



## Changing the way we live

Technology will soon open new frontiers and free our living space from terrestrial habitats. Global citizens will live in floating cities – massive ships with commercial, educational and healthcare facilities on board that would encircle the globe and berth in many ports.

# Customising technologies and applying global expertise to ship design and repair

*ST Marine and its US operations, VT Halter Marine, provide turnkey ship design, building and repair services to commercial customers and governments worldwide.*

ST Marine is the marine arm of the Group and is headquartered in Singapore. It specialises in the design, construction, maintenance, repair, upgrading and life extension of naval and commercial vessels. Together with VT Halter Marine, ST Marine has a global clientele that spans Asia, Europe, the Middle East and the US.

## Shipbuilding

ST Marine provides turnkey shipbuilding solutions from concept definition, detailed design, construction, onboard system installation and integration to testing and commissioning for a wide range of naval and commercial vessels.

Supported by advanced computer aided design systems and technologies, ST Marine's advantage is its proven ability to design and construct sophisticated vessels that meet the unique operational requirements of each of its customers. The successful deployment of the 141m Landing Ship Tanks (LST) and other small craft by the Republic of Singapore Navy (RSN), all designed and built by ST Marine, in the December 2004 tsunami relief operations as well as on peacekeeping missions in the Middle East, have placed



*VT Halter Marine secured a repeat order from Crowley Maritime Corporation for four more Articulated Tug Barges (ATB) in August for approximately US\$190m (\$318m).*

ST Marine firmly on the world map as a reputable designer and builder of sophisticated vessels. The stealth frigate newbuilding programme currently ongoing at ST Marine is another affirmation of its capabilities as a leading shipbuilder in the region. The frigates are expected to significantly enhance the operational capabilities of the RSN.

ST Marine's standing as a premier shipyard for quality, customised vessels is well established in the commercial sector, having added the design and construction of four feeder container vessels for Transworld Group to its order book during the year.

ST Marine's US operations, VT Halter Marine, based in Pascagoula, Mississippi, is a leader in the design and construction of medium-sized ships in the US. Its track record includes the construction of a Pure Car Truck Carrier (PCTC) – the first PCTC to be built in the US and the largest ship to be built in a mid-sized shipyard in the US – as well as a state-of-the-art Fisheries Survey Vessel (FSV) for the US government's National Oceanic and Atmospheric Administration (NOAA) among others.

On the strength of its track record and reputation, the Marine sector is poised to continue to grow its presence in the commercial and naval newbuilding markets.

### **Shiprepair**

ST Marine is reputed for providing quality shiprepair services at competitive rates and with fast turnaround time. Its track record extends from jumboisation and ship conversion to upgrading and retrofitting of a wide spectrum of commercial vessels including bulk carriers, tankers, container vessels, dredgers, seismic vessels, offshore supply vessels and cruise liners.

ST Marine's shiprepair services also extend to the repair of naval vessels including damage repairs, docking and specialised services for high speed diesel engines and midlife refits. ST Marine also refits submarines for the RSN.

ST Marine has the capability to service vessels up to 70,000dwt Panamax-sized commercial vessels and up to frigate-sized warships.

Reputable owners worldwide have come to rely on ST Marine's quality services over the years. These include Dredging International of Belgium, Rickmers Reederei of Germany, Orient Express Shipmanagement of India, Vroon B.V. and Boskalis International of the Netherlands and Stolt Nielsen Transportation of the US. ST Marine continued to grow its customer base. One significant win during the year was securing the first repair project from E.R.

**(far left) ST Marine launched three frigates for the RSN during the year**



(top) Launch of Frigate 4, *RSS Tenacious*

(middle) ST Marine signs first contract to design and build two feeder container vessels for Transworld Group

(bottom) At the naming ceremony of *Warba*, the landing supply craft built for Kuwait's Ministry of Interior

Schiffahrt GmbH, Germany, which owns a sizeable container fleet.

## Performance of the Marine Sector

### Half Yearly Performance

The Marine sector's turnover for 2H2005 at \$338m increased by 5% or \$17m compared to first half turnover of \$321m due mainly to higher Shipbuilding turnover.

PBT of \$46.6m for 2H2005 increased by 13% or \$5.3m over the first half due mainly to the higher turnover and higher other income.

### Full Year Performance

FY2005 turnover of \$660m for the Marine sector was higher than that of FY2004 by 36% or \$176m. All three business groups recorded higher turnover. The higher Shipbuilding turnover was attributable to higher activities in the local operation, while the higher Shiprepair turnover was due to a more active shiprepair market.

