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**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2014**


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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 FY2015 \$'000</b>	<b>1Q FY2014 \$'000</b>	<b>Increase/ (Decrease) %</b>
<b>Total revenue</b>	<b>68,530</b>	<b>148,302</b>	<b>(53.8)</b>
Cost of sales	(58,720)	(124,310)	(52.8)
<b>Gross profit</b>	<b>9,810</b>	<b>23,992</b>	<b>(59.1)</b>
Other operating income	3,448	2,820	22.3
Administrative expenses	(5,947)	(7,284)	(18.4)
Other operating expenses	(1,197)	(5)	23,840
Finance costs	(3,396)	(3,477)	(2.3)
Share of results of jointly-controlled entities and associates	498	913	(45.5)
<b>Profit before tax</b>	<b>3,216</b>	<b>16,959</b>	<b>(81.0)</b>
Tax expense			
- current period	(507)	(4,587)	(88.9)
- over provision for prior years	1	805	(99.9)
<b>Profit for the period</b>	<b>2,710</b>	<b>13,177</b>	<b>(79.4)</b>
Attributable to:			
<b>Owners of the Company</b>	<b>3,010</b>	<b>12,794</b>	<b>(76.5)</b>
Non-controlling interests	(300)	383	Nm
	<b>2,710</b>	<b>13,177</b>	<b>(79.4)</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 30 September		
	Note	1Q FY2015 \$'000	1Q FY2014 \$'000	Increase/ (Decrease) %
<b>Profit for the period</b>		2,710	13,177	(79.4)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(i)	1,528	(1,228)	Nm
Share of other comprehensive income of jointly-controlled entities and associates		272	(55)	Nm
Remeasurement of defined benefit pension plan		(36)	-	Nm
Net change in fair value of cash flow hedges	(ii)	2	451	(99.6)
<b>Other comprehensive income for the period, net of tax</b>		<b>1,766</b>	<b>(832)</b>	<b>Nm</b>
<b>Total comprehensive income for the period</b>		<b>4,476</b>	<b>12,345</b>	<b>(63.7)</b>
Attributable to:				
<b>Owners of the Company</b>		<b>4,686</b>	<b>12,156</b>	<b>(61.5)</b>
Non-controlling interests		(210)	189	Nm
		<b>4,476</b>	<b>12,345</b>	<b>(63.7)</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 in 1Q FY2014.

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

	<b>Group</b>	
	<b>3 months ended 30 September</b>	
	<b>1Q FY2015 \$'000</b>	<b>1Q FY2014 \$'000</b>
Allowance for impairment of doubtful trade receivables written back	311	-
Amortisation of intangible assets	(225)	(367)
Amortisation of lease prepayments	(72)	(65)
Bad debts written off (trade)	-	(1)
Changes in fair value of short term investment	-	40
Depreciation of property, plant and equipment	(11,036)	(9,756)
Gain on disposal of assets held for sale	-	153
Gain on disposal of property, plant and equipment	1,242	1,389
(Loss)/ Gain on foreign exchange (net)	(395)	575
Interest income	9	123
Property, plant and equipment written off	(802)	(4)
(Provision)/ reversal for warranty	(1,092)	532
Provision for pension liabilities	(5)	(52)
Over/ (Under)provision of tax in respect of prior years		
- current tax expense	1	572
- 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-14</b>	<b>30-Jun-14</b>	<b>30-Sep-14</b>	<b>30-Jun-14</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	550,990	542,777	-	-
Lease prepayments	5,766	5,817	-	-
Subsidiaries	-	-	70,513	70,513
Interest in jointly-controlled entities and associates	14,091	13,375	-	-
Intangible assets	20,803	22,190	-	-
	<b>591,650</b>	<b>584,159</b>	<b>70,513</b>	<b>70,513</b>
<b>Current assets</b>				
Inventories	75,247	72,655	-	-
Construction work-in-progress	152,779	199,318	-	-
Trade and other receivables	266,287	287,658	202,574	209,861
Bank balances, deposits and cash	58,436	73,155	418	2,663
	<b>552,749</b>	<b>632,786</b>	<b>202,992</b>	<b>212,524</b>
<b>Current liabilities</b>				
Trade and other payables	161,161	193,916	72,972	82,422
Provision for warranty	2,216	1,224	-	-
Progress billings in excess of construction work-in-progress	34,634	35,012	-	-
Trust receipts	91,039	100,204	-	-
Interest-bearing loans and borrowings	132,152	161,844	-	-
Derivative financial instruments	-	2	-	-
Income tax payables	5,069	4,160	16	-
Bank overdrafts	4,722	6,724	-	-
	<b>430,993</b>	<b>503,086</b>	<b>72,988</b>	<b>82,422</b>
<b>Net current assets</b>	<b>121,756</b>	<b>129,700</b>	<b>130,004</b>	<b>130,102</b>
<b>Non-current liabilities</b>				
Other liabilities	3,565	3,746	-	-
Interest-bearing loans and borrowings	272,794	277,035	100,000	100,000
Deferred tax liabilities	16,063	16,570	-	-
	<b>292,422</b>	<b>297,351</b>	<b>100,000</b>	<b>100,000</b>
<b>Net assets</b>	<b>420,984</b>	<b>416,508</b>	<b>100,517</b>	<b>100,615</b>
<b>Share capital</b>	83,092	83,092	83,092	83,092
<b>Treasury shares</b>	(923)	(923)	(923)	(923)
<b>Reserves</b>	333,119	328,433	18,348	18,446
	<b>415,288</b>	<b>410,602</b>	<b>100,517</b>	<b>100,615</b>
<b>Non-controlling interests</b>	5,696	5,906	-	-
<b>Total equity</b>	<b>420,984</b>	<b>416,508</b>	<b>100,517</b>	<b>100,615</b>

