ASL MARINE HOLDINGS LTD. (CO. REG. NO. 200008542N)

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 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

	Group					
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2013	2Q FY2012	Inc/ (Dec)	1H FY2013	1H FY2012	Inc/ (Dec)
	$'000	$'000	%	$'000	$'000	%
Shipbuilding	49,925	48,305	3.4	93,306	95,196	(2.0)
Shiprepair and conversion	10,728	9,146	17.3	34,445	28,356	21.5
Shipchartering	22,320	19,903	12.1	44,200	36,911	19.7
Total revenue	**82,973**	**77,354**	**7.3**	**171,951**	**160,463**	**7.2**
Cost of sales	(63,592)	(63,999)	(0.6)	(130,466)	(137,516)	(5.1)
Gross profit	**19,381**	**13,355**	**45.1**	**41,485**	**22,947**	**80.8**
Other operating income	329	1,679	(80.4)	1,931	8,272	(76.7)
Administrative expenses	(3,573)	(2,662)	34.2	(6,512)	(5,424)	20.1
Other operating expenses	(2,935)	(396)	641.2	(9,792)	(902)	985.6
Finance costs	(2,546)	(2,770)	(8.1)	(5,005)	(5,325)	(6.0)
Share of results of jointly-controlled entity and associates	(421)	45	Nm	(675)	7	Nm
Profit before tax	**10,235**	**9,251**	**10.6**	**21,432**	**19,575**	**9.5**
Tax expense						
- current period	(1,567)	(1,281)	22.3	(3,003)	(3,091)	(2.8)
- overprovision for prior years	1,404	283	396.1	1,335	271	392.6
Profit for the period	**10,072**	**8,253**	**22.0**	**19,764**	**16,755**	**18.0**
Attributable to:						
Owners of the Company	**10,614**	**7,594**	**39.8**	**20,439**	**16,084**	**27.1**
Non-controlling interests	(542)	659	Nm	(675)	671	Nm
	10,072	**8,253**	**22.0**	**19,764**	**16,755**	**18.0**

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

	Group					
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2013	2Q FY2012	Inc/ (Dec)	1H FY2013	1H FY2012	Inc/ (Dec)
	$'000	$'000	%	$'000	$'000	%
Profit for the period	**10,072**	**8,253**	**22.0**	**19,764**	**16,755**	**18.0**
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(105)	(60)	75.0	(2,247)	2,303	Nm
Share of other comprehensive income of jointly-controlled entity and associates	(1)	15	Nm	(44)	68	Nm
Net fair value changes to cash flow hedges	2,132	(4,274)	Nm	9,118	(10,002)	Nm
Other comprehensive income for the period, net of tax	**2,026**	**(4,319)**	**Nm**	**6,827**	**(7,631)**	**Nm**
Total comprehensive income for the period	**12,098**	**3,934**	**207.5**	**26,591**	**9,124**	**191.4**
Attributable to:						
Owners of the Company	**12,669**	**3,234**	**291.7**	**27,705**	**8,191**	**238.2**
Non-controlling interests	(571)	700	Nm	(1,114)	933	Nm
	12,098	**3,934**	**207.5**	**26,591**	**9,124**	**191.4**

Nm: Not meaningful

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

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2013	2Q FY2012	1H FY2013	1H FY2012
	$'000	$'000	$'000	$'000
Allowance for impairment of doubtful trade receivables	(2,484)	(218)	(4,836)	(278)
Allowance for impairment of doubtful trade receivables written back	1	1	19	3
Amortisation of lease prepayments	(65)	(52)	(125)	(103)
Bad debts written off (trade)	(10)	(40)	(20)	(40)
Changes in fair value of short term investment	31	-	25	-
Depreciation of property, plant and equipment	(8,676)	(9,017)	(17,329)	(19,286)
Gain on disposal of assets held for sale	-	297	496	1,919
Gain on disposal of property, plant and equipment	36	896	755	1,692
(Loss)/ Gain on foreign exchange (net)*	(461)	249	(4,968)	2,795
* inclusive of (loss)/ gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	(45)	1,877	155	41
Impairment loss on property, plant and equipment	-	-	-	(424)
Interest income	108	41	188	66
Property, plant and equipment written off	(12)	(139)	(12)	(163)
(Under)/ Overprovision of tax in respect of prior years				
- current tax expense	(146)	283	(215)	271
- deferred tax expense	1,550	-	1,550	-

