



**Strategic Marine**  
Maritime Solutions



# STRATEGIC NEWS

EDITION 2 - 2nd Quarter 2008



## VIETNAM YARD GOING GANGBUSTERS

Strategic Marine's Vietnamese facility has gone from strength to strength, boasting an order book of over US \$60 million.

Construction of the first two DSVs is well under way at our yard at Dong Xuyen Industrial Zone, Ba-Ria Vung Tau, with delivery of both hulls expected by the end of this year.

Shipyard General Manager Dave McCormack said the DSVs were on schedule and on budget and the client was very happy with the progress made.

Company Chairman Mark Newbold acknowledged that the Marfield orders had helped the company take major steps towards its twin goals of becoming a global shipbuilder while diversifying into steel shipbuilding.

Our 136,500sqm Vietnamese yard has ramped up rapidly in recent months, with the on-site workforce swelling to around 1,500. Around 300 of these personnel are engaged on the construction of new facilities such as workshops, a machine

shop and three slipways – all of which will be completed in the next two months.

The yard, which won last year's Australian Chamber of Commerce Vietnam 2007 Business Excellence Award, is also building the steel base pontoon for the \$62 million floating dry dock on order from the Australian Marine Complex (AMC) at Henderson in Western Australia.

Mr McCormack said the pontoon was almost half built and the company was on track to deliver it to the AMC by the end of this year.

The company's Henderson shipyard will then start work on the dock's side walls and instrumentation, with delivery scheduled for July next year.

The Vietnamese facility broke new ground earlier this year by winning Strategic's first contract to build a 23.9m new generation compact tug from the Port of Napier in New Zealand.

## STRATEGIC MARINE SCOOPS "RISING STAR AWARD"

Strategic Marine was the "stand-out" winner in this year's "Rising Stars Awards", organised by WA Business News, against a competitive field of around 40 other entrants. The Award, which was presented to Chairman Mark Newbold at a Cocktail Party at the Regent Theatre in Subiaco in May, showcases Western Australian companies which have sustained high rates of growth, recognising enterprises that can understand and articulate the key drivers behind that growth.

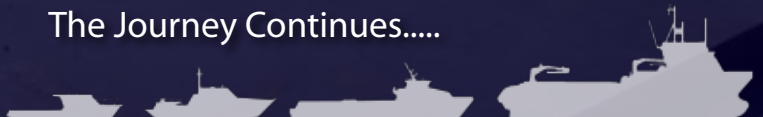
This year, the judges agreed that the calibre of the entrants had been outstanding and varied, covering a complete range of industries such as construction, shipbuilding and health to financial services and even geospatial consultancy.

An astonished gasp rose from the other finalists at the party when Strategic Marine's achievements were read out. Winning orders for more than 130 vessels in the past two years worth over US\$250 million.....

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## STRATEGIC MARINE YARD TO DOUBLE CAPACITY

We are doubling the size and capacity of our shipyard at Tuas in Singapore by leasing a 3,000sqm open area adjacent to our existing facility and erecting a 1,200sqm covered area which is expected to be operational by August.

Work is under way to lay a 75m x 22m concrete slab on the site, which will then have a marquee-type shed erected on top.

Plans are under way to construct a permanent shed on the newly leased site some time next year.

The increased capacity will allow us to make an early start on the six 40m crew boats we are building 'on spec'.

Two of these boats have already been ordered by Australian marine service company Samson Maritime in a contract worth US\$9.8 million.

The aluminium utility vessels, which have seating for 50 rig crew and ten crew members, are scheduled for delivery in May and July next year.

The yard's General Manager Paul Rudd said new equipment to cope with the increased capacity would include welding machines, mobile cranes, a compressor, a generator and two scissor lifts.

He said the yard expected to employ an additional 80 welders, fabricators and shipyard workers on top of its existing 120-strong workforce.

The company originally leased its existing 11,068sqm yard in 2005 following orders for the company's first two 40m crew boats.

In the following year, Malaysian company Syarikat Borcos Shipping confirmed its order for the two vessels, later ordering a further seven boats of the same design.

The yard has also had orders from Dutch shipping company SMIT International for three 22.1m crew/pilot vessels which are expected to be delivered weeks ahead of schedule later this year.

The company also expects early delivery for four 31m crew boats on order from Indonesia's Baruna Raya Logistics.

## CHAIRMAN'S MESSAGE

These are extraordinary times for Strategic Marine as we continue to ramp up our shipbuilding capacity at all four of our yards around the world to meet burgeoning global demand for our offshore vessels and patrol boats.

