

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 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			Group		
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2011	2Q FY2010	Increase/ (Decrease) %	1H FY2011	1H FY2010	Increase/ (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Shipbuilding	53,555	101,310	(47.1)	102,582	172,372	(40.5)
Shiprepair and conversion	31,917	18,036	77.0	49,301	46,021	7.1
Shipchartering and rental	17,640	16,446	7.3	32,630	34,751	(6.1)
Total revenue	103,112	135,792	(24.1)	184,513	253,144	(27.1)
Cost of sales	(88,409)	(120,481)	(26.6)	(158,991)	(221,140)	(28.1)
Gross profit	14,703	15,311	(4.0)	25,522	32,004	(20.3)
Other operating income	1,409	1,170	20.4	5,852	4,562	28.3
Administrative expenses	(2,387)	(2,586)	(7.7)	(4,683)	(4,878)	(4.0)
Other operating expenses	(150)	(157)	(4.5)	(1,644)	(1,345)	22.2
Finance costs	(2,036)	(1,679)	21.3	(4,189)	(3,547)	18.1
Share of results of jointly-controlled entity and associate	(49)	(165)	(70.3)	(217)	(278)	(21.9)
Profit before tax	11,490	11,894	(3.4)	20,641	26,518	(22.2)
Tax expense	(1,033)	(2,550)	(59.5)	(2,102)	(5,109)	(58.9)
Profit for the period	10,457	9,344	11.9	18,539	21,409	(13.4)
Attributable to:						
Owners of the parent	10,029	8,969	11.8	18,055	20,813	(13.3)
Non-controlling interests	428	375	14.1	484	596	(18.8)
	10,457	9,344	11.9	18,539	21,409	(13.4)

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			Group		
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2011	2Q FY2010	Increase/ (Decrease)	1H FY2011	1H FY2010	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	10,457	9,344	11.9	18,539	21,409	(13.4)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(1,125)	12	Nm	(3,874)	(103)	3,661.2
Share of other comprehensive income of jointly-controlled entity	(29)	(21)	38.1	(97)	(58)	67.2
Net fair value changes to cash flow hedges	1,751	(675)	Nm	1,488	1,290	15.3
Other comprehensive income for the period, net of tax	597	(684)	Nm	(2,483)	1,129	Nm
Total comprehensive income for the period	11,054	8,660	27.6	16,056	22,538	(28.8)
Attributable to:						
Owners of the parent	10,802	8,261	30.8	16,118	21,794	(26.0)
Non-controlling interests	252	399	(36.8)	(62)	744	Nm
	11,054	8,660	27.6	16,056	22,538	(28.8)

Nm: Not meaningful

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

	Group		Group	
	3 months ended		6 months ended	
	31 December		31 December	
	2Q FY2011	2Q FY2010	1H FY2011	1H FY2010
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment of doubtful trade receivables	(20)	(296)	(44)	(456)
Write back of allowance for impairment of doubtful trade receivables	186	3	240	26
Amortisation of lease prepayments	(49)	(50)	(99)	(100)
Bad debts written off	-	-	-	(2)
Depreciation of property, plant and equipment	(9,389)	(6,990)	(17,852)	(14,407)
Ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	190	(177)	347	(294)
Gain on disposal of assets held for sale	-	226	4,009	180
Gain on disposal of property, plant and equipment	1,351	618	1,683	2,124
Interest income	34	38	73	88
(Loss)/ Gain on foreign exchange (net)	(311)	135	(1,836)	(914)
Property, plant and equipment written off	(5)	-	(5)	-
Over-provision / (Under-provision) of tax in respect of prior years				
- Current tax expense	693	(506)	693	(819)
- Deferred tax expense	-	713	-	713

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	
	31-Dec-10 \$'000	30-Jun-10 \$'000	31-Dec-10 \$'000	30-Jun-10 \$'000
Non-current assets				
Property, plant and equipment	461,674	437,660	-	100
Lease prepayments	3,725	3,892	-	-
Subsidiaries	-	-	64,905	33,573
Interest in jointly-controlled entity and associate	1,512	1,825	1,558	1,558
Other receivable	-	-	-	2,203
	466,911	443,377	66,463	37,434
Current assets				
Inventories	10,298	13,151	-	-
Assets held for sale	2,849	7,269	-	-
Construction work-in-progress	42,173	67,734	-	-
Trade and other receivables	111,780	113,961	2,987	3,133
Amount due from related parties	2,006	1,680	136,580	165,437
Derivative financial instruments	2,593	1,350	-	-
Bank balances, deposits and cash	68,074	90,090	107	510
	239,773	295,235	139,674	169,080
Current liabilities				
Trade and other payables	125,928	135,581	1,119	1,166
Progress billings in excess of construction work-in-progress	36,163	40,548	-	-
Amount due to related parties	353	236	28,313	28,843
Loan from non-controlling interests of subsidiaries	3,265	2,080	-	-
Trust receipts	21,753	25,033	-	-
Interest-bearing loans and borrowings	51,014	51,070	11,000	11,025
Derivative financial instruments	2,705	3,564	508	368
Current tax liabilities	7,684	12,007	-	-
	248,865	270,119	40,940	41,402
Net current (liabilities)/ assets	(9,092)	25,116	98,734	127,678
Non-current liabilities				
Loan from non-controlling interests of subsidiaries	-	1,469	-	-
Interest-bearing loans and borrowings	116,669	133,160	65,000	65,020
Deferred tax liabilities	9,939	9,747	-	-
	126,608	144,376	65,000	65,020
Net assets	331,211	324,117	100,197	100,092
Share capital	83,092	83,061	83,092	83,061
Treasury shares	(923)	(923)	(923)	(923)
Reserves	240,320	233,195	18,028	17,954
	322,489	315,333	100,197	100,092
Non-controlling interests	8,722	8,784	-	-
Total equity	331,211	324,117	100,197	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 31-Dec-10		As at 30-Jun-10	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
33,234	39,533	39,070	37,033

