun-18
Net Asset Value (NAV) per ordinary share	45.34 cents	47.99 cents	59.59 cents	11.00 cents	11.11 cents
NAV computed based on no. of ordinary shares issued	629,266,941	629,266,941	629,266,941	629,266,941	629,266,941

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

REVIEW OF GROUP PERFORMANCE

With the adoption of SFRS(I) 15 Revenue from Contracts with Customers, revenue and related costs of shipbuilding contracts with non-enforceability of right to payment for performance completed to-date are recognised only when the constructed vessels are delivered to customers at a point in time **("Completion Method")**, instead of using the percentage of completion method ("**POC**"). As such, there will also be a mixture of contracts with shipbuilding revenue recognised based on the Completion Method and POC depending on the terms of the contracts. Given this, revenues and results can be lumpy.

Revenue

Group revenue of $95.1 million for the 3 months ended 31 December 2018 ("**2Q FY2019**") was $36.5 million (62.3%) higher compared to the corresponding period in FY2018 ("**2Q FY2018**"). For the 6 months ended 31 December 2018 ("**1H FY2019**"), the Group revenue was $47.5 million (42.0%) higher compared to the corresponding period ended 31 December 2017 ("**1H FY2018**").

Details for revenue generated from each segment are as follows:

	Group					
	2Q FY2019 $'000	2Q FY2018 (restated) $'000	Increase/ (Decrease) %	1H FY2019 $'000	1H FY2018 (restated) $'000	Increase/ (Decrease) %
Shipbuilding	32,687	2,835	1,053.0	40,879	12,669	222.7
Shiprepair and conversion	23,087	22,611	2.1	46,878	40,598	15.5
Shipchartering	36,994	31,379	17.9	66,990	54,619	22.6
Engineering	2,290	1,735	32.0	5,938	5,275	12.6
	95,058	**58,560**	**62.3**	**160,685**	**113,161**	**42.0**

Shipbuilding

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

	Group									
	2Q FY2019		2Q FY2018 (restated)		Increase/ (Decrease)	1H FY2019		1H FY2018 (restated)		Increase/ (Decrease)
	Units	$'000	Units	$'000	%	Units	$'000	Units	$'000	%
Tugs	4	15,819	4	1,989	695.3	4	16,714	4	12,504	33.7
Barges and others	2	16,868	6	846	1,893.9	5	24,165	6	165	14,545.5
	6	**32,687**	**10**	**2,835**	**1,053.0**	**9**	**40,879**	**10**	**12,669**	222.7

Shipbuilding revenue increased by $29.9 million in 2Q FY2019 as compared to last corresponding period mainly due to delivery of three tugs and one unit of high value tanker recognised based on Completion Method in the current quarter under review.

In 2Q FY2018, the revenue from the tugs were recognised at minimal POC percentage (3 at late stages and 1 at initial stage of completion) and the barges delivered were mainly small pontoons of low value, recognised based on Completion Method.

Shipbuilding revenue increased by $28.2 million in 1H FY2019 as compared to last corresponding period mainly due to delivery and completion of one high value tanker as well as higher value barges.

Shiprepair and conversion

Recognition of shiprepair and conversion revenue is calculated based on project value multiplied by POC. Prior to adoption of the SFRS(I) 15, shiprepair projects are mainly short term in nature, resulting in revenue recognised only upon completion.

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

	Group					
	2Q FY2019 $'000	**2Q FY2018 (restated) $'000**	Increase/ (Decrease) %	**1H FY2019 $'000**	**1H FY2018 (restated) $'000**	Increase/ (Decrease) %
Shiprepair and conversion	22,376	22,392	(0.1)	46,010	38,752	18.7
Other marine related services	711	219	224.7	868	1,846	(53.0)
	23,087	**22,611**	**2.1**	**46,878**	**40,598**	**15.5**

Shiprepair and conversion revenue decreased marginally by $16,000 (0.1%) in 2Q FY2019 and increased by $7.3 million (18.7%) to $46.0 million in 1H FY2019 as compared to corresponding periods.

The increase in revenue in 1H FY2019 was mainly due to more shiprepair jobs with high value (>$1 million) being recognised. As a result of the adoption of SFRS(I)15, the restated revenue in 1H FY2018 was $11.3 million lower as compared to $50.1 million previously reported on.

