



Strategic Marine
Maritime Solutions



STRATEGIC NEWS

EDITION 1 - 1st Quarter 2008



STRATEGIC MARINE SET TO EXPLORE THE AMERICAS

Western Australian shipbuilder Strategic Marine is set fair to explore new markets in the Americas by opening its first shipyard in Mexico later this year, following a successful US\$11.89 million bid to build two 52m aluminium crew boats.

The company has entered a joint venture with Mexican company Servicios Navales E Industriales S.A. DE C.V. (SENI), to deliver the two vessels to Arrendadora Ocean Mexicana S.A. de CV (Blue Marine) for its Pemex supply contract in the Gulf of Mexico.

Strategic Marine chairman Mark Newbold said the company had established a sound working relationship with SENI which would provide a strategic cornerstone for the company's global expansion plans.

Mr Newbold said the yard at Mazatlan on Mexico's central West coast would provide Strategic Marine with the ability to target both the North and South American shipping markets.

Work on the Blue Marine contract is scheduled to start this year, with Strategic currently working with SENI to upgrade its existing Mazatlan maintenance facility on Mexico's central west coast.

Design and prefabrication of the two ships is being undertaken at the company's Henderson facility in Western Australia. Both Blue Marine ships will be based on Strategic's Deep V High Speed Planing Hull and will be operated by a 10-man crew with a 60-passenger capacity, in addition to being able to carry 100 tonne of cargo at a cruising speed of 20kts.

The company believes the contract win was heavily influenced by its powertrain decision which provided greater hull efficiency and hence reduced fuel consumption.

Strategic Marine has built more than 320 vessels for domestic and export markets. The company's boats have been purchased by private companies and governments in South East Asia, North and South America, Africa, Europe and the Middle East.

CHAIRMAN'S MESSAGE



A warm welcome to Strategic Marine's first quarterly newsletter, which we are proud to launch following a year that has seen us consolidate our position on the global shipbuilding stage by winning no less than 125 new orders worth over US\$210 million.

What's more, our joint venture with our new Mexican partner to upgrade its existing facility at Mazatlan, will now enable us to target both the North and South American shipping markets. The yard gives us increased construction capacity, while significantly enhancing our ability to provide customers with an increased global support capability.

We have been actively looking to increase our construction capacity to underpin global growth, in particular our goal of moving into larger steel and aluminium offshore vessels such as platform supply, dive support vessels and anchor handling tugs.

The US\$11.89 million contract with Blue Marine, which enabled the Mexican joint venture to go ahead, will see us build two 52m aluminium crew boats – we believe the first of many vessels to go to new American clients. Elsewhere, the contract from Dutch shipping company SMIT to build three 22.1m aluminium boats for use in the Middle East builds on the vessels to Switzer, our first European client.

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A sister ship to the vessels sold to Baruna Raya Logistics.

STRATEGIC'S NEW SOUTH EAST ASIAN CONTRACTS

Indonesia's PT Baruna Raya has signed a contract for Strategic Marine to build four 31m aluminium offshore utility vessels, with hull deliveries scheduled for October and December this year and February 2009.

Baruna Raya's craft will accommodate up to 60 passengers, with a crew of eight and featuring 67sqm of deck space. The boats will be powered by three Cummins KTA38 engines generating a combined 3600bhp and capable of reaching a maximum speed of 24kts.

The craft will be built at the company's Tuas yard in Singapore. The Baruna Raya signings were the latest in a spate of Asian contracts, including welcome repeat business from Malaysian

CHAIRMAN'S MESSAGE *(continued)*

The contract is a positive step forward for the development of Strategic Marine's brand and reputation in Europe and the Arabian Gulf offshore industry.

The vessels will be built at our yard at Tuas in Singapore, where our workforce distinguished itself recently by delivering a 40m offshore utility vessel to Malaysian client Syarikat Borcos Shipping a full seven weeks ahead of schedule. Congratulations to everyone involved!

The vessel was the seventh of nine such boats ordered by Borcos – one of our repeat customers. Another repeat client is Indonesia's PT Baruna Raya, which to date has signed contracts for four 31m offshore utility boats. Good to see that customers are coming back for more!

Construction of two 143m steel hulled diving support vessels for Singapore offshore services company Marfield Ltd Inc will be handled by our new shipbuilding yard in south Vietnam.

The Vietnamese operation, which now employs over 660 staff, is also building 44 patrol and landing craft for Suncraft International and should complete the AUD\$62 million floating dock later this year before it is towed to the Australian Marine Complex at Henderson in Western Australia for installation.

company Syarikat Borcos Shipping which has ordered four 40m offshore utility vessels, taking the total number of vessels sold to the Malaysian company to nine.