Amount repayable after one year

As at 31-Dec-10		As at 30-Jun-10	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
49,044	67,625	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 3 months ended 31 December		Group 6 months ended 31 December	
	2Q FY2011	2Q FY2010	1H FY2011	1H FY2010
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	11,490	11,894	20,641	26,518
Adjustments for:				
Amortisation of lease prepayments	49	50	99	100
(Write back)/ Allowance for impairment of doubtful trade receivables (net)	(166)	293	(196)	430
Bad debts written off (non-trade)	-	-	-	2
Depreciation of property, plant and equipment	9,389	6,990	17,852	14,407
(Gain)/ Loss of ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	(190)	177	(347)	294
Gain on disposal of assets held for sale	-	(226)	(4,009)	(180)
Gain on disposal of property, plant and equipment	(1,351)	(618)	(1,683)	(2,124)
Interest expense	2,036	1,679	4,189	3,547
Interest income	(34)	(38)	(73)	(88)
Property, plant and equipment written off	5	-	5	-
Provision for warranty claims (net)	-	130	-	130
Share of results of jointly-controlled entity and associate	49	165	217	278
Operating profit before working capital changes	21,277	20,496	36,695	43,314

Changes in working capital:

Inventories	1,870	386	2,853	1,310
Construction work-in-progress and progress billings in excess of construction work-in-progress	(8,246)	(5,061)	21,524	(30,282)
Trade and other receivables	(16,448)	2,711	2,387	(19,887)
Trade and other payables	2,544	(2,208)	(5,233)	16,215
Balances with related parties (trade)	(67)	(229)	(202)	(493)
Bank balances, deposits and cash (restricted use)	456	(687)	(784)	(1,722)
Cash generated from operations	1,386	15,408	57,240	8,455
Tax paid	(5,443)	(2,314)	(6,335)	(2,374)
Net cash (used in)/ generated from operating activities	(4,057)	13,094	50,905	6,081

Cash flows from investing activities

Interest received	34	34	73	84
Purchase of assets held for sale	-	(1,592)	-	(1,592)
Purchase of property, plant and equipment	(16,031)	(20,577)	(47,122)	(38,018)
Proceeds from disposal of assets held for sale	-	518	8,852	613
Proceeds from disposal of property, plant and equipment	1,727	1,882	2,203	5,960
Balances with related parties (non trade)	(2)	(1)	(7)	2
Net cash used in investing activities	(14,272)	(19,736)	(36,001)	(32,951)

Cash flows from financing activities

Interest paid	(2,031)	(1,668)	(4,179)	(3,525)
Dividends paid	(8,988)	(11,984)	(8,988)	(11,984)
Repayment of interest-bearing loans and borrowings	(9,872)	(11,753)	(24,111)	(22,943)
Proceeds from interest-bearing loans and borrowings	2,000	22,816	3,440	41,563
Proceeds from finance lease receivables	-	-	-	411
Proceeds from issue of shares	26	-	26	8
Proceeds from loan from non-controlling interests of subsidiaries	-	-	-	289
Repayment of trust receipts	(1,119)	(39,881)	(10,511)	(52,764)
Proceeds from trust receipts	6,378	36,642	7,231	47,629
Net cash used in financing activities	(13,606)	(5,828)	(37,092)	(1,316)

Net decrease in cash and cash equivalents	(31,935)	(12,470)	(22,188)	(28,186)
Cash and cash equivalents at beginning of period	92,606	78,951	83,302	94,775
Effects of exchange rate changes on opening cash and cash equivalents	(169)	(22)	(612)	(130)
Cash and cash equivalents at end of period	60,502	66,459	60,502	66,459

