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**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**


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- 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<br/>FY2014<br/>\$'000</b>    | <b>1Q<br/>FY2013<br/>\$'000</b> | <b>Increase/<br/>(Decrease)<br/>%</b> |
| <b>Total revenue</b>   | <b>148,302</b>                     | <b>88,978</b>                   | <b>66.7</b>                           |
| Cost of sales  | (124,310)                          | (66,874)                        | 85.9                                  |
| <b>Gross profit</b>  | <b>23,992</b>                      | <b>22,104</b>                   | <b>8.5</b>                            |
| Other operating income   | 2,820                              | 1,602                           | 76.0                                  |
| Administrative expenses  | (8,379)                            | (2,939)                         | 185.1                                 |
| Other operating expenses                                       | (5)                                | (6,857)                         | (99.9)                                |
| Finance costs  | (3,477)                            | (2,459)                         | 41.4                                  |
| Share of results of jointly-controlled entities and associates | 913                                | (254)                           | Nm                                    |
| <b>Profit before tax</b>                                       | <b>15,864</b>                      | <b>11,197</b>                   | <b>41.7</b>                           |
| Tax expense  |                                    |                                 |                                       |
| - current period   | (4,587)                            | (1,436)                         | 219.4                                 |
| - over/ (under) provision for prior years                      | 805                                | (69)                            | Nm                                    |
| <b>Profit for the period</b>                                   | <b>12,082</b>                      | <b>9,692</b>                    | <b>24.7</b>                           |
| Attributable to:   |                                    |                                 |                                       |
| <b>Owners of the Company</b>                                   | <b>11,699</b>                      | <b>9,825</b>                    | <b>19.1</b>                           |
| Non-controlling interests                                      | 383                                | (133)                           | Nm                                    |
|  | <b>12,082</b>                      | <b>9,692</b>                    | <b>24.7</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>Note</b> | <b>1Q<br/>FY2014<br/>\$'000</b>    | <b>1Q<br/>FY2013<br/>\$'000</b> | <b>Increase/<br/>(Decrease)<br/>%</b> |
| <b>Profit for the period</b>   |             | <b>12,082</b>                      | <b>9,692</b>                    | <b>24.7</b>                           |
| Translation differences relating to financial statements of foreign subsidiaries, net of tax | (i)         | (1,228)                            | (2,142)                         | (42.7)                                |
| Share of other comprehensive income of jointly-controlled entities and associates            |             | (55)                               | (43)                            | 27.9                                  |
| Net change in fair value of cash flow hedges   | (ii)        | 451                                | 6,986                           | (93.5)                                |
| <b>Other comprehensive income for the period, net of tax</b>                                 |             | <b>(832)</b>                       | <b>4,801</b>                    | <b>Nm</b>                             |
| <b>Total comprehensive income for the period</b>   |             | <b>11,250</b>                      | <b>14,493</b>                   | <b>(22.4)</b>                         |
| Attributable to:   |             |                                    |                                 |                                       |
| <b>Owners of the Company</b>   |             | <b>11,061</b>                      | <b>15,036</b>                   | <b>(26.4)</b>                         |
| Non-controlling interests  |             | 189                                | (543)                           | Nm                                    |
|  |             | <b>11,250</b>                      | <b>14,493</b>                   | <b>(22.4)</b>                         |

Nm: Not meaningful

**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 and Indonesia Rupiah.
- (ii) The fair value gain on cash flow hedges was primarily due to fair value adjustments on foreign currency forward contracts and interest rate swaps. The gain of \$7.0 million in 1Q FY2013 mainly pertained to foreign exchange contracts entered to sell USD on its future anticipated income.

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

|   | <b>Group</b>          |               |
|---|-----------------------|---------------|
|   | <b>3 months ended</b> |               |
|   | <b>30 September</b>   |               |
|   | <b>1Q</b>             | <b>1Q</b>     |
|   | <b>FY2014</b>         | <b>FY2013</b> |
|   | <b>\$'000</b>         | <b>\$'000</b> |
| Allowance for impairment of doubtful trade receivables  | -                     | (2,352)       |
| Allowance for impairment of doubtful trade receivables written back                                   | -                     | 18            |
| Amortisation of intangible assets   | (1,462)               | -             |
| Amortisation of lease prepayments   | (65)                  | (60)          |
| Bad debts written off (trade)   | (1)                   | (10)          |
| Changes in fair value of short term investment  | 40                    | (6)           |
| Depreciation of property, plant and equipment   | (9,756)               | (8,653)       |
| Gain on disposal of assets held for sale  | 153                   | 496           |
| Gain on disposal of property, plant and equipment   | 1,389                 | 719           |
| Gain/ (Loss) on foreign exchange (net)  | 575                   | (4,507)       |
| Gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps | -                     | 200           |
| Interest income   | 123                   | 80            |
| Property, plant and equipment written off   | (4)                   | -             |
| Reversal of provision for warranty  | 532                   | -             |
| Provision for pension liabilities   | (52)                  | -             |
| Over/ (Under)provision of tax in respect of prior years   |                       |               |
| - current tax expense   | 572                   | (69)          |
| - deferred tax expense  | 233                   | -             |

