

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013**

- 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 31 December</b>			<b>6 months ended 31 December</b>		
	<b>2Q FY2014 \$'000</b>	<b>2Q FY2013 \$'000</b>	<b>Inc/ (Dec) %</b>	<b>1H FY2014 \$'000</b>	<b>1H FY2013 \$'000</b>	<b>Inc/ (Dec) %</b>
Revenue	<b>190,436</b>	<b>82,973</b>	<b>129.5</b>	<b>338,738</b>	<b>171,951</b>	<b>97.0</b>
Cost of sales	(172,049)	(63,592)	170.6	(296,359)	(130,466)	127.2
Gross profit	<b>18,387</b>	<b>19,381</b>	<b>(5.1)</b>	<b>42,379</b>	<b>41,485</b>	<b>2.2</b>
Other operating income	3,830	329	1,064.1	6,610	1,931	242.3
Administrative expenses	(8,259)	(3,573)	131.2	(16,638)	(6,512)	155.5
Other operating expenses	(973)	(2,935)	(66.8)	(938)	(9,792)	(90.4)
Finance costs	(3,384)	(2,546)	32.9	(6,861)	(5,005)	37.1
Share of results of jointly-controlled entities and associates	(104)	(421)	(75.3)	809	(675)	Nm
Profit before tax	<b>9,497</b>	<b>10,235</b>	<b>(7.2)</b>	<b>25,361</b>	<b>21,432</b>	<b>18.3</b>
Tax expense						
- current period	(1,931)	(1,567)	23.2	(6,518)	(3,003)	117.0
- over/ (under) provision in prior years	(448)	1,404	Nm	357	1,335	(73.3)
Profit for the period	<b>7,118</b>	<b>10,072</b>	<b>(29.3)</b>	<b>19,200</b>	<b>19,764</b>	<b>(2.9)</b>
Attributable to:						
Owners of the Company	<b>7,812</b>	<b>10,614</b>	<b>(26.4)</b>	<b>19,511</b>	<b>20,439</b>	<b>(4.5)</b>
Non-controlling interests	(694)	(542)	28.0	(311)	(675)	(53.9)
	<b>7,118</b>	<b>10,072</b>	<b>(29.3)</b>	<b>19,200</b>	<b>19,764</b>	<b>(2.9)</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**

	Group					
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2014 \$'000	2Q FY2013 \$'000	Inc/ (Dec) %	1H FY2014 \$'000	1H FY2013 \$'000	Inc/ (Dec) %
Profit for the period	7,118	10,072	(29.3)	19,200	19,764	(2.9)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(101)	(105)	(3.8)	(1,329)	(2,247)	(40.9)
Share of other comprehensive income of jointly-controlled entities and associates	75	(1)	Nm	20	(44)	Nm
Net change in fair value of cash flow hedges	(100)	2,132	Nm	351	9,118	(96.2)
Other comprehensive income for the period, net of tax	(126)	2,026	Nm	(958)	6,827	Nm
Total comprehensive income for the period	<b>6,992</b>	<b>12,098</b>	<b>(42.2)</b>	<b>18,242</b>	<b>26,591</b>	<b>(31.4)</b>
Attributable to:						
Owners of the Company	7,670	12,669	(39.5)	18,731	27,705	(32.4)
Non-controlling interests	(678)	(571)	18.7	(489)	(1,114)	(56.1)
	<b>6,992</b>	<b>12,098</b>	<b>(42.2)</b>	<b>18,242</b>	<b>26,591</b>	<b>(31.4)</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 \$9.1 million in 1H FY2013 mainly pertained to foreign exchange contracts entered to sell USD on its future anticipated income and to buy Euro and Norwegian Kroner on its future anticipated purchases.

