

UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2014

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	Group					
	3 months ended 31 March			9 months ended 31 March		
	3Q FY2014 \$'000	3Q FY2013 \$'000	Inc/ (Dec) %	9M FY2014 \$'000	9M FY2013 \$'000	Inc/ (Dec) %
Revenue	144,839	144,029	0.6	483,577	315,980	53.0
Cost of sales	(134,768)	(125,235)	7.6	(431,127)	(255,701)	68.6
Gross profit	10,071	18,794	(46.4)	52,450	60,279	(13.0)
Other operating income	2,876	3,074	(6.4)	8,402	2,675	214.1
Administrative expenses	(6,538)	(8,289)	(21.1)	(23,176)	(14,801)	56.6
Other operating expenses	(1,375)	(40)	3337.5	(1,229)	(7,502)	(83.6)
Finance costs	(3,179)	(2,663)	19.4	(10,040)	(7,668)	30.9
Share of results of jointly-controlled entities and associates	1,704	441	286.4	2,513	(234)	Nm
Profit before tax	3,559	11,317	(68.6)	28,920	32,749	(11.7)
Tax expense						
- current period	1,620	(1,442)	Nm	(4,898)	(4,445)	10.2
- (under)/ over provision in prior years	(189)	54	Nm	168	1,389	(87.9)
Profit for the period	4,990	9,929	(49.7)	24,190	29,693	(18.5)
Attributable to:						
Owners of the Company	5,639	9,622	(41.4)	25,150	30,061	(16.3)
Non-controlling interests	(649)	307	Nm	(960)	(368)	160.9
	4,990	9,929	(49.7)	24,190	29,693	(18.5)

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 March			9 months ended 31 March		
	3Q FY2014	3Q FY2013	Inc/ (Dec)	9M FY2014	9M FY2013	Inc/ (Dec)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	4,990	9,929	(49.7)	24,190	29,693	(18.5)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	120	806	(85.1)	(1,209)	(1,441)	(16.1)
Share of other comprehensive income of jointly-controlled entities and associates	78	14	457.1	98	(30)	Nm
Realisation of reserves on change of interest in an associate	45	-	Nm	45	-	Nm
Net change in fair value of cash flow hedges	375	(1,645)	Nm	726	7,473	(90.3)
Other comprehensive income for the period, net of tax	618	(825)	Nm	(340)	6,002	Nm
Total comprehensive income for the period	5,608	9,104	(38.4)	23,850	35,695	(33.2)
Attributable to:						
Owners of the Company	6,188	8,682	(28.7)	24,919	36,387	(31.5)
Non-controlling interests	(580)	422	Nm	(1,069)	(692)	54.5
	5,608	9,104	(38.4)	23,850	35,695	(33.2)

Nm: Not meaningful

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

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2014	FY2013	FY2014	FY2013
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment of doubtful trade receivables	(14)	(267)	(14)	(5,103)
Allowance for impairment of doubtful trade receivables written back	313	1,002	518	1,021
Amortisation of intangible assets	(295)	-	(2,136)	-
Amortisation of lease prepayments	(68)	(65)	(198)	(190)
Bad debts written off (trade)	(44)	-	(45)	(20)
Changes in fair value of short term investment	-	7	37	32
Depreciation of property, plant and equipment	(11,311)	(10,441)	(32,695)	(27,770)
Gain on change of interest in an associate	20	-	20	-
Gain on disposal of property, plant and equipment	802	354	3,155	1,109
Gain on ineffective portion on cash flow hedges on forward currency contracts and interest rate swaps	-	56	-	211
(Loss)/ Gain on disposal of assets held for sale	(3)	-	283	496
(Loss)/ Gain on foreign exchange (net)	(1,326)	1,620	240	(3,348)
Interest income	61	74	211	262
Property, plant and equipment written off	(5)	(40)	(1,184)	(52)
Reversal/ (Provision) of warranty	387	-	2,574	(618)
(Provision)/ Reversal of pension liabilities	(48)	-	(149)	203
(Under)/ Over provision of tax in respect of prior years				
- current tax expense	(189)	54	739	(161)
- deferred tax expense	-	-	(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-Mar-14	30-Jun-13 (restated)	31-Mar-14	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	510,617	478,656	-	-
Lease prepayments	4,947	4,995	-	-
Subsidiaries	-	-	69,606	69,555
Interest in jointly-controlled entities and associates	11,399	9,493	-	-
Intangible assets	22,760	23,762	-	-
	549,723	516,906	69,606	69,555
Current assets				
Inventories	13,978	24,967	-	-
Short term investment	4,938	4,901	4,938	4,901
Construction work-in-progress	244,133	247,786	-	-
Trade and other receivables	289,629	243,033	209,842	245,754
Derivative financial instruments	-	57	-	-
Bank balances, deposits and cash	39,834	88,243	263	857
	592,512	608,987	215,043	251,512
Current liabilities				
Trade and other payables	169,983	185,944	83,298	48,916
Provision for warranty	1,428	3,854	-	-
Progress billings in excess of construction work-in-progress	32,341	35,285	-	-
Trust receipts	105,908	100,718	-	-
Interest-bearing loans and borrowings	129,118	149,937	-	71,450
Derivative financial instruments	657	1,552	-	101
Current tax liabilities	4,900	8,722	-	62
Bank overdrafts	6,159	7,225	-	-
	450,494	493,237	83,298	120,529
Net current assets	142,018	115,750	131,745	130,983
Non-current liabilities				
Other liabilities	2,500	2,336	-	-
Interest-bearing loans and borrowings	252,879	212,033	100,000	100,000
Deferred tax liabilities	15,418	12,803	-	-
	270,797	227,172	100,000	100,000
Net assets	420,944	405,484	101,351	100,538
Share capital	83,092	83,092	83,092	83,092
Treasury shares	(923)	(923)	(923)	(923)
Reserves	332,974	316,445	19,182	18,369
	415,143	398,614	101,351	100,538
Non-controlling interests	5,801	6,870	-	-
Total equity	420,944	405,484	101,351	100,538