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	
	31-Dec-12 $'000	30-Jun-12 $'000	31-Dec-12 $'000	30-Jun-12 $'000
Non-current assets				
Property, plant and equipment	547,741	508,968	-	-
Lease prepayments	5,070	3,827	-	-
Subsidiaries	-	-	69,555	69,505
Interest in jointly-controlled entity and associates	748	1,450	-	-
Provisional goodwill	20,118	-	-	-
	573,677	**514,245**	**69,555**	**69,505**
Current assets				
Inventories	15,537	10,851	-	-
Assets held for sale	-	354	-	-
Short term investment	5,025	-	5,025	-
Construction work-in-progress	137,276	85,936	-	-
Trade and other receivables	205,496	147,352	165,998	159,362
Derivative financial instruments	4,030	-	-	-
Bank balances, deposits and cash	63,437	95,461	1,036	1,928
	430,801	**339,954**	**172,059**	**161,290**
Current liabilities				
Trade and other payables	180,344	152,644	47,179	38,001
Progress billings in excess of construction work-in-progress	55,770	29,306	-	-
Trust receipts	78,486	34,372	-	-
Interest-bearing loans and borrowings	103,819	76,219	21,450	21,450
Derivative financial instruments	1,671	8,733	178	272
Current tax liabilities	6,098	6,902	73	-
	426,188	**308,176**	**68,880**	**59,723**
Net current assets	**4,613**	**31,778**	**103,179**	**101,567**
Non-current liabilities				
Other liabilities	1,778	-	-	-
Interest-bearing loans and borrowings	185,901	174,651	71,450	71,450
Deferred tax liabilities	7,976	7,986	-	-
	195,655	**182,637**	**71,450**	**71,450**
Net assets	**382,635**	**363,386**	**101,284**	**99,622**
Share capital	83,092	83,092	83,092	83,092
Treasury shares	(923)	(923)	(923)	(923)
Reserves	292,335	271,972	19,115	17,453
	374,504	**354,141**	**101,284**	**99,622**
Non-controlling interests	8,131	9,245	-	-
Total equity	**382,635**	**363,386**	**101,284**	**99,622**

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

	Group			
	As at 31-Dec-12		As at 30-Jun-12	
	Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
Amount repayable in one year or less, or on demand	76,759	105,546	47,607	62,984
Amount repayable after one year	114,076	71,825	102,520	72,131
	190,835	**177,371**	**150,127**	**135,115**

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 31 December		6 months ended 31 December	
	2Q FY2013	2Q FY2012	1H FY2013	1H FY2012
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit before tax	10,235	9,251	21,432	19,575
Adjustments for:				
Amortisation of lease prepayments	65	52	125	103
Allowance for impairment of doubtful receivables (net)	2,483	217	4,817	275
Bad debts written off (trade)	10	40	20	40
Changes in fair value of short term investment	(31)	-	(25)	-
Depreciation of property, plant and equipment	8,676	9,017	17,329	19,286
Loss/ (Gain) on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	45	(1,877)	(155)	(41)
Gain on disposal of assets held for sale	-	(297)	(496)	(1,919)
Gain on disposal of property, plant and equipment	(36)	(896)	(755)	(1,692)
Impairment loss on property, plant and equipment	-	-	-	424
Interest expense	2,546	2,770	5,005	5,325
Interest income	(108)	(41)	(188)	(66)
Property, plant and equipment written off	12	139	12	163
Share of results of jointly-controlled entity and associates	421	(45)	675	(7)
Operating profit before working capital changes	24,318	18,330	47,796	41,466
Changes in working capital:				
Inventories	(429)	2,725	(3,660)	1,613
Construction work-in-progress and progress billings in excess of construction work-in-progress	(28,903)	(46,742)	(30,088)	50,258
Trade and other receivables	(33,230)	82,967	(49,072)	(21,326)
Trade and other payables	7,638	6,241	8,449	7,761
Balances with related parties (trade)	3,930	(32,409)	5,075	(32,314)
Bank balances, deposits and cash (restricted use)	(681)	1,314	(905)	1,108
Cash (used in)/ generated from operations	(27,357)	32,426	(22,405)	48,566
Tax paid	(1,487)	(1,902)	(4,363)	(3,854)
Net cash (used in)/ generated from operating activities	(28,844)	30,524	(26,768)	44,712
Cash flows from investing activities				
Interest received	143	41	181	66
Acquisition of subsidiaries	(2,305)	-	(2,305)	-
Purchase of short term investment	-	-	(5,000)	-
Purchase of property, plant and equipment	(54,986)	(19,573)	(78,281)	(36,120)
Proceeds from disposal of assets held for sale	-	400	850	14,998
Proceeds from disposal of property, plant and equipment	92	2,379	24,590	8,264
Lease prepayments	-	-	(1,400)	-
Balances with related parties (non-trade)	(2,022)	46	(2,024)	51
Net cash used in investing activities	(59,078)	(16,707)	(63,389)	(12,741)
Cash flows from financing activities				
Interest paid	(2,546)	(2,870)	(5,293)	(5,631)
Dividends paid	(7,342)	(6,293)	(7,342)	(6,293)
Repayment of interest-bearing loans and borrowings	(21,244)	(23,027)	(51,294)	(33,896)
Proceeds from interest-bearing loans and borrowings	44,862	42,497	77,886	60,750
Repayment of loan from minority shareholders of subsidiaries	(2,393)	-	(2,393)	-
Proceeds from loan from minority shareholders of subsidiaries	1,216	-	1,847	-
Repayment of trust receipts	(11,024)	(12,968)	(12,194)	(32,921)
Proceeds from trust receipts	26,033	20,588	56,308	31,910
Net cash generated from financing activities	27,562	17,927	57,525	13,919
Net (decrease)/ increase in cash and cash equivalents	(60,360)	31,744	(32,632)	45,890
Cash and cash equivalents at beginning of period	119,431	59,143	91,813	44,751
Effects of exchange rate changes on opening cash and cash equivalents	(187)	(15)	(297)	231
Cash and cash equivalents at end of period	58,884	90,872	58,884	90,872

