

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

1(a)(i) 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 FY2011	1Q FY2010	Increase/ (Decrease)
	\$'000	\$'000	%
Shipbuilding	49,027	71,062	(31.0)
Shiprepair and conversion	17,384	27,985	(37.9)
Shipchartering and rental	14,990	18,305	(18.1)
Total revenue	81,401	117,352	(30.6)
Cost of sales	(70,582)	(100,659)	(29.9)
Gross profit	10,819	16,693	(35.2)
Other operating income	4,443	3,392	31.0
Administrative expenses	(2,296)	(2,292)	0.2
Other operating expenses	(1,494)	(1,188)	25.8
Finance costs	(2,153)	(1,868)	15.3
Share of results of jointly-controlled entity and associate	(168)	(113)	48.7
Profit before tax	9,151	14,624	(37.4)
Tax expense	(1,069)	(2,559)	(58.2)
Profit for the period	8,082	12,065	(33.0)
Attributable to:			
Owners of the parent	8,026	11,844	(32.2)
Minority interests	56	221	(74.7)
	8,082	12,065	(33.0)

1(a)(ii) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	<u>3 months ended 30 September</u>		
	1Q FY2011	1Q FY2010	Increase/ (Decrease)
	\$'000	\$'000	%
Profit for the period	8,082	12,065	(33.0)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(2,749)	(115)	2,290.4
Share of other comprehensive income of jointly-controlled entity	(68)	(37)	83.8
Net fair value changes to cash flow hedges	(263)	1,965	Nm
Other comprehensive income for the period, net of tax	(3,080)	1,813	Nm
Total comprehensive income for the period	5,002	13,878	(64.0)
Attributable to:			
Owners of the parent	5,316	13,533	(60.7)
Minority interests	(314)	345	Nm
	5,002	13,878	(64.0)

Nm: Not meaningful

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

	Group	
	<u>3 months ended 30 September</u>	
	1Q FY2011	1Q FY2010
	\$'000	\$'000
Allowance for impairment of doubtful trade receivables	(24)	(160)
Write back of allowance for impairment of doubtful trade receivables	54	23
Amortisation of lease prepayments	(50)	(50)
Bad debts written off (non-trade)	-	(2)
Depreciation of property, plant and equipment	(8,463)	(7,417)
Gain/ (Loss) of ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	157	(117)
Gain/ (Loss) on disposal of assets held for sale	4,009	(46)
Gain on disposal of property, plant and equipment	332	1,506
Interest income	39	50
Loss on foreign exchange (net)	(1,525)	(1,049)
Underprovision of tax in respect of prior years		
- Current tax expense	-	(313)

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

	Group		Company	
	30-Sep-10 \$'000	30-Jun-10 \$'000	30-Sep-10 \$'000	30-Jun-10 \$'000
Non-current assets				
Property, plant and equipment	457,726	437,660	-	100
Lease prepayments	3,789	3,892	-	-
Subsidiaries	-	-	64,905	33,573
Interest in jointly-controlled entity and associate	1,589	1,825	1,558	1,558
Other receivable	-	-	-	2,203
	463,104	443,377	66,463	37,434
Current assets				
Inventories	12,168	13,151	-	-
Assets held for sale	2,426	7,269	-	-
Construction work-in-progress	51,656	67,734	-	-
Trade and other receivables	95,162	113,961	3,076	3,133
Amount due from related parties	1,877	1,680	134,917	165,437
Derivative financial instruments	1,427	1,350	-	-
Bank balances, deposits and cash	100,634	90,090	137	510
	265,350	295,235	138,130	169,080
Current liabilities				
Trade and other payables	124,818	135,581	652	1,166
Progress billings in excess of construction work-in-progress	53,816	40,548	-	-
Amount due to related parties	293	236	28,019	28,843
Loan from minority shareholders of subsidiaries	3,341	2,080	-	-
Trust receipts	16,494	25,033	-	-
Interest-bearing loans and borrowings	49,840	51,070	11,000	11,025
Derivative financial instruments	3,743	3,564	629	368
Current tax liabilities	12,242	12,007	-	-
	264,587	270,119	40,300	41,402
Net current assets	763	25,116	97,830	127,678
Non-current liabilities				
Loan from minority shareholders of subsidiaries	-	1,469	-	-
Interest-bearing loans and borrowings	125,151	133,160	65,000	65,020
Deferred tax liabilities	9,597	9,747	-	-
	134,748	144,376	65,000	65,020
Net assets	329,119	324,117	99,293	100,092
Share capital	83,061	83,061	83,061	83,061
Treasury shares	(923)	(923)	(923)	(923)
Reserves	238,511	233,195	17,155	17,954
	320,649	315,333	99,293	100,092
Minority interests	8,470	8,784	-	-
Total equity	329,119	324,117	99,293	100,092