**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.**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>30-Sep-13</b> | <b>30-Jun-13</b> | <b>30-Sep-13</b> | <b>30-Jun-13</b> |
|  | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    |
| <b>Non-current assets</b>                                    |                  |                  |                  |                  |
| Property, plant and equipment                                | 478,362          | 478,656          | -                | -                |
| Lease prepayments  | 4,928            | 4,995            | -                | -                |
| Subsidiaries   | -                | -                | 69,555           | 69,555           |
| Interest in jointly-controlled entities and associates       | 10,280           | 9,493            | -                | -                |
| Intangible assets  | 22,984           | 20,224           | -                | -                |
|  | <b>516,554</b>   | <b>513,368</b>   | <b>69,555</b>    | <b>69,555</b>    |
| <b>Current assets</b>  |                  |                  |                  |                  |
| Inventories  | 24,415           | 24,967           | -                | -                |
| Assets held for sale   | 8                | -                | -                | -                |
| Short term investment  | 4,941            | 4,901            | 4,941            | 4,901            |
| Construction work-in-progress                                | 312,404          | 247,786          | -                | -                |
| Trade and other receivables                                  | 225,219          | 243,033          | 248,086          | 245,754          |
| Derivative financial instruments                             | 291              | 57               | -                | -                |
| Bank balances, deposits and cash                             | 75,663           | 88,243           | 681              | 857              |
|  | <b>642,941</b>   | <b>608,987</b>   | <b>253,708</b>   | <b>251,512</b>   |
| <b>Current liabilities</b>                                   |                  |                  |                  |                  |
| Trade and other payables                                     | 190,952          | 185,944          | 51,263           | 48,916           |
| Provision for warranty                                       | 3,428            | 3,854            | -                | -                |
| Progress billings in excess of construction work-in-progress | 35,656           | 35,285           | -                | -                |
| Bank overdrafts  | 5,550            | 7,225            | -                | -                |
| Trust receipts   | 95,371           | 100,718          | -                | -                |
| Interest-bearing loans and borrowings                        | 164,311          | 149,937          | 71,450           | 71,450           |
| Derivative financial instruments                             | 1,259            | 1,552            | 53               | 101              |
| Current tax liabilities                                      | 9,705            | 8,722            | 67               | 62               |
|  | <b>506,232</b>   | <b>493,237</b>   | <b>122,833</b>   | <b>120,529</b>   |
| <b>Net current assets</b>                                    | <b>136,709</b>   | <b>115,750</b>   | <b>130,875</b>   | <b>130,983</b>   |
| <b>Non-current liabilities</b>                               |                  |                  |                  |                  |
| Other liabilities  | 2,411            | 2,336            | -                | -                |
| Interest-bearing loans and borrowings                        | 218,704          | 212,033          | 100,000          | 100,000          |
| Deferred tax liabilities                                     | 15,414           | 9,265            | -                | -                |
|  | <b>236,529</b>   | <b>223,634</b>   | <b>100,000</b>   | <b>100,000</b>   |
| <b>Net assets</b>  | <b>416,734</b>   | <b>405,484</b>   | <b>100,430</b>   | <b>100,538</b>   |
| <b>Share capital</b>   | 83,092           | 83,092           | 83,092           | 83,092           |
| <b>Treasury shares</b>                                       | (923)            | (923)            | (923)            | (923)            |
| <b>Reserves</b>  | 327,506          | 316,445          | 18,261           | 18,369           |
|  | <b>409,675</b>   | <b>398,614</b>   | <b>100,430</b>   | <b>100,538</b>   |
| <b>Non-controlling interests</b>                             | 7,059            | 6,870            | -                | -                |
| <b>Total equity</b>  | <b>416,734</b>   | <b>405,484</b>   | <b>100,430</b>   | <b>100,538</b>   |

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

|  | <b>Group</b>           |                  |                        |                  |
|--|------------------------|------------------|------------------------|------------------|
|  | <b>As at 30-Sep-13</b> |                  | <b>As at 30-Jun-13</b> |                  |
|  | <b>Secured</b>         | <b>Unsecured</b> | <b>Secured</b>         | <b>Unsecured</b> |
|  | <b>\$'000</b>          | <b>\$'000</b>    | <b>\$'000</b>          | <b>\$'000</b>    |
| Amount repayable in one year or less, or on demand | 155,517                | 109,715          | 140,307                | 117,573          |
| Amount repayable after one year                    | 118,472                | 100,232          | 111,746                | 100,287          |
|  | <b>273,989</b>         | <b>209,947</b>   | <b>252,053</b>         | <b>217,860</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.**

|   | <b>Group</b>                       |                  |
|---|------------------------------------|------------------|
|   | <b>3 months ended 30 September</b> |                  |
|   | <b>1Q FY2014</b>                   | <b>1Q FY2013</b> |
|   | <b>\$'000</b>                      | <b>\$'000</b>    |
| <b>Cash flows from operating activities</b>   |                                    |                  |
| Profit before tax   | 15,864                             | 11,197           |
| <b>Adjustments for:</b>   |                                    |                  |
| Amortisation of intangible assets   | 1,462                              | -                |
| Amortisation of lease prepayments   | 65                                 | 60               |
| Allowance for impairment of doubtful receivables (net)  | -                                  | 2,334            |
| Bad debts written off (trade)   | 1                                  | 10               |
| Changes in fair value of short term investment  | (40)                               | 6                |
| Depreciation of property, plant and equipment   | 9,756                              | 8,653            |
| Gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps | -                                  | (200)            |
| Gain on disposal of assets held for sale  | (153)                              | (496)            |
| Gain on disposal of property, plant and equipment   | (1,389)                            | (719)            |
| Interest expense  | 3,477                              | 2,459            |
| Interest income   | (123)                              | (80)             |
| Reversal of provision for warranty  | (532)                              | -                |
| Provision for pension liabilities   | 52                                 | -                |
| Property, plant and equipment written off   | 4                                  | -                |
| Share of results of jointly-controlled entities and associates  | (913)                              | 254              |
| <b>Operating profit before working capital changes</b>  | <b>27,531</b>                      | <b>23,478</b>    |
| <b>Changes in working capital:</b>  |                                    |                  |
| Inventories   | 552                                | (3,231)          |
| Construction work-in-progress and progress billings in excess of construction work-in-progress        | (62,756)                           | (1,185)          |
| Trade and other receivables   | (7,844)                            | (15,842)         |
| Trade and other payables  | 3,236                              | 811              |
| Other liabilities   | (26)                               | -                |
| Balances with related parties (trade)   | 26,003                             | 1,145            |
| Bank balances, deposits and cash (restricted use)   | 20                                 | (224)            |
| <b>Cash (used in)/ generated from operations</b>  | <b>(13,284)</b>                    | <b>4,952</b>     |
| Tax paid  | (116)                              | (2,876)          |
| <b>Net cash (used in)/ generated from operating activities</b>  | <b>(13,400)</b>                    | <b>2,076</b>     |
| <b>Cash flows from investing activities</b>   |                                    |                  |
| Interest received   | 173                                | 38               |
| Purchase of short term investment   | -                                  | (5,000)          |
| Purchase of assets held for sale  | (495)                              | -                |
| Purchase of property, plant and equipment   | (9,167)                            | (23,295)         |
| Proceeds from disposal of assets held for sale  | 648                                | 850              |
| Proceeds from disposal of property, plant and equipment   | 1,399                              | 24,498           |
| Lease prepayments   | -                                  | (1,400)          |
| Balances with related parties (non-trade)   | (398)                              | (2)              |
| <b>Net cash used in investing activities</b>  | <b>(7,840)</b>                     | <b>(4,311)</b>   |