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 31-Dec-12

Group	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Total reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company								
1H FY2013									
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	-	-	-	-	20,439	20,439	20,439	(675)	19,764
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,852)	-	-	(1,852)	(1,852)	(395)	(2,247)
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	(44)	(44)
Net fair value changes to cash flow hedges	-	-	-	9,118	-	9,118	9,118	-	9,118
	-	-	(1,852)	9,118	-	7,266	7,266	(439)	6,827
Total comprehensive income for the period	-	-	(1,852)	9,118	20,439	27,705	27,705	(1,114)	26,591
Distributions to owners									
Dividends	-	-	-	-	(7,342)	(7,342)	(7,342)	-	(7,342)
Total distributions to owners	-	-	-	-	(7,342)	(7,342)	(7,342)	-	(7,342)
At 31-Dec-12	83,092	(923)	(5,948)	2,013	296,270	292,335	374,504	8,131	382,635

Statement of Changes in Equity for the period ended 31-Dec-11									
	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 FY2012									
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	-	-	-	-	16,084	16,084	16,084	671	16,755
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	2,109	-	-	2,109	2,109	194	2,303
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	68	68
Net fair value changes to cash flow hedges	-	-	-	(10,002)	-	(10,002)	(10,002)	-	(10,002)
	-	-	2,109	(10,002)	-	(7,893)	(7,893)	262	(7,631)
Total comprehensive income for the period	-	-	2,109	(10,002)	16,084	8,191	8,191	933	9,124
Distributions to owners									
Dividends	-	-	-	-	(6,293)	(6,293)	(6,293)	-	(6,293)
Total distributions to owners	-	-	-	-	(6,293)	(6,293)	(6,293)	-	(6,293)
At 31-Dec-11	83,092	(923)	(2,756)	(8,610)	266,931	255,565	337,734	10,285	348,019

Statement of Changes in Equity for the period ended 31-Dec-12 and 31-Dec-11						
Company	Share capital $'000	Treasury shares $'000	Hedging reserve $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000
1H FY2013						
At 1-Jul-12	83,092	(923)	(272)	17,725	17,453	99,622
Profit for the period	-	-	-	8,910	8,910	(8,910)
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	94	-	94	94
	-	-	94	-	94	94
Total comprehensive income for the period	-	-	94	8,910	9,004	9,004
Distributions to owners						
Dividends	-	-	-	(7,342)	(7,342)	(7,342)
Total distributions to owners	-	-	-	(7,342)	(7,342)	(7,342)
At 31-Dec-12	83,092	(923)	(178)	19,293	19,115	101,284
1H FY2012						
At 1-Jul-11	83,092	(923)	(505)	17,497	16,992	99,161
Profit for the period	-	-	-	6,902	6,902	6,902
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	46	-	46	46
			46	-	46	46
Total comprehensive income for the period	-	-	46	6,902	6,948	6,948
Distributions to owners						
Dividends	-	-	-	(6,293)	(6,293)	(6,293)
Total distributions to owners	-	-	-	(6,293)	(6,293)	(6,293)
At 31-Dec-11	83,092	(923)	(459)	18,106	17,647	99,816