The other marine related services of $1.8 million recorded in 1H FY2018 included one-off 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 FY2019 $'000	**2Q FY2018 $'000**	Increase/ (Decrease) %	**1H FY2019 $'000**	**1H FY2018 $'000**	Increase/ (Decrease) %
OSV	4,959	5,014	(1.1)	8,396	7,324	14.6
Tug Boats	12,797	9,933	28.8	22,120	19,178	15.3
Barges	15,418	11,405	35.2	27,313	20,896	30.7
Total charter	**33,174**	**26,352**	**25.9**	**57,829**	**47,398**	**22.0**
Trade sales	3,820	5,027	(24.0)	9,161	7,221	26.9
	36,994	**31,379**	**17.9**	**66,990**	**54,619**	**22.6**

Shipchartering revenue increased by $6.8 million (25.9%) to $33.2 million in 2QFY2019 and by $10.4 million (22.0%) to $57.8 million in 1H FY2019 mainly due to contribution from commencement of several new charter projects in Bangladesh, Indonesia and Singapore.

Trade sales comprised mainly of bunker sales, agency fees and ad hoc services rendered. There were lower ad hoc services rendered in the current quarter under review.

Engineering

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

	Group					
	2Q FY2019 $'000	2Q FY2018 $'000	Increase/ (Decrease) %	1H FY2019 $'000	1H FY2018 $'000	Increase/ (Decrease) %
Components & services ("Components")	2,290	1,735	32.0	5,938	5,275	12.6

Engineering revenue increased by $0.6 million (32%) and $0.7 million (12.6%) in 2Q FY2019 and 1H FY2019 respectively mainly due to more orders for spare parts used by customers for replacement, partially offset by fewer orders for cutting/coupling systems resulting from completion of several supply contracts in the periods under review.

Gross profit and gross profit margin

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

	Group							
	2Q FY2019		2Q FY2018 (restated)		1H FY2019		1H FY2018 (restated)	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
Shipbuilding	(2,680)	(8.2%)	(80)	(2.8%)	(4,394)	(10.7%)	757	6.0%
Shiprepair and conversion	2,333	10.1%	2,049	9.1%	5,668	12.1%	5,559	13.7%
Shipchartering	2,379	6.4%	480	1.5%	1,191	1.8%	(83)	(0.2%)
Engineering	492	21.5%	449	25.9%	1,342	22.6%	1,574	29.8%
	2,524	2.7%	2,898	4.9%	3,807	2.4%	7,807	6.9%

Shipbuilding

The Group recorded a gross loss of $2.7million in 2Q FY2019 and $4.4 million in 1H FY2019 mainly due to: i) delay in the delivery of a tanker resulting in cost overruns and liquidated damages and ii) an IDR denominated contract which was negatively affected by the weakening of IDR against SGD as compared to the budgeted foreign exchange rate at inception of contract in 2016.

Shiprepair and conversion

Despite an increase in revenue in 1H FY2019, gross profit was largely unchanged from the equivalent 2018 period. This was due to lower gross profit margin of 12.1% mainly due to: i) competitive market pricing; ii) low profit margin derived from certain high value turnkey conversion projects; and iii) the need for higher manpower overheads being allocated to the ship repair segment.

Shipchartering

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

	Group							
	2Q FY2019		2Q FY2018		1H FY2019		1H FY2018	
	$'000	GPM	$'000	GPM	$'000	GPM	$'000	GPM
OSV	(67)	(1.4%)	(685)	(13.7%)	(459)	(5.5%)	(2,645)	(36.1%)
Tug boats and Barges	1,250	4.4%	547	2.6%	(569)	(1.2%)	1,570	3.9%
Total charter	**1,183**	3.6%	**(138)**	(0.5%)	**(1,028)**	(1.8%)	**(1,075)**	(2.3%)
Trade sales	1,196	31.3%	618	12.3%	2,219	24.2%	992	13.7%
	2,379	6.4%	**480**	1.5%	**1,191**	1.8%	**(83)**	(0.2%)

In line with the increase in charter revenue and improved utilisation of Tug boats (2Q FY2019: 68%; 2Q FY2018: 65%) and Barges (2Q FY2019: 59%; 2Q FY2018: 55%), gross profit and gross profit margin from shipchartering was higher in current quarter under review as compared to the last corresponding quarter.

