

Financial Statements

GROUP PERFORMANCE REVIEW

US\$ Million	Six months ended 30 June		
	2017	2016	Change
Revenue	702.9	488.4	+44%
Bunker & port disbursements	(339.7)	(254.7)	-33%
Time charter equivalent earnings ("TCE")	363.2	233.7	+55%
Other direct costs	(363.7)	(275.0)	-32%
Gross loss	(0.5)	(41.3)	+99%
Dry Bulk	(6.3)	(60.4)	+90%
Towage	(0.5)	(0.1)	>-100%
Others	0.1	(1.1)	>+100%
Underlying loss	(6.7)	(61.6)	+89%
Unrealised derivative (expenses)/income	(2.6)	13.7	
Office relocation costs	(1.4)	-	
Impairment of towage vessels	(0.9)	-	
Sales of vessels	(0.4)	(1.9)	
Loss attributable to shareholders	(12.0)	(49.8)	+76%
EBITDA	56.6	(5.0)	>+100%
Net profit margin	(2%)	(10%)	+8%
Return on average equity employed	(1%)	(5%)	+4%

+/- Note: In our tabulated figures, positive changes represent an improving result while negative changes represent a worsening result.

EBITDA (earnings before interest, tax, depreciation and amortisation) is our gross profit less general and administration expenses. EBITDA excludes: depreciation and amortisation; exchange differences; share-based compensation; net unrealised bunker swap contract income and expenses; net unrealised forward freight agreements income and expenses; utilised onerous contract provisions; and Charter Hire Reduction adjustments.

The main drivers of our results in the first six months of 2017 were as follows:

- Revenue and cost of services increased by 44% and 33% respectively, mainly due to improved market conditions since last year, albeit from an historically low base.
- Loss attributable to shareholders was mainly affected by:
 - an unrealised derivative accounting loss of US\$2.6 million mainly from the mark-to-market of existing and new bunker swap contracts to be completed;
 - one-off office relocation costs of US\$1.4 million relating to the relocation of our headquarters in Hong Kong to a lower-cost location, which will result in significant cost savings over the coming six years;
 - non-cash impairment of US\$0.9 million for the two remaining towage vessels; and
 - the disposal loss of US\$0.4 million on the two towage vessels and one Supramax vessel sold.
- EBITDA was US\$56.6 million (2016: negative US\$5.0 million) contributing to a positive operating cash flow. Our cash and deposits at 30 June 2017 stood at US\$247.6 million (31 December 2016: US\$269.2 million) with net gearing of 40% (31 December 2016: 34%).