Each vessel will be powered by two Cummins KTA 38 and a Cummins KTA 50 engines generating 4,500 BHP with top speeds in excess of 28kts. With seating for up to 80 rig crew and accommodation for ten vessel crew, these boats will provide a level of comfort not usually seen in the offshore industry.

Strategic Chairman Mark Newbold said the repeat business provided solid evidence that the company produced workboats that really worked.

BRIEF SPECIFICATION

Length Overall:	31.0 metres
Length at Waterline:	48.5 metres
Beam:	10.0 metres
Draft max:	2.2 metres
Propulsion:	3 x Cummins KTA 38 M2 1200 BHP
Rig Crew:	60
Crew:	8
Speed :	24kts

Our Henderson headquarters is awaiting the arrival of the base pontoon from Vietnam before completing the dock with more than 1,000 tonne of steelwork, as well as integrating all its machinery, electronics and ballasting systems.

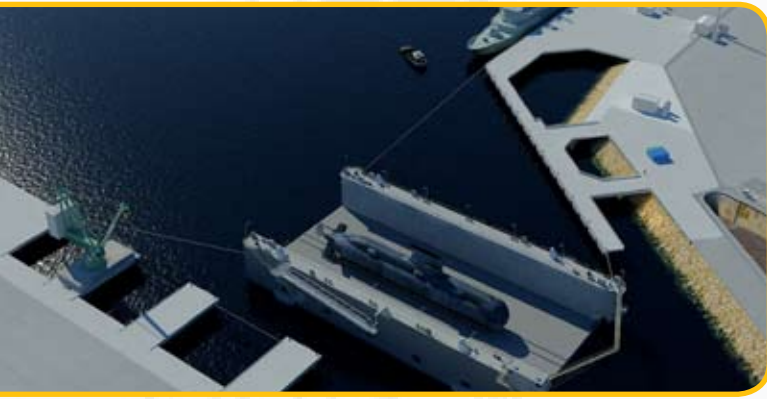
The WA yard is also busy with through orders from Suncraft International to build 65 patrol vessels.

Incidentally, many congratulations to our Vietnam managing director Mark Schiller and his staff, whose efforts led to our being awarded the Australian Chamber of Commerce Vietnam 2007 Business Excellence Award.

The award is designed to highlight manufacturing quality, innovation, community service and importing success. We at Strategic have all of those qualities in spades, although perhaps the last quality cited should read "importing and export success."

Mark Newbold
Chairman





tonne, with the capacity to lift 12,000 tonne vessels for service and maintenance work.

The side walls of the dock containing its control systems and running machinery are being constructed in Western Australia. Over 1,000 tonne of steel work is on order, and the Henderson workforce will also integrate all machinery, electronics and ballasting systems, once the base pontoon is delivered from Vietnam later this year.

The floating dock project, which is scheduled for delivery in mid-2009, has enabled Strategic Marine's Vietnam facility to develop the infrastructure and technology needed to complete other large steel construction projects in the future.

The dock will allow Western Australia to bid for a range of major maintenance and construction projects including:

Repairing and maintaining naval vessels such as the Collins class submarines and Anzac frigates;

- Commercial ship repair work;
- Servicing the super-yacht industry; and
- Testing subsea oil and gas components.

The floating dock is expected to inject well over AUD \$2 billion into the State's economy over the next 25 years.

AUD\$60M FLOATING DOCK CONSTRUCTION ON SCHEDULE

Steel fabrication for Strategic Marine's AUD\$60 million floating dock is well under way and work on the dock's base pontoon is on schedule at the company's shipyard in the Dong Xuyen Industrial Zone in south Vietnam.

Once the dock is installed at the Australian Marine Complex at Henderson, the 99m long and 53m wide structure will be capable of providing the land transfer of vessels up to 3,500

STRATEGIC MARINE'S RENEWS ITS EUROPEAN DRIVE

The decision by Netherlands-based maritime services company SMIT to award Strategic Marine the contract to build three 22.1m aluminium hulled boats for use in its Middle East operations could lead to further orders.

Strategic's second largest European order follows the delivery of three 31m wellhead maintenance vessels to Danish marine services giant Svitzer.

The SMIT crew/pilot boats, which will carry up to 30 passengers and provide 38sqm open deck space, will be built at the company's Tuas shipyard in Singapore.

