



UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group		
	3 months ended 30 September		
	1Q FY2009	1Q FY2008	Increase/ (Decrease)
	\$'000	\$'000	%
Shipbuilding	70,661	57,307	23.3
Shiprepair and other marine related services	23,067	12,873	79.2
Shipchartering and rental	24,920	23,165	7.6
Total revenue	118,648	93,345	27.1
Cost of sales	(97,328)	(74,799)	30.1
Gross profit	21,320	18,546	15.0
Other operating income	11,880	1,587	648.6
Administrative expenses	(2,947)	(2,365)	24.6
Other operating expenses	(7)	(589)	(98.8)
Finance costs	(1,538)	(1,382)	11.3
Share of results of jointly-controlled entities and associate	422	250	68.8
Profit before tax	29,130	16,047	81.5
Tax expense	(4,401)	(2,715)	62.1
Profit for the period	24,729	13,332	85.5
Attributable to:			
Equity holders of the parent	23,938	13,276	80.3
Minority interests	791	56	NM
	24,729	13,332	85.5

NM: Not meaningful

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

	Group	
	3 months ended 30 September	
	1Q FY2009	1Q FY2008
	\$'000	\$'000
Allowance for doubtful trade receivables	(100)	(155)
Allowance for doubtful non-trade receivables	-	(35)
Write back of allowance for doubtful trade receivables	101	529
Amortisation of lease prepayments	(49)	(49)
Bad debts written off	-	(1)
Depreciation of property, plant and equipment	(6,427)	(5,360)
Fair value (loss)/ gain on forward currency contracts and interest rate swap	(633)	133
Gain on disposal of assets held for sale	6,573	-
Gain on disposal of property, plant and equipment	3,605	962
Interest income	186	240
Gain/ (loss) on foreign exchange (net)	746	(876)
Property, plant and equipment written off	(7)	-
Adjustment for under provision of tax in respect of prior years		
- Current tax expense	(661)	-
- Deferred tax expense	(82)	(1,019)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Sep-08 \$'000	30-Jun-08 \$'000	30-Sep-08 \$'000	30-Jun-08 \$'000
Non-current assets				
Property, plant and equipment	281,171	255,458	142	148
Lease prepayments	4,270	4,246	-	-
Subsidiaries	-	-	20,370	20,370
Interest in jointly-controlled entities and associate	1,989	1,050	979	534
Finance lease receivables	1,013	1,238	-	-
Other receivables	-	-	2,229	2,095
	288,443	261,992	23,720	23,147
Current assets				
Inventories	33,402	22,759	-	-
Assets held for sale	16,095	34,572	19,040	26,540
Construction work-in-progress	55,099	64,125	-	-
Trade and other receivables	88,836	100,739	241	240
Finance lease receivables	1,154	1,372	-	-
Amount due from related parties	2,427	6,332	94,871	70,909
Derivative financial instruments	7,780	13,919	45	-
Cash and cash equivalents	107,199	102,995	16,263	26,832
	311,992	346,813	130,460	124,521
Current liabilities				
Trade and other payables	97,376	102,460	891	577
Progress billings in excess of construction work-in-progress	68,501	105,601	-	-
Amount due to related parties	-	-	11,710	5,767
Loan from minority shareholders of subsidiaries	2,000	1,899	-	-
Trust receipts	14,047	-	-	-
Interest-bearing loans and borrowings	26,843	26,831	24	23
Derivative financial instruments	3,648	3,844	633	118
Current tax liabilities	9,572	7,293	75	75
	221,987	247,928	13,333	6,560
Net current assets	90,005	98,885	117,127	117,961
Non-current liabilities				
Loan from minority shareholders of subsidiaries	1,486	1,397	-	-
Interest-bearing loans and borrowings	106,115	109,800	50,063	50,069
Deferred tax liabilities	9,572	9,484	-	-
	117,173	120,681	50,063	50,069
Net assets	261,275	240,196	90,784	91,039
Share capital	83,049	82,725	83,049	82,725
Reserves	173,545	153,770	7,735	8,314
	256,594	236,495	90,784	91,039
Minority interests	4,681	3,701	-	-
Total equity	261,275	240,196	90,784	91,039

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

Amount repayable in one year or less, or on demand

As at 30-Sep-08		As at 30-Jun-08	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
26,843	14,047	26,831	-

Amount repayable after one year

As at 30-Sep-08		As at 30-Jun-08	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
56,115	50,000	59,800	50,000

Details of any collateral

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

- Corporate guarantees from the Company and certain subsidiaries
- 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