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

	Group			
	As at 31-Mar-14		As at 30-Jun-13	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	147,968	93,217	140,307	117,573
Amount repayable after one year	152,760	100,119	111,746	100,287
	300,728	193,336	252,053	217,860

Details of any collateral

The Group's secured borrowings comprised term loans and finance leases which are secured by way of:

- 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
- Corporate guarantees from the Company and certain subsidiaries

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2014 \$'000	FY2013 \$'000	FY2014 \$'000	FY2013 \$'000
Cash flows from operating activities				
Profit before tax	3,559	11,317	28,920	32,749
Adjustments for:				
Amortisation of intangible assets	295	-	2,136	-
Amortisation of lease prepayments	68	65	198	190
(Write-back of)/ Allowance for impairment of doubtful receivables (net)	(299)	(735)	(504)	4,082
Bad debts written off (trade)	44	-	45	20
Changes in fair value of short term investment	-	(7)	(37)	(32)
Depreciation of property, plant and equipment	11,311	10,441	32,695	27,770
Gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	-	(56)	-	(211)
Loss/ (Gain) on disposal of assets held for sale	3	-	(283)	(496)
Gain on disposal of property, plant and equipment	(802)	(354)	(3,155)	(1,109)
Gain on change of interest in an associate	(20)	-	(20)	-
Interest expense	3,179	2,663	10,040	7,668
Interest income	(61)	(74)	(211)	(262)
(Reversal)/ provision of warranty	(387)	-	(2,574)	618
Provision/ (reversal) of pension liabilities	48	-	149	(203)
Property, plant and equipment written off	5	40	1,184	52
Share of results of jointly-controlled entities and associates	(1,704)	(441)	(2,513)	234
Operating profit before working capital changes	15,239	22,859	66,070	71,070
Changes in working capital:				
Inventories	4,414	(6,203)	10,988	(9,863)
Construction work-in-progress and progress billings in excess of construction work-in-progress	23,906	(81,099)	1,710	(111,187)
Trade and other receivables	(31,400)	22,875	(70,165)	(26,197)
Trade and other payables	(30,186)	5,789	(19,031)	13,823
Other liabilities	(19)	-	(74)	-
Balances with related parties (trade)	870	(2,885)	27,656	208
Bank balances, deposits and cash (restricted use)	975	907	958	2
Cash (used in)/ generated from operations	(16,201)	(37,757)	18,112	(62,144)
Tax paid	(3,005)	(1,826)	(6,018)	(6,189)
Net cash (used in)/ generated from operating activities	(19,206)	(39,583)	12,094	(68,333)
Cash flows from investing activities				
Interest received	11	25	261	206
Acquisition of subsidiaries	-	-	-	(2,305)
Investment in a jointly-controlled entity	(9)	-	(9)	-
Purchase of short term investment	-	-	(1,941)	(5,000)
Purchase of property, plant and equipment	(32,008)	(874)	(66,918)	(79,155)
Proceeds from disposal of assets held for sale	(3)	-	2,224	850
Proceeds from disposal of property, plant and equipment	2,903	315	7,566	24,905
Lease prepayments	(150)	-	(150)	(1,400)
Balances with related parties (non-trade)	(531)	(93)	(1,982)	(135)
Net cash used in investing activities	(29,787)	(627)	(60,949)	(62,034)