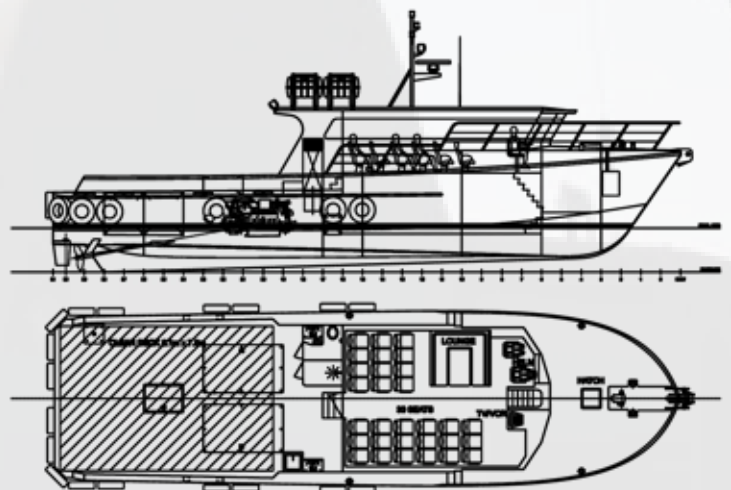
Each will be powered by twin 1205 BHP Detroit MTU 10V2000M72 engines with a top speed of 26kts.

All three ships are scheduled for delivery between August and November this year. SMIT has said it is actively looking for quality shipbuilding capacity in what amounts to a major expansion and renewal of its fleet.

"There is a shortage of quality newbuilding capacity," company Chairman Ben Vree has said in a recent company newsletter. "If we can find quality capacity, we will place more orders."

The Dutch company, which saw net profit increase by about 60 per cent in the first half of 2007 to Euro 47.5 million, says around 100 new vessels will have joined its fleet in the period 2004-09.

Strategic Marine chairman Mark Newbold said the SMIT order was a major strategic step forward in the development of the company's brand and reputation, both in Europe and in the Arabian Gulf offshore industry where both the Svitzer and SMIT vessels will operate.





RELIANCE AND QUALITY FROM RUGGED BEGINNINGS: STRATEGIC'S HISTORIC JOURNEY

What better "test bed" for the design and development of vessels could you ask for? Swells fetching thousands of kilometres from the sub-Antarctic, bolstered by Force 7 coastal winds which slam into jagged coral and limestone reefs sometimes only metres beneath the surface.

Welcome to the home of Strategic Marine where in 1984 the company was founded under the name of Geraldton Boat Builders (GBB) to build high performance offshore fishing boats capable of handling the operational challenges thrown up by the unforgiving west coast of Western Australia.

GBB was one of the original aluminium shipbuilders in Australia, consistently keeping up its reputation as a leader in the high speed aluminium vessel industry.

STRATEGIC WINS AUSCHAM AWARD

Strategic Marine beat off a strong field of contenders late last year to win the Australian Chamber of Commerce Vietnam 2007 Business Excellence Award.

The award, sponsored by the ANZ Banking Group, is designed to highlight manufacturing quality, innovation, community service and importing success in Vietnam.

Presented at a gala function at the Sheraton Hotel Hanoi, the award recognises of the company's success in the developing its new 10,000sqm shipbuilding yard in Dong Xuyen Industrial Zone, Ba-Ria Vung Tao in southern Vietnam.

Strategic Marine's Vietnam Managing Director Mark Schiller said the award had been made possible because of the company's global team of excellent people.

"This recognition is symbolic of the organisation's growth and recent successes in its global shipbuilding strategy. The move

Over nearly a quarter of a century Strategic Marine has delivered 322 vessels, including 25 offshore services vessels, 186 government patrol vessels and 111 commercial and fishing vessels.

GBB shareholders realized some years back that a restructuring of the company's operations was needed to meet the ever increasing international demand for its high performance vessels "that worked", as well as its associated maritime services. Since Strategic Marine's inception in 2001, the company has added significantly to its portfolio of vessels and services to look after the needs of maritime organizations worldwide.

The company's increased range of products and services has been underscored by the development of additional shipbuilding facilities in Singapore, Vietnam and Mexico.

While shipbuilding remains the core business, Strategic Marine now offers its services in such areas as ship design, project management, engineering, maintenance planning, vessel operations, fisheries management, training and ship broking.

In the past two years, Strategic Marine has taken huge steps forward in its quest to become one of the world's leading shipbuilding organizations, and is currently riding a wave of success, with more than 130 vessels worth over US\$210 million on its order books.

The company is dedicated to continuing this outstanding growth, and has plotted its course to ensure this exciting journey continues.



to extend our shipbuilding capacity to include facilities in Singapore and Vietnam has proven to be an immediate success." he said.