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

	<b>Group</b>			
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2Q</b>	<b>2Q</b>	<b>1H</b>	<b>1H</b>
	<b>FY2014</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Allowance for impairment of doubtful trade receivables	-	(2,484)	-	(4,836)
Allowance for impairment of doubtful trade receivables written back	205	1	205	19
Amortisation of intangible assets	(379)	-	(1,841)	-
Amortisation of lease prepayments	(65)	(65)	(130)	(125)
Bad debts written off (trade)	-	(10)	(1)	(20)
Changes in fair value of short term investment	(3)	31	37	25
Depreciation of property, plant and equipment	(11,628)	(8,676)	(21,384)	(17,329)
Gain on disposal of assets held for sale	133	-	286	496
Gain on disposal of property, plant and equipment	964	36	2,353	755
Gain/ (Loss) on foreign exchange (net)	991	(461)	1,566	(4,968)
(Loss)/ Gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	-	(45)	-	155
Interest income	27	108	150	188
Property, plant and equipment written off	(1,175)	(12)	(1,179)	(12)
Reversal of provision for warranty	1,655	-	2,187	-
Provision for pension liabilities	(49)	-	(101)	-
Over/ (Under)provision of tax in respect of prior years				
- current tax expense	356	(146)	928	(215)
- deferred tax expense	(804)	1,550	(571)	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-13 \$'000	30-Jun-13 (restated) \$'000	31-Dec-13 \$'000	30-Jun-13 \$'000
Non-current assets				
Property, plant and equipment	492,003	478,656	-	-
Lease prepayments	4,879	4,995	-	-
Subsidiaries	-	-	69,555	69,555
Interest in jointly-controlled entities and associates	10,180	9,493	-	-
Intangible assets	23,234	23,762	-	-
	<b>530,296</b>	<b>516,906</b>	<b>69,555</b>	<b>69,555</b>
Current assets				
Inventories	18,393	24,967	-	-
Short term investment	4,938	4,901	4,938	4,901
Construction work-in-progress	256,693	247,786	-	-
Trade and other receivables	257,296	243,033	256,148	245,754
Derivative financial instruments	-	57	-	-
Bank balances, deposits and cash	64,504	88,243	485	857
	<b>601,824</b>	<b>608,987</b>	<b>261,571</b>	<b>251,512</b>
Current liabilities				
Trade and other payables	203,006	185,944	57,689	48,916
Provision for warranty	1,815	3,854	-	-
Progress billings in excess of construction work-in-progress	20,796	35,285	-	-
Trust receipts	95,571	100,718	-	-
Interest-bearing loans and borrowings	154,396	149,937	71,450	71,450
Derivative financial instruments	1,094	1,552	53	101
Current tax liabilities	7,763	8,722	40	62
Bank overdrafts	3,080	7,225	-	-
	<b>487,521</b>	<b>493,237</b>	<b>129,232</b>	<b>120,529</b>
Net current assets	<b>114,303</b>	<b>115,750</b>	<b>132,339</b>	<b>130,983</b>
Non-current liabilities				
Other liabilities	2,485	2,336	-	-
Interest-bearing loans and borrowings	209,926	212,033	100,000	100,000
Deferred tax liabilities	16,852	12,803	-	-
	<b>229,263</b>	<b>227,172</b>	<b>100,000</b>	<b>100,000</b>
Net assets	<b>415,336</b>	<b>405,484</b>	<b>101,894</b>	<b>100,538</b>
Share capital	83,092	83,092	83,092	83,092
Treasury shares	(923)	(923)	(923)	(923)
Reserves	326,786	316,445	19,725	18,369
	<b>408,955</b>	<b>398,614</b>	<b>101,894</b>	<b>100,538</b>
Non-controlling interests	6,381	6,870	-	-
Total equity	<b>415,336</b>	<b>405,484</b>	<b>101,894</b>	<b>100,538</b>

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

	<b>Group</b>			
	<b>As at 31-Dec-13</b>		<b>As at 30-Jun-13</b>	
	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>
Amount repayable in one year or less, or on demand	142,399	110,648	140,307	117,573
Amount repayable after one year	109,748	100,178	111,746	100,287
	<b>252,147</b>	<b>210,826</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.**

	Group			
	3 months ended		6 months ended	
	31 December		31 December	
	2Q	2Q	1H	1H
	FY2014	FY2013	FY2014	FY2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	9,497	10,235	25,361	21,432
Adjustments for:				
Amortisation of intangible assets	379	-	1,841	-
Amortisation of lease prepayments	65	65	130	125
(Write-back) of/ Allowance for impairment of doubtful receivables (net)	(205)	2,483	(205)	4,817
Bad debts written off (trade)	-	10	1	20
Changes in fair value of short term investment	3	(31)	(37)	(25)
Depreciation of property, plant and equipment	11,628	8,676	21,384	17,329
Loss/ (Gain) on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	-	45	-	(155)
Gain on disposal of assets held for sale	(133)	-	(286)	(496)
Gain on disposal of property, plant and equipment	(964)	(36)	(2,353)	(755)
Interest expense	3,384	2,546	6,861	5,005
Interest income	(27)	(108)	(150)	(188)
Reversal of provision for warranty	(1,655)	-	(2,187)	-
Provision for pension liabilities	49	-	101	-
Property, plant and equipment written off	1,175	12	1,179	12
Share of results of jointly-controlled entity and associates	104	421	(809)	675
Operating profit before working capital changes	23,300	24,318	50,831	47,796
Changes in working capital:				
Inventories	6,022	(429)	6,574	(3,660)
Construction work-in-progress and progress billings in excess of construction work-in-progress	40,560	(28,903)	(22,196)	(30,088)
Trade and other receivables	(30,921)	(33,230)	(38,765)	(49,072)
Trade and other payables	7,919	7,638	11,155	8,449
Other liabilities	(29)	-	(55)	-
Balances with related parties (trade)	783	3,930	26,786	5,075
Bank balances, deposits and cash (restricted use)	(37)	(681)	(17)	(905)
Cash generated from/ (used in) operations	47,597	(27,357)	34,313	(22,405)
Tax paid	(2,897)	(1,487)	(3,013)	(4,363)
Net cash generated from/ (used in) operating activities	44,700	(28,844)	31,300	(26,768)
Cash flows from investing activities				
Interest received	77	143	250	181
Acquisition of subsidiaries	-	(2,305)	-	(2,305)
Purchase of short term investment	-	-	-	(5,000)
Purchase of assets held for sale	(1,446)	-	(1,941)	-
Purchase of property, plant and equipment	(25,743)	(54,986)	(34,910)	(78,281)
Proceeds from disposal of assets held for sale	1,579	-	2,227	850
Proceeds from disposal of property, plant and equipment	3,264	92	4,663	24,590
Lease prepayments	-	-	-	(1,400)
Balances with related parties (non-trade)	(1,053)	(2,022)	(1,451)	(2,024)
Net cash used in investing activities	(23,322)	(59,078)	(31,162)	(63,389)