The gross loss and gross loss margin from shipchartering in 1H FY2019 was mainly due to:

(i) Increase in fuel price (1H FY2019: $0.85/litre; 1H FY2018: $0.65/litre);

(ii) Negative contribution from landing crafts (classified as Tug boats) as a result of reduced utilisation and charter rates; and

(iii) In 1Q FY2019, there were many vessels under preparation for deployment in several infrastructure projects which commenced in 2Q FY2019.

Engineering

Lower profit margin of 21.5% and 22.6% was recorded in 2Q FY2019 and 1H FY2019 respectively mainly due to higher passed on costs from suppliers coupled with lower orders for cutting/coupling systems which generally yielded higher margin.

Other operating income

Details for other operating income are as follows:

	Group			
	2Q FY2019 $'000	2Q FY2018 $'000	1H FY2019 $'000	1H FY2018 $'000
Gain on disposal of property, plant and equipment	365	2,499	742	2,657
(Loss)/ gain on disposal of assets classified as held for sale	(2)	1,270	341	1,270
Interest income from bank balances	16	55	36	153
Interest income from finance lease receivables	163	64	329	246
Insurance claims	-	82	100	83
Rental income from plant & equipment and yard space	231	399	508	598
Miscellaneous income	328	41	477	145
	1,101	**4,410**	**2,533**	**5,152**

The higher miscellaneous income in 2Q FY2019 mainly comprised scrap sales income from the China shipyard.

Administrative expenses

Administrative expenses increased by $1.3 million (25.8%) to $6.2 million in 2Q FY2019 and $1.1 million (11.0%) to $11.2 million in 1H FY2019 when compare to last corresponding periods. This was mainly due to progressive accrual of one-off transaction costs on corporate exercises including legal and professional fees in relation to the Consent Solicitation Exercise in respect to the Company's existing Notes.

Other operating expenses

	Group			
	2Q FY2019 $'000	2Q FY2018 $'000	1H FY2019 $'000	1H FY2018 $'000
Allowance for impairment of doubtful receivables (net)	-	47	-	43
Inventories written off	880	-	880	-
Loss on foreign exchange (net)	2,183	1,100	1,321	1,085
Loss on disposal of short-term investment	-	-	134	-
Property, plant and equipment written off	2	-	2	-
	3,065	**1,147**	**2,337**	**1,128**

The inventories written off was due to cessation of operation of the China shipyard.

The higher net foreign exchange loss recorded in 2Q FY2019 was mainly due to the appreciation of IDR against SGD on IDR denominated liabilities. The net foreign exchange loss in 2Q FY2018 was mainly due to foreign exchange loss resulting from the depreciation of USD against SGD on USD denominated assets.

	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017
USD against SGD	1.3658	1.3672	1.3679	1.3369	1.3592	1.3887
EUR against SGD	1.5606	1.5870	1.5931	1.6046	1.6132	1.5709
IDR against SGD	10,603	10,919	10,530	10,134	9,926	9,591

The short-term investment being disposed of pertained to quoted shares allotted by a customer for the purpose of settlement of outstanding debts owing by the customer to the Group.

Finance costs

Finance costs decreased by $0.7 million (13.2%) to $4.9 million in 2Q FY2019 and by $0.5 million (4.8%) to $10.7 million in 1H FY2019 mainly due to lower interest rate payable under the fixed rate bonds with effect from 1 October 2018 pursuant to the consent obtained from the Noteholders on 30 January 2019, partially offset by interest incurred from progressive drawdown of loans under the CTL Facility.

Share of results of joint ventures and associates

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

	Group's effective interest	Group 2Q FY2019 $'000	2Q FY2018 $'000	1H FY2019 $'000	1H FY2018 $'000
Joint ventures					
Sindo-Econ group	50%	-	-	-	(1,311)
Associates					
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	(301)	(709)	464	(1,494)
PT Capitol Nusantara Indonesia ("PT CNI")	27%	56	56	111	111
		(245)	**(653)**	**575**	**(2,694)**

The Group has restricted its share of losses from Sindo-Econ group to its cost of investment since 1Q FY2018.