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

	Group	
	1Q FY2009	1Q FY2008
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	29,130	16,047
Adjustments for:		
Amortisation of lease prepayments	49	49
Write-back of doubtful receivables	(1)	(339)
Bad debts written off (trade)	-	1
Depreciation of property, plant and equipment	6,427	5,360
Fair value loss/ (gain) on forward currency contracts and interest rate swap	633	(133)
Gain on disposal of assets held for sale	(6,573)	-
Gain on disposal of property, plant and equipment	(3,605)	(962)
Interest expense	1,538	1,382
Interest income	(186)	(240)
Loss on dissolution of a subsidiary	-	52
Property, plant and equipment written off	7	-
Provision for warranty claims	300	-
Share of results of jointly-controlled entities and associate	(422)	(250)
Operating profit before working capital changes	27,297	20,967

Changes in working capital:

Inventories	(10,643)	(8,441)
Construction work-in-progress, net	(28,255)	7,041
Trade and other receivables	11,904	2,739
Trade and other payables	(6,321)	15,222
Balances with related parties (trade)	2,237	115
Cash (used in)/ generated from operations	(3,781)	37,643
Tax paid	(1,258)	(3)
Net cash (used in)/ generated from operating activities	(5,039)	37,640

Cash flows from investing activities

Interest received	186	240
Investment in associate	(445)	-
Purchase of assets held for sale	(3,906)	-
Purchase of property, plant and equipment	(35,694)	(32,894)
Proceeds from disposal of assets held for sale	28,500	-
Proceeds from disposal of property, plant and equipment	9,347	6,882
Balances with related parties (non trade)	1,668	(27)
Net cash used in investing activities	(344)	(25,799)

Cash flows from financing activities

Interest paid	(1,524)	(1,360)
Repayment of interest-bearing loans and borrowings	(11,094)	(20,098)
Proceeds from interest-bearing loans and borrowings	7,562	22,917
Repayment of finance lease liabilities	(141)	(62)
Proceeds from finance lease receivables	443	400
Proceeds from issue of shares	279	1,843
Repayment of trust receipts	(3,086)	(20,179)
Proceeds from trust receipts	17,133	17,301
Net cash generated from financing activities	9,572	762

Net increase in cash and cash equivalents

	4,189	12,603
Cash and cash equivalents at beginning of period	102,995	47,668
Effects of exchange rate changes on opening cash and cash equivalents	15	(39)
Cash and cash equivalents at end of period	107,199	60,232

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 30-Sep-08 and 30-Sep-07

Group	Attributable to equity holders of the parent						Total reserves \$'000	Minority interests \$'000	Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000			
1Q FY2009									
Balance at 1-Jul-08	82,725	-	54	(3,621)	7,513	149,824	153,770	3,701	240,196
Net change in hedging reserve	-	-	-	-	(4,503)	-	(4,503)	(23)	(4,526)
Net effect of exchange differences	-	-	-	385	-	-	385	212	597
Net income and expenses recognised directly in equity	-	-	-	385	(4,503)	-	(4,118)	189	(3,929)
Profit for the period	-	-	-	-	-	23,938	23,938	791	24,729
Total recognised income and expenses for the period	-	-	-	385	(4,503)	23,938	19,820	980	20,800
Issue of shares under ESOS ¹	324	-	(45)	-	-	-	(45)	-	279
At 30-Sep-08	83,049	-	9	(3,236)	3,010	173,762	173,545	4,681	261,275
1Q FY2008									
Balance at 1-Jul-07	58,430	595	78	(1,656)	(2,375)	97,842	94,484	3,831	156,745
Net change in hedging reserve	-	-	-	-	3,605	-	3,605	(12)	3,593
Net effect of exchange differences	-	-	-	(516)	-	-	(516)	(88)	(604)
Net income and expenses recognised directly in equity	-	-	-	(516)	3,605	-	3,089	(100)	2,989
Profit for the period	-	-	-	-	-	13,276	13,276	56	13,332
Total recognised income and expenses for the period	-	-	-	(516)	3,605	13,276	16,365	(44)	16,321
Issue of shares under ESOS ¹	49	-	(8)	-	-	-	(8)	-	41
Issue of shares under warrants	1,846	(45)	-	-	-	-	(45)	-	1,801
At 30-Sep-07	60,325	550	70	(2,172)	1,230	111,118	110,796	3,787	174,908

