

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012**

- 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**

	<b>Group</b>		
	<b>3 months ended 30 September</b>		
	<b>1Q FY2013</b>	<b>1Q FY2012</b>	<b>Increase/ (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding	43,381	46,891	(7.5)
Shiprepair and conversion	23,717	19,210	23.5
Shipchartering	21,880	17,008	28.6
<b>Total revenue</b>	<b>88,978</b>	<b>83,109</b>	<b>7.1</b>
Cost of sales	(66,874)	(73,517)	(9.0)
<b>Gross profit</b>	<b>22,104</b>	<b>9,592</b>	<b>130.4</b>
Other operating income	1,602	6,593	(75.7)
Administrative expenses	(2,939)	(2,762)	6.4
Other operating expenses	(6,857)	(506)	1,255.1
Finance costs	(2,459)	(2,555)	(3.8)
Share of results of jointly-controlled entity and associates	(254)	(38)	568.4
<b>Profit before tax</b>	<b>11,197</b>	<b>10,324</b>	<b>8.5</b>
Tax expense			
- current period	(1,436)	(1,810)	(20.7)
- underprovision for prior years	(69)	(12)	475.0
<b>Profit for the period</b>	<b>9,692</b>	<b>8,502</b>	<b>14.0</b>
Attributable to:			
<b>Owners of the Company</b>	<b>9,825</b>	<b>8,490</b>	<b>15.7</b>
Non-controlling interests	(133)	12	Nm
	<b>9,692</b>	<b>8,502</b>	<b>14.0</b>

Nm: Not meaningful

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

**Statement of Comprehensive Income**

	<b>Group</b>		
	<b>3 months ended 30 September</b>		
	<b>1Q FY2013</b>	<b>1Q FY2012</b>	<b>Increase/ (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit for the period</b>	<b>9,692</b>	<b>8,502</b>	<b>14.0</b>
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(2,142)	2,363	Nm
Share of other comprehensive income of jointly-controlled entity and associates	(43)	53	Nm
Net fair value changes to cash flow hedges	6,986	(5,728)	Nm
<b>Other comprehensive income for the period, net of tax</b>	<b>4,801</b>	<b>(3,312)</b>	<b>Nm</b>
<b>Total comprehensive income for the period</b>	<b>14,493</b>	<b>5,190</b>	<b>179.2</b>
Attributable to:			
<b>Owners of the Company</b>	<b>15,036</b>	<b>4,957</b>	<b>203.3</b>
Non-controlling interests	(543)	233	Nm
	<b>14,493</b>	<b>5,190</b>	<b>179.2</b>

Nm: Not meaningful

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

	<b>Group</b>	
	<b>3 months ended 30 September</b>	
	<b>1Q FY2013</b>	<b>1Q FY2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Allowance for impairment of doubtful trade receivables	(2,352)	(60)
Allowance for impairment of doubtful trade receivables written back	18	2
Amortisation of lease prepayments	(60)	(51)
Bad debts written off (trade)	(10)	-
Changes in fair value of short term investment	(6)	-
Depreciation of property, plant and equipment	(8,653)	(10,269)
Gain on disposal of assets held for sale	496	1,622
Gain on disposal of property, plant and equipment	719	796
(Loss)/ Gain on foreign exchange (net)*	(4,507)	2,546
* inclusive of gain/ (loss) on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	200	(1,836)
Impairment loss on property, plant and equipment	-	(424)
Interest income	80	25
Property, plant and equipment written off	-	(24)
Underprovision of tax in respect of prior years		
- current tax expense	(69)	(12)