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q	2Q	1H	1H
	FY2014	FY2013	FY2014	FY2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(2,623)	(2,546)	(6,064)	(5,293)
Dividends paid	(8,390)	(7,342)	(8,390)	(7,342)
Repayment of interest-bearing loans and borrowings	(22,909)	(21,244)	(41,297)	(51,294)
Proceeds from interest-bearing loans and borrowings	3,622	44,862	41,193	77,886
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	(33,724)	(11,024)	(77,119)	(12,194)
Proceeds from trust receipts	33,859	26,033	71,918	56,308
Net cash (used in)/ generated from financing activities	(30,165)	27,562	(19,759)	57,525
Net decrease in cash and cash equivalents	(8,787)	(60,360)	(19,621)	(32,632)
Cash and cash equivalents at beginning of period	67,192	119,431	78,077	91,813
Effects of exchange rate changes on opening cash and cash equivalents	61	(187)	10	(297)
Cash and cash equivalents at end of period (Note 1)	58,466	58,884	58,466	58,884

Note 1:

Cash and cash equivalents comprise the followings:

Bank balances, deposits and cash as at December	64,504	63,437
Less: Restricted cash		
- Cash at banks	(2,325)	(3,190)
- Fixed deposits with banks	(633)	(1,363)
	61,546	58,884
Bank overdrafts	(3,080)	-
Cash and cash equivalents	58,466	58,884

**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-13									
Group	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
<u>1H FY2014</u>									
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	-	-	-	-	19,511	19,511	19,511	(311)	19,200
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,149)	-	-	(1,149)	(1,149)	(180)	(1,329)
Share of other comprehensive income of jointly-controlled entities and associates	-	-	18	-	-	18	18	2	20
Net fair value changes to cash flow hedges	-	-	-	351	-	351	351	-	351
	-	-	(1,131)	351	-	(780)	(780)	(178)	(958)
Total comprehensive income for the period	-	-	(1,131)	351	19,511	18,731	18,731	(489)	18,242
Contributions by and distributions to owners									
Dividends	-	-	-	-	(8,390)	(8,390)	(8,390)	-	(8,390)
Total distributions to owners	-	-	-	-	(8,390)	(8,390)	(8,390)	-	(8,390)
At 31-Dec-13	83,092	(923)	(4,496)	(921)	332,203	326,786	408,955	6,381	415,336



Statement of Changes in Equity for the period ended 31-Dec-12

Group	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
<u>1H FY2013</u>									
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
Contributions by and 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-13 and 31-Dec-12

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
<u>1H FY2014</u>						
At 1-Jul-13	83,092	(923)	(101)	18,470	18,369	100,538
Profit for the period	-	-	-	9,698	9,698	9,698
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	48	-	48	48
	-	-	48	-	48	48
Total comprehensive income for the period	-	-	48	9,698	9,746	9,746
Contributions by and distributions to owners						
Dividends	-	-	-	(8,390)	(8,390)	(8,390)
Total distributions to owners	-	-	-	(8,390)	(8,390)	(8,390)
At 31-Dec-13	83,092	(923)	(53)	19,778	19,725	101,894
<u>1H FY2013</u>						
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
Contributions by and 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

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

	<b>Number of Ordinary Shares (excluding treasury shares)</b>
Balance as at 31-Dec-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 31 December 2013 and 31 December 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 31-Dec-13</b>	<b>As at 30-Jun-13</b>	<b>As at 31-Dec-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 (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.**

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2014	2Q FY2013	1H FY2014	1H FY2013
Earnings per ordinary share:				
(i) On weighted average no. of ordinary shares in issue	1.86 cents	2.53 cents	4.65 cents	4.87 cents
(ii) On a fully diluted basis	1.86 cents	2.53 cents	4.65 cents	4.87 cents
Net profit attributable to shareholders:	\$7,812,000	\$10,614,000	\$19,511,000	\$20,439,000
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-13	30-Jun-13	31-Dec-13	30-Jun-13
Net Asset Value (NAV) per ordinary share	97.48 cents	95.02 cents	24.29 cents	23.97 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 \$190.4 million for the 3 months ended 31 December 2013 ("2Q FY2014") was \$107.5 million (129.5%) higher compared to the corresponding period in FY2013 ("2Q FY2013"). For the 6 months ended 31 December 2013 ("1H FY2014"), total Group revenue rose by \$166.8 million (97.0%) to \$338.7 million compared to the corresponding 6 months ended 31 December 2012 ("1H FY2013").