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2014	FY2013	FY2014	FY2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(5,787)	(3,629)	(11,851)	(8,922)
Dividends paid	-	-	(8,390)	(7,342)
Repayment of interest-bearing loans and borrowings	(83,323)	(33,067)	(124,620)	(84,361)
Proceeds from interest-bearing loans and borrowings	100,998	173,217	142,191	251,103
Repayment of loan from minority shareholders of subsidiaries	-	-	-	(2,393)
Proceeds from loan from minority shareholders of subsidiaries	-	-	-	1,847
Repayment of trust receipts	(10,247)	(11,308)	(87,366)	(23,502)
Proceeds from trust receipts	20,624	14,546	92,542	70,854
Net cash generated from financing activities	22,265	139,759	2,506	197,284
Net (decrease)/ increase in cash and cash equivalents	(26,728)	99,549	(46,349)	66,917
Cash and cash equivalents at beginning of period	58,466	58,884	78,077	91,813
Effects of exchange rate changes on opening cash and cash equivalents	(46)	138	(36)	(159)
Cash and cash equivalents at end of period (Note 1)	31,692	158,571	31,692	158,571

Note 1:

Cash and cash equivalents comprise the followings:

Bank balances, deposits and cash as at March	39,834	162,217
Less: Restricted cash		
- Cash at banks	(1,353)	(1,389)
- Fixed deposits with banks	(630)	(2,257)
	37,851	158,571
Bank overdrafts	(6,159)	-
Cash and cash equivalents	31,692	158,571

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-Mar-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			
<u>9M 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	-	-	-	-	25,150	25,150	25,150	(960)	24,190
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,088)	-	-	(1,088)	(1,088)	(121)	(1,209)
Share of other comprehensive income of jointly-controlled entities and associates	-	-	86	-	-	86	86	12	98
Realisation of reserves on change of interest in an associate	-	-	45	-	-	45	45	-	45
Net fair value changes to cash flow hedges	-	-	-	726	-	726	726	-	726
	-	-	(957)	726	-	(231)	(231)	(109)	(340)
Total comprehensive income for the period	-	-	(957)	726	25,150	24,919	24,919	(1,069)	23,850
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-Mar-14	83,092	(923)	(4,322)	(546)	337,842	332,974	415,143	5,801	420,944

Statement of Changes in Equity for the period ended 31-Mar-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	Treasury shares	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
<u>9M 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	-	-	-	-	30,061	30,061	30,061	(368)	29,693
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(1,147)	-	-	(1,147)	(1,147)	(294)	(1,441)
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	(30)	(30)
Net fair value changes to cash flow hedges	-	-	-	7,473	-	7,473	7,473	-	7,473
	-	-	(1,147)	7,473	-	6,326	6,326	(324)	6,002
Total comprehensive income for the period	-	-	(1,147)	7,473	30,061	36,387	36,387	(692)	35,695
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-Mar-13	83,092	(923)	(5,243)	368	305,892	301,017	383,186	8,553	391,739

Statement of Changes in Equity for the period ended 31-Mar-14 and 31-Mar-13

Company	Share capital \$'000	Treasury shares \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
<u>9M FY2014</u>						
At 1-Jul-13	83,092	(923)	(101)	18,470	18,369	100,538
Profit for the period	-	-	-	9,102	9,102	9,102
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	101	-	101	101
	-	-	101	-	101	101
Total comprehensive income for the period	-	-	101	9,102	9,203	9,203
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-Mar-14	83,092	(923)	-	19,182	19,182	101,351
<u>9M FY2013</u>						
At 1-Jul-12	83,092	(923)	(272)	17,725	17,453	99,622
Profit for the period	-	-	-	8,351	8,351	8,351
Other comprehensive income for the period, net of tax						
Net fair value changes to cash flow hedges	-	-	168	-	168	168
	-	-	168	-	168	168
Total comprehensive income for the period	-	-	168	8,351	8,519	8,519
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-Mar-13	83,092	(923)	(104)	18,734	18,630	100,799

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

	Number of Ordinary Shares (excluding treasury shares)
Balance as at 31-Mar-14 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 March 2014 and 31 March 2013.