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 30-Sep-08 and 30-Sep-07

Company	Share capital \$'000	Capital reserve \$'000	Employee share option reserve \$'000	Hedging reserve \$'000	Accumulated Profits \$'000	Total reserves \$'000	Total Equity \$'000
1Q FY2009							
Balance at 1-Jul-08	82,725	-	54	(118)	8,378	8,314	91,039
Net change in hedging reserve	-	-	-	(470)	-	(470)	(470)
Net expenses recognised directly in equity	-	-	-	(470)	-	(470)	(470)
Loss for the period	-	-	-	-	(64)	(64)	(64)
Total recognised expenses for the period	-	-	-	(470)	(64)	(534)	(534)
Issue of shares under ESOS ¹	324	-	(45)	-	-	(45)	279
At 30-Sep-08	83,049	-	9	(588)	8,314	7,735	90,784
1Q FY2008							
Balance at 1-Jul-07	58,430	595	78	72	8,595	9,340	67,770
Net change in hedging reserve	-	-	-	(39)	-	(39)	(39)
Net expenses recognised directly in equity	-	-	-	(39)	-	(39)	(39)
Loss for the period	-	-	-	-	(211)	(211)	(211)
Total recognised expenses for the period	-	-	-	(39)	(211)	(250)	(250)
Issue of shares under ESOS ¹	49	-	(8)	-	-	(8)	41
Issue of shares under warrants	1,846	(45)	-	-	-	(45)	1,801
At 30-Sep-07	60,325	550	70	33	8,384	9,037	69,362

¹ ASL Employee Share Option Scheme

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	ASL Employee Share Option Scheme ("ESOS")
Balance as at 30-Jun-08	300,876,002	594,000
Number of ESOS exercised	507,000	(507,000)
Balance as at 30-Sep-08	301,383,002	87,000

The total number of shares that may be issued on exercise of all outstanding share options granted under the ESOS are as follows:-

Category	Vesting Period	Exercise Period	Exercise Price	ESOS outstanding as at 30-Sep-08	ESOS outstanding as at 30-Jun-08	ESOS outstanding as at 30-Sep-07
<u>Employees</u>						
	18-Dec-04	18-Dec-04 to 17-Dec-13	\$0.55	-	-	30,000
	18-Dec-05	18-Dec-05 to 17-Dec-13	\$0.55	3,000	3,000	49,000
	18-Dec-06	18-Dec-06 to 17-Dec-13	\$0.55	84,000	91,000	155,000
				87,000	94,000	234,000
<u>Independent Directors</u>						
	18-Dec-04	18-Dec-04 to 17-Dec-08	\$0.55	-	200,000	200,000
	18-Dec-05	18-Dec-05 to 17-Dec-08	\$0.55	-	150,000	150,000
	18-Dec-06	18-Dec-06 to 17-Dec-08	\$0.55	-	150,000	150,000
				-	500,000	500,000
Total				87,000	594,000	734,000

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 30 September 2008 and 30 June 2008, there are no treasury shares held in the issued capital of the Company.

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.

Not applicable.

1(e) Negative Assurance Confirmation on Interim Financial Results under Rule 705(4) of the Listing Manual

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 financial statements of the Group and the Company for the first quarter ended 30 September 2008 to be false or misleading.

On behalf of the Board of Directors

Ang Kok Tian
Chairman and Managing Director

Ang Ah Nui
Deputy Managing Director

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 Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period reported as in the last audited financial statements.

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.

Earnings per ordinary share based on net profit attributable to shareholders:-

	Group	
	1Q FY2009	1Q FY2008
(i) On weighted average number of ordinary shares in issue	7.95 cents	5.14 cents
(ii) On a fully diluted basis	7.95 cents	4.62 cents

Note to item 6 (i):

The calculation of basic earnings per ordinary share for 1Q FY2009 is based on weighted average of 301,134,785 (1Q FY2008: 258,224,022) ordinary shares in issue during the quarter.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share for 1Q FY2009 is based on weighted average of 301,295,169 (1Q FY2008: 287,073,245) ordinary shares in issue during the quarter, adjusted for the effect arising from share options and warrants of 160,384 (1Q FY2008: 28,849,223) shares.

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	
	30-Sep-08	30-Jun-08	30-Sep-08	30-Jun-08
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates	85.14 cents	78.60 cents	30.12 cents	30.26 cents

Note:

The calculation of net asset value of the Group and of the Company is based on 301,383,002 (30-Jun-08: 300,876,002) ordinary shares in issue as at the respective balance sheet dates.