The share of loss from PT Hafar of $0.3 million in 2Q FY2019 was due to low utilisation from its vessel fleet in this quarter. The share of profit of $0.5 million in 1H FY2019 was due to higher charter income from its fleet of OSV vessels recorded in 1Q FY2019.

The share of profit from PT CNI of $0.1 million in 2Q FY2019 and 1H FY2019 mainly pertained to progressive recognition of the Group's proportionate interest of unrealised profits previously eliminated on sale of vessels to PT CNI. The Group has restricted its share of losses to its cost of investment.

Loss before tax

The Group recorded a loss before tax of $10.8 million in 2Q FY2019 and $17.3 million in 1H FY2019 mainly due to an overall decrease in gross profit and other operating income as well as higher administrative and other operating expenses.

Tax expense

The Group recorded a tax credit of $0.9 million in 2Q FY2019 and lower tax expense of $0.3 million in 1H FY2019 as compared to the last corresponding periods. This was mainly due to loss incurred from shipyard operations.

Non-controlling interests

Non-controlling interests' share of profit of $0.7 million for 2Q FY2019 and $0.6 million for 1H FY2019 mainly pertains to the portion of results of its non-wholly owned subsidiaries in Indonesia and China.

OPERATION CASH FLOW

2Q FY2019

The Group recorded a lower net cash inflow from operating activities of $23.1 million in 2Q FY2019 (2Q FY2018: $29.1 million) mainly due to lower earnings and higher payment to suppliers.

The net cash inflow from investing activities of $4.3 million in 2Q FY2019 (2Q FY2018: net cash outflow of $7.3 million) was mainly attributed to lower acquisitions, particularly of property, plant and equipment.

The lower net cash outflow from financing activities of $29.1 million in 2Q FY2019 (2Q FY2018: $31.2 million) was mainly due to lower restricted cash due to release of earmarked deposits upon completion of shipbuilding projects and despite higher net (being the difference between repayments and new loans) repayments on interest-bearing loans and borrowings and trust receipts.

1H FY2019

The Group recorded a lower net cash inflow from operating activities of $34.3 million in 1H FY2019 (1H FY2018: $54.5 million) mainly due to lower earnings, lower receipts from shipbuilding progressive billings and increased billings to customers at period end.

The net cash inflow from investing activities of $8.6 million in 1H FY2019 (1H FY2018: net cash outflow of $14.9 million) was mainly due to lower acquisitions, particularly of property, plant and equipment and assets held for sale.

The higher net cash outflow from financing activities of $46.8 million in 1H FY2019 (1H FY2018: $42.0 million) was mainly due to higher net repayments on interest-bearing loans and borrowings, offset by lower restricted cash due to release of earmarked deposits upon completion of shipbuilding projects.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Non-current assets

Property, plant and equipment ("**PPE**") decreased by $39.2 million (6.8%) from $577.1 million as at 30 June 2018 to $537.9 million as at 31 December 2018.

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

	$'000
Balance as at 1 July 2018	577,087
Addition of property, plant and equipment Inclusive of : - $12.8 million for vessels***** - $0.2 million for plant and equipment - $0.8 million for yard infrastructure under development - $1.0 million for vessels***** under construction/ modification - $0.8 million for capitalization of dry docking expenditure	15,685
Disposal/ write-off	(4,948)
Depreciation charge	(29,939)
Transfer to assets held for sale	(19,410)
Translation differences	(591)
Balance as at 31 December 2018	**537,884**

***** The addition of vessels 1H FY2019 were mainly barges acquired from a customer for settlement of debts owing to the Group. These barges were acquired to support marine infrastructure projects in the region.

Current assets

Current assets decreased by $2.6 million (0.6%) from $438.0 million as at 30 June 2018 to $435.4 million as at 31 December 2018. The decrease was mainly from lower contract assets and cash and bank balances, partially offset by higher trade receivables and assets held for sale.