Mr Schiller said the new shipyard enabled the company to competitively manufacture a range of high quality ships for a breadth of international markets.



PRODUCT PROFILE: STEEL VESSELS

Strategic Marine recently signed contracts with Singapore offshore service company Marfield Ltd Inc to build two 143m steel hulled dive support ships.

The latest contract will see design, project and logistical management for the two ships undertaken at the company's WA headquarters, while construction will be handled at Strategic's new 10,000sqm shipbuilding yard in Dong Xuyen Industrial Zone, Ba-Ria Vung Tao in Vietnam. Specialised fit out of the vessel will be undertaken by Marfield.

Strategic Marine chairman Mark Newbold said the two ship contract would accelerate the company's overall goal of diversifying into the manufacture of steel boats.

To date, Strategic Marine has built plate and sheet aluminium craft for a range of Australian and South East Asian customers. Construction of the first dive support vessel is now underway and the company expects both hulls to be delivered by the end 2008.

Following increasing demand and feedback from existing clients, Strategic is gearing up to market a new range of steel vessels.

This is now possible because Strategic Marine's Vietnam facility is developing the infrastructure and technology needed to complete steel construction projects including: Anchor Handling Tugs, Utility Boats, Platform Supply Vessels, Tugs, Barges, Tankers, Dive Support Vessels, Floating docks, and many more.

This development is an exciting step forward for our organisation, and we look forward to bringing our comprehensive shipbuilding technologies to Vietnam.

SERVICES PROFILE: SHIP DESIGN

Strategic Marine has more than 35 years experience in ship design and has an in-house design capability through its associates Southerly Design.

Southerly Design has provided design support to Strategic Marine for more than 20 years and jointly both groups have developed an international reputation for their fast patrol vessels, offshore utility vessels, fishing vessels, steel vessels, defence vessels and other commercial vessels.

Strategic Marine has designed and constructed vessels to all major International Classification Societies and the USL Code rules. Designs for Patrol Vessels for the Australian defence forces, Australian Federal and State Government agencies, the Singapore and Malaysian Governments, and several other International clients have been developed and refined over the years resulting in total client satisfaction in all contracts.

More recently the company has designed and built offshore utility vessels for the oil & gas industry, introducing innovative designs and technology into this market.

Strategic Marine's ability to sit with clients, listen to their operational requirements and develop practical and cost effective solutions have resulted in the company being awarded many contracts.

Strategic Marine works closely with clients during the design and construction of their vessels and can accommodate changes during the construction phase.



Together with Southerly Design, the company has designed and constructed 59 fast patrol vessels for its Singaporean clients and 15 for Malaysian customers. Our design history varies in length from 11m to 56m and with speeds up to 52 knots.

STRATEGIC MARINE DELIVERS SEVEN WEEKS EARLY

Strategic Marine's Singapore shipyard at Tuas has delivered a 40m offshore utility for Malaysian client Syarikat Borcos Shipping seven weeks ahead of schedule.

The vessel, which has seating for up to 80 rig crew and top speeds in excess of 28kts, was the seventh out of nine ordered by repeat customer Borcos.

Strategic's Singapore Managing Director Ron Anderson said he was delighted with the early delivery.

"There's no question that the whole team at the yard bent their backs to achieve this," he said.

"We've got a good group of people – a lot of them have been with us for some years. The team's skills have always been improving, but now I'd say they've just about peaked.



"The techniques that we're using are well refined and the project management team are very efficient," he said.

"It's the seventh boat for Borcos, so they're all very much the same and we have the economies of scale to enable us to get ahead faster than we can building one boat at a time," said Anderson.

FACILITY PROFILE: VIETNAM

Yard Dimensions

Overall Yard Area	136500 m2
Workshop 1	2600 m2
Workshop 2	600 m2
Workshop 3	2000 m2
Paint / Blast Workshop	1680 m2

Under Construction

Workshop 4	3000 m2
Workshop 5	2700 m2
5 x Specialist Workshops	3000 m2
Stores Area	2400 m2
Machinery Shop	2000 m2

External Facilities (Due for completion in June)

Unloading Area	5000 m2
Heavy Fabrication/Lay down Area	30,000 m2
Slipway 1	112 m x 40 m
Slipway 2	152 m x 40 m
Slipway 3	142 m x 60 m
Waterfront West	260 m
Waterfront East	230 m