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**1Q FY2009 vs 1Q FY2008**

Group	1Q FY2009			1Q FY2008			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	70,661	6,825	9.7	57,307	7,008	12.2	13,354	23.3	(183)	(2.6)
Shiprepair and other marine related services	23,067	7,353	31.9	12,873	3,435	26.7	10,194	79.2	3,918	114.1
Shipchartering and rental	24,920	7,142	28.7	23,165	8,103	35.0	1,755	7.6	(961)	(11.9)
	118,648	21,320	18.0	93,345	18,546	19.9	25,303	27.1	2,774	15.0

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

For the 3 months ended 30 September 2008 ("1Q FY2009"), the Group's revenue of \$118.6 million was 27.1% higher as compared to the corresponding period in FY2008 ("1Q FY2008"). The Group recorded higher revenue in all three segments of shipbuilding, shiprepair and ship conversion as well as shipchartering.

Shipbuilding revenue was \$13.4 million higher primarily attributable to the progressive recognition of more and higher value shipbuilding projects undertaken. Progressive recognition of shipbuilding revenue commences when the work-in-progress reaches the 10% recognition threshold.

Shiprepair revenue increased significantly by 79.2% mainly due to increased number of higher value shiprepair jobs undertaken.

Shipchartering revenue was \$1.8 million higher mainly attributable to increase in fleet size. The Group has a fleet size of 181 vessels (62 tugs, 4 anchor handling tugs, 1 straight supply vessel and 114 barges) as at 30 September 2008 as compared to 175 vessels (64 tugs, 1 anchor handling tug and 110 barges) as at 30 September 2007.

Gross profit and gross profit margin

The Group's gross profit of \$21.3 million was 15.0% higher as compared to 1Q FY2008.

Shipbuilding operations recorded lower gross profit margin mainly due to higher costs and provisions on select projects during the quarter.

Shiprepair operations achieved higher gross profit margin and gross profit more than doubling to \$7.4 million. The improvement was mainly attributable to a larger number of higher margin shiprepair jobs undertaken during the quarter.

Shipchartering operations recorded lower gross profit margin mainly due to higher fuel costs and the need to hire more third party's vessels to meet customer demand.

Other operating income

Other operating income increased by \$10.3 million to \$11.9 million in 1Q FY2009.

Other operating income comprised:

1. Gain on disposal of plant and equipment of \$3.6 million (1Q FY2008: \$1.0 million) from the sale of 7 vessels (1Q FY2008: 4 vessels) to third parties. The disposals were part of the Group's fleet renewal program;
2. A foreign exchange gain of \$0.7 million (1Q FY2008: foreign exchange loss of \$0.9 million which was shown under other operating expense);
3. Miscellaneous income of \$7.4 million (1Q FY2008: \$0.4 million) and mainly comprised gains on disposal of vessels held for sale of \$6.6 million; and
4. Interest income of \$0.2 million (1Q FY2008: \$0.2 million).

Administrative expenses

Administrative expenses increased by \$0.6 million to \$2.9 million. The increase was mainly attributed to higher manpower costs (increased by \$0.4 million) as well as an increase in select administrative expenses in line with higher business activities.

Other operating expenses

Other operating expenses decreased by \$0.6 million to \$7,000 in 1Q FY2009. The decrease was mainly due to lower foreign exchange loss of \$0.9 million (1Q FY2008: \$0.9 million) partially offset by lower write-back of net allowance of doubtful trade receivables of \$1,000 (1Q FY2008: \$0.3 million).

Finance costs

Finance costs which comprised mainly term loan interest, was higher by \$0.2 million to \$1.5 million in 1Q FY2009 due to an increase in borrowings arising from bond issuances in June 2008. The Group hedges against interest rate fluctuations on its long-term borrowings by way of interest rate swaps.

Share of results of jointly-controlled entities

The profit arising from share of results of jointly-controlled entities was \$0.4 million (1Q FY2008: \$0.3 million). Whilst modest, the performance was credible but not comparable to 1Q 2008 for the following reasons:

1. The Group had on 11 June 2008 entered into a conditional share purchase and loan novation agreement to divest its entire 50 per cent. interest in ASL Energy Pte. Ltd. ("ASLE"). Accordingly, the Group reclassified its net investment in ASLE under assets held for sale and ceased to take up its share of results of ASLE since 30 April 2008, the date on which the consideration was determined pursuant to the divestment. On the other hand, in 1Q FY2008, ASLE contributed a net profit of \$0.3 million to profit arising from share of results of jointly-controlled entities.
2. The Group's share of earnings in 1Q FY2009 from HKR-ASL Joint Venture Limited was \$0.5 million (1Q FY2008: net loss of \$7,000). This was mainly attributed to commencement of a new shipchartering project in December 2007.
3. The share of results from its newly incorporated associated company, Fastcoat Industries Pte. Ltd. was a loss of \$0.1 million mainly due to initial start-up costs incurred.