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

	Group		Company	
	30-Sep-12 \$'000	30-Jun-12 \$'000	30-Sep-12 \$'000	30-Jun-12 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	492,705	508,968	-	-
Lease prepayments	5,128	3,827	-	-
Subsidiaries	-	-	69,555	69,505
Interest in jointly-controlled entity and associates	1,154	1,450	-	-
	<b>498,987</b>	<b>514,245</b>	<b>69,555</b>	<b>69,505</b>
<b>Current assets</b>				
Inventories	14,082	10,851	-	-
Assets held for sale	-	354	-	-
Short term investment	4,994	-	4,994	-
Construction work-in-progress	105,927	85,936	-	-
Trade and other receivables	159,909	147,352	157,895	159,362
Derivative financial instruments	3,653	-	-	-
Bank balances, deposits and cash	123,303	95,461	740	1,928
	<b>411,868</b>	<b>339,954</b>	<b>163,629</b>	<b>161,290</b>
<b>Current liabilities</b>				
Trade and other payables	149,155	152,644	40,674	38,001
Progress billings in excess of construction work-in-progress	46,435	29,306	-	-
Trust receipts	63,477	34,372	-	-
Interest-bearing loans and borrowings	90,478	76,219	21,450	21,450
Derivative financial instruments	3,805	8,733	173	272
Current tax liabilities	5,946	6,902	47	-
	<b>359,296</b>	<b>308,176</b>	<b>62,344</b>	<b>59,723</b>
<b>Net current assets</b>	<b>52,572</b>	<b>31,778</b>	<b>101,285</b>	<b>101,567</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	164,752	174,651	71,450	71,450
Deferred tax liabilities	8,928	7,986	-	-
	<b>173,680</b>	<b>182,637</b>	<b>71,450</b>	<b>71,450</b>
<b>Net assets</b>	<b>377,879</b>	<b>363,386</b>	<b>99,390</b>	<b>99,622</b>
<b>Share capital</b>	83,092	83,092	83,092	83,092
<b>Treasury shares</b>	(923)	(923)	(923)	(923)
<b>Reserves</b>	287,008	271,972	17,221	17,453
	<b>369,177</b>	<b>354,141</b>	<b>99,390</b>	<b>99,622</b>
<b>Non-controlling interests</b>	8,702	9,245	-	-
<b>Total equity</b>	<b>377,879</b>	<b>363,386</b>	<b>99,390</b>	<b>99,622</b>

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

	<b>Group</b>			
	<b>As at 30-Sep-12</b>		<b>As at 30-Jun-12</b>	
	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>
Amount repayable in one year or less, or on demand	59,682	94,273	47,607	62,984
Amount repayable after one year	92,580	72,172	102,520	72,131
	<b>152,262</b>	<b>166,445</b>	<b>150,127</b>	<b>135,115</b>

**Details of any collateral**

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

- Corporate guarantees from the Company and certain subsidiaries
- 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

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

	Group	
	3 months ended 30 September	
	1Q FY2013	1Q FY2012
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	11,197	10,324
<b>Adjustments for:</b>		
Amortisation of lease prepayments	60	51
Allowance for impairment of doubtful receivables (net)	2,334	58
Bad debts written off (trade)	10	-
Changes in fair value of short term investment	6	-
Depreciation of property, plant and equipment	8,653	10,269
(Gain)/ Loss on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	(200)	1,836
Gain on disposal of assets held for sale	(496)	(1,622)
Gain on disposal of property, plant and equipment	(719)	(796)
Impairment loss on property, plant and equipment	-	424
Interest expense	2,459	2,555
Interest income	(80)	(25)
Property, plant and equipment written off	-	24
Share of results of jointly-controlled entity and associates	254	38
<b>Operating profit before working capital changes</b>	<b>23,478</b>	<b>23,136</b>
<b>Changes in working capital:</b>		
Inventories	(3,231)	(1,112)
Construction work-in-progress and progress billings in excess of construction work-in-progress	(1,185)	97,000
Trade and other receivables	(15,842)	(104,293)
Trade and other payables	811	1,520
Balances with related parties (trade)	1,145	95
Bank balances, deposits and cash (restricted use)	(224)	(206)
<b>Cash generated from operations</b>	<b>4,952</b>	<b>16,140</b>
Tax paid	(2,876)	(1,952)
<b>Net cash generated from operating activities</b>	<b>2,076</b>	<b>14,188</b>
<b>Cash flows from investing activities</b>		
Interest received	38	25
Purchase of short term investment	(5,000)	-
Purchase of property, plant and equipment	(23,295)	(16,547)
Proceeds from disposal of assets held for sale	850	14,598
Proceeds from disposal of property, plant and equipment	24,498	5,885
Lease prepayments	(1,400)	-
Balances with related parties (non-trade)	(2)	5
<b>Net cash (used in)/ generated from investing activities</b>	<b>(4,311)</b>	<b>3,966</b>
<b>Cash flows from financing activities</b>		
Interest paid	(2,747)	(2,761)
Repayment of interest-bearing loans and borrowings	(30,050)	(10,869)
Proceeds from interest-bearing loans and borrowings	33,024	18,253
Proceeds from loan from minority shareholders of subsidiaries	631	-
Repayment of trust receipts	(1,170)	(19,953)
Proceeds from trust receipts	30,275	11,322
<b>Net cash generated from/ (used in) financing activities</b>	<b>29,963</b>	<b>(4,008)</b>
<b>Net increase in cash and cash equivalents</b>	<b>27,728</b>	<b>14,146</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>91,813</b>	<b>44,751</b>
Effects of exchange rate changes on opening cash and cash equivalents	(110)	246
<b>Cash and cash equivalents at end of period</b>	<b>119,431</b>	<b>59,143</b>