Shipyard Equipment & Machinery List

7	Overhead Gantry Cranes 10 tonnes
2	Crawler Crane 200 tonnes
2	Crawler Crane 50 tonnes
1	"A" Frame Crane 10 tonnes
1	Low bed Trailer 250 tonnes
1	Blast Medium Recovery System
1	Skate 25 tonnes
1	Hydraulic Pipe Cutting Machine
1	Hydraulic Profile Rolling Machine
1	Steel Mechanical Cutting Machine
1	Circular Saw Machine



2	Forklift 6 tonnes
1	Cherry Picker 250 tonnes
1	Truck 1.9 tonnes
1	CNC Plasma Cutting Machine
1	CNC Drilling Machine
1	Fully Equipped Paint Workshop
1	High Pressure Water Jet Cleaner
1	Hydraulic Pipe Bending Machines
1	Mechanical Beveling Machine
1	Lather Machine
1	Planing Machine

Work Force Breakdown

Management / Administration	15
Design Department	6
Production Supervisors	20
Fabricators & Welders	400
Shipyard Workers	220
Total Staff	661

Current Projects

2 x	143.0 metre Dive Support Vessels
40 x	12.0 metre Patrol Vessels
4 x	20.0 metre Landing Craft
1 x	99.0 metre Floating Dry-dock

DIRECTOR PROFILE: MARK SCHILLER MANAGING DIRECTOR VIETNAM



Mark Schiller started his working career as an apprentice boiler maker/welder, and after gaining his trade qualifications and having several different contracting jobs he joined Geraldton Boat Builders (GBB) at its inception in 1984.

Mark spent some years with the company until he went back to the family business of farming for approximately five years before returning to GBB.

He quickly moved up through production and into sales and administration. In 1997, Mark went to Singapore to manage our contract for the supply of patrol boats to the Singapore Police Coast Guard.

This 18-month, 20-boat contract turned into four year stay during which the company supplied 59 patrol boats to the Singapore Police Coast Guard in partnership with a local company.

Mark subsequently became a shareholder when the company underwent restructuring and was renamed Strategic Marine.

He and his family are now based in Ho Chi Minh City in Vietnam, where he heads up the operations there. Mark's main responsibilities are in production and cost control of projects awarded to the company.

SEA CHANGE: MEXICO

Two Strategic Marine stalwarts are bound for a Mexican "Sea Change" after being hand-picked to head up the new joint venture shipyard operations in Mazatlan – the company's first foray into new markets in the Americas.

Strategic has appointed Keith Rickman as General Manager Mexico while Jason Dodd will be the yard's fabrication manager.

Jason, who was chosen "due to the excellence he has shown as a tradesman and his willingness to relocate", says he is looking forward to the adventure and the challenge of his new position. "I know very little about the place, so it's going to be a steep learning curve," he says.

He flies out to Mexico in mid-March, to be followed by his wife Lynise and young daughters Ella and Olivia about one month later.

Jason has been lured back to Strategic after leaving to set up his own company. "The offer was too good to refuse," he says.

He is not a complete stranger to overseas travel, having spent ten days in France last year to do some repairs on a customer's passenger ferry. He says his wife is scared about what is a big move, "but she'll be right," and he's not worried about school for the kids since there are plenty of Anglo schools teaching both in English and Spanish.

As Operations Manager of the Henderson facility, Keith Rickman actually offered his services to fill the position of Mexican General Manager. "We were interviewing for prospective GMs in Mexico, and I thought this looks like a good place to go and a good career opportunity, so I said: 'Why don't you send me?'"

Keith started with company back in 2000, when he was appointed as Production Manager for Geraldton Boat Builders, and has since had overseas experience as Project Manager building Singapore Coast Guard vessels. He is no stranger to working overseas, having done a four-year stint in Brunei, running a Fun Park.

"It's a suitable time for me to take on this challenge – two of my four boys are old enough to stay in Western Australia and the other two won't miss out on their education".

"My wife Tracey is very flexible about these overseas moves, so she's quite happy and settled with it," says Keith.

"Work and career-wise – every time we've gone overseas, the yard has expanded and developed very quickly. All the other examples we've got – in Singapore the yard's taken off and is basically overflowing, and Vietnam is growing at a rate that's almost scary," he says.

"The South American market is the one we're most interested in – vessels for the Gulf of Mexico. We've started out with two boats – it already looks like it's expanding," says Keith



Mario Uribe - Operations Manager (left), Keith Rickman - General Manager (middle), Jason Dodd - Fabrication Manager (right)

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STRATEGIC MARINE'S ORDER BOOK

Contract Date	Delivery Date	Contract Name	Hull Numbers	Client	Shipyard Location
22/11/2006	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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