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

	As at 31-Mar-14	As at 30-Jun-13	As at 31-Mar-13
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 March		9 months ended 31 March	
	3Q FY2014	3Q FY2013	9M FY2014	9M FY2013
Earnings per ordinary share:				
(i) On weighted average no. of ordinary shares in issue	1.34 cents	2.29 cents	6.00 cents	7.17 cents
(ii) On a fully diluted basis	1.34 cents	2.29 cents	6.00 cents	7.17 cents
Net profit attributable to shareholders:	\$5,639,000	\$9,622,000	\$25,150,000	\$30,061,000
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-Mar-14	30-Jun-13	31-Mar-14	30-Jun-13
Net Asset Value (NAV) per ordinary share	98.96 cents	95.02 cents	24.16 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 \$144.8 million for the 3 months ended 31 March 2014 ("3Q FY2014") was \$0.8 million (0.6%) higher compared to the corresponding period in FY2013 ("3Q FY2013").

For the 9 months ended 31 March 2014 ("9M FY2014"), total Group revenue rose by \$167.6 million (53.0%) to \$483.6 million compared to the corresponding 9 months ended 31 March 2013 ("9M FY2013").

Details for revenue generated from each segment are as follows:

	Group					
	3Q FY2014 \$'000	3Q FY2013 \$'000	Increase/ (Decrease) %	9M FY2014 \$'000	9M FY2013 \$'000	Increase/ (Decrease) %
Shipbuilding	85,166	97,198	(12.4)	283,637	190,504	48.9
Shiprepair and conversion	25,760	11,130	131.4	99,863	45,575	119.1
Shipchartering	19,334	22,716	(14.9)	54,327	66,916	(18.8)
Engineering	14,579	12,985	12.3	45,750	12,985	252.3
	144,839	144,029	0.6	483,577	315,980	53.0

Shipbuilding

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

The breakdown of shipbuilding revenue by vessel type is as follows:

	Group				
	3Q FY2014 No. of vessels	3Q FY2013	3Q FY2014 \$'000	3Q FY2013 \$'000	Increase/ (Decrease) %
Offshore Support Vessels ("OSV")	15	13	29,699	72,152	(58.8)
Dredgers	1	1	35,843	21,783	64.5
Tugs	5	3	17,907	2,876	522.6
Barges and others	3	4	1,717	387	343.7
	24	21	85,166	97,198	(12.4)

Despite the recognition of revenue from the additional 2 units of OSVs in 3Q FY2014, revenue from the construction of OSVs fell by \$42.5 million as most of the construction of the OSVs are coming to completion, i.e. most of the revenue has been booked in the previous quarters.

Lower revenue recognised from the construction of OSVs was offset by the higher revenue of \$30.5 million arising from the construction of dredger and barges along with the recognition of revenue from the additional 2 units of tugs in 3Q FY2014.

Total shipbuilding revenue decreased by \$12.0 million (12.4%) to \$85.2 million in 3Q FY2014 mainly due to smaller percentage of completion achieved from the construction of offshore support vessels in the current quarter.

Conversely shipbuilding revenue for 9M FY2014 increased by \$93.1 million (48.9%) to \$283.6 million, mainly due to the higher revenue recognition from construction of the dredger in previous quarters.

	Group				
	9M FY2014	9M FY2013	9M FY2014	9M FY2013	Increase/ (Decrease) %
	No. of vessels		\$'000	\$'000	
OSV	15	13	128,976	146,430	(11.9)
Dredgers	1	1	107,048	21,783	391.4
Tugs	5	4	46,125	15,200	203.5
Barges and others	3	15	1,488	7,091	(79.0)
	24	33	283,637	190,504	48.9

Shiprepair and conversion

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

	Group					
	3Q FY2014	3Q FY2013	Increase/ (Decrease) %	9M FY2014	9M FY2013	Increase/ (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Shiprepair and conversion	25,631	10,624	141.3	98,906	44,269	123.4
Other marine related services	129	506	(74.5)	957	1,306	(26.7)
	25,760	11,130	131.4	99,863	45,575	119.1

Shiprepair and conversion revenue increased by \$14.6 million (131.4%) to \$25.8 million in 3Q FY2014 and \$54.3 million (119.1%) to \$99.9 million in 9M FY2014 compared to corresponding reporting periods.

Unlike shipbuilding projects, revenue from shiprepair and conversion deemed to be short term are recognised only upon completion of the project. The higher revenue recorded in 3Q FY2014 arose from the completion of the major conversion works on a crude oil tanker.

Together with the completion of a rig repair works in 2Q FY2014, revenue from shiprepair and conversion increased by more than 100% in 9M FY2014.

As at 31 March 2014, there are 4 units of rigs repair works which are still ongoing and is expected to be completed in the coming quarters.