Inventories increased marginally and comprised the following:

	Group			
	31-Dec-18	**30-Jun-18**	Increase/ (Decrease)	
Raw materials and consumables	16,119	16,755	(636)	(3.8)
Work-in-progress	17,957	17,748	209	1.2
Finished goods	137,866	136,954	912	0.7
Total inventories	**171,942**	**171,457**	**485**	**0.3**

Trade and other receivables comprised the following:

	Group			
	31-Dec-18	**30-Jun-18**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
Trade receivables	97,715	81,235	16,480	20.3
Other receivables	19,069	19,944	(875)	(4.4)
Amounts due from related parties	82,471	79,824	2,647	3.3
	199,255	**181,003**	**18,252**	**10.1**

The trade receivables increased by $16.5 million (20.3%) to $97.7 million mainly due to more shipchartering and shipbuilding jobs being completed and billed in the current quarter. Of the total trade receivables, $21.9 million was received subsequent to the quarter under review.

Assets classified as held for sale comprised two tugboats and four self-propelled barges contracted for disposal within a year.

Current liabilities

Current liabilities decreased by $21.1 million (6.3%) from $332.7 million as at 30 June 2018 to $311.6 million as at 31 December 2018. The decrease was mainly due to lower current portion of interest-bearing loans and borrowings, trust receipts and contract liabilities, partially offset by higher trade and other payables.

Trade and other payables comprised the following:

	Group			
	31-Dec-18	**30-Jun-18**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
Trade payables	145,335	142,056	3,279	2.3
Payables for yard development, purchase of vessels and cranes	9,417	9,005	412	4.6
Other payables	2,415	2,288	127	5.6
Deposits received from customers	20,174	20,926	(752)	(3.6)
Deferred income	10,976	9,576	1,400	14.6
Amounts due to related parties	20,891	16,234	4,657	28.7
Amounts due to shareholders	6,620	6,620	-	-
Loan from non-controlling interests of subsidiaries	209	210	(1)	(0.5)
	216,037	**206,915**	**9,122**	**4.4**

The deferred income mainly relates to advance payments received from customers for which charter services have not been rendered. The deferred income will be amortised and recognised as income when the services are performed.

Amounts due to related parties increased mainly due to charter of vessels and payments on behalf by related parties.

Net contract assets decreased by $25.4 million (64.1%) from $39.7 million as at 30 June 2018 to $14.3 million as at 31 December 2018, mainly attributed to completion of shipbuilding and shiprepair jobs during the current period under review.

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

	Group			
	31-Dec-18	**30-Jun-18**	Increase/ (Decrease)	
	$'000	**$'000**	**$'000**	**%**
Current				
Bonds	7,500	7,500	-	-
Short term loan				
- shipbuilding related	12,140	24,466	(12,326)	(50.4)
- general	2,940	13,034	(10,094)	(77.4)
	15,080	37,500	(22,420)	(59.8)
Trust receipts				
- shipbuilding related	9,701	10,381	(680)	(6.6)
- general	1,675	3,424	(1,749)	(51.1)
	11,376	13,805	(2,429)	(17.6)
Long term loan				
- vessels loan	26,059	28,978	(2,919)	(10.1)
- assets financing	11,330	11,726	(396)	(3.4)
- working capital	11,966	7,913	4,053	51.2
	49,355	48,617	738	1.5
Finance lease liabilities	3,747	5,972	(2,225)	(37.3)
	87,058	**113,394**	**(26,336)**	**(23.2)**
Non-current				
Bonds	131,250	135,000	(3,750)	(2.8)
Long term loan				
- vessels loan	81,923	81,364	559	0.7
- assets financing	69,920	76,520	(6,600)	(8.6)
- working capital	95,247	93,741	1,506	1.6
	247,090	251,625	(4,535)	(1.8)
Finance lease liabilities	1,641	2,089	(448)	(21.4)
	379,981	**388,714**	**(8,733)**	**(2.2)**
Total borrowings	**467,039**	**502,108**	**(35,069)**	**(7.0)**
Total shareholders' funds	**285,295**	**302,004**		
Gearing ratio (times)	**1.64**	**1.66**		
Net gearing ratio (times)	**1.55**	**1.57**		

Current portion of interest-bearing loans and borrowings and trust receipts reduced by $26.3 million mainly due to conversion of a shipbuilding related short term loan of $12.3 million to a long-term vessel loan and a short term money market loan of $6.0 million to a 8-year working capital loan.

The Group's total borrowings decreased by $35.1 million (7.0%) to $467.0 million as at 31 December 2018 mainly due to net repayment of interest-bearing loans and borrowings and trust receipts.