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

	<b>Group</b>			
	<b>As at 30-Sep-14</b>		<b>As at 30-Jun-14</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	156,741	71,172	155,525	113,247
Amount repayable after one year	172,794	100,000	176,976	100,059
	<b>329,535</b>	<b>171,172</b>	<b>332,501</b>	<b>213,306</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 1Q FY2015</b>	<b>30 September 1Q FY2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	3,216	16,959
<b>Adjustments for:</b>		
Amortisation of intangible assets	225	367
Amortisation of lease prepayments	72	65
Write-back of allowance for impairment of doubtful receivables (net)	(311)	-
Bad debts written off (trade)	-	1
Changes in fair value of short term investment	-	(40)
Depreciation of property, plant and equipment	11,036	9,756
Gain on disposal of assets held for sale	-	(153)
Gain on disposal of property, plant and equipment	(1,242)	(1,389)
Interest expense	3,396	3,477
Interest income	(9)	(123)
Provision/ (reversal) of provision for warranty	1,092	(532)
(Reversal)/ provision of pension liabilities	(5)	52
Property, plant and equipment written off	802	4
Share of results of jointly-controlled entities and associates	(498)	(913)
<b>Operating profit before working capital changes</b>	<b>17,774</b>	<b>27,531</b>
<b>Changes in working capital:</b>		
Inventories	(2,593)	552
Construction work-in-progress and progress billings in excess of construction work-in-progress	48,196	(62,756)
Trade and other receivables	23,311	(7,844)
Trade and other payables	(34,967)	3,236
Other liabilities	(41)	(26)
Balances with related parties (trade)	2,303	26,003
Bank balances, deposits and cash (restricted use)	(674)	20
<b>Cash generated/ (used in) from operations</b>	<b>53,309</b>	<b>(13,284)</b>
Tax (refunded) / paid	62	(116)
<b>Net cash generated from/ (used in) operating activities</b>	<b>53,371</b>	<b>(13,400)</b>
<b>Cash flows from investing activities</b>		
Interest received	9	173
Purchase of assets held for sale	-	(495)
Purchase of property, plant and equipment	(22,218)	(9,167)
Proceeds from disposal of assets held for sale	-	648
Proceeds from disposal of property, plant and equipment	6,000	1,399
Lease prepayments	-	-
Balances with related parties (non-trade)	(3,385)	(398)
<b>Net cash used in investing activities</b>	<b>(19,594)</b>	<b>(7,840)</b>