Profit before taxation

The Group's profit before taxation of \$29.1 million for 1Q FY2009 was \$13.1 million or 81.5% higher as compared to 1Q FY2008 due to strong other operating income growth, a healthy revenue growth, good overhead control and despite rising construction costs and provisions.

Income tax expense

The Group recorded a higher taxation charge of \$4.4 million in 1Q FY2009 of which \$0.7 million was due to adjustments for under provision of taxes in respect of prior years. The Group's effective tax rate of 12.7% for 1Q FY2009 was higher than the 10.7% recorded for 1Q FY2008 mainly attributed to higher tax provided on gain on disposal of vessels partially offset by higher proportion of exempt shipping profits in 1Q FY2009.

Minority interests

Minority shareholders' share of profits increased by \$0.7 million mainly due to higher charter earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

Net cash outflow from operating activities in 1Q FY2009 was \$5.0 million as compared to the net cash inflow of \$37.6 million in 1Q FY2008. The decrease was mainly attributed to work-in-progress incurred for shipbuilding projects and decrease in trade payables partially offset by higher earnings recorded in 1Q FY2008.

The Group funded its capital expenditure and repayment of loans and borrowings mainly through proceeds from external borrowings including trust receipts, proceeds from disposal of plant and equipment and assets held for sale.

REVIEW OF FINANCIAL POSITIONS AS AT 30 SEPTEMBER 2008

Non-current assets

Property, plant and equipment increased by \$25.7 million from \$255.5 million as at 30 June 2008 to \$281.2 million as at 30 September 2008. The increase was mainly due to acquisition of plant and equipment of \$36.3 million (inclusive of \$27.3 million for vessels and \$1.4 million for plant and machinery) partially offset by disposal of plant and equipment with aggregate net book value of \$5.7 million, depreciation charge of \$6.3 million and others (including the write-off of plant and equipment and foreign exchange differences) of \$1.4 million.

The Group's total depreciation charge was \$1.0 million higher as compared to 1Q FY2008 mainly attributed to increase in fleet size from 175 vessels as at 30 September 2007 to 181 vessels as at 30 September 2008.

Current assets

Current assets decreased by \$34.8 million from \$346.8 million as at 30 June 2008 to \$312.0 million as at 30 September 2008. The decrease was mainly due to lower assets held for sale, construction work-in-progress, trade and other receivables, amount due from related parties and derivative financial instruments partially offset by increase in inventories and cash and cash equivalents.

Assets held for sale comprised net investment in ASLE and vessels held for sale. The decrease in assets held for sale was due to loan repayment from ASLE and sale of vessels.

Trade receivables decreased by \$5.6 million to \$76.5 million. Average debtors turnover was 58 days as at 30 September 2008 as compared to 75 days as at 30 June 2008. Other receivables decreased by \$6.3 million to \$12.4 million which mainly comprised receivables from disposal of vessels, insurance claimable and down payment made for purchase of plant and equipment.

The decrease in amount due from related parties was mainly due to repayment by ASLE.

Derivative financial instruments assets decreased by \$6.1 million due to lower mark-to-market gains derived mainly from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables. The

Group entered into “plain vanilla” forward contracts to hedge against foreign currency fluctuations.

Inventories increased by \$10.6 million mainly due to raw materials (mainly steel) and equipment purchased for shipbuilding and shiprepair projects.

Cash and cash equivalents increased by \$4.2 million to \$107.2 million as at 30 September 2008.

Current liabilities

Current liabilities decreased by \$25.9 million from \$247.9 million as at 30 June 2008 to \$222.0 million as at 30 September 2008.

Trade and other payables decreased by \$5.1 million mainly due to decrease in trade payables of \$2.4 million and other payables of \$2.7 million. Other payables comprised mainly payables for purchase of plant and equipment and deposits received on sale of vessels.

Current portion of interest-bearing loans and borrowings maintained at \$26.8 million while trust receipts increased by \$14.0 million.

Derivative financial instruments liabilities decreased by \$0.2 million due to lower mark-to-market losses derived mainly from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables.