Shipchartering

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

	Group					
	3Q FY2014 \$'000	3Q FY2013 \$'000	Increase/ (Decrease) %	9M FY2014 \$'000	9M FY2013 \$'000	Increase/ (Decrease) %
Spot charter	11,099	12,251	(9.4)	34,362	35,374	(2.9)
Long term charter	5,924	2,902	104.1	15,450	10,200	51.5
	17,023	15,153	12.3	49,812	45,574	9.3
Charter income earned by PT CNI	-	5,532	Nm	-	17,127	Nm
Total charter income	17,023	20,685	(17.7)	49,812	62,701	(20.6)
Trade sales	2,311	2,031	13.8	4,515	4,215	7.1
	19,334	22,716	(14.9)	54,327	66,916	(18.8)

Shipchartering revenue generated from vessels held by the Singapore subsidiaries improved by \$1.87 million (12.3%) to \$17.0 million in 3Q FY2014 and \$4.2 million (9.3%) to \$49.8 million in 9M FY2014.

For 3Q FY2014, spot charter income decreased by \$1.2 million (9.4%) due to lower demand/utilisation for tugs while long-term charter income increased by \$3.0 million (104.1%) derived from the newly acquired AHTS and ROV support vessel.

There was no shipchartering revenue earned by PT Capitol Nusantara Indonesia ("PT CNI") in 3Q FY2014 and 9M FY2014 mainly attributed to the non-consolidation of PT CNI after the partial disposal of 24% effective interest in the third quarter of financial year ended 30 June 2013. Meaning PT CNI is now no longer a subsidiary and it is equity accounted for.

Overall shipchartering revenue decreased by \$3.4 million (14.9%) to \$19.3 million in 3Q FY2014 and \$12.6 million (18.8%) to \$54.3 million in 9M FY2014.

Engineering

Engineering revenue increased by \$1.6 million (12.3%) to \$14.6 million in 3Q FY2014 and \$32.8 million (252.3%) to \$45.8 million in 9M FY2014 compared to corresponding reporting periods.

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

	Group					
	3Q FY2014 \$'000	3Q FY2013 \$'000	Increase/ (Decrease) %	9M FY2014 \$'000	9M FY2013 \$'000	Increase/ (Decrease) %
Engineered Dredger Products & Dredgers	677	761	(11.0)	10,731	761	1310.1
Components & Services	13,902	12,224	13.7	35,019	12,224	186.5
	14,579	12,985	12.3	45,750	12,985	252.3

Gross profit and gross profit margin

Total gross profit decreased by \$8.7 million (46.4%) to \$10.1 million in 3Q FY2014 and \$7.8 million (13.0%) to \$52.5 million in 9M FY2014 compared to the respective corresponding periods.

The breakdown of gross profit and gross profit margin ("GPM") for each respective segment are as follows:

	Group							
	3Q FY2014		3Q FY2013		9M FY2014		9M FY2013	
	\$'000	GPM	\$'000	GPM	\$'000	GPM	\$'000	GPM
Shipbuilding	1,087	1.3%	8,849	9.1%	9,543	3.4%	26,900	14.1%
Shiprepair and conversion	3,644	14.1%	3,142	28.2%	19,404	19.4%	12,882	28.3%
Shipchartering	3,381	17.5%	5,185	22.8%	15,278	28.1%	18,879	28.2%
Engineering	1,959	13.4%	1,618	12.5%	8,225	18.0%	1,618	12.5%
	<u>10,071</u>	<u>7.0%</u>	<u>18,794</u>	<u>13.0%</u>	<u>52,450</u>	<u>10.8%</u>	<u>60,279</u>	<u>19.1%</u>

Shipbuilding

Lower gross profit margin of shipbuilding segment was mainly due to the delay in the completion of the construction of 3 units of OSVs. The margin of these complicated vessels has been affected by the following: -

1. Additional subcontractors' costs incurred to rapidly complete the construction of these vessels to avoid further extensive delay in delivery;
2. Additional working capital costs to finance the projects; and
3. Provision of maximum liquidated damages payable.

Shiprepair and conversion

Despite the higher revenue, gross profit only improved by \$0.5 million (16.0%) to \$3.6 million for 3Q FY2014 and \$6.5 million (50.6%) to \$19.4 million for 9M FY2014.

As mentioned above, shiprepair and conversion revenue recorded in 3Q FY2014 arose mainly from the completion of the conversion works on a crude oil tanker which had a much lower profit margin compared to the usual shiprepair jobs.