	<b>Group</b>	
	<b>3 months ended 30 September</b>	<b>3 months ended 30 September</b>
	<b>1Q FY2015</b>	<b>1Q FY2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(3,999)	(3,441)
Repayment of interest-bearing loans and borrowings	(64,845)	(18,388)
Proceeds from interest-bearing loans and borrowings	30,913	37,571
Repayment of trust receipts	(23,609)	(43,395)
Proceeds from trust receipts	14,341	38,059
<b>Net cash (used in)/ generated from financing activities</b>	<b>(47,199)</b>	<b>10,406</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13,422)</b>	<b>(10,834)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>64,581</b>	<b>78,077</b>
Effects of exchange rate changes on opening cash and cash equivalents	54	(51)
<b>Cash and cash equivalents at end of period (Note 1)</b>	<b>51,213</b>	<b>67,192</b>
<b>Note 1:</b>		
Cash and cash equivalents comprise the followings:		
Bank balances, deposits and cash as at September	58,436	75,663
Less: Restricted cash		
- Cash at banks	(2,501)	(2,292)
- Fixed deposits with banks	-	(629)
	55,935	72,742
Bank overdrafts	(4,722)	(5,550)
<b>Cash and cash equivalents</b>	<b>51,213</b>	<b>67,192</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-14									
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			
<b>1Q FY2015</b>									
At 1-Jul-14	83,092	(923)	(4,891)	(2)	333,326	328,433	410,602	5,906	416,508
Profit for the period	-	-	-	-	3,010	3,010	3,010	(300)	2,710
<b>Other comprehensive income for the period, net of tax</b>									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	1,462	-	-	1,462	1,462	66	1,528
Share of other comprehensive income of jointly-controlled entities and associates	-	-	248	-	-	248	248	24	272
Remeasurement of defined benefit pension plan	-	-	-	-	(36)	(36)	(36)	-	(36)
Net fair value changes to cash flow hedges	-	-	-	2	-	2	2	-	2
	-	-	1,710	2	(36)	1,676	1,676	90	1,766
<b>Total comprehensive income for the period</b>	-	-	1,710	2	2,974	4,686	4,686	(210)	4,476
At 30-Sep-14	83,092	(923)	(3,181)	-	336,300	333,119	415,288	5,696	420,984



**Statement of Changes in Equity for the period ended 30-Sep-13**

<u>Group</u>	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			
<b>1Q FY2014</b>									
<b>At 1-Jul-13 (restated)</b>	<b>83,092</b>	<b>(923)</b>	<b>(3,390)</b>	<b>(1,272)</b>	<b>320,297</b>	<b>315,635</b>	<b>397,804</b>	<b>6,870</b>	<b>404,674</b>
<b>Profit for the period</b>	-	-	-	-	12,794	<b>12,794</b>	<b>12,794</b>	383	<b>13,177</b>
<b>Other comprehensive income for the period, net of tax</b>									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,041)	-	-	<b>(1,041)</b>	<b>(1,041)</b>	(187)	<b>(1,228)</b>
Share of other comprehensive income of jointly-controlled entity and associates	-	-	(48)	-	-	<b>(48)</b>	<b>(48)</b>	(7)	<b>(55)</b>
Net fair value changes to cash flow hedges	-	-	-	451	-	<b>451</b>	<b>451</b>	-	<b>451</b>
	-	-	(1,089)	451	-	<b>(638)</b>	<b>(638)</b>	(194)	<b>(832)</b>
<b>Total comprehensive income for the period</b>	-	-	(1,089)	451	12,794	<b>12,156</b>	<b>12,156</b>	189	<b>12,345</b>
<b>At 30-Sep-13</b>	<b>83,092</b>	<b>(923)</b>	<b>(4,479)</b>	<b>(821)</b>	<b>333,091</b>	<b>327,791</b>	<b>409,960</b>	<b>7,059</b>	<b>417,019</b>