Net current liabilities

The net current assets of \$90.0 million as at 30 September 2008 and \$98.9 million as at 30 June 2008 included net progress billings in excess of construction work-in-progress of \$13.4 million and \$41.5 million respectively. The decrease in net progress billings in excess of construction work-in-progress was mainly attributed to higher work-in-progress costs incurred for shipbuilding projects. There were 44 shipbuilding projects as at 30 September 2008 (30 June 2008: 48 projects).

Excluding the construction work-in-progress and progress billings in excess of construction work-in-progress, the Group’s net current assets as at 30 September 2008 and 30 June 2008 was \$103.4 million and \$140.4 million respectively.

Non-current liabilities

Non-current liabilities decreased by \$3.5 million to \$117.2 million as at 30 September 2008 mainly due to lower interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings decreased by \$3.7 million to \$133.0 million as at 30 September 2008. The decrease was mainly due to redemption and repayment made of \$11.2 million during the quarter partially offset by new term loans and borrowings of \$7.6 million.

Deferred tax liabilities increased by \$0.1 million to \$9.6 million as at 30 September 2008.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In the full year financial statements announcement made on 20 August 2008, it was stated that the Group was cautiously optimistic of achieving higher revenue and earnings in FY2009 as compared to FY2008.

In line with the prospect statement indicated in the announcement made on 20 August 2008, the Group recorded higher revenue and profit after tax in 1Q FY2009 as compared to 1Q FY2008. However, the Group's various business segments are subject to different degree of seasonality, with the highest impact being experienced by the shipchartering operations. As a result, the quarter on quarter results contained within may not be a good indicator of the overall trend of our business or of the results for the whole of the financial year.

In the full year financial statements announcement made on 20 August 2008, the Group also announced plans to further strengthen its shipchartering fleet by taking delivery of 27 vessels worth approximately \$67 million in FY2009. During 1Q FY2009, the Group had taken delivery of 10 vessels worth \$28 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

The overall business environment of the Group has become increasingly challenging due to the financial market turmoil and gathering global economic slowdown.

In the immediate future and based on the Group's shipbuilding outstanding order book, enhanced shiprepair capabilities and enlarged fleet size for shipchartering operations, and barring any unforeseen circumstances, the Group continues to be cautiously optimistic of achieving higher revenue and earnings in FY2009 as compared to FY2008.

In view of the violent changes in economic conditions and darkly uncertain challenges ahead, the Group would re-focus particularly with respect to strengthening project execution, cost control and cash flow management. All new proposed capital expenditure is being re-examined. However, given the Group financial strength, the Group is in a good position to take advantage of any strategic opportunities that may arise including a widening range of vessels, facilities and other related business.

Shipbuilding and Shiprepair Operations

Progressive recognition of shipbuilding revenue commences when the work-in-progress reaches the 10% recognition threshold. As at 30 September 2008, the Group's shipbuilding operation had an outstanding order book of approximately \$706 million for external customers. The order book comprised 44 vessels, including offshore support vessels such as heavy lift and pipelay vessels, subsea operation vessels, tugs, self-propelled cutter suction dredgers and other vessels. In addition, the Group has an outstanding shipbuilding order book of approximately \$27 million for the building of 7 vessels for companies from within the Group. Due to global over-supply of shipbuilding capacity, it is widely expected that demand for shipbuilding may decline from the last calendar quarter of 2008 onward. As the delivery of vessels will be up to middle of 2011, the Group is confident that its shipyards will be kept fairly busy for the next two years.

The Group's on-going strategy has been to diversify and balance the shipbuilding portfolio and reduce over-dependency on the offshore oil and gas sector. The Group continues to streamline its business and cost structure to enhance its competitiveness and prepare for the challenges ahead.

Underpinned by enhanced docking facilities at its Batam yard and increasing world's fleet, the Group is cautiously optimistic of the longer-term outlook for its shiprepair operations which are subject to short term volatility.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts, with approximately 23% contribution from long term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2008, the Group has an outstanding order book of approximately \$19 million with respect to long term shipchartering contracts.

The shipchartering operations will continue to focus on the marine infrastructure, harbour and terminal services sectors in Singapore, South-East Asia, the Middle-East, India as well as Australia.

As at 30 September 2008, the Group planned to increase its shipchartering fleet by taking delivery of 20 vessels worth approximately \$48 million including towing tugs and Anchor Handling Towing/ Supply vessels (of which 7 vessels worth approximately \$27 million are being built internally).

11. Dividend

(a) Current Financial Period Reported On

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 30 September 2008.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
7 November 2008