The higher revenue during the periods under review was partly due to the revenue contribution by the VOSTA LMG group which was acquired in December 2012. Excluding the revenue earned by the VOSTA LMG group, the growth for year-on-year revenue would have been 102.7% in 2Q FY2014 and 78.9% in 1H FY2014.

Details for revenue generated from each segment are as follows:

	<b>Group</b>					
	<b>2Q FY2014 \$'000</b>	<b>2Q FY2013 \$'000</b>	<b>Increase/ (Decrease) %</b>	<b>1H FY2014 \$'000</b>	<b>1H FY2013 \$'000</b>	<b>Increase/ (Decrease) %</b>
Shipbuilding	95,365	49,925	91.0	198,471	93,306	112.7
Shiprepair and conversion	54,840	10,728	411.2	74,103	34,445	115.1
Shipchartering	17,983	22,320	(19.4)	34,993	44,200	(20.8)
Engineering	22,248	-	100.0	31,171	-	100.0
	<b>190,436</b>	<b>82,973</b>	<b>129.5</b>	<b>338,738</b>	<b>171,951</b>	<b>97.0</b>

### **Shipbuilding**

Shipbuilding revenue increased by \$45.4 million (91.0%) to \$95.4 million in 2Q FY2014 and \$105.2 million (112.7%) to \$198.5 million in 1H 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 during the periods.

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:

	Group				
	2Q FY2014	2Q FY2013	2Q FY2014	2Q FY2013	Increase/ (Decrease)
	No. of vessels		\$'000	\$'000	%
Offshore Support Vessels ("OSV")	15	8	47,880	40,841	17.2
Dredgers	1	-	35,164	-	100.0
Tugs	4	4	12,321	6,048	103.7
Barges and others	-	11	-	3,036	(100.0)
	<b>20</b>	<b>23</b>	<b>95,365</b>	<b>49,925</b>	<b>91.0</b>

	Group				
	1H FY2014	1H FY2013	1H FY2014	1H FY2013	Increase/ (Decrease)
	No. of vessels		\$'000	\$'000	%
OSV	15	8	99,277	74,278	33.7
Dredgers	1	-	71,205	-	100.0
Tugs	5	4	27,858	12,324	126.0
Barges and others	3	15	131	6,704	(98.0)
	<b>24</b>	<b>27</b>	<b>198,471</b>	<b>93,306</b>	<b>112.7</b>

### Shiprepair and conversion

Shiprepair and conversion revenue increased by \$44.1 million (411.2%) to \$54.8 million in 2Q FY2014 and \$39.7 million (115.1%) to \$74.1 million in 1H FY2014 compared to corresponding reporting periods mainly due to completion of a rig repair works of \$40.2 million during 2Q FY2014.

As at 31 December 2013, there are 4 units of rigs repair works which 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:

	Group					
	2Q FY2014	2Q FY2013	Increase/ (Decrease)	1H FY2014	1H FY2013	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shiprepair	51,517	10,123	408.9	70,225	33,059	112.4
Conversion	3,050	-	100.0	3,050	586	420.5
Other marine related services	273	605	(54.9)	828	800	3.5
	<b>54,840</b>	<b>10,728</b>	<b>411.2</b>	<b>74,103</b>	<b>34,445</b>	<b>115.1</b>

## Shipchartering

Shipchartering revenue decreased by \$4.3 million (19.4%) to \$18.0 million in 2Q FY2014 and \$9.2 million (20.8%) to \$35.0 million in 1H 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.

The Group derived charter revenue from vessels held by PT CNI of \$4.8 million in 2Q FY2013 and \$11.7 million in 1H FY2013. If these revenues were excluded from 2Q FY2013 and 1H FY2013, the year-on-year Shipchartering revenue growth would have been 2.8% and 7.6% respectively.