**1(d)(i) A statement (for the issuer and group) 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 30-Sep-12									
Group	Attributable to owners of the Company						Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q FY2013</b>									
At 1-Jul-12	83,092	(923)	(4,096)	(7,105)	283,173	271,972	354,141	9,245	363,386
Profit for the period	-	-	-	-	9,825	9,825	9,825	(133)	9,692
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,775)	-	-	(1,775)	(1,775)	(367)	(2,142)
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	(43)	(43)
Net fair value changes to cash flow hedges	-	-	-	6,986	-	6,986	6,986	-	6,986
	-	-	(1,775)	6,986	-	5,211	5,211	(410)	4,801
<b>Total comprehensive income for the period</b>	-	-	(1,775)	6,986	9,825	15,036	15,036	(543)	14,493
At 30-Sep-12	83,092	(923)	(5,871)	(119)	292,998	287,008	369,177	8,702	377,879

Statement of Changes in Equity for the period ended 30-Sep-11

Group	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
<u>1Q FY2012</u>									
At 1-Jul-11	83,092	(923)	(4,865)	1,392	257,140	253,667	335,836	9,352	345,188
Profit for the period	-	-	-	-	8,490	8,490	8,490	12	8,502
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	2,195	-	-	2,195	2,195	168	2,363
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	53	53
Net fair value changes to cash flow hedges	-	-	-	(5,728)	-	(5,728)	(5,728)	-	(5,728)
	-	-	2,195	(5,728)	-	(3,533)	(3,533)	221	(3,312)
Total comprehensive income for the period	-	-	2,195	(5,728)	8,490	4,957	4,957	233	5,190
At 30-Sep-11	83,092	(923)	(2,670)	(4,336)	265,630	258,624	340,793	9,585	350,378



Statement of Changes in Equity for the period ended 30-Sep-12 and 30-Sep-11

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
<u>1Q FY2013</u>						
At 1-Jul-12	83,092	(923)	(272)	17,725	17,453	99,622
Profit for the period	-	-	-	(331)	(331)	(331)
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	99	-	99	99
	-	-	99	-	99	99
Total comprehensive income for the period	-	-	99	(331)	(232)	(232)
At 30-Sep-12	83,092	(923)	(173)	17,394	17,221	99,390
<u>1Q FY2012</u>						
At 1-Jul-11	83,092	(923)	(505)	17,497	16,992	99,161
Profit for the period	-	-	-	52	52	52
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	29	-	29	29
	-	-	29	-	29	29
Total comprehensive income for the period	-	-	29	52	81	81
At 30-Sep-11	83,092	(923)	(476)	17,549	17,073	99,242

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	<b>Number of Ordinary Shares (excluding treasury shares)</b>
Balance as at 30-Sep-12 and 30-Jun-12	<u>419,511,294</u>

There have been no changes in the issued and paid-up capital of the Company since 30 June 2012.