**Statement of Changes in Equity for the period ended 30-Sep-14 and 30-Sep-13**

<u>Company</u>	<b>Share capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Hedging reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total reserves \$'000</b>	<b>Total equity \$'000</b>
<b>1Q FY2015</b>						
At 1-Jul-14	83,092	(923)	-	18,446	18,446	100,615
Profit for the period, representing total comprehensive income for the period	-	-	-	(98)	(98)	(98)
At 30-Sep-14	83,092	(923)	-	18,348	18,348	100,517
<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)
<b>Other comprehensive income for the period, net of tax</b>						
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)
At 30-Sep-13	83,092	(923)	(53)	18,314	18,261	100,430

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

	<b>Number of Ordinary Shares (excluding treasury shares)</b>
Balance as at 30-Sep-14 and 30-Jun-14	<u>419,511,294</u>

There have been no changes in the issued and paid-up capital of the Company since 30 June 2014.

There are no outstanding share options granted under the ESOS as at 30 September 2014 and 30 June 2014.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 30-Sep-14</b>	<b>As at 30-Jun-14</b>
Total number of issued shares	422,022,894	422,022,894
Total number of treasury shares	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<u><b>419,511,294</b></u>	<u><b>419,511,294</b></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 2014 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 period beginning 1 July 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

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

Not applicable.

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

	<b>Group</b>	
	<b>3 months ended 30 September</b>	
	<b>1Q FY2015</b>	<b>1Q FY2014</b>
<b>Earnings per ordinary share:</b>		
(i) On weighted average no. of ordinary shares in issue	0.72 cents	3.05 cents
(ii) On a fully diluted basis	0.72 cents	3.05 cents
<b>Net profit attributable to shareholders:</b>	<b>\$3,010,000</b>	<b>\$12,794,000</b>
<b>Number of shares in issue:</b>		
(i) Weighted average no. of shares in issue	419,511,294	419,511,294
(ii) On a fully diluted basis	419,511,294	419,511,294

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-14</b>	<b>30-Jun-14</b>	<b>30-Sep-14</b>	<b>30-Jun-14</b>
Net Asset Value (NAV) per ordinary share	98.99 cents	97.88 cents	23.96 cents	23.98 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 \$68.5 million for the 3 months ended 30 September 2014 ("1Q FY2015") was \$79.8 million (53.8%) lower compared to the corresponding period in FY2014 ("1Q FY2014"). The decrease was primarily due to lower revenue generated from the shipbuilding and the shiprepair and conversion divisions.

Details for revenue generated from each segment are as follows:

	<b>Group</b>		
	<b>1Q FY2015</b>	<b>1Q FY2014</b>	Increase/ (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	%
Shipbuilding	23,749	103,106	(77.0)
Shiprepair and conversion	15,293	19,263	(20.6)
Shipchartering	17,263	17,010	1.5
Engineering	12,225	8,923	37.0
	<b>68,530</b>	<b>148,302</b>	(53.8)

### **Shipbuilding**

Recognition of shipbuilding revenue is calculated based on project value multiply by the percentage of completion ("POC").

As most of the shipbuilding projects undertaken in previous financial year were either completed and delivered, or near completion, revenue recognised from these projects were much lower compared to the corresponding period. Coupled with the low POC for the new projects achieved in 1Q FY2015, shipbuilding revenue decreased by \$79.4 million (77.0%) to \$23.7 million in 1Q FY2015.

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

	<b>Group</b>				
	<b>1Q FY2015 No. of vessels</b>	<b>1Q FY2014</b>	<b>1Q FY2015 \$'000</b>	<b>1Q FY2014 \$'000</b>	<b>Increase/ (Decrease) %</b>
Offshore Support Vessels	14	13	(14)	51,397	Nm
Dredgers	1	1	8,001	36,041	(77.8)
Tugs	12	5	12,283	15,537	(20.9)
Barges and others	1	3	3,479	131	2,555.7
	<b>28</b>	<b>22</b>	<b>23,749</b>	<b>103,106</b>	<b>(77.0)</b>

### Shiprepair and conversion

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

	<b>Group</b>		
	<b>1Q FY2015 \$'000</b>	<b>1Q FY2014 \$'000</b>	<b>Increase/ (Decrease) %</b>
Shiprepair and conversion	15,181	18,708	(18.9)
Other marine related services	112	555	(79.8)
	<b>15,293</b>	<b>19,263</b>	<b>(20.6)</b>

Unlike shipbuilding projects, revenue from shiprepair and conversion deemed to be short term are recognised only upon completion of the projects.