	Group					
	2Q	2Q	Increase/ (Decrease) %	1H	1H	Increase/ (Decrease) %
	FY2014	FY2013		FY2014	FY2013	
\$'000	\$'000		\$'000	\$'000		
Spot charter	11,625	15,188	(23.5)	23,263	29,544	(21.3)
Long term charter	5,202	5,616	(7.4)	9,526	12,472	(23.6)
<b>Total charter</b>	<b>16,827</b>	<b>20,804</b>	<b>(19.1)</b>	<b>32,789</b>	<b>42,016</b>	<b>(22.0)</b>
Trade sales	1,156	1,516	(23.7)	2,204	2,184	0.9
	<b>17,983</b>	<b>22,320</b>	<b>(19.4)</b>	<b>34,993</b>	<b>44,200</b>	<b>(20.8)</b>

The decrease in long term charter income in 1H FY2014 was mainly due to the exclusion of PT CNI's vessels from 1 April 2013 thus resulting in a reduction in the number of vessels under long term contracts (1H FY2014: 27 vessels, 1H FY2013: 39 vessels). The impact of the decrease was partially cushioned by higher income from newly acquired AHTS and ROV support vessel charters that were under long term contracts.

## Engineering

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

	Group			
	2Q		1H	
	FY2014		FY2014	
	\$'000	%	\$'000	%
Engineered Dredger Products & Dredgers	9,601	43.2	10,054	32.3
Components & Services	12,647	56.8	21,117	67.7
	<b>22,248</b>	<b>100.0</b>	<b>31,171</b>	<b>100.0</b>

## Gross profit and gross profit margin

Total gross profit decreased by \$1.0 million (5.1%) to \$18.4 million in 2Q FY14 but increased by \$0.9 million (2.2%) to \$42.4 million in 1H FY2014 compared to the corresponding periods.

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

	Group							
	2Q FY2014		2Q FY2013		1H FY2014		1H FY2013	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	(419)	(0.4%)	8,760	17.5%	8,456	4.3%	18,051	19.3%
Shiprepair and conversion	10,482	19.1%	4,205	39.2%	15,760	21.3%	9,740	28.3%
Shipchartering	4,908	27.3%	6,416	28.7%	11,897	34.0%	13,694	31.0%
Engineering	3,416	15.4%	-	-	6,266	20.1%	-	-
	<u>18,387</u>	<u>9.7%</u>	<u>19,381</u>	<u>23.4%</u>	<u>42,379</u>	<u>12.5%</u>	<u>41,485</u>	<u>24.1%</u>

### Shipbuilding

The negative gross profit margin of shipbuilding segment recorded in 2Q FY2014 was because of the provision of additional costs of approximately \$4.7 million. The additional costs arose due to delays in delivery of certain OSVs and costs overrun.

### Shiprepair and conversion

In line with the higher revenue, gross profit improved by \$6.3 million (149.3%) to \$10.5 million in 2Q FY2014 and \$6.0 million (61.8%) to \$15.8 million in 1H FY2014 compared to corresponding reporting periods.

However gross profit margin of 19.1% in 2Q FY2014 and 21.3% in 1H FY2014 was lower than the corresponding reporting periods mainly due to higher amount of sub-contractor costs for completed projects in prior years being write-back in those earlier periods. Excluding the write-back, the gross margin for shiprepair projects would have been as follows:

	Group			
	2Q	2Q	1H	1H
	FY2014	FY2013	FY2014	FY2013
	%	%	%	%
Gross profit margin as per above	19.1%	39.2%	21.3%	28.3%
Adjusted margin excluding the write-back	17.8%	25.2%	18.5%	21.4%

### Shipchartering

Gross profit declined by \$1.5 million (23.5%) to \$4.9 million in 2Q FY2014 and \$1.8 million (13.1%) to \$11.9 million in 1H FY2014 mainly due to the following:-

- Non-consolidation of gross profit generated from vessels held by PT CNI (gross profit of \$0.7 million and \$3.1 million were consolidated in the corresponding periods of 2Q FY2013 and 1H FY2013 respectively); and
- Lower profit contributions from tugs due to weaker demand for high horse power tugs.

Notwithstanding the lower gross profits achieved, margin improved from 31.0% in 1H FY2013 to 34.0% in 1H FY2014 mainly attributable from the better bareboat charter income earned from the Group's Offshore Support Vessels.



## Engineering

The gross profit of \$3.4 million in 2Q FY2014 and \$6.3 million in 1H FY2014 included a write-back of warranty provision of \$1.7 million and \$2.2 million respectively.

## Other operating income

Details for other operating income are as follows:

	Group			
	2Q FY2014 \$'000	2Q FY2013 \$'000	1H FY2014 \$'000	1H FY2013 \$'000
Gain on disposal of plant and equipment	964	36	2,353	755
Gain on disposal of assets held for sale	133	-	286	496
Gain/ (Loss) on foreign exchange				
- unrealised	1,374	-	1,464	-
- realised	(383)	-	102	-
Interest income	27	108	150	188
Insurance claims	1,302	-	1,302	-
Miscellaneous income	413	185	953	492
	<b>3,830</b>	<b>329</b>	<b>6,610</b>	<b>1,931</b>

Gain on disposal of plant and equipment of \$1.0 million in 2Q FY2014 arose mainly from disposal of 4 vessels and 2 units of crawler cranes.