There are no outstanding share options granted under the ESOS as at 30 September 2012 and 30 September 2011.

- 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.**

	<b>As at 30-Sep-12</b>	<b>As at 30-Jun-12</b>	<b>As at 30-Sep-11</b>
Total number of issued shares	422,022,894	422,022,894	422,022,894
Total number of treasury shares	(2,511,600)	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u>419,511,294</u>	<u>419,511,294</u>	<u>419,511,294</u>

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

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

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

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

- 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 2012 except in the current financial period, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

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

Not applicable.

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

	<b>Group</b>	
	<b>3 months ended 30 September 1Q FY2013</b>	<b>1Q FY2012</b>
<b>Earnings per ordinary share:</b>		
(i) On weighted average no. of ordinary shares in issue	2.34 cents	2.02 cents
(ii) On a fully diluted basis	2.34 cents	2.02 cents
<b>Net profit attributable to shareholders:</b>	\$9,825,000	\$8,490,000
<b>Number of shares in issue:</b>		
(i) Weighted average no. of shares in issue	419,511,294	419,511,294
(ii) On a fully diluted basis	419,511,294	419,511,294

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-12</b>	<b>30-Jun-12</b>	<b>30-Sep-12</b>	<b>30-Jun-12</b>
Net Asset Value (NAV) per ordinary share	88.00 cents	84.42 cents	23.69 cents	23.75 cents
NAV has been computed based on the share capital of	419,511,294	419,511,294	419,511,294	419,511,294

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

#### **REVIEW OF GROUP PERFORMANCE**

*The Group's business segments are subject to different degree of seasonality, with highest impact being experienced by the shipchartering operations. As a result, the quarter on quarter results may not be a good indicator of the overall trend of our business or of the results for the whole of the financial year.*

#### **Revenue**

Total Group revenue of \$89.0 million for the 3 months ended 30 September 2012 ("1Q FY2013") was \$5.9 million (7.1%) higher compared to the corresponding period in FY2012 ("1Q FY2012").

Details for revenue generated from each segment are as follows:

	<b>Group</b>		
	<b>1Q FY2013</b>	<b>1Q FY2012</b>	Increase/ (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding	43,381	46,891	(7.5)
Shiprepair and conversion	23,717	19,210	23.5
Shipchartering	21,880	17,008	28.6
	<b>88,978</b>	<b>83,109</b>	<b>7.1</b>

#### **Shipbuilding**

In 1Q FY2013 shipbuilding revenue declined by \$3.5 million (7.5%) to \$43.4 million. The decrease in revenue was mainly due to the fact that in this quarter most of the higher value projects have yet to reach the 10% recognition mark. The recognition of shipbuilding revenue is calculated based on project value multiply by the percentage of completion.

The breakdown of revenue generated from the Shipbuilding division is as follows:

	<b>Group</b>				Increase/ (Decrease) %
	<b>1Q FY2013</b>	<b>1Q FY2012</b>	<b>1Q FY2013</b>	<b>1Q FY2012</b>	
	<b>No. of vessels</b>		<b>\$'000</b>	<b>\$'000</b>	
Offshore Support Vessels	6	3	33,437	19,142	74.7
Dredgers	-	2	-	18,866	(100.0)
Tugs	4	6	6,276	7,012	(10.5)
Barges and others	14	4	3,668	1,871	96.0
	<b>24</b>	<b>15</b>	<b>43,381</b>	<b>46,891</b>	<b>(7.5)</b>

## Shiprepair and conversion

Shiprepair and conversion revenue increased by \$4.5 million (23.5%) to \$23.7 million in 1Q FY2013 as compared to 1Q FY2012 due to higher value shiprepair jobs undertaken, including fabrication and outfitting jobs as well as floating and docking repairs.