Shiprepair and conversion revenue decreased by \$3.5 million (18.9%) to \$15.2 million in 1Q FY2015 compared to 1Q FY2014 due to there being fewer high value (amount above \$1.0 million) shiprepair and conversion jobs undertaken.

The 4 units of rigs repair works reported as at 30 June 2014 are still ongoing and is expected to be completed in the coming quarters.

## Shipchartering

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

	Group		
	1Q FY2015	1Q FY2014	Increase/ (Decrease)
	\$'000	\$'000	%
Spot charter	11,034	11,638	(5.2)
Long-term charter	5,882	4,324	36.0
<b>Total charter</b>	<b>16,916</b>	<b>15,962</b>	<b>6.0</b>
Trade sales	347	1,048	(66.9)
	<b>17,263</b>	<b>17,010</b>	<b>1.5</b>

Revenue generated by the shipchartering division increased marginally by \$0.3 million (1.5%) to \$17.3 million in 1Q FY2015. Revenue from the charter of vessels increased by approximately \$1.0 million, partially offset by a decrease of \$0.7 million in trade sales revenue compared to 1Q FY2014.

Revenue from long-term charter of vessels increased by \$1.6 million to \$5.9 million in 1Q FY2015 mainly due to the increase in number of vessels under long term contracts (1Q FY2015: 26 vessels, 1Q FY2014: 13 vessels). On the other hand, spot charter revenue decreased slightly due to lower utilisation of tugboats during the quarter.

The bulk of the decrease in trade sales is attributable to lower agency services provided during the quarter under review.

## Engineering

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

	Group		
	1Q FY2015	1Q FY2014	Increase/ (Decrease)
	\$'000	\$'000	%
Engineered Dredger Products & Dredgers ("New Buildings")	194	453	(57.2)
Components & Services ("Components")	12,031	8,470	42.0
	<b>12,225</b>	<b>8,923</b>	<b>37.0</b>

Similar to shipbuilding, revenue from New Buildings is calculated based on project value multiply by percentage of completion.

Revenue generated from New Buildings in 1Q FY2015 decreased by \$259,000 when compared to the corresponding period as there were only 2 projects being undertaken in 1Q FY2015 (1Q FY2014: 3) and those projects which commenced in the previous financial year were nearing completion, i.e. most of the revenue has been booked in the previous financial periods.

Revenue from Components business improved as a result of the fulfilment of orders for spare parts and cutting/ coupling products received from customers in FY2014.

## Gross profit and gross profit margin

Total gross profit decreased by \$14.2 million (59.1%) to \$9.8 million in 1Q FY2015 compared to 1Q FY2014.

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

	Group			
	1Q FY2015		1Q FY2014	
	\$'000	GPM	\$'000	GPM
Shipbuilding	(1,116)	Nm	8,875	8.6%
Shiprepair and conversion	3,716	24.3%	5,278	27.4%
Shipchartering	3,984	23.1%	6,989	41.1%
Engineering	3,226	26.4%	2,850	31.9%
	<b>9,810</b>	<b>14.3%</b>	<b>23,992</b>	<b>16.2%</b>

### Shipbuilding

Shipbuilding segment's gross loss of \$1.1 million was attributed to upward revision of material cost for a higher complexity shipbuilding project and overrun in subcontractors' costs for several other projects.

### Shiprepair and conversion

Consequent to the fewer high value jobs completed, gross profit declined by \$1.6 million in 1Q FY2015 while the decrease in gross profit margin is generally due to lower write-back of sub-contractors' costs for prior years' completed projects.

Excluding the write-back, gross profit margin for shiprepair projects would have been as follows:

	Group	
	1Q FY2015	1Q FY2014
	%	%
Gross profit margin as per above	24.3%	27.4%
Adjusted margin excluding the write-back	19.5%	20.5%

### Shipchartering

The decline in gross profit and gross profit margin is mainly attributable to lower utilisation of tugboats and 2 units of AHT that were off-hire, coupled with higher upkeep costs and port charges resultant from the increase in fleet size of tugs and barges (additional 34 units compared to 1Q FY2014).