|   | <b>Group</b>                       |                  |
|---|------------------------------------|------------------|
|   | <b>3 months ended 30 September</b> |                  |
|   | <b>1Q FY2014</b>                   | <b>1Q FY2013</b> |
|   | <b>\$'000</b>                      | <b>\$'000</b>    |
| <b>Cash flows from financing activities</b>                           |                                    |                  |
| Interest paid   | (3,441)                            | (2,747)          |
| Repayment of interest-bearing loans and borrowings                    | (18,388)                           | (30,050)         |
| Proceeds from interest-bearing loans and borrowings                   | 37,571                             | 33,024           |
| Proceeds from loan from minority shareholders of subsidiaries         | -                                  | 631              |
| Repayment of trust receipts   | (43,395)                           | (1,170)          |
| Proceeds from trust receipts  | 38,059                             | 30,275           |
| <b>Net cash generated from financing activities</b>                   | <b>10,406</b>                      | <b>29,963</b>    |
| <b>Net increase in cash and cash equivalents</b>                      | <b>(10,834)</b>                    | <b>27,728</b>    |
| <b>Cash and cash equivalents at beginning of period</b>               | <b>78,077</b>                      | <b>91,813</b>    |
| Effects of exchange rate changes on opening cash and cash equivalents | (51)                               | (110)            |
| <b>Cash and cash equivalents at end of period (Note 1)</b>            | <b>67,192</b>                      | <b>119,431</b>   |
| <b>Note 1:</b>  |                                    |                  |
| Cash and cash equivalents comprise the followings:                    |                                    |                  |
| Bank balances, deposits and cash as at September                      | 75,663                             | 123,303          |
| Less: Restricted cash   |                                    |                  |
| - Cash at banks   | (2,292)                            | (2,509)          |
| - Fixed deposits with banks   | (629)                              | (1,363)          |
|   | 72,742                             | 119,431          |
| Bank overdrafts   | (5,550)                            | -                |
| <b>Cash and cash equivalents</b>                                      | <b>67,192</b>                      | <b>119,431</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-13                                |                                       |                           |  |                           |                               |                          |  |                                     |                        |
|--|---------------------------------------|---------------------------|--|---------------------------|-------------------------------|--------------------------|--|-------------------------------------|------------------------|
| Group  | Attributable to owners of the Company |                           |  |                           |                               |                          | Equity attributable to owners of the Company<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|  | Share capital<br>\$'000               | Treasury shares<br>\$'000 | Foreign currency translation reserve<br>\$'000 | Hedging reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total reserves<br>\$'000 |  |                                     |                        |
| <b>1Q FY2014</b>   |                                       |                           |  |                           |                               |                          |  |                                     |                        |
| At 1-Jul-13  | 83,092                                | (923)                     | (3,365)  | (1,272)                   | 321,082                       | 316,445                  | 398,614  | 6,870                               | 405,484                |
| Profit for the period  | -                                     | -                         | -  | -                         | 11,699                        | 11,699                   | 11,699   | 383                                 | 12,082                 |
| Other comprehensive income for the period, net of tax  |                                       |                           |  |                           |                               |                          |  |                                     |                        |
| Translation differences relating to financial statements of foreign subsidiaries, net of tax | -                                     | -                         | (1,041)  | -                         | -                             | (1,041)                  | (1,041)  | (187)                               | (1,228)                |
| Share of other comprehensive income of jointly-controlled entities and associates            | -                                     | -                         | (48)   | -                         | -                             | (48)                     | (48)   | (7)                                 | (55)                   |
| Net fair value changes to cash flow hedges   | -                                     | -                         | -  | 451                       | -                             | 451                      | 451  | -                                   | 451                    |
|  | -                                     | -                         | (1,089)  | 451                       | -                             | (638)                    | (638)  | (194)                               | (832)                  |
| <b>Total comprehensive income for the period</b>   | -                                     | -                         | (1,089)  | 451                       | 11,699                        | 11,061                   | 11,061   | 189                                 | 11,250                 |
| <b>At 30-Sep-13</b>  | <b>83,092</b>                         | <b>(923)</b>              | <b>(4,454)</b>                                 | <b>(821)</b>              | <b>332,781</b>                | <b>327,506</b>           | <b>409,675</b>   | <b>7,059</b>                        | <b>416,734</b>         |