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-10		As at 30-Jun-10	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
34,107	32,227	39,070	37,033

Amount repayable after one year

As at 30-Sep-10		As at 30-Jun-10	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
56,564	68,587	68,160	65,000

Details of any collaterals

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 statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q FY2011	1Q FY2010
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	9,151	14,624
Adjustments for:		
Amortisation of lease prepayments	50	50
(Write back) of/ Allowance for impairment of doubtful trade receivables (net)	(30)	137
Bad debts written off (non-trade)	-	2
Depreciation of property, plant and equipment	8,463	7,417
(Gain)/ Loss of ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	(157)	117
(Gain)/ Loss on disposal of assets held for sale	(4,009)	46
Gain on disposal of property, plant and equipment	(332)	(1,506)
Interest expense	2,153	1,868
Interest income	(39)	(50)
Share of results of jointly-controlled entity and associate	168	113
Operating profit before working capital changes	15,418	22,818

Changes in working capital:		
Inventories	983	924
Construction work-in-progress and progress billings in excess of construction work-in-progress	29,770	(25,221)
Trade and other receivables	18,835	(22,598)
Trade and other payables	(7,777)	18,423
Balances with related parties (trade)	(135)	(264)
Bank balances, deposits and cash (restricted use)	(1,240)	(1,035)
Cash generated from/ (used in) operations	55,854	(6,953)
Tax paid	(892)	(60)
Net cash generated from/ (used in) operating activities	54,962	(7,013)
Cash flows from investing activities		
Interest received	39	50
Purchase of property, plant and equipment	(31,091)	(17,441)
Proceeds from disposal of assets held for sale	8,852	95
Proceeds from disposal of property, plant and equipment	476	4,078
Balances with related parties (non trade)	(5)	3
Net cash used in investing activities	(21,729)	(13,215)
Cash flows from financing activities		
Interest paid	(2,148)	(1,857)
Repayment of interest-bearing loans and borrowings	(14,239)	(11,190)
Proceeds from interest-bearing loans and borrowings	1,440	18,747
Proceeds from finance lease receivables	-	411
Proceeds from issue of shares	-	8
Proceeds from loan from minority shareholders of subsidiaries	-	289
Repayment of trust receipts	(9,392)	(12,883)
Proceeds from trust receipts	853	10,987
Net cash (used in)/ generated from financing activities	(23,486)	4,512
Net increase/ (decrease) in cash and cash equivalents	9,747	(15,716)
Cash and cash equivalents at beginning of period	83,302	94,775
Effects of exchange rate changes on opening cash and cash equivalents	(443)	(108)
Cash and cash equivalents at end of period	92,606	78,951

- 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-10 and 30-Sep-09

Group	Attributable to owners of the parent								
	Share capital \$'000	Treasury shares \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Minority interests \$'000	Total equity \$'000
1Q FY2011									
At 1-Jul-10	83,061	(923)	5	(55)	(967)	234,212	233,195	8,784	324,117
Total comprehensive income for the period	-	-	-	(2,447)	(263)	8,026	5,316	(314)	5,002
At 30-Sep-10	83,061	(923)	5	(2,502)	(1,230)	242,238	238,511	8,470	329,119
1Q FY2010									
At 1-Jul-09	83,051	(923)	7	(96)	(2,393)	208,910	206,428	6,487	295,043
Total comprehensive income for the period	-	-	-	(171)	1,860	11,844	13,533	345	13,878
Issue of shares under ESOS ¹	10	-	(2)	-	-	-	(2)	-	8
At 30-Sep-09	83,061	(923)	5	(267)	(533)	220,754	219,959	6,832	308,929