Non-current liabilities

Non-current liabilities decreased by $4.1 million (1.0%) to $405.6 million as at 31 December 2018 mainly due to decrease in non-current portion of the Group's total borrowings, partially offset by higher deferred income.

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

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

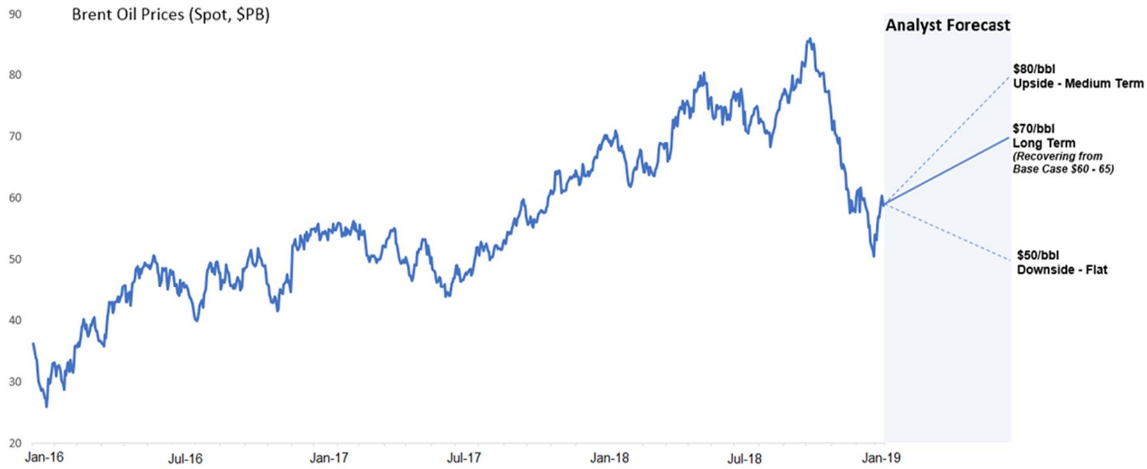
10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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.

Macro trends remain mixed.

a. While oil prices are higher than they were compared to 2016[1], they have recently experienced a significant fall and fall to January 2018 levels. The good news is that offshore rig utilization[2] (a good proxy for all offshore demand), which at end 2018 stood at 393 for the Asia Pacific, continues to rise. The uncertain news is how the sell off will affect offshore demand.



RIG UTILIZATION DATA	2016 Q1	Q2	Q3	Q4	2017 Q1	Q2	Q3	Q4	2018 Q1	Q2	Q3	Q4
INDIA	103	108	115	116	117	110	105	116	109	116	120	124
INDONESIA	19	16	19	16	24	22	26	34	34	33	33	24
MALAYSIA	3	5	3	4	5	6	5	7	9	8	8	7
OTHER SEA COUNTRIES	9	5	5	5	5	5	1	4	1	2	3	7
Region Total (Exclude Thailand & Vietnam)	**134**	**134**	**142**	**141**	**151**	**143**	**137**	**161**	**153**	**159**	**164**	**162**
REST OF APAC COUNTRIES	49	48	48	51	47	51	52	56	51	56	58	69
ASIA PACIFIC TOTAL	**183**	**182**	**190**	**192**	**198**	**194**	**189**	**217**	**204**	**215**	**222**	**231**

* Other SEA Countries include Philippines, Myanmar, Brunei & Papua NG (Excluding Thailand & Vietnam)

b. The IMF has warned that global growth could slow and slow sharply if the China-US trade disputes escalate and particularly given that it comes at a time when China output and growth is slowing.

[1] Source: Barclays Bank market research report
[2] Source: Rig Count Data published by Baker Hughes

c. The bright spot is that infrastructure spending in select Asian regions are expected to increase further, as China implements the Belt and Road Initiative in the countries along the route. The urbanization process 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.

In general, the factors discussed above suggest an improving but volatile business environment for the Group. However, given that capital goods lag the industry cycle and is very sensitive to macro economy, the Group will benefit from these factors only gradually.

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

Business segments

Shipbuilding and Shiprepair

In shipbuilding, we will continue to seek orders for non-OSV vessels such as tankers, tugs and barges and exercise caution with selection of customers' portfolio based on creditworthiness and size of projects.