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

	Number of Ordinary Shares (excluding treasury shares)
Balance as at 31-Dec-12 and 30-Jun-12	419,511,294

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 31 December 2012 and 31 December 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.

	As at 31-Dec-12	As at 30-Jun-12	As at 31-Dec-11
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)	**419,511,294**	**419,511,294**	**419,511,294**

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.

	Group			
Earnings per ordinary share:	**3 months ended 31 December**		**6 months ended 31 December**	
	2Q FY2013	**2Q FY2012**	**1H FY2013**	**1H FY2012**
(i) On weighted average no. of ordinary shares in issue	2.53 cents	1.81 cents	4.87 cents	3.83 cents
(ii) On a fully diluted basis	2.53 cents	1.81 cents	4.87 cents	3.83 cents
Net profit attributable to shareholders:	$10,614,000	$7,594,000	$20,439,000	$16,084,000
Number of shares in issue:				
(i) Weighted average no. of shares in issue	419,511,294	419,511,294	419,511,294	419,511,294
(ii) On a fully diluted basis	419,511,294	419,511,294	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.

	Group		Company	
	31-Dec-12	**30-Jun-12**	**31-Dec-12**	**30-Jun-12**
Net Asset Value (NAV) per ordinary share	89.27 cents	84.42 cents	24.14 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 $83.0 million for the 3 months ended 31 December 2012 ("2Q FY2013") was $5.6 million (7.3%) higher compared to the corresponding period in FY2012 ("2Q FY2012"). For the 6 months ended 31 December 2012 ("1H FY2013"), total Group revenue of $172.0 million was $11.5 million (7.2%) higher compared to corresponding 6 months ended 31 December 2011 ("1H FY2012").

Details for revenue generated from each segment are as follows:

	Group					
	2Q FY2013 $'000	**2Q FY2012 $'000**	Increase/ (Decrease) %	**1H FY2013 $'000**	**1H FY2012 $'000**	Increase/ (Decrease) %
Shipbuilding	49,925	48,305	3.4	93,306	95,196	(2.0)
Shiprepair and conversion	10,728	9,146	17.3	34,445	28,356	21.5
Shipchartering	22,320	19,903	12.1	44,200	36,911	19.7
	82,973	**77,354**	**7.3**	**171,951**	**160,463**	**7.2**

Shipbuilding

Shipbuilding revenue increased marginally by $1.6 million (3.4%) to $49.9 million in 2Q FY2013 due to higher revenue being recognised from the increased number of vessels, especially Offshore Support Vessels being constructed during the quarter. As compared to 1H FY2012, revenue decreased by $1.9 million (2.0%) to $93.3 million in 1H FY2013 mainly due to no higher project value dredgers being recognised in 2Q FY2013. The recognition of shipbuilding revenue is calculated based on project value multiplied by the percentage of completion.

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

	Group				
	2Q FY2013 No. of vessels	2Q FY2012 No. of vessels	2Q FY2013 $'000	2Q FY2012 $'000	Increase/ (Decrease) %
Offshore Support Vessels ("OSV")	8	3	40,841	16,620	145.7
Dredgers	-	1	-	8,887	(100.0)
Tugs	4	8	6,048	15,199	(60.2)
Barges and others	11	5	3,036	7,599	(60.0)
	23	**17**	**49,925**	**48,305**	3.4

	Group				
	1H FY2013 No. of vessels	1H FY2012 No. of vessels	1H FY2013 $'000	1H FY2012 $'000	Increase/ (Decrease) %
Offshore Support Vessels ("OSV")	8	3	74,278	35,798	107.5
Dredgers	-	2	-	27,717	(100.0)
Tugs	4	8	12,324	22,211	(44.5)
Barges and others	15	6	6,704	9,470	(29.2)
	27	**19**	**93,306**	**95,196**	(2.0)

Shiprepair and conversion

Shiprepair and conversion revenue increased by $1.6 million (17.3%) to $10.7 million in 2Q FY2013 and $6.1m (21.5%) to $34.4 million due to higher value shiprepair jobs undertaken during the period. There was an increase in larger docking repairs jobs undertaken in 2Q FY2013 as compared to 2Q FY2012.