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 30-Sep-10 and 30-Sep-09

Company	Share capital \$'000	Treasury shares \$'000	Employee share option reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
1Q FY2011							
At 1-Jul-10	83,061	(923)	5	(368)	18,317	17,954	100,092
Total comprehensive income for the period	-	-	-	(261)	(538)	(799)	(799)
At 30-Sep-10	83,061	(923)	5	(629)	17,779	17,155	99,293
1Q FY2010							
At 1-Jul-09	83,051	(923)	7	(822)	17,276	16,461	98,589
Total comprehensive income for the period	-	-	-	(180)	(335)	(515)	(515)
Issue of shares under ESOS ¹	10	-	(2)	-	-	(2)	8
At 30-Sep-09	83,061	(923)	5	(1,002)	16,941	15,944	98,082

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-10	299,604,002	47,000
Number of ESOS exercised	-	-
Balance as at 30-Sep-10	299,604,002	47,000

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-10	ESOS outstanding as at 30-Jun-10	ESOS outstanding as at 30-Sep-09
Employees	18-Dec-06	18-Dec-06 to 17-Dec-13	\$0.55	47,000	47,000	47,000

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-Sep-10	As at 30-Jun-10
Total number of issued shares	301,398,002	301,398,002
Total number of treasury shares	(1,794,000)	(1,794,000)
Total number of issued shares excluding treasury shares	299,604,002	299,604,002

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.

During the current financial period reported on, there were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares.

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 2010 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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year compared with those of the audited financial statements as at 30 June 2010. The adoption of new and revised FRS and Interpretations of FRS ("INT FRS") that are effective for financial year beginning on or after 1 July 2010 did not have any significant impact on the financial statements of the Group.

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	
	3 months ended	
	30 September	
	1Q FY2011	1Q FY2010
(i) On weighted average number of ordinary shares in issue	2.68 cts	3.95 cts
(ii) On a fully diluted basis	2.68 cts	3.95 cts

Note to item 6 (i):

The calculation of basic earnings per ordinary share of the Group for the first quarter is based on net profit attributable to ordinary shareholders amounting to \$8,026,000 (1Q FY2010: \$11,844,000) and the weighted average of 299,604,002 (1Q FY2010: 299,592,752) ordinary shares in issue during the period.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share of the Group for the first quarter is based on net profit attributable to ordinary shareholders amounting to \$8,026,000 (1Q FY2010: \$11,844,000) and the weighted average of 299,621,549 (1Q FY2010: 299,617,888) ordinary shares in issue during the period.

**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-10	30-Jun-10	30-Sep-10	30-Jun-10
Net asset value per ordinary share based on issued share capital as at the respective end of the reporting periods	107.02 cts	105.25 cts	33.14 cts	33.41 cts

Note:

The calculation of net asset value of the Group and of the Company is based on 299,604,002 (30-Jun-10: 299,604,002) ordinary shares in issue as at the respective end of the reporting periods.

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 FY2011 vs 1Q FY2010

Group	1Q FY2011			1Q FY2010			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	49,027	4,495	9.2	71,062	6,042	8.5	(22,035)	(31.0)	(1,547)	(25.6)
Shiprepair and conversion	17,384	3,161	18.2	27,985	6,349	22.7	(10,601)	(37.9)	(3,188)	(50.2)
Shipchartering and rental	14,990	3,163	21.1	18,305	4,302	23.5	(3,315)	(18.1)	(1,139)	(26.5)
	81,401	10,819	13.3	117,352	16,693	14.2	(35,951)	(30.6)	(5,874)	(35.2)

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

Total group revenue for the 3 months ended 30 September 2010 ("1Q FY2011") of \$81.4 million was 30.6% lower as compared to corresponding 3 months ended 30 September 2009 ("1Q FY2010").

Shipbuilding revenue reduced by \$22.0 million mainly due to lesser number of projects undertaken and lower order book.

Shiprepair revenue was \$10.6 million lower mainly attributed to the absence of larger ship conversion jobs undertaken in 1Q FY2010.

Shipchartering revenue was \$3.3 million lower mainly due to weak demand for towing jobs. The Group had a fleet size of 179 vessels as at 30 September 2010 as compared to 190 vessels as at 30 September 2009, comprising towing tugs, Anchor Handling Tugs, barges and other vessels.

