

## News Release

*Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.*

### Marine

#### “Higher profits”

<b>FINANCIAL HIGHLIGHTS</b> For the second quarter ended 30 June 2015			
	<b>2015 2Q</b>	<b>2014 2Q</b>	<b>Growth %</b>
Revenue (\$m)	254	348	(27)
Earnings before interest and tax (EBIT) (\$m)	26.2	21.2	23
Other income, net (\$m)	0.9	1.3	(30)
Finance income, net (\$m)	1.1	1.4	(21)
Profit before tax (PBT) (\$m)	29.6	24.6	20
Profit attributable to shareholders (\$m)	23.5	20.8	13

- Economic Value Added for the first half of 2015 was \$38.6 million

N.B.: All currencies are in Singapore dollars.

*“We will build on our track record and focus on securing orders for specialised offshore vessels.”*

*Ng Sing Chan, President*

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## Marine

### Marine sector unaudited results for the second quarter ended 30 June 2015

	2Q2015 \$'000	2Q2014 \$'000	+ / (-) %
<b>1. (a) Revenue</b>	<b>253,893</b>	<b>347,891</b>	<b>(27.0)</b>
(b) Cost of sales	(215,224)	(313,393)	(31.3)
<b>(c) Gross Profit</b>	<b>38,669</b>	<b>34,498</b>	<b>12.1</b>
(d) Distribution and selling expenses	(1,687)	(1,972)	(14.5)
(e) Administrative expenses	(8,654)	(8,643)	0.1
(f) Other operating expenses	(2,166)	(2,658)	(18.5)
<b>(g) Profit from operations</b>	<b>26,162</b>	<b>21,225</b>	<b>23.3</b>
(h) Other income, net	970	1,341	(27.7)
(i) Other expenses	(33)	(2)	>500
(j) Other income, net	937	1,339	(30.0)
(k) Finance income	1,224	9,163	(86.6)
(l) Finance costs	(136)	(7,786)	(98.3)
(m) Finance income, net	1,088	1,377	(21.0)
(n) Share of results of joint ventures, net of tax	1,411	706	99.9
<b>(o) Profit before taxation</b>	<b>29,598</b>	<b>24,647</b>	<b>20.1</b>
(p) Taxation	(6,106)	(3,883)	57.2
<b>(q) Profit for the period</b>	<b>23,492</b>	<b>20,764</b>	<b>13.1</b>
Attributable to:			
(r) <b>Shareholders of the Company</b>	<b>23,492</b>	<b>20,763</b>	<b>13.1</b>
(s) Non-controlling interests	-	1	(100.0)
	<b>23,492</b>	<b>20,764</b>	<b>13.1</b>
<b>2. (a) Profit from operations is arrived at after charging/(crediting) the following:</b>			
Depreciation and amortisation	7,102	6,539	8.6
Allowance for doubtful debts & bad debts written off, net	2	-	NM
Allowance for stock obsolescence, net	121	164	(26.2)
<b>(b) Finance income/(costs), net comprises:</b>			
Interest income	1,224	1,574	(22.2)
Foreign exchange loss, net	(136)	(2)	>500
Fair value changes of financial instruments / hedged items	-	(195)	(100.0)
	<b>1,088</b>	<b>1,377</b>	<b>(21.0)</b>

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	2Q2015 \$'000	2Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.3%	6.0%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	13.3%	14.2%	
4. (a) Revenue reported for first quarter	279,634	323,564	(13.6)
(b) Profit for the period reported for first quarter	21,210	25,109	(15.5)
(c) Revenue reported for second quarter	253,893	347,891	(27.0)
(d) Profit for the period reported for second quarter	23,492	20,764	13.1
(e) Revenue reported for first half year	533,527	671,455	(20.5)
(f) Profit for the period reported for first half year	44,702	45,873	(2.6)
5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years (2Q2014: There was an adjustment of \$4,000 for underprovision of current tax in respect of prior years).			
(b) There was no disposal of property during the second quarter.			