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

	Group					
	2Q FY2013 $'000	**2Q FY2012 $'000**	Increase/ (Decrease) %	**1H FY2013 $'000**	**1H FY2012 $'000**	Increase/ (Decrease) %
Shiprepair	10,123	8,944	13.2	33,059	22,626	46.1
Conversion	-	-	-	586	5,133	(88.6)
Other marine related services	605	202	199.5	800	597	34.0
	10,728	**9,146**	**17.3**	**34,445**	**28,356**	**21.5**

Shipchartering

Shipchartering revenue improved by $2.4 million (12.1%) to $22.3 million in 2Q FY2013 and $7.3 million (19.7%) to $44.2 million in 1H FY2013 mainly attributed to:

a) additional charter income of $1.1 million in 2Q FY2013 (1H FY2013: $2.2 million) received from the charter of 2 newly acquired Anchor Handling Tugs ("AHT") in 4Q FY2012;
b) additional charter income of $0.9 million in 2Q FY2013 received from the charter of a Anchor Handing Towing/ Supply vessel ("AHTS") acquired in 2Q FY2013; and
c) higher utilisation rates derived from charter of tugs of 72% in 2Q FY2013 (2Q FY2012: 67%) and 1H FY2013: 72% (1H FY2012: 63%). Both the AHTS and chemical tankers were fully utilised in 2Q FY2013 and 1H FY2013.

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

	Group					
	2Q FY2013 $'000	2Q FY2012 $'000	Increase/ (Decrease) %	1H FY2013 $'000	1H FY2012 $'000	Increase/ (Decrease) %
Spot charter	15,188	13,919	9.1	29,544	27,366	8.0
Long term charter	5,616	4,702	19.4	12,472	7,189	73.5
Total charter	20,804	18,621	11.7	42,016	34,555	21.6
Trade sales	1,516	1,038	46.1	2,184	1,864	17.2
Rental income	-	244	(100.0)	-	492	(100.0)
	22,320	**19,903**	**12.1**	**44,200**	**36,911**	**19.7**

The increase in the long-term charter revenue in 1H FY2013 was mainly due to the additional 18 vessels under long-term contracts

Gross profit and gross profit margin

Group's overall gross profit improved by $6.0 million (45.1%) to $19.4 million in 2Q FY2013 and $18.5 million (80.8%) to $41.5 million in 1H FY2013 compared to the respective corresponding periods.

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

	Group							
	2Q FY2013		2Q FY2012		1H FY2013		1H FY2012	
	$'000	%	$'000	%	$'000	%	$'000	%
Shipbuilding	8,760	17.5%	5,657	11.7%	18,051	19.3%	8,832	9.3%
Shiprepair and conversion	4,205	39.2%	2,753	30.1%	9,740	28.3%	6,706	23.6%
Shipchartering	6,416	28.7%	4,945	24.8%	13,694	31.0%	7,409	20.1%
	19,381	**23.4%**	**13,355**	**17.3%**	**41,485**	**24.1%**	**22,947**	**14.3%**

Shipbuilding

The surge in gross profit margin of 17.5% achieved in 2Q FY2013 and 19.3% in 1H FY2013 was due to the construction of two units of high value Platform Supply Vessels and reversal of unrequired construction costs provisions.

Shiprepair and conversion

Shiprepair and conversion operations recorded a higher gross profit margin of 39.2% in 2Q FY2013 compared to 30.1% in 2Q FY2012 due mainly to write-back of sub-contractor costs for prior years' completed projects. Excluding the write-back, gross profit margin for 2Q FY2013 would have been 25.2% (2Q FY2012: 29.5%). The slight decline in the normalised gross margin was due mainly to the higher number of smaller shiprepair jobs undertaken in the previous year. Smaller shiprepair jobs generally have higher margins.

Shipchartering

Shipchartering operations recorded an increase in gross profit of $1.5 million (29.7%) to $6.4 million in 2Q FY2013 and $6.3 million (84.8%) to $13.7 million in 1H FY2013. Gross profit margin of 28.7% in 2Q FY2013 was 3.9% higher compared to 2Q FY2012 and 31.0% in 1H FY2013 was 10.9% higher compared to 1H FY2012.