Unrealised foreign exchange gain of \$1.4 million in 2Q FY2014 was mainly derived from the appreciation of USD against IDR on USD denominated receivables in IDR books and the appreciation of RMB against SGD on SGD denominated liabilities in RMB books.

The insurance claims of \$1.3 million in 2Q FY2014 pertained to compensation for the damage and total constructive loss of a barge due to bad weather. The remaining book value of the barge of \$1.2 million has also been simultaneously written off and recorded under other operating expense.

Miscellaneous income of \$1.0 million recorded in 1H FY2014 included rental income of \$0.4 million (1H FY2013: nil) derived from leasing of equipment and yard space.

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

	31 Dec 2013	31 Dec 2012	30 Sep 2013	30 Sep 2012	30 June 2013	30 June 2012
<b>USD against SGD</b>	1.266	1.2229	1.2576	1.2252	1.2662	1.2688
<b>Euro against SGD</b>	1.7468	1.618	1.7003	1.5789	1.6512	1.5974
<b>IDR against USD</b>	12,189	9,670	11,613	9,588	9,929	9,480
<b>IDR against SGD</b>	9,628	7,907	9,234	7,826	7,841	7,415

## Administrative expenses

Administrative expenses increased by \$4.7 million (131.2%) to \$8.3 million in 2Q FY2014 and \$10.1 million (155.5%) to \$16.6 million in 1H FY2014 mainly due to administrative expenses of VOSTA LMG group and amortisation of intangible assets of \$0.4 million in 2Q FY2014 and \$1.8 million in 1H FY2014.

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 12 months period (1 January to 31 December 2013) was recorded in 1H FY2014.

### Other operating expenses

Other operating expenses comprised the followings:

	Group			
	2Q FY2014	2Q FY2013	1H FY2014	1H FY2013
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment of doubtful receivables	(205)	2,483	(205)	4,817
Bad debts written off	-	10	1	20
Changes in fair value of short term investment	3	(31)	(37)	(25)
(Gain)/ Loss on foreign exchange				
- unrealised	-	(648)	-	3,911
- realised	-	1,109	-	1,057
Property, plant and equipment written off	1,175	12	1,179	12
	<b>973</b>	<b>2,935</b>	<b>938</b>	<b>9,792</b>

### Finance costs

Consequential to the issuance of a \$100 million fixed interest rate (4.75% p.a.) bond in March 2013, finance costs increased by \$0.8 million (32.9%) to \$3.4 million in 2Q FY2014 and \$1.9 million (37.1%) to \$ 6.9 million in 1H 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 effective interest	Group			
		2Q FY2014	2Q FY2013	1H FY2014	1H FY2013
		\$'000	\$'000	\$'000	\$'000
<b><u>Jointly-controlled entity</u></b>					
HKR-ASL Joint Venture Limited	50%	-	(1)	-	(1)
Sindo-Econ Pte. Ltd. (“Sindo-Econ”)	50%	(100)	-	(100)	-
<b><u>Associates</u></b>					
PT. Hafar Capitol Nusantara (“PT Hafar”)	36.75%	600	(420)	1,153	(674)
PT Capitol Nusantara Indonesia (“PT CNI”)	36.0%	(604)	-	(244)	-
		<b>(104)</b>	<b>(421)</b>	<b>809</b>	<b>(675)</b>

Sindo-Econ Pte. Ltd. and its subsidiary is a new joint venture with Koon Holdings Limited which the Group has invested in May 2013.

PT Hafar derived its profit from charter and operation of its pipe-lay cum accommodation barge. In 2Q FY2013, the loss in PT Hafar was due to there being no income earned as the vessel was undergoing upgrading works to increase its accommodation capacity in the Group's Batam shipyard from April 2012 to February 2013.

Pursuant to the Group's disposal of its partial interest, effective 1 April 2013, PT CNI has become an associate of the Group. PT CNI reported higher losses in 2Q FY2014 mainly due to lower gross profit achieved coupled with the additional legal and professional expenses incurred in relation to the listing of the company on the Indonesia Stock Exchange.

### Profit before tax

Despite the lower gross profit made in 2Q FY2014 and higher administrative expenses incurred during the periods under review, the Group managed to achieve a profit before tax of \$25.4 million, an increase of \$3.9 million (18.3%), for the first six months of FY2014.

### Tax expense

The Group's current period tax expenses comprised:

	<b>Group</b>			
	<b>2Q FY2014 \$'000</b>	<b>2Q FY2013 \$'000</b>	<b>1H FY2014 \$'000</b>	<b>1H FY2013 \$'000</b>
Income tax	1,604	1,551	3,520	3,440
Deferred tax	327	16	2,998	(437)
	<b>1,931</b>	<b>1,567</b>	<b>6,518</b>	<b>3,003</b>
Effective tax rate			<b>26.5%</b>	<b>13.6%</b>

The Group recorded a higher effective tax rate in 1H FY2014 mainly due to:

- a) additional deferred tax provision of \$3.4 million from operations in Batam; and
- b) pre-tax loss of \$4.2 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 period gave rise to temporary differences that result in additional deferred tax liability.

