

News Release

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

Marine

“Lower profits”

FINANCIAL HIGHLIGHTS For the second quarter ended 30 June 2014

	2014 2Q	2013 2Q	Growth %
Revenue (\$m)	348	311	12
Earnings before interest and tax (EBIT) (\$m)	21.2	33.0	(36)
Other income, net (\$m)	1.4	1.8	(23)
Finance income, net (\$m)	1.4	0.6	154
Profit before tax (PBT) (\$m)	24.7	35.7	(31)
Profit attributable to shareholders (\$m)	20.8	28.7	(28)

- Economic Value Added for the first half of 2014 was \$38.7 million

“The lower profit in 2Q2014 was due mainly to weaker Shipbuilding performance from the US operations.

We will continue to focus on building our order book for the years ahead.”

Ng Sing Chan, President

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

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Marine

Marine sector unaudited results for the second quarter ended 30 June 2014

	2Q2014 \$'000	2Q2013 \$'000	+ / (-) %
1. (a) Revenue	347,891	310,744	12.0
(b) Cost of sales	(313,393)	(265,202)	18.2
(c) Gross Profit	34,498	45,542	(24.3)
(d) Distribution and selling expenses	(1,972)	(1,343)	46.8
(e) Administrative expenses	(8,643)	(8,511)	1.6
(f) Other operating expenses	(2,658)	(2,643)	0.6
(g) Profit from operations	21,225	33,045	(35.8)
(h) Other income	1,341	1,784	(24.8)
(i) Other expenses	(2)	(39)	(94.9)
(j) Other income, net	1,339	1,745	(23.3)
(k) Finance income	9,163	17,851	(48.7)
(l) Finance costs	(7,786)	(17,309)	(55.0)
(m) Finance income, net	1,377	542	154.1
(n) Share of results of associates and jointly controlled entities, net of tax	706	355	98.9
(o) Profit before taxation	24,647	35,687	(30.9)
(p) Taxation	(3,883)	(7,033)	(44.8)
(q) Profit for the year	20,764	28,654	(27.5)
Attributable to:			
(r) Shareholder of the Company	20,763	28,662	(27.6)
(s) Non-controlling interests	1	(8)	(112.5)
	20,764	28,654	(27.5)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	6,539	4,321	51.3
Write-back of allowance for doubtful debts & bad debts written off, net	-	(23)	(100.0)
Allowance for inventory obsolescence, net	164	(2)	> (500.0)
(b) Finance income, net comprises			
Interest income	1,574	708	122.3
Foreign exchange gain/(loss), net	(2)	97	(102.1)
Fair value changes of financial instruments / hedged items	(195)	(240)	(18.8)
Interest expenses	-	(23)	(100.0)
	1,377	542	154.1

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	2Q2014 \$'000	2Q2013 \$'000	+ / (-) %
3. (a) Profit for the year [1(q) above] as a percentage of revenue	6.0%	9.2%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of the period	9.9%	14.2%	
4. (a) Revenue reported for first quarter	323,564	254,300	27.2
(b) Profit for the period reported for first quarter	25,109	20,793	20.8
(c) Revenue reported for second quarter	347,891	310,744	12.0
(d) Profit for the period reported for second quarter	20,764	28,654	(27.5)
(e) Revenue reported for first half year	671,455	565,044	18.8
(f) Profit for the period reported for first half year	45,873	49,447	(7.2)
5. (a) There was an adjustments of \$4,000 for underprovision of current tax in respect of prior years. (2Q2013: Nil)			
(b) There was no disposal of property during the period.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2014 \$'000	2013 \$'000		2014 \$'000	2013 \$'000	
Second Quarter						
Shipbuilding	263,788	212,803	24.0	4,017	16,393	(75.5)
Shiprepair	66,330	84,757	(21.7)	18,991	17,250	10.1
Engineering	17,773	13,184	34.8	1,639	2,044	(19.8)
Total	<u>347,891</u>	<u>310,744</u>	12.0	<u>24,647</u>	<u>35,687</u>	(30.9)