Our Mexican yard officially opened in June with a keel-laying ceremony at its new shed that attracted many of Mazatlan's most notable dignitaries, as well as widespread media interest across the Americas.

Our Singapore yard has doubled in both size and capacity with the leasing of a 3,000sqm block of land adjacent to our existing facility.

Our Vietnamese yard will complete the construction of a wide range of new facilities such as workshops, machinery shops and slipways in the next couple of months in readiness for the spate of new orders we know are around the corner.

And work continues at our Henderson headquarters on a new shed, while plans are finalised for a smart new office building.

With petrol prices reaching an all-time high, oil companies are pushing into ever deeper waters, increasing demand for suitable offshore vessels to unprecedented levels.

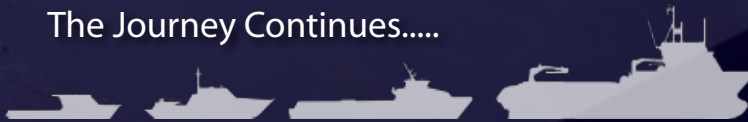
The question we are constantly being asked by existing clients and potential customers alike is not "Can you deliver?" – rather it's "How soon can you deliver?"

It is for this reason that we know our decision to build eight offshore crew boats "on spec" is completely justified.

The expanded Singapore yard, which will build six of these boats, continues to deliver well ahead of schedule, with the eighth 40m Borcos Shipping boat being handed over to the client eight weeks early.



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## SM TO MEET GLOBAL CREW BOAT DEMAND

Strategic Marine recently announced plans to build six new 40m offshore crew boats 'on spec' at our Singapore shipyard, and two additional 52m offshore vessels at our new Mexican yard at Mazatlan, in a move expected to boost revenues by over US\$40 million.

Western Australian marine services company Samson Maritime has already ordered two of the new 40m crew boats after signing a contract worth US\$9.8 million.

## CHAIRMAN'S MESSAGE *(continued)*

In addition, delivery of the first 22m crew boat for Dutch company SMIT is expected in August this year – almost four months ahead of schedule.

“Practice makes perfect,” as the old adage goes!

Having won the Australian Chamber of Commerce Vietnam Business Excellence Award last year, our success as a rapidly growing company with global ambitions has also been recognised in our home State by WA Business News, who awarded us their “Rising Star 2008” Award.

And we could also stand to win more awards this year.

We are already a regional finalist in the prestigious Ernst & Young Entrepreneur of the Year Award, and plan to enter the Australian Export Awards later this year.

To all of our employees, wherever you are in the world, a heartfelt thanks to you. It is your hard work and dedication which has won these awards.



The two utility vessels, which will be delivered in May and June next year, have top speeds in excess of 25kts and will be used by Samson Maritime to service its clients in the resource-rich Pilbara region.

Strategic Marine Director Ron Anderson said the company had decided to build 'on spec' because with four shipyards up and operating worldwide it had the added capacity to meet buoyant global demand from the offshore market.

“Offshore vessels come third in terms of vessels on order globally, behind tankers and cargo ships, making up about 15 per cent of the international shipbuilding industry's business. What's more, crew boat demand far exceeds supply,” Mr Anderson said.

“Our Singapore yard has specialised in building crew boats since opening in 2005, having received orders for almost 22 of these types of vessel.”

He said the company had developed a great deal of expertise in the course of building a range of crew boats for its customers, while also evolving a series of highly specialised manufacturing processes and techniques.

“We have built eight out of nine 40m offshore utilities on order for repeat Malaysian client Syarikat Borcos Shipping, with the seventh vessel being delivered to Borcos seven weeks ahead of schedule, which is very unusual for the industry,” he said.

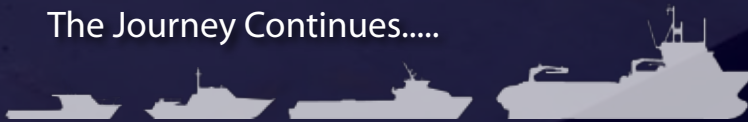
## STRATEGIC MARINE SCOOPS “RISING STAR AWARD” *(continued)*

“We'd like to thank everyone in the organisation for their hard work and commitment to our dream of becoming one of the world's elite international shipbuilding organisations,” said Mr Newbold.

“The board of directors values each and everyone's efforts and appreciates this industry recognition as a symbol of the entire Strategic Marine Family's hard work and determination,” he said.