### Non-controlling interests

Non-controlling interests' share of results decreased by \$0.4 million mainly due to higher share of shipbuilding losses from its China operations partially offset by higher share of shipchartering profits recorded by the non-wholly owned foreign subsidiaries.

## Operating cash flow

### 2Q FY2014

The Group recorded a net cash inflow of \$44.7 million from operating activities in 2Q FY2014 compared to a net cash outflow of \$28.8 million in 2Q FY2013. The higher cash inflow was mainly attributed to the receipts from shipbuilding projects but offset by the higher work in progress incurred for ongoing shiprepair projects.

The Group funded its capital expenditure and repayment of bank borrowings through its working capital and internal funds.

### 1H FY2014

In 1H FY2014, the Group recorded a net cash inflow of \$31.3 million from operating activities compared to a net cash outflow of \$26.8 million in 1H FY2013. The higher cash inflow was mainly attributed to lower work-in-progress incurred and higher receipts from customers and its associate, PT Hafar.

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

## REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

### Non-current assets

Property, plant and equipment ("PPE") increased marginally by \$13.3 million (2.8%) from \$478.7 million as at 30 June 2013 to \$492.0 million as at 31 December 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	37,430
Inclusive of :	
- \$4.0 million for plant and machinery	
- \$17.3 million for vessels	
- \$14.9 million for yard infrastructure development and vessels under construction	
Transfer to assets held for sale	(8)
Disposal/ write-off of plant and equipment	(3,547)
Depreciation charge	(20,677)
Translation differences	149
Balance as at 31 December 2013	<u><b>492,003</b></u>

The breakdown of the carrying value of the goodwill and intangible assets are as follows:

	<b>31-Dec-13</b>	<b>30-Jun-13</b>
	<b>\$'000</b>	<b>(restated)</b>
		<b>\$'000</b>
Goodwill	10,169	9,613
Technology	7,518	7,614
Customer relationship	4,643	4,572
Brand name	844	997
Order backlog	60	966
Intangible assets	<u><b>23,234</b></u>	<u><b>23,762</b></u>

Amortisation of intangible assets has been computed based on the respective useful lives of the intangible assets except for goodwill which has an indefinite useful life. The comparative balances as at 30 June 2013 has been restated to account for the acquisition of VOSTA LMG group as if it had been completed at the acquisition date. Accordingly, the Group has also revised and accounted for deferred taxation of \$3.5 million on the intangible assets as at 30 June 2013.

### Current assets

Current assets decreased by \$7.2 million (1.2%) from \$609.0 million as at 30 June 2013 to \$601.8 million as at 31 December 2013.

Inventories decreased by \$6.6 million (26.3%) to \$18.4 million as at 31 December 2013 mainly due to issuance of equipment purchased for shipbuilding operations.

Trade and other receivables comprised the following:

	VOSTA			VOSTA			Increase/	
	ASL group	LMG group	Total 31-Dec-13	ASL group	LMG group	Total 30-Jun-13	(decrease)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Trade receivables	167,711	10,461	178,172	136,077	8,372	144,449	33,723	23.3
Other receivables and deposits	29,058	1,102	30,160	23,467	1,547	25,014	5,146	20.6
Amounts due from related parties	48,964	-	48,964	73,570	-	73,570	(24,606)	(33.4)
	<u>245,733</u>	<u>11,563</u>	<u>257,296</u>	<u>233,114</u>	<u>9,919</u>	<u>243,033</u>	<u>14,263</u>	<u>5.9</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 period. Of the total trade receivables, \$29.4 million was received subsequent to the period under review.

The higher other receivables balance was mainly attributable to the amount of down payment of \$3.7 million made for the purchase of 4 units of vessels and an insurance claimable of \$1.3 million arising from the damage and total constructive loss of a vessel during 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 decreased by \$5.7 million (1.2%) from \$493.2 million as at 30 June 2013 to \$487.5 million as at 31 December 2013.

Trade and other payables comprised the following:

	VOSTA			VOSTA			Increase/	
	ASL group \$'000	LMG group \$'000	Total 31-Dec-13 \$'000	ASL group \$'000	LMG group \$'000	Total 30-Jun-13 \$'000	(decrease) \$'000	%
Trade payables	156,604	15,152	171,756	149,216	14,330	163,546	8,210	5.0
Other payables	24,257	927	25,184	14,152	2,909	17,061	8,123	47.6
Amounts due to related parties	5,872	-	5,872	5,143	-	5,143	729	14.2
Loan from non- controlling interests of subsidiaries	194	-	194	194	-	194	-	-
	186,927	16,079	203,006	168,705	17,239	185,944	17,062	9.2

The increase in trade payables was mainly due to accruals of additional costs for certain on-going shipbuilding projects.