Gross profit and gross profit margin

The Group's gross profit was \$5.9 million lower with decreased earnings recorded by all three segments.

Shipbuilding's gross margin remained stable and it was marginally higher at 9.2% in 1Q FY2011.

Shiprepair operations recorded a lower gross profit margin of 18.2% mainly attributed to continued pricing pressure.

Shipchartering operations recorded a lower gross profit margin of 21.1% mainly due to lower charter earnings.

Other operating income

Other operating income increased by \$1.1 million to \$4.4 million in 1Q FY2011.

Other operating income comprised:

1. Gain on disposal of plant and equipment of \$0.3 million from the sale of 3 vessels (1Q FY2010: \$1.5 million for 4 vessels) to third parties.
2. Gain on disposal of vessels held for sale of \$4.0 million (1Q FY2010: loss of \$46,000);
3. Miscellaneous income of \$63,000 (1Q FY2010: \$1.8 million mainly due to forfeiture of deposit received); and
4. Interest income of \$39,000 (1Q FY2010: \$50,000).

Administrative expenses

Administrative expenses were at the same level as in 1Q FY2010.

Other operating expenses

Other operating expenses were \$0.3 million higher in 1Q FY2011 mainly due to higher foreign exchange loss of \$1.5 million (1Q FY2010: \$1.1 million) comprising mainly unrealised foreign exchange losses arising from revaluation of foreign currency denominated receivables and other assets. This was partially offset by lower net write-back of allowance for impairment of doubtful trade receivables of \$30,000 (1Q FY2010: net allowance for impairment of doubtful trade receivables of \$0.1 million).

Finance costs

Finance costs of \$2.2 million were \$0.3 million higher mainly due to comparatively higher borrowings at the beginning of 1Q FY2011. The Group hedges against interest rate fluctuations on its long-term borrowings by way of interest rate swaps.

Share of results of jointly-controlled entity and associate

The Group's share of loss of HKR-ASL Joint Venture Limited amounted to \$34,000 (1Q FY2010: \$38,000 loss). The jointly-controlled entity has been dormant since FY2009.

The Group's share of result of associate comprised of \$133,000 loss (1Q FY2010: \$74,000 loss) attributed to Fastcoat Industries Pte. Ltd. and its subsidiary due to weak sales.

Profit before taxation

The Group recorded a lower profit before taxation of \$9.2 million for 1Q FY2011 mainly attributed to lower earnings during the period.

Income tax expense

The Group recorded a lower tax expense of \$1.1 million in 1Q FY2011. The Group's effective tax rate of 11.5% for 1Q FY2011 was lower than the 15.2% recorded for 1Q FY2010 mainly due to lower tax provision attributed to shipyard operations despite lower tax exempt shipping profits from shipchartering operations.

Minority interests

Minority shareholders' share of profits decreased by \$0.2 million mainly due to lower shipbuilding earnings recorded by non-wholly owned foreign subsidiary.

Operating cash flow

The Group recorded a net cash inflow from operating activities in 1Q FY2011 of \$55.0 million as compared to the net cash outflow of \$7.0 million in 1Q FY2010. The higher net cash inflow from operating activities was mainly attributed to comparatively higher progressive billings on shipbuilding projects and higher receipts on trade receivables partially offset by higher payments on trade payables.

The Group funded its working capital, capital expenditure and repayment of interest-bearing loans and borrowings and trust receipts through retained earnings and proceeds from disposal of vessels.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

Non-current assets

Property, plant and equipment increased by \$20.0 million from \$437.7 million as at 30 June 2010 to \$457.7 million as at 30 September 2010. The increase was mainly due to acquisition of plant and equipment of \$34.6 million (inclusive of \$8.3 million for vessels, \$23.8 million for yard infrastructure development and vessels under construction and \$2.5 million for plant and machinery) partially offset by disposal of plant and equipment with aggregate net book value of \$0.1 million, depreciation charge of \$8.9 million and foreign exchange differences of \$5.6 million.

The Group's total depreciation charge was \$1.0 million higher as compared to 1Q FY2010 mainly attributed to depreciation of vessel fleet and yard facilities.