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

a) increase in Group's utilisation rate for tugs from 67% to 72% in 2Q FY2013 and from 63% to 72% in 1H FY2013;
b) additional gross profit in 2Q FY2013 derived from the charter of an AHTS acquired in 2Q FY2013;
c) higher proportion of time charter in 1H FY2013 as compared to projects under contract of affreightment which generally yields lower margin; and
d) absence of additional depreciation of $0.7 million back charged from cancellation of vessels held for sale in 1Q FY2012.

partially offset by:

e) the lower gross profit in 2Q FY2013 generated from the charter of the ROV support vessel as it was disposed off in September 2012.

Other operating income

Details for other operating income are as follows:

	Group			
	2Q FY2013 $'000	**2Q FY2012 $'000**	**1H FY2013 $'000**	**1H FY2012 $'000**
Gain on disposal of plant and equipment	36	896	755	1,692
Gain on disposal of assets held for sale	-	297	496	1,919
Gain/(Loss) on foreign exchange (net)				
- unrealised	-	(563)	-	2,437
- realised	-	812	-	358
Interest income	108	41	188	66
Miscellaneous income	185	196	492	1,800
	329	**1,679**	**1,931**	**8,272**

Due to the fewer units of vessels disposed (1H FY2013: 5 units vs.1H FY2012: 16 units) and the absence of gain on foreign exchange and the forfeiture of a deposit received from a customer to acquire vessels was cancelled, other operating income decreased by $1.4 million (80.4%) to $0.3 million in 2Q FY2013 and $6.3 million (76.7%) to $1.9 million in 1H FY2013.

Administrative expenses

Administrative expenses increased by $0.9 million (34.2%) to $3.6 million in 2Q FY2013 and $1.1 million (20.1%) to $6.5 million in 1H FY2013. The increase in administrative expenses in 1H FY2013 was due mainly to legal and professional fees and travelling expenses incurred as a result of the acquisition of VOSTA LMG group**.**

Other operating expenses

Other operating expenses increased by $2.5 million (641.2%) to $2.9 million in 2Q FY2013 and $8.9 million (985.6%) to $9.8 million in 1H FY2013.

Other operating expenses comprised the followings:

	Group			
	2Q FY2013 $'000	2Q FY2012 $'000	1H FY2013 $'000	1H FY2012 $'000
Allowance for impairment of doubtful trade receivables (net)	2,483	217	4,817	275
Bad debts written off (trade)	10	40	20	40
Changes in fair value of short term investment	(31)	-	(25)	-
Loss/ (Gain) on foreign exchange				
- unrealised	(648)	-	3,911	-
- realised	1,109	-	1,057	-
Impairment loss on property, plant and equipment	-	-	-	424
Property, plant and equipment written off	12	139	12	163
	2,935	**396**	**9,792**	**902**

Allowance for impairment of doubtful receivables made during the period under review was higher compared to the previous corresponding periods mainly due to a trade debt provision of an amount totaling $4.5 million.

The unrealised foreign exchange loss recorded in 1H FY2013 arose from the revaluation of foreign currency denominated assets and liabilities as at 31 December 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:-

	31 Dec 2012	31 Dec 2011	30 Sep 2012	30 Sep 2011	30 June 2012	30 June 2011
US$ against S$	1.2229	1.2973	1.2252	1.3026	1.2688	1.2289
IDR against US$	9,670	9,070	9,588	9,130	9,480	8,565
IDR against S$	7,907	6,992	7,826	7,009	7,415	6,970

Finance costs

Finance costs decreased by $0.2 million (8.1%) to $2.5 million in 2Q FY2013 and $0.3 million (6.0%) to $5.0 million in 1H FY2013. The decrease was due to lower amount of bonds interest incurred following the partial repayment of bonds of $22.1 million in March 2012.

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 associate comprised:

	Group's effective interest	Group			
		2Q FY2013 $'000	2Q FY2012 $'000	1H FY2013 $'000	1H FY2012 $'000
Jointly-controlled entity					
HKR-ASL Joint Venture Limited	50%	(1)	(107)	(1)	(145)
Associate					
PT. Hafar Capitol Nusantara	36.75%	(420)	152	(674)	152
		(421)	**45**	**(675)**	**7**

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 loss from Fastcoat was recorded during the current reporting period as the Group has restricted its share of loss to its cost of investment since FY2011.