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

| <u>Group</u>   | Attributable to owners of the Company |                           |  |                           |                               |                          | Equity attributable to owners of the Company<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|--|---------------------------------------|---------------------------|--|---------------------------|-------------------------------|--------------------------|--|-------------------------------------|------------------------|
|  | Share capital<br>\$'000               | Treasury shares<br>\$'000 | Foreign currency translation reserve<br>\$'000 | Hedging reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total reserves<br>\$'000 |  |                                     |                        |
| <b>1Q FY2013</b>   |                                       |                           |  |                           |                               |                          |  |                                     |                        |
| <b>At 1-Jul-12</b>   | 83,092                                | (923)                     | (4,096)  | (7,105)                   | 283,173                       | 271,972                  | 354,141  | 9,245                               | 363,386                |
| <b>Profit for the period</b>   | -                                     | -                         | -  | -                         | 9,825                         | 9,825                    | 9,825  | (133)                               | 9,692                  |
| <b>Other comprehensive income for the period, net of tax</b>                                 |                                       |                           |  |                           |                               |                          |  |                                     |                        |
| 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                 |
| <b>At 30-Sep-12</b>  | 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-13 and 30-Sep-12**

| <u>Company</u>  | Share capital<br>\$'000 | Treasury shares<br>\$'000 | Hedging reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total reserves<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|---------------------------|---------------------------|-------------------------------|--------------------------|------------------------|
| <b>1Q FY2014</b>                                      |                         |                           |                           |                               |                          |                        |
| At 1-Jul-13   | 83,092                  | (923)                     | (101)                     | 18,470                        | 18,369                   | 100,538                |
| Profit for the period                                 | -                       | -                         | -                         | (156)                         | (156)                    | (156)                  |
| Other comprehensive income for the period, net of tax |                         |                           |                           |                               |                          |                        |
| Net fair value changes to cash flow hedges            | -                       | -                         | 48                        | -                             | 48                       | 48                     |
|   | -                       | -                         | 48                        | -                             | 48                       | 48                     |
| <b>Total comprehensive income for the period</b>      | -                       | -                         | 48                        | (156)                         | (108)                    | (108)                  |
| <b>At 30-Sep-13</b>                                   | <b>83,092</b>           | <b>(923)</b>              | <b>(53)</b>               | <b>18,314</b>                 | <b>18,261</b>            | <b>100,430</b>         |
| <b>1Q FY2013</b>                                      |                         |                           |                           |                               |                          |                        |
| 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                     |
| <b>Total comprehensive income for the period</b>      | -                       | -                         | 99                        | (331)                         | (232)                    | (232)                  |
| <b>At 30-Sep-12</b>                                   | <b>83,092</b>           | <b>(923)</b>              | <b>(173)</b>              | <b>17,394</b>                 | <b>17,221</b>            | <b>99,390</b>          |

- 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<br/>Ordinary<br/>Shares<br/>(excluding<br/>treasury<br/>shares)</b> |
|---------------------------------------|--|
| Balance as at 30-Sep-13 and 30-Jun-13 | <u>419,511,294</u>   |

There have been no changes in the issued and paid-up capital of the Company since 30 June 2013.

There are no outstanding share options granted under the ESOS as at 30 September 2013 and 30 September 2012.

- 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<br/>30-Sep-13</b> | <b>As at<br/>30-Jun-13</b> | <b>As at<br/>30-Sep-12</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<br>(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 2013 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 as of 1 July 2013. 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<br/>30 September</b> |                    |
|   | <b>1Q FY2014</b>                       | <b>1Q FY2013</b>   |
| <b>Earnings per ordinary share:</b>                     |  |                    |
| (i) On weighted average no. of ordinary shares in issue | <u>2.79 cents</u>                      | <u>2.34 cents</u>  |
| (ii) On a fully diluted basis                           | <u>2.79 cents</u>                      | <u>2.34 cents</u>  |
| <b>Net profit attributable to shareholders:</b>         | <u>\$11,699,000</u>                    | <u>\$9,825,000</u> |
| <b>Number of shares in issue:</b>                       |  |                    |
| (i) Weighted average no. of shares in issue             | <u>419,511,294</u>                     | <u>419,511,294</u> |
| (ii) On a fully diluted basis                           | <u>419,511,294</u>                     | <u>419,511,294</u> |

**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-13</b>   | <b>30-Jun-13</b>   | <b>30-Sep-13</b>   | <b>30-Jun-13</b>   |
| Net Asset Value (NAV) per ordinary share            | <u>97.66 cents</u> | <u>95.02 cents</u> | <u>23.94 cents</u> | <u>23.97 cents</u> |
| NAV has been computed based on the share capital of | <u>419,511,294</u> | <u>419,511,294</u> | <u>419,511,294</u> | <u>419,511,294</u> |

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 \$148.3 million for the 3 months ended 30 September 2013 ("1Q FY2014") was \$59.3 million (66.7%) higher compared to the corresponding period in FY2013 ("1Q FY2013"). The increase was primarily due to the maiden revenues from Vosta LMG group, the leading edge ship-dredging architects. If this maiden revenues were excluded year-on-year revenue growth would have been 56.6%.

Details for revenue generated from each segment are as follows:

|                           | <b>Group</b>     |                  |                         |
|---------------------------|------------------|------------------|-------------------------|
|                           | <b>1Q FY2014</b> | <b>1Q FY2013</b> | Increase/<br>(Decrease) |
|                           | <b>\$'000</b>    | <b>\$'000</b>    | %                       |
| Shipbuilding              | 103,106          | 43,381           | 137.7                   |
| Shiprepair and conversion | 19,263           | 23,717           | (18.8)                  |
| Shipchartering            | 17,010           | 21,880           | (22.3)                  |
| Engineering               | 8,923            | -                | 100.0                   |
|                           | <b>148,302</b>   | <b>88,978</b>    | <b>66.7</b>             |

### **Shipbuilding**

Shipbuilding revenue increased by \$59.7 million (137.7%) to \$103.1 million in 1Q FY2014 mainly due to progressive revenue recognition of more units of Offshore Support Vessels being constructed and the recognition of revenue from the construction of the dredger in 1Q FY2014.