The Journey Continues.....





Picture: A proposed design for the new office facility in Henderson.

## HENDERSON HQ TO UNDERGO MAKEOVER

As with our other shipyards, our Henderson headquarters is about to undergo renovations which will see the construction of a new shed and a smart new office complex.

Henderson General Manager Paul Cook said the 22m wide by 40m long shed would have a total floor area of just over 1,000sqm. "It'll have about a 15m space underneath the crane,

## EXHIBITIONS PAY OFF FOR STRATEGIC MARINE

We have expanded our international networking opportunities by attending a number of exhibitions in the first half of this year, negotiating and signing at least one contract and generating a good level of post-show inquiries.

The US\$9.8 million contract to build two 40m crew boats for Australian company Samson Maritime was negotiated and signed at the International Tug & Salvage Convention in Singapore in May.

Marketing Manager Jamie Anderson said the sales team had been successful in generating new sales targets by attending Asia Pacific Maritime in Singapore in March, as well as Defence Service Asia in Malaysia and Middle East Work Boat in Abu Dhabi in April.

"These shows were selected carefully to ensure that we were talking to the right industry players to help us in our quest of



so it's quite a substantial internal volume," said Paul.

"The concrete slab for that has been laid and we are in the final stages of getting the building licence to erect the shed. It's about a ten week build program, depending on the weather," he said.

The company currently leases a shed from LandCorp, but is now planning to move its production from the lease facility back onto its own site.

The shed will be used to construct a large order for commercial and military aluminium vessels.

Paul said the new office complex, which will be located in the company's current car park, will house both the Strategic Marine and Avenger Yachts headquarters.

"It will have 1,000sqm of floor space, and at this stage we're planning on a two-storey building.

"That will be at least a 12-month project – possibly longer. We have development approval from the council, but we have yet to finalise the design or settle on a builder," he said.



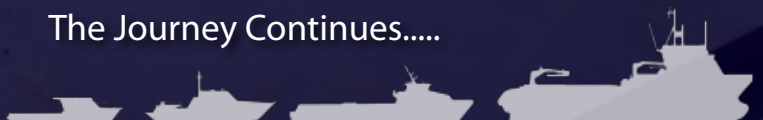
building brand equity and generating viable sales leads," said Jamie.

"Informing the industry of our commitment to expanding our shipbuilding capabilities and diversifying into other products such as dive support vessels and tugs has been one of the chief benefits of attending these exhibitions," he said.

Jamie said the company had been encouraged by the level of market activity and new projects on the horizon.

"We are committed to the development of our brand and global reputation and feel that networking activities such as these are vital to our marketing drive while also providing a great way to put faces to names and build relationships with existing contacts.

"We need to keep a proactive approach with our marketing to ensure that we sustain growth and hopefully exceed our business objectives," Jamie said.





## PRODUCT PROFILE: OFFSHORE VESSELS

Our main focus in the commercial sector continues to be on vessels servicing the offshore oilfield sector, particularly crew boats and dive support vessels.

We pride ourselves on our 10m-65m aluminium crew boats, landing our first contract to build seven offshore crew vessels for reputable shipping companies Svitzer from Denmark and Singapore's EMAS Offshore in 2001.

That was followed by a contract in 2006 to build two 40m crew boats for Malaysia's Syarikat Borcos Shipping, a company which has since ordered a total of nine vessels over the last three years.

## MARITIME SOLUTIONS: REFIT & REPAIR

We are an experienced provider of refit and repair services around the world, taking advantage of our new shipyards, maritime contacts and comprehensive knowledge in shipbuilding and vessel operations.

We recognise the need for refit and repair projects to be project managed on a real-time basis to ensure budgets are tightly controlled and schedules are met.

For example, our Vietnam yard is especially equipped to handle a diverse range of refit and repair projects.

The specialised Refit and Repair Division service includes:

- Major Vessel Conversions
- CNC Plasma Cutting
- Engineering and Design Services
- Slipping Services
- Mechanical Repairs
- Surface Preparation and Protection
- Electrical Services
- Onsite Administration

Our increasing focus on the oil services industry has also seen us win orders from Indonesia's Baruna Raya Logistics for four 31m crew boats which will be delivered early next year, and Dutch shipping company SMIT International for three 22.1m crew/pilot vessels for use in the Middle East – to be delivered late this year.