Current assets

Current assets decreased by \$29.9 million from \$295.2 million as at 30 June 2010 to \$265.3 million as at 30 September 2010.

Inventories on raw materials (mainly steel) were \$1.0 million lower as at 30 September 2010.

Assets held for sale pertaining to vessels held for sale was \$4.8 million lower as at 30 September 2010.

Trade receivables decreased by \$16.1 million to \$79.5 million as at 30 September 2010. Average debtors turnover was 93 days as at 30 September 2010 as compared to 76 days as at 30 June 2010. Other receivables decreased by \$2.7 million to \$15.7 million mainly due to lower receivables from disposal of vessels.

The amount due from related parties increased by \$0.2 million mainly due to higher amount due from its associated company, PT. Fastcoat Industries.

The Group enters into "plain vanilla" forward contracts to hedge for future receipts or payments. The value of these derivative financial instruments assets increased by \$0.1 million mainly due to higher mark-to-market gains from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables.

Bank balances, deposits and cash of \$100.6 million included balances amounting to \$8.0 million of restricted use as at 30 September 2010 (\$6.8 million as at 30 June 2010).

Current liabilities

Current liabilities decreased by \$5.5 million from \$270.1 million as at 30 June 2010 to \$264.6 million as at 30 September 2010.

Trade and other payables decreased by \$10.8 million due to decrease in trade payables of \$8.6 million and other payables of \$2.2 million. Other payables comprised mainly payables for expenditure incurred on yard developments and purchase of vessels and deposits received on sale of vessels.

Current portion of interest-bearing loans and borrowings decreased by \$1.2 million to \$49.8 million while borrowings under trust receipts decreased by \$8.5 million to \$16.5 million.

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

The net current assets of \$0.8 million as at 30 September 2010 and \$25.1 million as at 30 June 2010 included a net progress billings in excess of construction work-in-progress of \$2.2 million and construction work-in-progress of \$27.2 million respectively for external shipbuilding projects.

Non-current liabilities

Non-current liabilities decreased by \$9.6 million to \$134.7 million as at 30 September 2010 mainly due to lower interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings decreased by \$9.2 million to \$175.0 million as at 30 September 2010. The decrease was mainly due to redemption and repayment made of \$14.2 million partially offset by new term loans and borrowings of \$5.0 million during the period. The Group's gearing ratio maintained at 0.60 as at 30 September 2010.

Deferred tax liabilities decreased by \$0.1 million to \$9.6 million as at 30 September 2010.

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

In line with the Group's announcement made on 18 August 2010 with respect to the financial year ended 30 June 2010, the Group had experienced continuous pricing pressure for its operations but had remained profitable in 1Q FY2011.

The Group had previously announced an outstanding delivery order of 12 vessels worth approximately \$84 million for its shipchartering operations. During 1Q FY2011, the Group had taken delivery of 2 vessels worth \$1 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

Amidst subdued demand for new orders, the Group has recently secured new shipbuilding orders worth approximately \$29 million for 6 vessels comprising offshore support vessel and barges scheduled for progressive deliveries up to first quarter of 2012.

The Group expects the operating environment for its shiprepair and shipchartering operations to remain highly competitive. Despite this, the Group expects to remain profitable for the financial year ending 30 June 2011.

Shipbuilding and Shiprepair Operations

Including recent secured orders, the Group currently has an outstanding shipbuilding order book from external customers of approximately \$303 million for 50 vessels with progressive deliveries up to first quarter of 2012. The order book comprised offshore support vessel, diving support vessel, tugs, self-propelled cutter suction dredgers, barges and other vessels.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 16% of shipchartering revenue in 1Q FY2011 was attributed to long term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2010, the Group had an outstanding order book of approximately \$23 million with respect to long term shipchartering contracts.

The Group remains strategically committed to maximizing deployment, enhancing and renewing its fleet to better meet customers' needs. The Group's shipchartering operations currently have a total outstanding delivery order of 33 vessels worth approximately \$105 million comprising towing tugs, pipe-lay barge, ROV support vessel, Anchor Handling Towing/ Supply vessels, Anchor Handling Tugs and barges. These outstanding delivery orders include 12 vessels worth \$98 million being built internally by the Group of which long term charter contracts have been secured for 2 vessels under construction.

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 2010.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
10 November 2010