## 6. Business Group Information

### By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2015 \$'000	2014 \$'000		2015 \$'000	2014 \$'000	
<b>Second Quarter</b>						
Shipbuilding	173,930	263,788	(34.1)	11,175	4,017	178.2
Shiprepair	65,346	66,330	(1.5)	17,711	18,991	(6.7)
Engineering	14,617	17,773	(17.8)	712	1,639	(56.6)
Total	<u>253,893</u>	<u>347,891</u>	(27.0)	<u>29,598</u>	<u>24,647</u>	20.1
<b>First Half Year</b>						
Shipbuilding	352,989	510,324	(30.8)	11,562	20,145	(42.6)
Shiprepair	147,884	123,233	20.0	38,574	30,687	25.7
Engineering	32,654	37,898	(13.8)	2,852	5,347	(46.7)
Total	<u>533,527</u>	<u>671,455</u>	(20.5)	<u>52,988</u>	<u>56,179</u>	(5.7)

	Revenue		+ / (-) %
	2Q2015 \$'000	2Q2014 \$'000	
<b><u>By Geographical Areas</u></b>			
Asia	83,170	80,953	2.7
USA	107,058	111,063	(3.6)
Europe	8,245	19,786	(58.3)
Others	55,420	136,089	(59.3)
Total	<u>253,893</u>	<u>347,891</u>	(27.0)

### By Country of Incorporation

Asia	151,603	239,357	(36.7)
USA	102,290	108,534	(5.8)
Europe	-	-	-
Others	-	-	-
Total	<u>253,893</u>	<u>347,891</u>	(27.0)

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### 7. Review of Performance

#### (a) Revenue

##### 2Q2015 vs 2Q2014

2Q2015	2Q2014	Growth	
\$254m	\$348m	(\$94m)	(27%)

The revenue of \$254 million recorded in 2Q2015 was lower than that in 2Q2014 by 27% or \$94 million. The decrease was mainly due to lower revenue recognition from **Shipbuilding** contracts from both the local and US operations and lower **Engineering** revenue.

#### (b) Profitability

##### 2Q2015 vs 2Q2014

2Q2015	2Q2014	Growth	
\$29.6m	\$24.6m	\$5.0m	20%

The profit before tax ("PBT") of \$29.6 million for 2Q2015 was higher than that in 2Q2014 by 20% or \$5.0 million despite the lower revenue due mainly to better **Shipbuilding** performance.

### 8. Prospects

##### 2H2015

Barring unforeseen circumstances, revenue and PBT for 2H2015 are expected to be lower compared to 1H2015.

### 9. Balance Sheet

	30-Jun-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	335,795	334,075
Associates and joint ventures	10,618	8,159
Intangible assets	89	94
Long-term receivables, non-current	6,752	1,001
Amounts due from related parties, non-current	4,806	12,806
Derivative financial instruments, non current	2,043	605
Deferred tax assets	21,495	19,021
Non-current assets	381,598	375,761
Current assets	639,084	738,494
<b>Total assets</b>	<b>1,020,682</b>	<b>1,114,255</b>
Current liabilities	759,241	856,315
Non-current liabilities	111,144	99,068
<b>Total liabilities</b>	<b>870,385</b>	<b>955,383</b>
Share capital and reserves	150,266	158,834
Non-controlling interests	31	38
<b>Total equity and liabilities</b>	<b>1,020,682</b>	<b>1,114,255</b>
<b>Net current liabilities</b>	<b>(120,157)</b>	<b>(117,821)</b>

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### 10. Statement of Cash Flows for the second quarter ended 30 June 2015

	2Q2015 \$'000	2Q2014 \$'000
Net cash (used in)/from operating activities	(52,648)	22,799
Net cash used in investing activities	(8,975)	(3,009)
Proceeds from sale of property, plant and equipment	10	13
Purchase of property, plant and equipment	(8,985)	(3,022)
Net cash used in financing activities	(45,425)	(75,172)
Repayment of loans by related corporations	59,598	-
Loans to related corporations	(61,000)	(37,494)
Dividend paid to shareholders	(44,023)	(37,678)
Net decrease in cash and cash equivalents	(107,048)	(55,382)
Cash and cash equivalents at beginning of period	211,190	377,685
Exchange difference on cash and cash equivalents	(895)	(514)
Cash and cash equivalents at end of period	<u>103,247</u> <sup>1</sup>	<u>321,789</u> <sup>2</sup>

<sup>1</sup> Cash and cash equivalents at the end of 2Q2015 was after deducting \$163.5 million of short term net lending to related parties.

<sup>2</sup> Cash and cash equivalents at the end of 2Q2014 was after deducting \$37.5 million of short term net lending to related parties.

### 11. Economic Value Added (EVA)

EVA for 1H2015 of \$38.6 million was comparable to 1H2014. The weighted average cost of capital was 5.5% for 2015 (2014: 5.6%).

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