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/<br>(Decrease)<br>% |
|--------------------------|-----------------------|----------------------|----------------------|----------------------|------------------------------|
|                          | <b>1Q<br/>FY2014</b>  | <b>1Q<br/>FY2013</b> | <b>1Q<br/>FY2014</b> | <b>1Q<br/>FY2013</b> |                              |
|                          | <b>No. of vessels</b> |                      | <b>\$'000</b>        | <b>\$'000</b>        |                              |
| Offshore Support Vessels | 13                    | 6                    | 51,397               | 33,437               | 53.7                         |
| Dredgers                 | 1                     | -                    | 36,041               | -                    | 100.0                        |
| Tugs                     | 5                     | 4                    | 15,537               | 6,276                | 147.6                        |
| Barges and others        | 3                     | 14                   | 131                  | 3,668                | (96.4)                       |
|                          | <b>22</b>             | <b>24</b>            | <b>103,106</b>       | <b>43,381</b>        | <b>137.7</b>                 |

### Shiprepair and conversion

Shiprepair and conversion revenue decreased by \$4.5 million (18.8%) to \$19.3 million in 1Q FY2014 compared to 1Q FY2013 due to fewer high value shiprepair and conversion jobs completed.

The 5 units of rigs repair works reported as at 30 June 2013 are still ongoing and is expected to be completed in the coming quarters.

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

|                               | <b>Group</b>     |                  | Increase/<br>(Decrease)<br>% |
|-------------------------------|------------------|------------------|------------------------------|
|                               | <b>1Q FY2014</b> | <b>1Q FY2013</b> |                              |
|                               | <b>\$'000</b>    | <b>\$'000</b>    |                              |
| Shiprepair                    | 18,708           | 22,936           | (18.4)                       |
| Conversion                    | -                | 586              | (100.0)                      |
| Other marine related services | 555              | 195              | 184.6                        |
|                               | <b>19,263</b>    | <b>23,717</b>    | <b>(18.8)</b>                |

### Shipchartering

Shipchartering revenue decreased by \$4.9 million (22.3%) to \$17.0 million in 1Q FY2014 mainly attributed to the non-consolidation of PT Capitol Nusantara Indonesia ("PT CNI") after the partial disposal of 24% effective interest in the third quarter of financial year ended 30 June 2013.

In 1Q FY2013, the Group recorded an amount of charter revenue of \$6.9 million derived from vessels held by PT CNI. If these revenues were excluded from 1Q FY2013 the year-on-year Shipchartering revenue growth would have been 13.2%.

|                      | <b>Group</b>     |                  |                         |
|----------------------|------------------|------------------|-------------------------|
|                      | <b>1Q FY2014</b> | <b>1Q FY2013</b> | Increase/<br>(Decrease) |
|                      | <b>\$'000</b>    | <b>\$'000</b>    | %                       |
| Spot charter         | 11,638           | 14,356           | (18.9)                  |
| Long-term charter    | 4,324            | 6,856            | (36.9)                  |
| <b>Total charter</b> | <b>15,962</b>    | <b>21,212</b>    | <b>(24.8)</b>           |
| Trade sales          | 1,048            | 668              | 56.9                    |
|                      | <b>17,010</b>    | <b>21,880</b>    | <b>(22.3)</b>           |

The decrease in long term contracts in 1Q FY2014 was due to reduction in the number of vessels under long term contracts (1Q FY2014: 13 vessels, 1Q FY2013: 38 vessels) due to completion of several contracts as well as exclusion of PT CNI's vessels with effect from 1 April 2013.

Bulk of the increase in trade sales was due to higher agency and ad-hoc services rendered.

### Engineering

The breakdown by revenue generated from the Engineering division is as follows:

|   | <b>Group</b>     |              |               |                  |                         |
|---|------------------|--------------|---------------|------------------|-------------------------|
|   | <b>1Q FY2014</b> |              |               | <b>1Q FY2013</b> | Increase/<br>(Decrease) |
|   | <b>\$'000</b>    | %            | <b>\$'000</b> | %                |                         |
| Engineered Dredger Products<br>& Dredgers | 1,072            | 12.0         | -             | 100.0            |                         |
| Components & Services                     | 7,851            | 88.0         | -             | 100.0            |                         |
|   | <b>8,923</b>     | <b>100.0</b> | <b>-</b>      | <b>100.0</b>     |                         |

The components & service business continues to do well. The low engineering business reflects the period of consolidation post our acquisition.

### Gross profit and gross profit margin

Overall gross profit of the Group improved by \$1.9 million (8.5%) to \$24.0 million in 1Q FY2014 compared to 1Q FY2013.

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

|                           | <b>Group</b>     |              |                  |              |
|---------------------------|------------------|--------------|------------------|--------------|
|                           | <b>1Q FY2014</b> |              | <b>1Q FY2013</b> |              |
|                           | <b>\$'000</b>    | %            | <b>\$'000</b>    | %            |
| Shipbuilding              | 8,875            | 8.6%         | 9,291            | 21.4%        |
| Shiprepair and conversion | 5,278            | 27.4%        | 5,535            | 23.3%        |
| Shipchartering            | 6,989            | 41.1%        | 7,278            | 33.3%        |
| Engineering               | 2,850            | 31.9%        | -                | -            |
|                           | <b>23,992</b>    | <b>16.2%</b> | <b>22,104</b>    | <b>24.8%</b> |

## Shipbuilding

Gross margin of shipbuilding segment decreased by 2.2% to 8.6% in 1Q FY2014 when compared to the gross margin of 10.8% recorded in the last preceding quarter (4Q FY2013). This was mainly due to lower margined shipbuilding jobs undertaken attributable to increased competition in the industry, depressed pricing and rising labor costs. In addition, some warranty costs were being incurred for a particular completed project, excluding such warranty costs, the gross profit would have been \$10.2 million and the gross margin would have been 9.9%.