### Engineering

Consequential to the higher revenue achieved in 1Q FY2015, gross profit improved by \$376,000 (13.2%) to \$3.2 million in 1Q FY2015. However gross profit margin decreased, mainly due to the absence of a write-back of warranty provision of \$0.5 million in 1Q FY2014 which is non-recurring.



## Other operating income

Details for other operating income are as follows:

	<b>Group</b>	
	<b>1Q FY2015</b>	<b>1Q FY2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Changes in fair value of short term investment	-	40
Gain on disposal of plant and equipment	1,242	1,389
Gain on disposal of assets held for sale	-	153
Gain on foreign exchange (net)		
- unrealised	-	90
- realised	-	485
Insurance claims	821	-
Interest income	9	123
Rental income	981	216
Write-back of allowance for impairment of doubtful receivables (net)	311	-
Miscellaneous income	84	324
	<b>3,448</b>	<b>2,820</b>

Gain on disposal of plant and equipment of \$1.2 million arose from disposal of 3 units of vessels, 1 unit of gantry crane and 1 unit of motor vehicle.

Insurance claims of \$0.8 million relate to 2 units of barges, with remaining useful lives of 4 to 6 years, which were damaged and uneconomical for repair.

## Administrative expenses

Administrative expenses decreased by \$1.3 million (18.4%) to \$5.9 million in 1Q FY2015 mainly due to lower costs incurred by the engineering division as a result of the conscientious effort taken to rationalise costs. Staff related costs decreased by approximately \$1.0 million compared to the corresponding quarter.

## Other operating expenses

Other operating expenses comprised the following:

	<b>Group</b>	
	<b>1Q FY2015</b>	<b>1Q FY2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Bad debts written off (trade)	-	1
Loss on foreign exchange (net)		
- unrealised	292	-
- realised	103	-
Property, plant and equipment written off	802	4
	<b>1,197</b>	<b>5</b>

Unrealised foreign exchange loss of \$0.3 million was mainly from the appreciation of USD against SGD (USD denominated liabilities), partially offset by the depreciation of Euro against SGD (Euro denominated liabilities).

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

	30 Sep 2014	30 Sep 2013	30 June 2014	30 June 2013
<b>USD against SGD</b>	1.2740	1.2576	1.2490	1.2662
<b>Euro against SGD</b>	1.6173	1.7003	1.7073	1.6512
<b>IDR against USD</b>	12,195	11,613	11,905	9,929
<b>IDR against SGD</b>	9,615	9,234	9,615	7,841

Loss on property, plant and equipment written off of \$0.8 million arose from 2 units of barges that were damaged and uneconomical for repair.

### Finance costs

Finance costs reduced by \$81,000 (2.3%) mainly due to the amount of bond interests (approximately \$0.89 million) saved as a result of the redemption of bonds of \$71.5 million in March 2014. This savings of bonds interests was then offset by the additional interest of \$0.9 million arising from loans drawdown by subsidiaries for general working capital and financing the acquisition of new yard in Batam in FY 2014.

### 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	
		1Q FY2015 \$'000	1Q FY2014 \$'000
<b><u>Jointly-controlled entities</u></b>			
HKR-ASL Joint Venture Limited	50%	-	-
Sindo-Econ Pte. Ltd.	50%	(1)	-
<b><u>Associates</u></b>			
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	1,315	553
PT Capitol Nusantara Indonesia ("PT CNI")	36.0%	(816)	360
		<b>498</b>	<b>913</b>

PT Hafar derived its profit from charter and operation of its pipe-lay cum accommodation barge ("Hafar Neptune"). The higher profit is contributed by the 100% utilisation of Hafar Neptune (1Q FY2014: 55%).

The loss of PT CNI was mainly attributable to the low utilisation of its vessels; several of its vessels were off-hired in 1Q FY2015.

## Profit before tax

Group's profit before tax decreased by \$13.7 million (81.0%) to \$3.2 million in 1Q FY2015 as a result of the decline in gross profit of \$14.2 million.