The breakdown of revenue generated from the Shiprepair division is as follows:

	<b>Group</b>		
	<b>1Q FY2013</b>	<b>1Q FY2012</b>	<b>Increase/ (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shiprepair	22,936	13,682	67.6
Conversion	586	5,133	(88.6)
Other marine related services	195	395	(50.6)
	<b>23,717</b>	<b>19,210</b>	23.5

## Shipchartering

Shipchartering revenue improved by \$4.9 million (28.6%) to \$21.9 million in 1Q FY2013 mainly attributed to:

- additional charter income of approximately \$1.1 million received from the charter of 2 newly acquired AHT (in 4Q FY2012);
- higher utilisation rates derived from the charter of Anchor Handling Tugs (AHT) and tugs of 64% and 72% respectively (1Q FY2012: 47% and 59%). The Anchor Handling Towing/Supply vessels (AHTS) and chemical tankers attained 100% utilisation in both comparative periods; and
- charter income from its sole ROV support vessel that was acquired in September 2011 and disposed of in September 2012.

The breakdown of revenue generated from the Chartering division is as follows:

	<b>Group</b>		
	<b>1Q FY2013</b>	<b>1Q FY2012</b>	<b>Increase/ (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Spot charter	14,356	13,447	6.8
Long-term charter	6,856	2,487	175.7
Total charter	21,212	15,934	33.1
Trade sales	668	826	(19.1)
Rental income	-	248	(100.0)
	<b>21,880</b>	<b>17,008</b>	28.6

The increase in the long-term charter revenue was mainly due to the additional 28 vessels under long-term contracts

## Gross profit and gross profit margin

Group's overall gross profit improved by more than doubled to \$22.1 million in 1Q FY2013 when compared to 1Q FY2012.

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

	<b>Group</b>			
	<b>1Q FY2013</b>		<b>1Q FY2012</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding	9,291	21.4%	3,175	6.8%
Shiprepair and conversion	5,535	23.3%	3,953	20.6%
Shipchartering	7,278	33.3%	2,464	14.5%
	<b>22,104</b>	<b>24.8%</b>	<b>9,592</b>	<b>11.5%</b>

### Shipbuilding

The surge in gross profit margin of 21.4% achieved in 1Q FY2013 was due to continuous efforts in cost monitoring and better project management which resulted in fewer cost overruns.

### Shiprepair and conversion

Shiprepair operations recorded higher gross profit margin of 23.3% mainly attributed to larger number of higher margin repair jobs undertaken during the period.

### Shipchartering

Shipchartering division recorded 3-fold increase in gross profit of \$7.3 million in 1Q FY2013 as compared to \$2.5 million in 1Q FY2012. Consequently, gross profit margin increased from 14.5% in 1Q FY2012 to 33.3% in 1Q FY2013.

The higher gross profit and gross profit margin was attributed to:

- increase in Group's overall utilisation rate from 62% to 69%;
- higher proportion of time charter in 1Q FY2013 as compared to projects under contract of affreightment which generally yields lower margin; and
- absence of additional depreciation of \$0.7 million back charged from cancellation of vessels held for sale in 1Q FY2012.

### Other operating income

Other operating income decreased by \$5.0 million (75.7%) to \$1.6 million in 1Q FY2013.

Details for other operating income are as follows:

	<b>Group</b>	
	<b>1Q FY2013</b>	<b>1Q FY2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on disposal of plant and equipment	719	796
Gain on disposal of assets held for sale	496	1,622
Gain/(Loss) on foreign exchange (net)		
- unrealised	-	3,000
- realised	-	(454)
Interest income	80	25
Miscellaneous income	307	1,604
	<b>1,602</b>	<b>6,593</b>

There were disposal of 2 tugs as assets held for sale in 1Q FY2013 as compared to disposal of a tug, a Straight Supply Vessel and an AHT recorded in 1Q FY2012.

The lower miscellaneous income in 1Q FY2013 was mainly due to the absence of a miscellaneous income of \$1.3 million recorded in 1Q FY2012 relating to the forfeiture of a deposit received from a customer when the transaction to acquire vessels was cancelled.

### Administrative expenses

Administrative expenses increased marginally by \$0.2 million (6.4%) to \$2.9 million in 1Q FY2013 due mainly to higher legal and professional fees and higher bank charges incurred for invoice financing.