## Shiprepair and conversion

A higher gross profit margin of 27.4% was achieved in 1Q FY2014 compared to 23.3% in 1Q FY2013 due mainly to write-back of sub-contractor costs for prior years' completed projects. Excluding the write-back, gross profit margin for 1Q FY2014 would have been 20.5% (1Q FY2013: 19.8%).

## Shipchartering

The marginal decline of \$0.3 million (4.0%) in gross profit was resultant from the non-consolidation of gross profit generated from vessels held by PT CNI.

Although gross profits for the quarter under review was lower compared to the previous corresponding quarter, gross profit margin increased from 33.3% in 1Q FY2013 to 41.1% in 1Q FY2014, attributable from the better bareboat charter income earned from the Group's Offshore Support Vessels.

## Engineering

The gross profit of \$2.9 million included a write-back of warranty provision of \$0.5 million during the quarter under review.

## Other operating income

Details for other operating income are as follows:

|  | Group        |              |
|--|--------------|--------------|
|  | 1Q FY2014    | 1Q FY2013    |
|  | \$'000       | \$'000       |
| Changes in fair value of short term investment | 40           | -            |
| Gain on disposal of plant and equipment        | 1,389        | 719          |
| Gain on disposal of assets held for sale       | 153          | 496          |
| Gain/(Loss) on foreign exchange (net)          |              |              |
| - unrealised                                   | 90           | -            |
| - realised                                     | 485          | -            |
| Interest income                                | 123          | 80           |
| Miscellaneous income                           | 540          | 307          |
|  | <b>2,820</b> | <b>1,602</b> |

Gain on disposal of plant and equipment of \$1.4 million in 1Q FY2014 arose from the disposal of 3 units of crawler cranes and 1 unit of barge.



Realised foreign exchange gain of \$0.5 million was mainly from the appreciation of USD against SGD (USD denominated receivables) as well as the depreciation of IDR against SGD (IDR denominated liabilities).

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

|                         | 30 Sep<br>2013 | 30 Sep<br>2012 | 30 June<br>2013 | 30 June<br>2012 |
|-------------------------|----------------|----------------|-----------------|-----------------|
| <b>USD against SGD</b>  | 1.2576         | 1.2252         | 1.2662          | 1.2688          |
| <b>Euro against SGD</b> | 1.7003         | 1.5789         | 1.6512          | 1.5974          |
| <b>IDR against USD</b>  | 11,613         | 9,588          | 9,929           | 9,480           |
| <b>IDR against SGD</b>  | 9,234          | 7,826          | 7,841           | 7,415           |

### Administrative expenses

Administrative expenses increased by \$5.4 million (185.1%) to \$8.4 million in 1Q FY2014 mainly due to administrative expenses of VOSTA LMG group which was acquired in December 2012 and the amortisation charge of \$1.4 million for intangible assets.

Following the completion of the Purchase Price Allocation exercise ("PPA") to determine the fair values of assets and liabilities acquired from the acquisition of VOSTA LMG group, amortisation for the intangible assets identified, namely technology, brand name, customer relationships and order backlog was computed based on their respective estimated useful life. As the financial impact of amortisation charge of \$1.1 million relating to the period from 1 January to 30 June 2013 was immaterial when compared to the results for FY2013, the entire amortisation charge for the 9 months period (1 January to 30 September 2013) was recorded in the current quarter.

### Other operating expenses

Other operating expenses comprised the followings:

|  | Group     |              |
|--|-----------|--------------|
|  | 1Q FY2014 | 1Q FY2013    |
|  | \$'000    | \$'000       |
| Allowance for impairment of doubtful receivables (net) | -         | 2,334        |
| Bad debts written off (trade)                          | 1         | 10           |
| Changes in fair value of short term investment         | -         | 6            |
| Loss/(Gain) on foreign exchange (net)                  |           |              |
| - unrealised   | -         | 4,559        |
| - realised   | -         | (52)         |
| Property, plant and equipment written off              | 4         | -            |
|  | <b>5</b>  | <b>6,857</b> |

## Finance costs

Due to the issuance of a \$100 million bond in March 2013, finance costs increased by \$1.0 million (41.4%) to \$3.5 million in 1Q FY2014. 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 entities and associates

The Group's share of results of jointly-controlled entities and associates comprised:

|  | Group's<br>effective<br>interest | Group               |                     |
|--|----------------------------------|---------------------|---------------------|
|  |                                  | 1Q FY2014<br>\$'000 | 1Q FY2013<br>\$'000 |
| <b><u>Associates</u></b>                     |                                  |                     |                     |
| PT. Hafar Capitol Nusantara<br>("PT Hafar")  | 36.75%                           | 553                 | (254)               |
| PT Capitol Nusantara Indonesia<br>("PT CNI") | 36.0%                            | 360                 | -                   |
|  |                                  | <b>913</b>          | <b>(254)</b>        |

PT Hafar derived its profit from charter and operation of its pipe-lay cum accommodation barge. In 1Q FY2013, the loss in PT Hafar was due to there being no income earned as the vessel was in the Group's Batam shipyard from April 2012 to February 2013 undergoing upgrading works to increase its accommodation capacity.

Pursuant to the Group's disposal of its partial interest, effective 1 April 2013, PT CNI has become an associate of the Group.

No further losses from Fastcoat Industries Pte. Ltd. and its subsidiary 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

With the achievement of higher gross profit and no allowance for impairment of doubtful receivables, Group's profit before tax improved by \$4.7 million (41.7%) to \$15.9 million in 1Q FY2014.