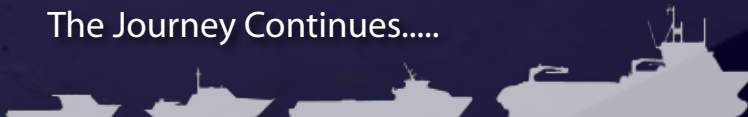
Strategic Marine launched into the Americas in late 2007, when Blue Marine ordered two 52m crew boats in a contract worth US\$13.35 million to carry out contracts in the Gulf of Mexico.

In conjunction with this, Strategic Marine announced its first joint venture in the Americas with Mexican shipyard company SENI.

The company's most recent step, now that the Vietnamese yard has steel fabrication technology, has been to diversify into building larger steel ships.

We plan to capitalise on growing demand for offshore vessels, making the most of the increased capacity of our yards, by building eight new crew boats "on spec" at our Singapore and Mexican facilities.

Two of these vessels have already been sold, and global demand is such that we believe it will not be long before contracts are inked for the other six crew boats.





## MEXICAN YARD OFFICIALLY OPEN

Two ceremonies have marked the official opening of Strategic Marine's shipyard at Mazatlan in Mexico – the blessing of the company's new shed by a Catholic priest on the weekend of June 7-8 and the official keel-laying on June 17.

Keith Rickman, Strategic's General Manager Mexico, said the first event was fairly quiet and was attended largely by yard employees and their families, including those from Mexican partner SENI, with a few invited guests.

By contrast, Keith said what seemed like the whole of Mazatlan came to the keel-laying ceremony, including the Mayor, the head of Blue Marine - the company that ordered the yard's first two 52m crew boats – Pemex, Mexico's state-owned petroleum company, as well as navy and army dignitaries, and representatives from the Fisheries Department and the Maritime College.

There were plenty of congratulatory speeches and loads of good food and drink on offer, and a fine time was had by all.

Keith said construction on the new 60m x 24m shed which is 33m tall started in January and had been completed on schedule, with the logos of both Strategic Marine and Mexican partner SENI now clearly visible from many parts of the city.

"It's a new stand-out feature in Mazatlan. You can see the logos on the road coming in from the airport and from many of the buildings in Mazatlan City itself," said Keith.

He said work on the first two crewboats was well under way. "We're already processing plate and extrusions in pre-fabricated modules. Now that the keel has been stood, these pre-fabricated modules will go on and we'll be on schedule for the first launch in March next year.

"The size of the shed will allow work to proceed on both boats at the same time," he said.

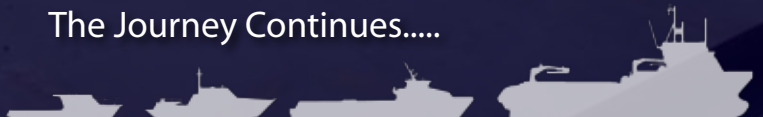
"Currently, we have about 28 people employed at the yard, but that will increase to over 100 very quickly," said Keith.

The next phase of the operation is to build a 30m slipway to the ocean right off the end of the shed. Further down the track, the yard is planning to build two 52m crew boats on spec.

"We'll start pre-fabricating those when we get to the stage that we can get the first of the boats out of the shed.

"With the world demand as it is at the moment I don't think we'll have any trouble selling those boats. The demand for these kinds of boats is almost unbelievable," he said.

Keith said he is thoroughly enjoying living and working in Mazatlan, which is Mexico's largest commercial port.



## DIRECTOR PROFILE: RON F ANDERSON



Ron has been involved in the maritime industry in Australia and Asia for more than 40 years after starting as a seaman on freighters in the early 1960s.

Even at an early age, he was always bound for higher things, rising to the position of Ship's Master and then moving into

ship management, representing international shipowners and working for more than 30 years in South East Asia

After returning to Australia, Ron continued to work in ship management and incorporated his own company to carry out this activity, representing several international shipping companies.

He later became National Marine Manager with Austrade, the Australian Government's international trade promotion agency to promote the fledgling Australian aluminium high speed ferry industry to the international market place.

In the late 1990s, he joined the shipbuilding industry, holding senior sales and marketing positions, before being invited to become a shareholder and Director on the Board of the newly founded Strategic Marine in 2001.

He is now back in Singapore as the company's Managing Director.

## ABROLHOS FISHING TRIP

Twelve men, two boats, beautiful weather, golf clubs, fishing equipment, no phones, no emails, no stress, fresh air, fresh fish – all that was missing were fresh jokes!