### Other operating expenses

Other operating expenses increased by \$6.4 million (1,255.1%) to \$6.9 million in 1Q FY2013.

Other operating expenses comprised the followings:

	<b>Group</b>	
	<b>1Q FY2013</b>	<b>1Q FY2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Allowance for impairment of doubtful receivables (net)	2,334	58
Bad debts written off (trade)	10	-
Changes in fair value of short term investment	6	-
Loss/(Gain) on foreign exchange (net)		
- unrealised	4,559	-
- realised	(52)	-
Impairment loss on property, plant and equipment	-	424
Property, plant and equipment written off	-	24
	<b>6,857</b>	<b>506</b>

Allowance for impairment of doubtful receivables made during the period under review was higher compared to the previous corresponding period mainly due to a trade debt provision of an amount totaling \$2.4 million made against long outstanding amounts owing from several customers for shiprepair works provided in previous years.

The unrealised foreign exchange loss arose from the revaluation of foreign currency denominated assets and liabilities as at 30 September 2012. The unrealised loss was mainly attributed to the depreciation of IDR against S\$ coupled with the depreciation of US\$ against S\$ during the period under review.

Exchange rates for the respective reporting periods were as follows:-

	<b>30 Sep 2012</b>	<b>30 Sep 2011</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
<b>US\$ against S\$</b>	1.2252	1.3026	1.2688	1.2289
<b>IDR against US\$</b>	9,588	9,130	9,480	8,565
<b>IDR against S\$</b>	7,826	7,009	7,415	6,970

### Finance costs

Finance costs decreased marginally by \$0.1 million (3.8%) to \$2.5 million in 1Q FY2013.

The Group hedges against interest rate fluctuations for part of its long-term borrowings by way of 'plain vanilla' interest rate swaps.

## Share of results of jointly-controlled entity and associates

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

	Group's effective interest	Group	
		1Q FY2013 \$'000	1Q FY2012 \$'000
<b><u>Jointly-controlled entity</u></b>			
HKR-ASL Joint Venture Limited (dormant since FY2009)	50%	-	(38)
<b><u>Associates</u></b>			
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	(254)	-
		<b>(254)</b>	<b>(38)</b>

HKR-ASL Joint Venture Limited has been dormant since FY2009.

The loss in PT Hafar was due to there being no recognition of income as the vessel has been in the Group's Batam shipyard since April 2012 for upgrading works to increase its accommodation capacity.

No further losses from Fastcoat were recorded during the current reporting period as the Group has restricted its share of losses to its cost of investment since FY2011.

### Profit before tax

The Group's profit before tax increased by \$0.9 million to \$11.2 million in 1Q FY2013 due mainly to higher gross operational earnings partially offset by lower other operating income, higher allowance for impairment of doubtful receivables and foreign exchange loss.

### Tax expense

Despite increase in profit before tax, the Group's current tax expense reduced to \$1.4 million due mainly to lower tax provision attributed to shipyard operations and higher proportion of tax-exempt income from shipchartering operations.

Overall the Group recorded a lower effective tax rate of 12.5% in 1Q FY2013 (1Q FY2012: 17.5%).

### Non-controlling interests

Non-controlling interests' share of results reduced from a profit of \$12,000 in 1Q FY2012 to a loss of \$0.1 million in 1Q FY2013 mainly due to lower charter and shipbuilding earnings recorded by non-wholly owned foreign subsidiaries.

### Operating cash flow

The Group recorded a net cash inflow of \$2.1 million from operating activities in 1Q FY2013 compared to \$14.2 million in 1Q FY2012. The decrease was mainly attributed to comparatively higher work-in-progress incurred for shipbuilding projects and payments on inventories partially offset by higher receipts from customers.



## **REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012**

### **Non-current asset**

Property, plant and equipment ("PPE") decreased by \$16.3 million (3.2%) from \$509.0 million as at 30 June 2012 to \$492.7 million as at 30 September 2012.