## Tax expense

The Group's current period tax expenses comprised:

|                    | <b>Group</b>     |                  |
|--------------------|------------------|------------------|
|                    | <b>1Q FY2014</b> | <b>1Q FY2013</b> |
|                    | <b>\$'000</b>    | <b>\$'000</b>    |
| Income tax         | 1,916            | 1,889            |
| Deferred tax       | 2,671            | (453)            |
|                    | <b>4,587</b>     | <b>1,436</b>     |
| Effective tax rate | <b>30.7%</b>     | <b>12.5%</b>     |

The Group recorded a higher effective tax rate during the quarter mainly due to:  
a) additional deferred tax provision of \$2.9 million from operations in Batam; and  
b) pre-tax loss of \$2.6 million incurred by VOSTA LMG group which cannot be offset against profits earned by other subsidiaries within the Group.

The provision of additional deferred tax from our Batam operations arose from the consequential impact of functional currency on deferred taxes. The functional currency of the Group's Indonesia subsidiary is in SGD, however its taxable profit is determined in IDR in Indonesia. The changes in the exchange rate during the quarter gave rise to temporary differences that result in additional deferred tax liability.

## Non-controlling interests

Non-controlling interests' share of results increased by \$0.5 million mainly due to higher charter and shipbuilding earnings recorded by non-wholly owned foreign subsidiaries.

## Operating cash flow

In 1Q FY2014, the Group recorded a net cash outflow from operating activities of \$13.4 million compared to the net cash inflow of \$2.1 million in 1Q FY2013. The higher cash outflow was mainly attributed to higher work-in-progress incurred for shipbuilding and shiprepair projects partially offset by higher receipts from customers and its associate, PT Hafar.

The Group funded its working capital and capital expenditure through net proceeds bank borrowings.

## REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

### Non-current assets

Property, plant and equipment ("PPE") decreased marginally by \$0.3 million (0.1%) from \$478.7 million as at 30 June 2013 to \$478.4 million as at 30 September 2013.

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

|  | <b>\$'000</b>         |
|--|-----------------------|
| Balance as at 1 July 2013  | 478,656               |
| Acquisition of property, plant and equipment                                       | 11,028                |
| Inclusive of :   |                       |
| - \$3.8 million for plant and machinery  |                       |
| - \$6.6 million for yard infrastructure development and vessels under construction |                       |
| Transfer to assets held for sale   | (8)                   |
| Disposal/ write-off of plant and equipment   | (14)                  |
| Depreciation charge  | (10,294)              |
| Translation differences  | (1,006)               |
| Balance as at 30 September 2013  | <u><u>478,362</u></u> |

Based on the results of the PPA exercise, the provisional goodwill as at 30 June 2013 was reclassified as follows:

|                          | <b>\$'000</b>               | <b>Useful lives<br/>(years)</b> |
|--------------------------|-----------------------------|---------------------------------|
| Technology               | 7,448                       | 15                              |
| Customer relationship    | 4,567                       | 25                              |
| Brand name               | 873                         | 5                               |
| Order backlog            | 197                         | 1.5                             |
| <b>Intangible assets</b> | <u><b>13,085</b></u>        |                                 |
| Implied goodwill         | <u>9,899</u>                |                                 |
|                          | <u><u><b>22,984</b></u></u> |                                 |

Amortisation of intangible assets has been computed based on the respective useful lives of the intangible assets while the carrying value of implied goodwill will be subject to annual impairment assessment.

### Current assets

Current assets increased by \$33.9 million (5.6%) from \$609.0 million as at 30 June 2013 to \$642.9 million as at 30 September 2013.

Trade and other receivables comprised the following:

|                                     | <b>ASL<br/>group<br/>\$'000</b> | <b>VOSTA<br/>LMG<br/>group<br/>\$'000</b> | <b>Total<br/>30-Sep-13<br/>\$'000</b> | <b>Total<br/>30-Jun-13<br/>\$'000</b> | <b>Increase/<br/>(decrease)<br/>\$'000</b> | <b>%</b>            |
|-------------------------------------|---------------------------------|---|---------------------------------------|---------------------------------------|--|---------------------|
| Trade receivables                   | 138,820                         | 12,632                                    | 151,452                               | 144,449                               | 7,003                                      | 4.8                 |
| Other receivables<br>and deposits   | 22,834                          | 2,968                                     | 25,802                                | 25,014                                | 788  | 3.2                 |
| Amounts due from<br>related parties | 47,965                          | -   | 47,965                                | 73,570                                | (25,605)                                   | (34.8)              |
|                                     | <u><b>209,619</b></u>           | <u><b>15,600</b></u>                      | <u><b>225,219</b></u>                 | <u><b>243,033</b></u>                 | <u><b>(17,814)</b></u>                     | <u><b>(7.3)</b></u> |

The increase in trade receivables was mainly due to higher progressive billings for ship repair work performed and billings for the component sales achieved during the quarter. Of the total trade receivables, \$22.3 million was received subsequent to the quarter under review.

The decrease in amount due from related parties was mainly due to the partial settlement of US\$20.5 million (equivalent to S\$26.0 million) owing by PT Hafar for a vessel previously purchased from the Group.

### Current liabilities

Current liabilities increased by \$13.0 million (2.6%) from \$493.2 million as at 30 June 2013 to \$506.2 million as at 30 September 2013.