In shiprepair, with an additional floating dock to be put in place by 3Q FY2019 at the Singapore yard, this will provide additional capacity in terms of servicing the mid-size range of vessels.

We also adopt the strategy to train direct employed workers for specialized work, thus reducing our reliance on subcontractors, and strengthening our competency and efficiency. We will continue to improve operational efficiency, tighten cost control to ensure our competitiveness.

Shipchartering

The diversified vessel types in our fleet, especially the non-OSV vessels are expected to lend support to our chartering business in view of the marine infrastructure projects in Bangladesh, Indonesia and Singapore. Our in-house ability to provide integrated services to modify or retrofit vessels to suit our shipchartering customers' customized requirements. However, due to market competition, the Group expects continued pressure on charter rates. The management will focus on increasing utilisation of fleet, improving charter rates, limiting capital expenditure and exploring bareboat charter-in of vessels.

The OSV in the market has not recovered from depressed pricing. The Group, however has been actively seeking opportunities to improve the utilisation of the OSV such as deployment for towage jobs.

Dredge Engineering

Our engineering division (VOSTA LMG) engages primarily in the infrastructure and construction industry. Demand for our engineering business is supported by i) the amount of land and coastal reclamation projects due to population growth and global warming; and ii) port expansion projects due to increasing seaborne trade and growing size of container vessels. The Group is working closely with suppliers and seek to have production capability in different regional markets to drive down costs.

Order Book

As at 31 December 2018, the Group had an outstanding shipbuilding order book from external customers of approximately $32 million for the building of 4 tugboats with progressive deliveries up to 1H FY2021.

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 29% of shipchartering revenue in 2Q FY2019 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year. As at 31 December 2018, the Group had an outstanding chartering order book of approximately $114 million with respect to long-term contracts.

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

Funding Arrangement

The Notes

The Company has received consent from its noteholders on 30 January 2019, for among other changes,

i) extended the tenor of its existing Notes by another five years from the current maturity to 28 March 2025 (Series 006 notes) and 1 October 2026 (Series 007 notes);

ii) revised the coupon to a base rate of 3% p.a. and mandatory redemption rate to 1% p.a., payable semi-annually;

iii) included performance-triggered variable payments which comprise additional coupon of up to 2% p.a. and additional principal redemption of up to 4% p.a. depending on the Company's financial performance; and

iv) noteholders will also be given warrants that are exercisable into new shares of the Company (subject to passing of extraordinary general meeting).

Banking Facilities

The principal lenders and certain secured lenders of the Group have given their in-principal approvals on the re-profiling (extending loans tenure thereby reducing monthly instalment) of its existing term loans which includes its CTL Facility, generally based on a 10-year profile with 8 years repayment term from its principal lenders.

To further enhance the Group's operating cash flow, the management is currently working with its principal lenders on an additional revolving project financing and trade lines of up to S$150 million.

Financial Covenant

Subsequent to the end of the financial period under review, the Company has received a waiver for the breach of one of the financial covenants (the "**Breach**") under the CTL Facility for the quarter ended 31 December 2018. The Company continues to repay in accordance with the monthly repayment schedule of the Facility Agreement. In view of the above, the Company has not reclassified the non-current portion of the CTL Facility of $81,772,000 as current liabilities as at 31 December 2018.

The Breach relates to the same covenant that has been clarified in the clarification announcement released via SGXNET on 19 October 2017.

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) Whether the dividend is before tax, net of tax or tax exempt.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No interim dividend has been declared for the period ended 31 December 2018.

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 31 October 2018. 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		
Econ Precast Pte Ltd	-	3,747
Entire Engineering Pte Ltd	-	1,102
Koon Construction & Transport Co Pte Ltd	-	561
Sindo-Econ Pte Ltd	-	727
PT. Sindomas Precas	-	757
Purchase of goods and services		
Koon Holdings Limited	-	174
Koon Construction & Transport Co Pte Ltd	-	2,695
Entire Engineering Pte Ltd	-	210
Econ Precast Pte Ltd	-	864
Sintech Metal Industries Pte Ltd	2,153	-
	2,153	**10,837**

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 ended 31 December 2018 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 Chairman, Managing Director and CEO	Ang Ah Nui Deputy Managing Director

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
14 February 2019