Profit before tax

Despite the improved gross profits of $6.0 million achieved in 2Q FY2013, the Group's profit before tax only increased by $1.0 million (10.6%) to $10.2 million as a result of higher administrative expenses, allowance for impairment of doubtful receivables and foreign exchange loss.

Tax expense

Although the Group recorded a higher profit before tax for the six months ended 31 December 2012, the Group's current tax expense remained at $3.0 million due mainly to lower tax provision for its shipyard operations. The overprovision of deferred tax of $1.5 million in 2Q FY2013 pertained to the reversal of deferred tax liabilities no longer required.

Overall the Group recorded a lower effective tax rate of 13.6% in 1H FY2013 (1H FY2012: 15.8%).

Non-controlling interests

Non-controlling interests' share of results reduced from a profit of $0.7 million in 1H FY2012 to a loss of $0.7 million in 1H FY2013. During the period under review, there were higher foreign exchange loss recorded by the chartering operations in Indonesia and no revenue recognition was recorded by the shipyard operations in China as its current projects have yet to reach the 10% recognition threshold. These factors hence resulted in lower charter and shipbuilding earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group recorded a total net cash outflow of $60.4 million in 2Q FY2013 as compared to cash inflow of $31.7 million in 2Q FY2012 due to comparatively higher work-in-progress incurred for shipbuilding and shiprepair projects, higher outflows for purchase of vessels and plant and machinery partially offset by cash inflows from net bank borrowings.

On the other hand, the Group recorded a total net cash outflow of $32.6 million in 1H FY2013 as compared to cash inflow of $45.9 million in 1H FY2012 due to comparatively higher work-in-progress incurred for shipbuilding and shiprepair projects, higher outflows for capital expenditure partially offset by proceeds from disposal of its ROV support vessel in 1Q FY2013 and cash inflows from net bank borrowings.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

Non-current assets

Property, plant and equipment ("PPE") increased by $38.7 million (7.6%) from $509.0 million as at 30 June 2012 to $547.7 million as at 31 December 2012.

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

	$'000
Balance as at 1 July 2012	508,968
Acquisition of property, plant and equipment Inclusive of : - $49.6 million for 12 vessels - $17.2 million for plant and machinery - $5.5 million for yard infrastructure development and $17.6 million for vessels under construction	90,538
Acquisition of VOSTA LMG group	1,679
Disposal/ write-off of plant and equipment	(23,847)
Depreciation charge	(20,919)
Translation differences	(8,678)
Balance as at 31 December 2012	**547,741**

The provisional goodwill of $20.1 million (Eur 12.4 million) arose due to the acquisition of Vosta LMG International B.V. and CFT International GmbH (the "VOSTA LMG group") on 13 December 2012. The Company is currently in the midst of performing a purchase price allocation ("PPA") exercise to attribute the provisional goodwill to intangible assets and is given 12 months from the date of acquisition to finalise the PPA.

The increase in cost of investment in subsidiaries of $50,000 in the Company's books mainly pertained to investment in Intan OSV Pte. Ltd. which was incorporated in September 2012.

Current assets

Current assets increased by $90.9 million (26.7%) from $339.9 million as at 30 June 2012 to $430.8 million as at 31 December 2012.

Inventories (mainly steel) were $4.7 million higher when compared to 30 June 2012.

Trade and other receivables comprised the following:

	31-Dec-12	30-Jun-12
	$'000	$'000
Trade receivables	151,445	99,851
Other receivables and deposits	24,789	17,268
Amounts due from related parties	29,262	30,233
	205,496	**147,352**

Trade receivables increased by $51.6 million (51.7%) to $151.4 million and other receivables increased by $7.5million (43.6%) to $24.8 million as at 31 December 2012. Of the total trade receivables, $9.7 million was collected subsequently in January 2013. The increase in trade receivables was due to progressive billings of $43.2 million for the repair of 6 rigs projects while the increase in other receivables was due to higher down payment for purchase of vessels, plant and machineries.

The amount due from related parties decreased by $1.0 million (3.2%) to $29.3 million as at 31 December 2012 and 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 $4.0 million mainly pertained to mark-to-market gains arising from foreign exchange hedges on US$ denominated trade receivables.

Bank balances, deposits and cash of $63.4 million included balances amounting to $4.6 million of restricted use as at 31 December 2012 (30 June 2012: $3.6 million). Bank balances decreased by $32.0 million (33.5%) mainly due to higher work-in-progress incurred on shipbuilding projects.