Trade and other payables comprised the following:

|   | VOSTA                  |                        | Total<br>30-Sep-13<br>\$'000 | Total<br>30-Jun-13<br>\$'000 | Increase/<br>(decrease) |            |
|---|------------------------|------------------------|------------------------------|------------------------------|-------------------------|------------|
|   | ASL<br>group<br>\$'000 | LMG<br>group<br>\$'000 |                              |                              | \$'000                  | %          |
| Trade payables                                      | 148,080                | 16,225                 | 164,305                      | 163,546                      | 759                     | 0.5        |
| Other payables                                      | 20,822                 | 489                    | 21,311                       | 17,061                       | 4,250                   | 24.9       |
| Amounts due to related parties                      | 5,143                  | -                      | 5,143                        | 5,143                        | -                       | -          |
| Loan from non-controlling interests of subsidiaries | 193                    | -                      | 193                          | 194                          | (1)                     | (0.5)      |
|   | <b>174,238</b>         | <b>16,714</b>          | <b>190,952</b>               | <b>185,944</b>               | <b>5,008</b>            | <b>2.7</b> |

Other payables comprised mainly payables for expenditure incurred on yard developments, deferred income and deposits received from customers for shiprepairs and ship charterers. The increase was mainly due to higher deposit received from customers for shiprepairs and ship charterers.

The increase in current portion of interest-bearing loans and borrowings by \$14.4 million (9.6%) to \$164.3 million was mainly due to the additional short-term loans of \$12.7 million obtained to finance the current shipbuilding projects.

The Group's net construction work-in-progress in excess of progress billings increased by \$64.2 million (30.2%) from \$212.5 million as at 30 June 2013 to \$276.7 million as at 30 September 2013. The increase was mainly attributed to higher work in progress incurred for shipbuilding projects as a result of contracts being secured under contractual term of 20% upon signing of contract and 80% upon delivery.

### Non-current liabilities

Non-current liabilities increased by \$12.9 million (5.8%) to \$236.5 million as at 30 September 2013 due to higher deferred tax liabilities and interest-bearing loans and borrowings.

Deferred tax liabilities increased by \$6.1 million (66.4%) to \$15.4 million as at 30 September 2013 mainly due to additional deferred tax provision of \$2.9 million from the Group's Batam operations as well as additional \$3.3 million deferred tax liability taken up on intangible assets.

The breakdown of total group borrowings is as follows:

|  | 30-Sep-13      | 30-Jun-13      | Increase/<br>(decrease) |            |
|--|----------------|----------------|-------------------------|------------|
|  | \$'000         | \$'000         | \$'000                  | %          |
| Long term loans  | 130,969        | 122,004        | 8,965                   | 7.3        |
| Notes issued under Multicurrency Debt Issuance Programme | 171,450        | 171,450        | -                       | -          |
| Finance lease liabilities                                | 32,235         | 32,860         | (625)                   | (1.9)      |
| Short term loans   | 48,361         | 35,657         | 12,704                  | 35.6       |
| Bank overdraft   | 5,550          | 7,225          | (1,675)                 | (23.2)     |
| <b>Total interest-bearing loans and borrowings</b>       | <b>388,565</b> | <b>369,196</b> | <b>19,369</b>           | <b>5.2</b> |
| Trust receipts   | 95,371         | 100,718        | (5,347)                 | (5.3)      |
| <b>Total borrowings</b>                                  | <b>483,936</b> | <b>469,914</b> | <b>14,022</b>           | <b>3.0</b> |
| <b>Total shareholders' funds</b>                         | <b>409,675</b> | <b>398,614</b> |                         |            |
| <b>Gearing ratio (times)</b>                             | <b>1.18</b>    | <b>1.18</b>    |                         |            |
| <b>Net gearing ratio (times)</b>                         | <b>1.00</b>    | <b>0.96</b>    |                         |            |

The additional short term loans obtained in 1Q FY2014 was to finance the current shipbuilding projects. These borrowings inclusive of the trust receipts will be fully repaid upon the completion and delivery of the vessels. Included in the total amount of the Group borrowings is an amount of \$113.8 million which relates to financing of the construction of vessels. Excluding these borrowings, the gearing ratio as at 30 September 2013 would have been 0.90.

**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 28 August 2013 with respect to the financial year ended 30 June 2013, the Group remained profitable in 1Q FY2014.

On 28 August 2013, the Group announced an outstanding delivery order of 23 vessels worth approximately \$67 million for its shipchartering operations. During 1Q FY2014, the shipchartering operations took delivery of 3 vessels 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**

Outlook for the shipbuilding industry remains challenging due to over capacity and lower demand of ships. Shipbuilding margin remains weak due to the depressed pricing and rising labour costs. New orders are harder to secure due to the strong competition.

On the other hand, current level of oil and gas exploration and production activities remains healthy which in turn is keeping charter rates robust and demand steady.

The average daily charter rates for OSV has seen some increase compared to 2012 due to the decrease in the number of vessels available (reduced supply) and the more frontier drilling and other project activities (increased demand).

### **Shipbuilding and Shiprepair Operations**

As at 30 September 2013, the Group had an outstanding shipbuilding order book from external customers of approximately \$268 million for 23 vessels. 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 27% of shipchartering revenue in 1Q FY2014 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2013, the Group had an outstanding order book of approximately \$73 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 38 vessels worth approximately \$79 million, comprising landing crafts, a dredger, tugs and barges. With the exception of 19 vessels with a total worth of \$24 million, these vessels are being built internally by the Group.

### **Engineering Operations**

It is expected that the global dredging and land reclamation sector will grow structurally in the medium to long term, thanks to factors such as growing world population, higher energy demand, increasing seaborne trade, rising size of container vessels (where deeper berths are required) and the rising sea level.

So long as there is no "abnormal" economic situation (such as that caused by political or financial crisis), the demand for dredging and land reclamation activities will continue to grow in the coming years.

With the presence of these growth drivers for the global dredging and land reclamation market, the Group believes that the demand for newbuild dredgers, parts and components (such as cutter head, cutter teeth, pumps, ball joints etc) is likely to increase as the level of dredging activities increases.

The Group's strategy is to continue to focus on its securing more orders for newbuild dredgers and component business.

**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 2013.

**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 2013 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  
14 November 2013