As a result the overall shiprepair and conversion profit margin was dragged down by the much lower margin earned from this conversion project.

Coupled with the lower amount of write-back of subcontractor costs, gross profit margin of 14.1% in 3Q FY2014 and 19.4% in 9M FY2014 was lower than the corresponding reporting periods.

Shipchartering

Gross profit declined by \$1.8 million (34.8%) to \$3.4 million in 3Q FY2014 and \$3.6 million (19.1%) to \$15.3 million in 9M FY2014 mainly due to the non-consolidation of gross profit generated from vessels held by PT CNI.

Excluding the gross profit of \$1.5 million and \$4.6 million that were generated from vessels held by PT CNI, the gross profit margin for shipchartering would have been as follows:

	Group			
	3Q	3Q	9M	9M
	FY2014	FY2013	FY2014	FY2013
	%	%	%	%
Gross profit margin as per above	17.5%	22.8%	28.1%	28.2%
Adjusted margin excluding PT CNI	17.5%	21.5%	28.1%	28.8%

The lower gross profit margin of 17.5% in 3Q FY2014 was mainly due to higher repair and maintenance costs incurred on barges.

Engineering

The gross profit of \$2.0 million in 3Q FY2014 and \$8.2 million in 9M FY2014 included a write-back of warranty provision of \$0.4 million and \$2.6 million respectively.

Other operating income

Details for other operating income are as follows:

	Group			
	3Q	3Q	9M	9M
	FY2014	FY2013	FY2014	FY2013
	\$'000	\$'000	\$'000	\$'000
Changes in fair value of short term investment	-	7	37	32
Gain on change of interest in an associate	20	-	20	-
Gain on disposal of plant and equipment	802	354	3,155	1,109
(Loss)/ Gain on disposal of assets held for sale	(3)	-	283	496
Gain/ (Loss) on foreign exchange				
- unrealised	-	1,094	(52)	-
- realised	-	526	292	-
Interest income	61	74	211	262
Insurance claim	1,223	4	2,525	4
Miscellaneous income	236	49	749	541
Rental income	238	231	678	231
Write-back of impairment of doubtful trade receivables (net)	299	735	504	-
	2,876	3,074	8,402	2,675

Gain on change of interest in an associate pertained to the initial public offering ("IPO") of the Group's associate, PT Capitol Nusantara Indonesia.

Gain on disposal of plant and equipment of \$0.8 million in 3Q FY2014 arose mainly from the disposal of 4 vessels and 1 unit of crawler crane.

The insurance claim of \$1.2 million in 3Q FY2014 was pertaining to a damage claim report filed by VOSTA LMG group back in April 2010.

Administrative expenses

Administrative expenses decreased by \$1.8 million (21.1%) to \$6.5 million in 3Q FY2014 compared to 3Q FY2013 as a result of lower legal and consultancy costs incurred by VOSTA LMG was due to discontinuance of the management services upon expiry of the contract. The reduction in headcount in VOSTA LMG also resulted in lower staff salaries.

In 9M FY2013, only 3 months of expenses incurred by VOSTA LMG had been consolidated as the acquisition was completed in December 2012. As a result, administrative expenses in 9M FY2014 increased by \$8.4 million (56.6%) to \$23.2 million.

As the Group has recently completed its rationalisation exercise in VOSTA LMG, further rationalisation cost of approximately \$2 million is expected to be incurred in the next quarter.

Other operating expenses

Other operating expenses increased by \$1.3 million (3337.5%) to \$1.4 million in 3Q FY2014 but decreased by \$6.3 million (83.6%) to \$1.2 million in 9M FY2014.

Other operating expenses comprised the followings:

	Group			
	3Q FY2014	3Q FY2013	9M FY2014	9M FY2013
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment of doubtful trade receivables (net)	-	-	-	4,082
Bad debts written off (trade)	44	-	45	20
Loss/(Gain) on foreign exchange				
- unrealised	1,516	-	-	2,817
- realised	(190)	-	-	531
Property, plant and equipment written off	5	40	1,184	52
	1,375	40	1,229	7,502

The unrealised foreign exchange loss of \$1.5 million in 3Q FY2014 arose mainly from the appreciation of IDR against USD and SGD during the period.

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

	31 Mar 2014	31 Mar 2013	31 Dec 2013	31 Dec 2012	30 June 2013	30 June 2012
USD against SGD	1.2601	1.2434	1.2660	1.2229	1.2662	1.2688
Euro against SGD	1.7323	1.5906	1.7468	1,6180	1.6512	1.5974
IDR against USD	11,403	9,719	12,189	9,670	9,929	9,480
IDR against SGD	9,049	7,816	9,628	7,907	7,841	7,415

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 \$0.5 million (19.4%) to \$3.2 million in 3Q FY2014 and \$2.4 million (30.9%) to \$10.0 million in 9M FY2014.