First Half Year

Shipbuilding	510,324	389,319	31.1	20,145	29,256	(31.1)
Shiprepair	123,233	153,220	(19.6)	30,687	33,891	(9.5)
Engineering	37,898	22,505	68.4	5,347	2,129	151.2
Total	<u>671,455</u>	<u>565,044</u>	18.8	<u>56,179</u>	<u>65,276</u>	(13.9)

	Revenue		
	2Q2014 \$'000	2Q2013 \$'000	
<u>By Geographical Areas</u>			
Asia	80,953	119,641	(32.3)
USA	111,063	108,931	2.0
Europe	19,786	13,717	44.2
Others	136,089	68,455	98.8
Total	<u>347,891</u>	<u>310,744</u>	12.0

By Country of Incorporation

Asia	239,357	201,878	18.6
USA	108,534	108,866	(0.3)
Europe	-	-	-
Others	-	-	-
Total	<u>347,891</u>	<u>310,744</u>	12.0

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7. Review of Performance

(a) Revenue

2Q2014 vs 2Q2013

2Q2014	2Q2013	Growth	
\$348m	\$311m	\$37m	12%

Revenue for 2Q2014 of \$348 million was higher than 2Q2013 by 12% or \$37 million. The increase was due mainly to higher revenue recognition from **Shipbuilding** contracts from the local operations partially offset by lower **Shiprepair** revenue.

(b) Profitability

2Q2014 vs 2Q2013

2Q2014	2Q2013	Growth	
\$24.7m	\$35.7m	(\$11.0m)	(31%)

2Q2014 profit before tax (PBT) of \$24.7 million was lower than 2Q2013 by 31% or \$11.0 million. The lower PBT was due largely to weaker **Shipbuilding** performance from the US operations.

8. Prospects

2H2014

Barring unforeseen circumstances, revenue for 2H2014 is expected to be lower compared to 1H2014 but PBT is expected to be higher than 1H2014.

9. Balance Sheet

	30-Jun-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	324,129	324,043
Jointly controlled entities	4,749	3,223
Intangible assets	224	355
Long-term receivables, non-current	186	194
Amounts due from related parties, non-current	4,806	4,806
Derivative financial instruments, non-current	13,821	27,899
Deferred tax assets	17,193	16,072
Non-current assets	365,108	376,592
Current assets	824,107	764,224
Total assets	1,189,215	1,140,816
Current liabilities	909,894	846,639
Non-current liabilities	96,187	103,680
Total liabilities	1,006,081	950,319
Share capital and reserves	183,098	190,459
Non-controlling interests	36	38
Total equity and liabilities	1,189,215	1,140,816
Net current liabilities	(85,787)	(82,415)

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10. Statement of Cash Flows for the second quarter ended 30 June 2014

	2Q2014 \$'000	2Q2013 \$'000
Net cash from operating activities	22,799	(42,826)
Net cash used in investing activities	(40,503)	(11,225)
Proceeds from disposal of property, plant and equipment	13	-
Purchase of property, plant and equipment	(3,022)	(11,845)
Loans to a related corporation	(37,494)	-
Dividends from jointly controlled entities	-	620
Net cash from used in financing activities	(37,678)	(20,934)
Repayment of related corporation loans	-	(8,297)
Dividend paid to shareholders	(37,678)	(12,614)
Interest paid	-	(23)
Net decrease in cash and cash equivalents	(55,382)	(74,985)
Cash and cash equivalents at beginning of the period	377,685	397,558
Exchange difference on cash and cash equivalents at beginning of the period	(514)	315
Cash and cash equivalents at end of the period	<u>321,789</u>	<u>322,888</u>

11. Economic Value Added (EVA)

EVA for 1H2014 was \$38.7 million, a decrease of \$4.2 million or 10% compared to 1H2013. The weighted average cost of capital was 5.6% for 2014 (2013: 5.2%).

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