PBT of Marine sector in FY2005 of \$87.9m was 26% or \$18.1m higher than that of FY2004. The higher PBT was mainly due to higher gross profit from higher turnover.

### Major Projects

The frigate newbuilding programme is progressing on schedule at ST Marine, with Singapore-built frigates launched at its Benoi Yard during the year: *RSS Steadfast*, *RSS Tenacious* and *RSS Stalwart*. The

keel for the fifth and final Singapore-built frigate was laid in March.

## Singapore-Built Frigates – Completed Milestones

Frigate 2 <i>RSS Intrepid</i>	Frigate 3 <i>RSS Steadfast</i>	Frigate 4 <i>RSS Tenacious</i>	Frigate 5 <i>RSS Stalwart</i>	Frigate 6
Launched Jul 2004	Launched Jan 2005	Launched Jul 2005	Launched Dec 2005	Keel laid Mar 2005

The Marine sector achieved several milestones in other ongoing projects in 2005 and continued to add new contracts to its order book.

In January, its Singapore operations, ST Marine, secured a \$83m contract to design and construct two feeder container vessels for Shreyas World Navigation, a wholly-owned subsidiary of Transworld Group, with options for two more vessels that were exercised in March. The option vessels totalled \$85m.

Its US operations, VT Halter Marine, also secured new contracts. Having been named a prime contractor for a potential Foreign Military Sale (FMS) of Fast Missile Craft (FMC) to the Government of Egypt in 2004, there were positive developments in 2005. VT Halter Marine was awarded a US\$28.8m (approximately \$49m) contract from the US Government to develop a functional design of a FMC for this FMS. This design phase is the first phase of the contract and is expected to take a year. The second phase will



*VT Halter Marine was awarded a US\$28.8m (approximately \$49m) Phase 1 contract from the US Government to develop a functional design for up to three fast missile craft. The entire programme could total some US\$450m (\$765m) in contract value.*

include production design work and construction of up to three vessels. The entire programme could total some US\$450m (\$765m) in contract value.

Other new contracts include building a third FSV, valued at approximately US\$38m (\$62m), for NOAA. In June, VT Halter Marine secured a contract to build a US\$16.3m (approximately \$27m) catamaran barge for Washington Group International and its joint venture partner, Alberici's Group, for the Olmsted dam project. VT Halter Marine secured a repeat order from Crowley Maritime Corporation when it ordered four more Articulated Tug Barges (ATB) in August. The four ATBs are valued at approximately US\$190m (\$318m). Crowley had initially ordered two ATBs from VT Halter Marine in June 2004 which are currently under construction.

Ongoing projects continue to keep the Marine sector busy. Besides the frigate newbuilding programme, the yard commenced construction of the first of four feeder container vessels for Transworld Holdings with the plate cut in June and its keel laid in September. The first plate for the second feeder container vessel was cut in November.

The keel was laid for a double-ended passenger/vehicle ferry for Nantucket Steamship Authority (SSA) at VT Halter Marine, while the second FSV for NOAA, *Henry B. Bigelow*, and the first of two harbour tugs for Lockheed Martin were launched.

Several deliveries were made during the year. ST Marine delivered a landing supply craft to Kuwait's Ministry of Interior, while VT Halter Marine delivered the first of three FSVs, *Oscar Dyson*, to NOAA as well as a PCTC, *Jean Anne*, to Pasha Hawaii Transport Lines. A stevedoring crane barge that VT Halter Marine constructed for Tide Leasing Company was also delivered.

Hurricane Katrina, which hit the US Gulf Coast in August, impacted VT Halter Marine's operations. However, recovery efforts commenced immediately, allowing production to be promptly re-started. Full operations resumed by year end. The cost of damage from this hurricane will largely be covered by insurance as well as federal and state assistance plans. Force majeure contract terms will cover any project delays.

In shiprepair, ST Marine also accomplished several major projects in 2005. These include repairs for a pipe laying barge, *Castoro 2*, for Saipem, Luxembourg; a seismic vessel, *Nordic Explorer*, for Shipman AS, Norway; a dredger, *Goryo Ho*, for Hyundai Engineering and Construction, Korea; a tanker, *Sutra Tigar*, for Sutrajaya Shipping, Malaysia; a chemical tanker, *Bow Peace*, for Ceres Hellenic Shipping, Greece and a bulk carrier, *ABG Keshava*, for ABG Shipping, India.

(left) *Jean Anne*, which VT Halter Marine delivered to Pasha Hawaii Lines, is the first PCTC to be built in the US

(middle) VT Halter Marine delivered the first FSV to NOAA in 2005 and also secured a contract to build a third

(right) Transworld Group exercised its option for two additional feeder container vessels with ST Marine