## Tax expense

The Group's current period tax expenses/ (credit) comprised:

	<b>Group</b>	
	<b>1Q FY2015</b>	<b>1Q FY2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Income tax	863	1,916
Deferred tax	(356)	2,671
	<b>507</b>	<b>4,587</b>
Effective tax rate	<b>18.7%</b>	<b>28.6%</b>

The Group recorded a lower effective tax rate during the quarter mainly due to:

- additional deferred tax provision of \$2.9 million from operations in Batam recognised in 1Q FY2014 which is non-existent in 1Q FY2015; and
- deferred tax credit of \$0.4 mill in Singapore shipyard operations due to the reversal of temporary differences in 1Q FY2015
- general lower profitability of entities within the group in 1Q FY2015

The provision of additional deferred tax in 1Q FY2014 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. In 1Q FY2015, the Batam operations had no taxable income, hence there is no such deferred tax charge in the current period under review.

## Non-controlling interests

Non-controlling interests' share of results in 1Q FY2015 due to losses incurred by non-wholly owned subsidiaries in shipchartering and shipbuilding, compared to their profit-making positions in 1Q FY2014.

## Operating cash flow

In 1Q FY2015, the Group recorded a net cash inflow from operating activities of \$53.4 million compared to the net cash outflow of \$13.4 million in 1Q FY2014. The higher cash inflow was mainly attributed to lower work-in-progress incurred for shipbuilding and shiprepair projects partially offset by higher payments made to suppliers.

On the other hand, the Group recorded a net cash outflow of \$19.6 million and \$47.2 million in investing activities and financing activities respectively. Cash were utilised in purchase of vessels and repayments of short bank loans and trust receipts previously obtained to finance shipbuilding projects that were completed and delivered in the quarter under review.

## REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

### Non-current assets

Property, plant and equipment ("PPE") increased by \$8.2 million (1.5%) from \$542.8 million as at 30 June 2014 to \$551.0 million as at 30 September 2014.

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

	<b>\$'000</b>
Balance as at 1 July 2014	542,777
Acquisition of property, plant and equipment	22,218
Inclusive of :	
- \$1.6 million for plant and machinery	
- \$1.5 million for 3 vessels	
- \$18.6 million for yard infrastructure development and vessels under construction	
Disposal/ write-off of plant and equipment	(5,693)
Depreciation charge	(11,793)
Translation differences	3,481
Balance as at 30 September 2014	<u><b>550,990</b></u>

The breakdown of the carrying value of intangible assets is as follows:

	<b>Useful lives (Years)</b>	<b>30-Sep-14 \$'000</b>	<b>30-Jun-14 \$'000</b>
Goodwill	-	9,416	9,939
Technology	15	6,587	7,085
Customer relationship	25	4,165	4,444
Brand name	5	635	722
<b>Intangible assets</b>		<u><b>20,803</b></u>	<u><b>22,190</b></u>

Intangible assets were acquired as part of the acquisition of Vosta LMG group.

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.

### Current assets

Current assets decreased by \$80.0 million (12.6%) from \$632.8 million as at 30 June 2014 to \$552.7 million as at 30 September 2014.

Trade and other receivables comprised the following:

	<b>Total 30-Sep-14 \$'000</b>	<b>Total 30-Jun-14 \$'000</b>	<b>Increase/ (decrease) \$'000    %</b>	
Trade receivables	179,995	207,278	(27,283)	(13.2)
Other receivables and deposits	31,112	26,828	4,284	16.0
Amounts due from related parties	55,180	53,552	1,628	3.0
	<u><b>266,287</b></u>	<u><b>287,658</b></u>	<u><b>(21,371)</b></u>	<u><b>(7.4)</b></u>

Of the total trade receivables, \$40.9 million was received subsequent to the quarter under review.

Other receivables and deposits increased by \$4.3 million mainly due to down payment made for purchase of vessels and sales proceeds receivable for disposal of vessels by the shipchartering division.

The increase in amount due from related parties was mainly due to trade billings to associates of the Group in 1Q FY2015.

### Current liabilities

Current liabilities decreased by \$72.1 million (14.3%) from \$503.1 million as at 30 June 2014 to \$431.0 million as at 30 September 2014.