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			
		3Q FY2014	3Q FY2013	9M FY2014	9M FY2013
		\$'000	\$'000	\$'000	\$'000
<u>Jointly-controlled entities</u>					
HKR-ASL Joint Venture Limited	50%	-	1	-	-
Sindo-Econ Pte. Ltd. ("Sindo-Econ")	50%	-	-	(100)	-
<u>Associates</u>					
PT. Hafar Capitol Nusantara ("PT Hafar")	36.75%	1,620	440	2,773	(234)
PT Capitol Nusantara Indonesia ("PT CNI")	27.0%	84	-	(160)	-
		1,704	441	2,513	(234)

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 9M 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. PT Hafar has since commenced operation and generating profits.

PT CNI has successfully concluded its IPO with listing on the Indonesian Stock Exchange in January 2014 with the Group's effective interest decreasing from 36% to 27%.

Profit before tax

Consequent to the lower gross profits of \$8.7 million (46.4%) in 3Q FY2014, the Group's profit before tax fell by \$7.8 million (68.6%) to \$3.6 million.

The decrease in gross profit of \$7.8 million coupled with higher administrative expenses and finance costs, profit before tax fell by 11.7% to \$28.9 million for 9M FY2014.

Tax expense

The Group's current period tax expenses comprised:

	Group			
	3Q FY2014	3Q FY2013	9M FY2014	9M FY2013
	\$'000	\$'000	\$'000	\$'000
Income tax	(151)	1,301	3,369	4,741
Deferred tax	(1,469)	141	1,529	(296)
	(1,620)	1,442	4,898	4,445
Effective tax rate			18.5%	13.5%

The Group recorded a higher effective tax rate in 9M FY2014 mainly due to: -

- a) additional deferred tax provision of \$1.9 million arising from the operations in Batam; and
- b) pre-tax loss of \$4.3 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 for 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; whereas its taxable profit is determined in IDR in Indonesia. The changes in the exchange rate during the period gave rise to temporary difference that result in additional deferred tax liability.

Non-controlling interests

Non-controlling interests' share of results increased by \$0.6 million in 9M FY2014 mainly due to higher share of shipbuilding losses from its China operations of \$1.6 million partially offset by higher share of shipchartering profits recorded by the non-wholly owned foreign subsidiaries of \$0.8 million .

Operating cash flow

3Q FY2014

The Group recorded a net cash outflow from operating activities of \$19.2 million in 3Q FY2014 mainly attributed to higher receivables due from customers and higher payments made to suppliers offset by lower construction work in progress incurred for shipbuilding and shiprepair projects.

9M FY2014

The Group's net cash inflow from operating activities of \$12.1 million in 9M FY2014 was mainly attributed to lower work-in-progress incurred for shipbuilding and shiprepair projects and higher receipt from related parties but partially offset by higher receivables from customers and payments made to suppliers.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2014

Non-current assets

Property, plant and equipment ("PPE") increased by \$32.0 million (6.7%) from \$478.7 million as at 30 June 2013 to \$510.6 million as at 31 March 2014.

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

	\$'000
Balance as at 1 July 2013	478,656
Acquisition of property, plant and equipment	
Inclusive of :	
- \$4.1 million for plant and machinery	
- \$47.1 million for vessels	
- \$14.8 million for yard infrastructure development and vessels under construction	69,381
Transfer to asset held for sale	(8)
Disposal/ write-off of plant and equipment	(5,596)
Depreciation charge	(31,162)
Translation differences	(654)
Balance as at 31 March 2014	<u><u>510,617</u></u>

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

	31-Mar-14	30-Jun-13
	\$'000	(restated)
		\$'000
Goodwill	10,085	9,613
Technology	7,322	7,614
Customer relationship	4,557	4,572
Brand name	785	997
Order backlog	11	966
Intangible assets	22,760	23,762

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 have 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 \$16.5 million (2.7%) from \$609.0 million as at 30 June 2013 to \$592.5 million as at 31 March 2014.

Inventories decreased by \$11.0 million (44.0%) to \$14.0 million as at 31 March 2014 mainly due to issuance of equipment purchased for shipbuilding operations.