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

	<b>\$'000</b>
Balance as at 1 July 2012	508,968
Acquisition of property, plant and equipment Inclusive of :	
- \$4.5 million for 6 vessels	
- \$5.9 million for plant and machinery	
- \$3.1 million for yard infrastructure development and \$10.9 million for vessels under construction	24,681
Disposal of plant and equipment	(23,779)
Depreciation charge	(10,042)
Translation differences	(7,123)
Balance as at 30 September 2012	<u><u>492,705</u></u>

### **Current assets**

Current assets increased by \$72.0 million (21.2%) from \$339.9 million as at 30 June 2012 to \$411.9 million as at 30 September 2012.

Inventories (mainly steel) were \$3.2 million higher when compared to 30 June 2012.

All the assets held for sale of \$0.4 million as at 30 June 2012 were sold and there was no addition during the period under review.

Trade and other receivables comprised the following:

	<b>30-Sep-12</b>	<b>30-Jun-12</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	110,359	99,851
Other receivables and deposits	20,308	17,268
Amount due from related parties	29,242	30,233
	<u><u>159,909</u></u>	<u><u>147,352</u></u>

Trade receivables increased by \$10.5 million (10.5%) to \$110.4 million and other receivables increased by \$3.0 million (17.6%) to \$20.3 million as at 30 September 2012. Of the total trade receivables, \$25.5 million was collected subsequently in October 2012. The increase in other receivables was due to higher down payment for purchase of plant and machineries.

The amount due from related parties decreased by \$1.0 million (3.3%) to \$29.2 million as at 30 September 2012 which mainly comprised an outstanding balance of S\$27.3 million (equivalent to US\$22.3 million) on sale of a vessel worth \$31.5 million (equivalent to US\$25 million) to PT Hafar in July 2011.

During the period under review, the Group invested \$5.0 million in principal amount of OCBC 4.00% non-cumulative non-convertible non-voting class M preference shares which is callable in 2018 and 2022 at an issue price of S\$1 per class M preference shares.

The Group enters into "plain vanilla" forward contracts to hedge future receipts or payments. The value of derivative (financial instrument) assets increased by \$3.7 million mainly pertained to mark-to-market gains arising from foreign exchange hedges on US\$ denominated trade receivables.

Bank balances, deposits and cash of \$123.3 million included balances amounting to \$3.9 million of restricted use as at 30 September 2012 (30 June 2012: \$3.6 million). Bank balances increased by \$27.8 million (29.2%) mainly due to higher progressive billings received from shipbuilding projects as well as proceed from the sale of its ROV support vessel in September 2012. There were higher work in progress incurred which was financed by trust receipts and short term loans obtained.

### **Current liabilities**

Current liabilities increased by \$51.1 million (16.6%) from \$308.2 million as at 30 June 2012 to \$359.3 million as at 30 September 2012.

Trade and other payables comprised the following:

	<b>30-Sep-12</b>	<b>30-Jun-12</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	132,882	134,424
Other payables	12,860	15,476
Amount due to related parties	497	345
Loan from non-controlling interests of subsidiaries	2,916	2,399
	<b>149,155</b>	<b>152,644</b>

Other payables comprised mainly payables for expenditure incurred on yard developments, deferred income and deposits received from customers for shiprepair, ship charters and sale of vessels. The decrease was mainly due to lower advance payments collected from customers.

Current portion of interest-bearing loans and borrowings increased by \$14.3 million (18.7%) to \$90.5 million and borrowings under trust receipts increased by \$29.1 million (84.7%) to \$63.5 million. The trust receipts were mainly utilised for shipbuilding projects.

Derivative financial instruments liabilities decreased by \$4.9 million (56.4%) due to lower mark-to-market losses derived from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and payables and lower mark-to-market losses arising from interest rate swaps.

The Group's net construction work-in-progress in excess of progress billings increased slightly by \$2.9 million (5.1%) from \$56.6 million as at 30 June 2012 to \$59.5 million as at 30 September 2012.