Trade and other payables comprised the following:

	<b>Total 30-Sep-14 \$'000</b>	<b>Total 30-Jun-14 \$'000</b>	<b>Increase/ (decrease)</b>	
			<b>\$'000</b>	<b>%</b>
Trade payables	130,658	147,447	(16,789)	(11.4)
Other payables	22,373	39,097	(16,724)	(42.8)
Amounts due to related Parties	7,935	7,181	754	10.5
Loan from non-controlling interests of subsidiaries	195	191	4	2.1
	<b>161,161</b>	<b>193,916</b>	<b>(32,755)</b>	<b>(16.9)</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 decrease was mainly due to settlement of payables for purchase of vessels and payment of refund to a shipbuilding customer.

Current portion of interest-bearing loans and borrowings decreased by \$38.9 million (14.8%) to \$223.2 million mainly due to settlement of trust receipts and short-term loans previously obtained to finance shipbuilding projects.

The Group's net construction work-in-progress in excess of progress billings decreased by \$46.2 million (28.1%) from \$164.3 million as at 30 June 2014 to \$118.1 million as at 30 September 2014. The decrease was mainly attributed to completion and delivery of vessels.

## Non-current liabilities

Non-current liabilities decreased by \$4.9 million (1.7%) to \$292.4 million as at 30 September 2014 mainly due to lower non-current interest-bearing loans and borrowings.

The breakdown of total group borrowings is as follows:

	30-Sep-14	30-Jun-14	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Long term loans	211,262	210,723	539	0.3
Notes issued under Multicurrency Debt Issuance Programme	100,000	100,000	-	-
Finance lease liabilities	22,409	25,800	(3,391)	(13.1)
Short term loans	71,275	102,356	(31,081)	(30.4)
Bank overdraft	4,722	6,724	(2,002)	(29.8)
<b>Total interest-bearing loans and borrowings</b>	<b>409,668</b>	<b>445,603</b>	<b>(35,935)</b>	<b>(8.1)</b>
Trust receipts	91,039	100,204	(9,165)	(9.1)
<b>Total borrowings</b>	<b>500,707</b>	<b>545,807</b>	<b>(45,100)</b>	<b>(8.3)</b>
<b>Total shareholders' funds</b>	<b>415,288</b>	<b>410,602</b>		
<b>Gearing ratio (times)</b>	<b>1.21</b>	<b>1.33</b>		
<b>Net gearing ratio (times)</b>	<b>1.06</b>	<b>1.15</b>		

The decrease in short term loans and trust receipts is due to settlement of trust receipts and short-term loans previously obtained to finance shipbuilding projects.

### 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 2014 with respect to the financial year ended 30 June 2014, the Group remained profitable in 1Q FY2015.

On 28 August 2014, the Group announced an outstanding delivery order of 14 vessels worth approximately \$42 million for its shipchartering operations. During 1Q FY2015, the shipchartering operations took delivery of 3 vessels with a total worth of \$3.5 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.

Outlook for the shipbuilding industry have been challenging due to over capacity and lower demand of ships. Coupled with the recent slide in oil prices, the Group expects demand for construction of new offshore support vessels to reduce thereby resulting the competition in the offshore oil and gas industry to be more keen than before. Shipbuilding margin is expected to continue to remain 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 the positive development in the port expansion and marine infrastructure in the region is expected to improve the demand for charter of vessels engaged in these areas.

### **Shipbuilding and Shiprepair Operations**

As at 30 September 2014, the Group had an outstanding shipbuilding order book from external customers of approximately \$298.7 million for 24 vessels with progressive deliveries up to 1Q FY 2017. The order book comprised Offshore Support Vessels, AHTS, oil tanker, tugs and barges.

### **Shipchartering Operations**

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 35% of shipchartering revenue in 1Q FY2015 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2014, the Group had an outstanding order book of approximately \$68.8 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 20 vessels worth approximately \$122.8 million, comprising AHTS, PSV, landing crafts, tugs and barges. With the exception of 8 vessels with a total worth of \$14.2 million, these vessels are being built internally by the Group.

### **Overall**

Barring any unforeseen circumstances, the Group is expected 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 30 September 2014.

## **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 2014 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 November 2014