These were the heady ingredients for the recent five-day fishing trip to the Abrolhos Islands, involving our Directors, Managers, Australian and Singaporean clients, and last (but never least) the redoubtable Bill Newbold, our Chairman's father, the region's most experienced guide and inveterate spinner of yarns.

By day, they fished – catching coral trout, dhufish, snapper, emperor, tuna and mackerel in vast quantities. Or they played a rough form of golf – very rough, with one participant's swing reminding the party of a one-legged Olympic hammer thrower in action.

At night, they feasted, drank and yarned, hunkered down in "the camp" which was built years ago by Bill during his days as an Abrolhos cray fisherman. One night, one of the party (who shall remain nameless), raised the subject of the German raider Kormorant, before slipping out of the door.

That got Bill started on one of his favourite hobby horses – nobody was able to stop the flow for the next three hours.

Ron says his early South East Asian contacts have been very helpful in assisting Strategic Marine to establish itself in the region.

"Being able to network with these contacts has been invaluable now that we're back in Asia," says Ron.

As for highlights of his time as a Strategic Marine Director, he says he has thoroughly enjoyed watching the rapid growth of the company and he always remembers his first contract – three 30m crew boats for P.T. Aquaria.

"I reckon providing over 100 patrol boats to one client is a great achievement, and the opening of our Vietnamese facility and Mexican yard stand out as special events," says Ron.

He believes the next task for the company is to complete its globalisation by opening a facility near the European markets.

On a personal note, Ron says his family is very important to him.

"Without their support I would not be able to work, or want to work, at the same rate as I currently do."

What little spare time he does have is spent playing golf, going to the movies, reading and fine dining.

Asked if he is planning to retire any time soon, he says emphatically: "No way. As long as I have my health and enjoy what I am doing, I have no plans for retirement."

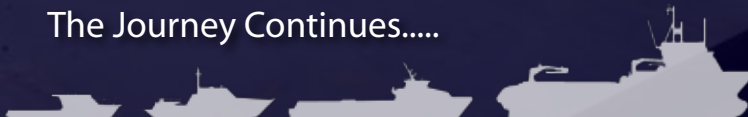


"It was a huge success," said Sales Manager Ian Stevens, who was along for the ride.

"We all thoroughly enjoyed the company and got to know each other better. When we got back to our desks, everyone immediately booked their place for next year's event.

"In practical terms, we helped out our R&D department by putting one of our Avenger vessels through its paces.

"Watch for the next generation of vessels to have wine racks, glass holders and more fridge space!" said Ian.



## STRATEGIC MARINE'S ORDER BOOK

Contract Date	Delivery Date	Contract Name	Hull Numbers	Client	Shipyard Location
N/A	2009 & 2010	4 x 40 metre Crewboats	TBA	Speculative	Singapore
01/04/2008	2010	2 x 52 metre Crewboats	TBA	Speculative	Mexico
11/05/2008	21/07/2009	2 x 40 metre Crewboats	159 & 160	Samson Maritime	Singapore
TBA	2010	1 x 23.8 metre Tractor Tug	333	Port of Napier	Vietnam
22/11/2007	TBA	2 x 143m DSV	156 - 157	Marfield Limited Inc	Vietnam
27/06/2007	25/09/2008	40 x 12m Patrol Craft	287-326	Suncraft International Inc	Vietnam
27/06/2007	12/11/2009	15 x 16m Patrol Launches	271 - 326	Suncraft International Inc	Australia
27/06/2007	16/12/2009	4 x 20m Landing Craft	266 - 269	Suncraft International Inc	Vietnam
6/08/2007	23/07/2009	1 x 100m Floating Dry Dock	107	Australian Marine Complex	Vietnam / Australia
28/03/2007	10/10/2008	50 x 10m Patrol Vessels	210-260	Suncraft International Inc	Australia
3/12/2007	13/11/2008	3 x 22.1m Crew/Pilot Vessels	327 - 329	SMIT International	Singapore
20/08/2007	20/02/2009	3 x 31 metre Crew boats	113 - 115	Baruna Raya Logistics	Singapore
19/12/2007	20/03/2009	1 x 31 metre Crew boats	330	Baruna Raya Logistics	Singapore
15/11/2007	31/07/2009	2 x 52.0 metre Crew boats	006 & 008	Bluewater Marine	Mexico
24/08/2006	15/08/2008	4 x 40.0 metre Utility Vessels	154 - 155	Borcos Shipping	Singapore

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