Trade and other receivables comprised the following:

	31-Mar-14	30-Jun-13	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Trade receivables	209,089	144,449	64,640	44.7
Other receivables and deposits	30,947	25,014	5,933	23.7
Amounts due from related parties	49,593	73,570	(23,977)	(32.6)
	289,629	243,033	46,596	19.2

The increase in trade receivables was mainly due to higher progressive billings for ship repair work performed during the period. Of the total trade receivables, \$23.6 million was received subsequent to the period under review.

The higher other receivables balance was mainly attributable to the amount of down payment of \$1.8 million made for the purchase of 4 units of vessels, an insurance claimable of \$1.3 million arising from the damage and total constructive loss of a vessel, and the insurance claim receivables of \$1.2 million that pertains to a damage report filed by VOSTA LMG group in April 2010.

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 \$42.7 million (8.7%) from \$493.2 million as at 30 June 2013 to \$450.5 million as at 31 March 2014.

Trade and other payables comprised the following:

	31-Mar-14	30-Jun-13	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Trade payables	140,229	163,546	(23,317)	(14.3)
Other payables	22,722	17,061	5,661	33.2
Amounts due to related parties	6,839	5,143	1,696	33.0
Loan from non- controlling interests of subsidiaries	193	194	(1)	(0.5)
	169,983	185,944	(15,961)	(8.6)

The decrease in trade payables was mainly due to the Group's prompt settlement to suppliers.

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 decrease in current portion of interest-bearing loans and borrowings by \$20.8 million (13.9%) to \$129.1 million was mainly due to: -

- repayment of of \$71.5 million to bondholders in March 2014
- offset by additional short-term loans of \$55.9 million obtained for the financing of current shipbuilding projects.

Non-current liabilities

Non-current liabilities increased by \$43.6 million (19.2%) to \$270.8 million as at 31 March 2014 due to higher deferred tax liabilities and interest-bearing loans and borrowings.

Deferred tax liabilities increased by \$2.6 million (20.4%) to \$15.4 million as at 31 March 2014 mainly due to additional deferred tax provision of \$1.9 million from the Group's Batam operations.

The breakdown of total group borrowings is as follows:

	31-Mar-14	30-Jun-13	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Long term loans	176,798	122,004	54,794	44.9
Notes issued under Multicurrency Debt Issuance Programme	100,000	171,450	(71,450)	(41.7)
Finance lease liabilities	28,098	32,860	(4,762)	(14.5)
Short term loans/ invoice financing	77,101	35,656	41,445	116.2
Bank overdraft	6,159	7,225	(1,066)	(14.8)
Total interest-bearing loans and borrowings	388,156	369,195	18,961	5.1
Trust receipts	105,908	100,718	5,190	5.2
Total borrowings	494,064	469,913	24,151	5.1
Total shareholders' funds	415,143	398,614		
Gearing ratio (times)	1.19	1.18		
Net gearing ratio (times)	1.09	0.96		

Consequent to the bondholders' meeting held on 21 March 2014 and having received 98 per cent of the votes cast in favour, the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth has been amended to 1.75 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 9M FY2014.

On 13 February 2014, the Group announced an outstanding delivery order of 25 vessels worth approximately \$83 million for its shipchartering operations. During 3Q FY2014, the shipchartering operations took delivery of 8 vessels with a total worth of \$35 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

Although oil prices remain at a level that the Group believes is conducive to exploration and production (E&P) activities, the Group is expecting the outlook of the offshore and marine industry for 2014 to become more competitive.

As previously mentioned, the Group's strategy remains margin centric. This is because the Group views margins to be the main challenge as they continued to be under pressure due to continued competition, challenging market conditions and tight labour resources.

The Group's strategy has 2 focuses: cost efficiency; and value-added services. This includes a conscientious effort to improve productivity so as to minimise project costs over-run and timely delivery of vessels to our customers.

Shipbuilding and Shiprepair Operations

As at 31 March 2014, the Group had an outstanding shipbuilding order book from external customers of approximately \$282 million for 27 vessels with progressive deliveries up to third quarter of 2016. The order book comprised Offshore Support Vessels, AHTS, self-propelled cutter suction dredger, tugs and barges.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 31% of shipchartering revenue in 9M FY2014 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2014, the Group had an outstanding order book of approximately \$66 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 18 vessels worth approximately \$49 million, comprising landing crafts, tugs and barges. With the exception of 5 barges with a total worth of \$10 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.

Profit Commentary

Due to the delay in the delivery of the 3 units of OSV vessels, rationalisation costs at VOSTA LMG and general market conditions, the Group expects financial performance for financial year ending 30 June 2013 to be weaker than financial year 2013. However despite poorer market conditions and 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 March 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 third quarter and nine months ended 31 March 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
14 May 2014