Current liabilities

Current liabilities increased by $118.0 million (38.3%) from $308.2 million as at 30 June 2012 to $426.2 million as at 31 December 2012.

Trade and other payables comprised the following:

	31-Dec-12	30-Jun-12
	$'000	$'000
Trade payables	149,976	134,424
Other payables	25,505	15,476
Provision for warranty	2,547	-
Amount due to related parties	555	345
Loan from non-controlling interests of subsidiaries	1,761	2,399
	180,344	**152,644**

The increase in trade and other payables was mainly due to the creditors in the recently acquired VOSTA LMG group.

Other payables comprised mainly payables for expenditure incurred on yard developments, deferred income and deposits received from customers for shiprepair and shipcharters. The increase was mainly due to higher payables for purchase of vessel and yard development, 6 months deposit received from customer for charter of an AHTS which was acquired in October 2012 and accruals for the remaining 50% payable 6 months after the completion of the acquisition of VOSTA LMG group.

Current portion of interest-bearing loans and borrowings increased by $27.6 million (36.2%) to $103.8 million mainly due to increase in short-term loans of $25.5 million. Trust receipts increased by $44.1 million (128.3%) to $78.5 million. The short-term loans and trust receipts obtained were mainly utilised for shipbuilding projects.

Derivative financial instruments liabilities decreased by $7.1 million (80.9%) 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 by $24.9 million (43.9%) from $56.6 million as at 30 June 2012 to $81.5 million as at 31 December 2012. The increase was mainly due to higher work in progress incurred for shipbuilding projects partially offset by higher progress billings for the rigs repair jobs.

Non-current liabilities

Non-current liabilities increased by $13.0 million (7.1%) to $195.7 million as at 31 December 2012 due mainly to higher interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings (current and non-current portions) increased by $38.8 million (15.5%) to $289.7 million as at 31 December 2012. The increase was due to additional loans and finance leases obtained.

	31-Dec-12	**30-Jun-12**
	$'000	**$'000**
Long term loans	226,633	221,875
Finance lease liabilities	27,209	18,659
Short term loans	35,878	10,336
Total interest-bearing loans and borrowings	**289,720**	**250,870**
Trust receipts	78,486	34,372
Total borrowings	**368,206**	**285,242**
Total shareholders' funds	**374,504**	**354,141**
Gearing ratio (times)	**0.98**	**0.81**

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 1H FY2013.

On 12 November 2012, the Group announced an outstanding delivery order of 28 vessels worth approximately $174 million for its shipchartering operations. During 2Q FY2013, the shipchartering operations took delivery of 5 vessels with a total worth of $43 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

The outlook of offshore and marine industry for 2013 is expected to be good with the sustained high oil price which is one of the key drivers for oil companies to continue focusing on their E&P activities.

Utilisation and charter rates for both AHTS and PSVs have generally improved and enquiry levels for offshore construction vessel and AHTS remained positive.

As mentioned in our 1Q FY2013 results announcement, the weak bulk and containers shipping markets have led many shipyards moving into the offshore segment thereby leading to stronger competition and thinner margins.

The Group remains cautiously optimistic and barring any unforeseen circumstances, the Directors expect the Group to remain profitable for the financial year ending 30 June 2013.

Shipbuilding and Shiprepair Operations

As at 31 December 2012, the Group has an outstanding shipbuilding order book from external customers of approximately $528 million for 34 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. Barring any unforeseen circumstances, approximately 33% of the order book is expected to be recognised within the next six months for the financial year ending 30 June 2013.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 30% of shipchartering revenue in 1H FY2013 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2012, the Group had an outstanding order book of approximately $83 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 25 vessels worth approximately $138 million, comprising AHT, AHTS, ROV Support Vessel, landing crafts, tugs and barges. With the exception of 3 vessels (1 AHT and 2 barges) with a total worth of $8 million, these vessels are being built internally by the Group.

Engineering Operations

The latest development in dredging, land reclamation and mining industries will have a continued positive effect on the business of VOSTA LMG group. In consequence, the dredging companies will need to continuously invest in maintaining and up-grading their equipment. This development will also require new and adjusted technology for the development and supply of which the VOSTA LMG group is well positioned.

11. Dividend

(a) Current Financial Period

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared for the period ended 31 December 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 second quarter and six months ended 31 December 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
6 February 2013