Other payables comprised mainly payables for expenditure incurred on yard developments, deferred income and deposits received from customers for shiprepairs and shipchartering services. 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 \$4.5 million (3.0%) to \$154.4 million was mainly due to the additional short-term loans of \$5.7 million obtained to finance the current shipbuilding projects.

The Group's net construction work-in-progress in excess of progress billings increased by \$23.4 million (11.0%) from \$212.5 million as at 30 June 2013 to \$235.9 million as at 31 December 2013. The increase was mainly attributed to higher work in progress incurred for shipbuilding projects as a result of contracts being secured with payment terms of 10%/20% upon signing of shipbuilding contract and 90%/80% upon vessel delivery.

## Non-current liabilities

Non-current liabilities increased by \$5.6 million (2.5%) to \$229.3 million as at 31 December 2013 due to higher deferred tax liabilities and interest-bearing loans and borrowings.

Deferred tax liabilities increased by \$4.0 million (31.6%) to \$16.9 million as at 31 December 2013 mainly due to additional deferred tax provision of \$3.4 million from the Group's Batam operations.

The breakdown of total group borrowings is as follows:

	<b>31-Dec-13</b>	<b>30-Jun-13</b>	<b>Increase/ (decrease)</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Long term loans	121,088	122,004	(916)	(0.8)
Notes issued under Multicurrency Debt Issuance Programme	171,450	171,450	-	-
Finance lease liabilities	30,408	32,860	(2,452)	(7.5)
Short term loans/ invoice financing	41,376	35,657	5,719	16.0
Bank overdraft	3,080	7,225	(4,145)	(57.4)
<b>Total interest-bearing loans and borrowings</b>	<b>367,402</b>	<b>369,196</b>	<b>(1,794)</b>	<b>(0.5)</b>
Trust receipts	95,571	100,718	(5,147)	(5.1)
<b>Total borrowings</b>	<b>462,973</b>	<b>469,914</b>	<b>(6,941)</b>	<b>(1.5)</b>
<b>Total shareholders' funds</b>	<b>408,955</b>	<b>398,614</b>		
<b>Gearing ratio (times)</b>	<b>1.13</b>	<b>1.18</b>		
<b>Net gearing ratio (times)</b>	<b>0.97</b>	<b>0.96</b>		

The additional short term loans obtained in 1H 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 \$107.4 million which relates to financing of the construction of vessels. Excluding these borrowings, the gearing ratio as at 31 December 2013 would have been 0.87 times.

**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 1H FY2014.

On 14 November 2013, the Group announced an outstanding delivery order of 38 vessels worth approximately \$79 million for its shipchartering operations. During 2Q FY2014, the shipchartering operations took delivery of 15 vessels with a total worth of \$16 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**

Competition remains keen. However, the Group is cautiously optimistic about demand in the near future given:

- a. the still firm oil prices and despite obvious reduction in exploration and production (E&P) activity;
- b. stabilization and improvement in upfront payments of new build orders; and
- c. the recent proposed acquisition of a neighbouring shipyard which may allow the Group, in co-operation with the existing partner of the vendor of the yard, to provide offshore fabrication services.

Given this, the Group is more focused on margins which remain under pressure due to rising labour costs, currency movements and continued competitive pressure particularly from China yards.

Besides the continued refocus on the basics, the Group is also being pro-active in other areas to help boost orders and margins. These include the acquisition of the neighbouring shipyard discussed above and the build-to-stock program that commenced at the start of the current financial year. The program has the potential to improve margin by harnessing economies of scale and by being able to offer shorter delivery times.

**Shipbuilding and Shiprepair Operations**

As at 31 December 2013, the Group had an outstanding shipbuilding order book from external customers of approximately \$181 million for 20 vessels with progressive deliveries up to third quarter of 2014. The order book comprised Offshore Support Vessels, AHTS, self-propelled cutter suction dredger, tugs and barges. Barring any unforeseen circumstances, approximately 64% of the order book is expected to be recognised within the next six months for the financial year ending 30 June 2014. Subsequent to 31 December 2013, the Group secured additional shipbuilding contracts for 6 vessels worth \$97 million where recognition of income is expected after FY2014.



## **Shipchartering Operations**

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 29% of shipchartering revenue in 1H FY2014 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2013, the Group had an outstanding order book of approximately \$72 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 \$83 million, comprising a dredger, landing crafts, tugs and barges. With the exception of 8 vessels with a total worth of \$28 million, these vessels are being built internally by the Group.

## **Engineering Operations**

The components business is better than expected. However, design engineering is below expectations. The Group has decided to market more aggressively and is pursuing several opportunities.

Barring any unforeseen circumstances, the Board expects the Group to remain profitable for the year.

## **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 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 second quarter and six months ended 31 December 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  
13 February 2014