### **Non-current liabilities**

Non-current liabilities decreased by \$9.0 million (4.9%) to \$173.7 million as at 30 September 2012 due mainly to lower interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings (current and non-current portions) increased by \$4.4 million (1.8%) to \$255.2 million as at 30 September 2012. The increase was due to additional short-term loans of \$16.8 million obtained mainly for shipbuilding projects financing partially offset by lower long term loans and finance leases of \$12.5 million. The reduction in long-term loans was mainly attributed to repayment of \$13.5 million and redemption of \$11.9 million loan for the ROV support vessel which was disposed in September 2012 partially offset by new term loans on \$13.2 million obtained in 1Q FY2013.

	<b>30-Sep-12</b>	<b>30-Jun-12</b>
	<b>\$'000</b>	<b>\$'000</b>
Long term loans	209,716	221,875
Finance lease liabilities	18,361	18,659
Short term loans	27,152	10,336
<b>Total interest-bearing loans and borrowings</b>	<b>255,229</b>	<b>250,870</b>
Trust receipts	63,477	34,372
<b>Total borrowings</b>	<b>318,707</b>	<b>285,242</b>
<b>Total shareholders' funds</b>	<b>369,177</b>	<b>354,141</b>
<b>Gearing ratio (times)</b>	<b>0.86</b>	<b>0.81</b>

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

In line with the Group's announcement made on 15 August 2012 with respect to the financial year ended 30 June 2012, the Group remained profitable in 1Q FY2013.

On 15 August 2012, the Group announced an outstanding delivery order of 30 vessels worth approximately \$133 million for its shipchartering operations. During 1Q FY2013, the shipchartering operations took delivery of 3 barges with a total worth of \$2 million.

**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.**

**Overall**

Although conventional shipping rates for bulk and containers continue to be weak, shipping rates for offshore support vessels (one of the Group's core businesses) continue to be healthy in countries like Indonesia and Australia where the future of exploration and production of oil activities remain encouraging.

Having said that, the current weakness in the bulk and containers shipping markets have caused more players to enter into the offshore oil and gas industry, thereby increasing competition.

The Group however believes that it is well positioned against the new players given its established track record, customer base, strong technical capabilities and competitive pricing.

**Shipbuilding and Shiprepair Operations**

As at 30 September 2012, the Group has an outstanding shipbuilding order book from external customers of approximately \$573 million for 37 vessels with progressive deliveries up to second quarter of 2014. The order book comprised Offshore Support Vessels, AHTS, self-propelled cutter suction dredger, tugs and barges.

**Shipchartering Operations**

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 32% of shipchartering revenue in 1Q FY2013 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2012, the Group had an outstanding order book of approximately \$54 million with respect to long-term shipchartering contracts.

The Group remains strategically committed to maximising deployment, enhancing and renewing its fleet to better meet customers' needs. The Group's shipchartering operations currently have an outstanding delivery order of 28 vessels worth approximately \$174 million, comprising AHTS, ROV Support Vessel, landing crafts, tugs and barges. With the exception of 3 vessels (1 AHT, 1 AHTS and 1 landing craft) with a total worth of \$45 million, these vessels are being built internally by the Group.

### **New Business Opportunity**

The Group constantly reviews its position in the marine industry and is always on the lookout for value-add opportunities. The Group believes that it has found an important opportunity of being able to acquire cutting edge dredging technology by purchasing the business known as Vosta, a byword in the dredging industry. A new wholly owned subsidiary of the Company – Leo Dynamische Investerings B.V. - on 12 November 2012 entered into a conditional Sale and Purchase agreement to acquire all the issued and outstanding shares of Vosta LMG International B.V. for a cash consideration of EUR 5.1 million (equivalent to approximately S\$ 8.0 million). For further details please see the announcement made.

## **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 30 September 2012.

## **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 did not obtain a general mandate from shareholders for Interested Person Transactions.

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

We, the undersigned, hereby confirm to the best of our knowledge, 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 first quarter ended 30 September 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ang Kok Tian  
Chairman and Managing Director

Ang Ah Nui  
Deputy Managing Director

**BY ORDER OF THE BOARD**

Ang Kok Tian  
Chairman and Managing Director  
12 November 2012