- 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 31-Dec-10 and 31-Dec-09

	Attributable to owners of the parent							Non-controlling interests interests \$'000	Total equity \$'000
	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		
1H 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	-	-	-	(3,425)	1,488	18,055	16,118	(62)	16,056
Dividends on ordinary shares	-	-	-	-	-	(8,988)	(8,988)	-	(8,988)
Issue of shares under ESOS ¹	31	-	(5)	-	-	-	(5)	-	26
At 31-Dec-10	83,092	(923)	-	(3,480)	521	243,279	240,320	8,722	331,211
1H 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	-	-	-	(204)	1,185	20,813	21,794	744	22,538
Dividends on ordinary shares	-	-	-	-	-	(11,984)	(11,984)	-	(11,984)
Issue of shares under ESOS ¹	10	-	(2)	-	-	-	(2)	-	8
At 31-Dec-09	83,061	(923)	5	(300)	(1,208)	217,739	216,236	7,231	305,605

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 31-Dec-10 and 31-Dec-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
1H FY2011							
At 1-Jul-10	83,061	(923)	5	(368)	18,317	17,954	100,092
Total comprehensive income for the period	-	-	-	(140)	9,207	9,067	9,067
Dividends on ordinary shares	-	-	-	-	(8,988)	(8,988)	(8,988)
Issue of shares under ESOS ¹	31	-	(5)	-	-	(5)	26
At 31-Dec-10	83,092	(923)	-	(508)	18,536	18,028	100,197
1H FY2010							
At 1-Jul-09	83,051	(923)	7	(822)	17,276	16,461	98,589
Total comprehensive income for the period	-	-	-	150	13,399	13,549	13,549
Dividends on ordinary shares	-	-	-	-	(11,984)	(11,984)	(11,984)
Issue of shares under ESOS ¹	10	-	(2)	-	-	(2)	8
At 31-Dec-09	83,061	(923)	5	(672)	18,691	18,024	100,162

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 (excluding Treasury Shares)	ASL Employee Share Option Scheme ("ESOS")
Balance as at 30-Jun-10	299,604,002	47,000
Number of ESOS exercised	47,000	(47,000)
Number of bonus shares issued	119,860,292	-
Balance as at 31-Dec-10	419,511,294	-

On 29 December 2010, the Company issued a total of 120,577,892 new ordinary shares (including 717,600 shares for treasury shares), being bonus share issue on the basis of 4 bonus shares for every 10 existing ordinary shares. These bonus shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 31 December 2010.

There was no outstanding share options granted under the ESOS as at 31-Dec-10:

Category	Vesting Period	Exercise Period	Exercise Price	ESOS	ESOS	ESOS
				outstanding as at 31-Dec-10	outstanding as at 30-Jun-10	outstanding as at 31-Dec-09
Employees	18-Dec-06	18-Dec-06 to 17-Dec-13	\$0.55	-	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 31-Dec-10	As at 30-Jun-10
Total number of issued shares	422,022,894	301,398,002
Total number of treasury shares	(2,511,600)	(1,794,000)
Total number of issued shares (excluding treasury shares)	419,511,294	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.

	Number of Treasury Shares
Balance as at 30-Jun-10	1,794,000
Number of bonus shares issued	717,600
Balance as at 31-Dec-10	2,511,600

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 second quarter and six months ended 31 December 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	Group		Group	
	3 months ended		6 months ended	
	31 December		31 December	
	2Q FY2011	2Q FY2010 Restated*	1H FY2011	1H FY2010 Restated*
(i) On weighted average number of ordinary shares in issue	2.39cts	2.14cts	4.30cts	4.96cts
(ii) On a fully diluted basis	2.39cts	2.14cts	4.30cts	4.96cts

* The earnings per ordinary share (basic and fully diluted basis) for 2Q FY2010 and 1H FY2010 have been restated taking into consideration the bonus share issuance on 29 December 2010

Note to item 6 (i):

The calculation of basic earnings per ordinary share for 2Q FY2011 is based on net profit attributable to shareholders of \$10,029,000 (2Q FY2010: \$8,969,000) and the weighted average of 419,463,374 (2Q FY2010: 419,445,494) ordinary shares in issue during the quarter.

The calculation of basic earnings per ordinary share for 1H FY2011 is based on net profit attributable to shareholders of \$18,055,000 (1H FY2010: \$20,813,000) and the weighted average of 419,454,434 (1H FY2010: 419,437,619) ordinary shares in issue during the period.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share for 2Q FY2011 is based on net profit attributable to shareholders of \$10,029,000 (2Q FY2010: \$8,969,000) and the weighted average of 419,476,513 (2Q FY2010: 419,465,695) ordinary shares in issue during the quarter.

The calculation of fully diluted earnings per ordinary share for 1H FY2011 is based on net profit attributable to shareholders of \$18,055,000 (1H FY2010: \$20,813,000) and the weighted average of 419,469,812 (1H FY2010: 419,461,253) 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.**

Net asset value per ordinary share	Group		Company	
	31-Dec-10	30-Jun-10	31-Dec-10	30-Jun-10
	76.87 cents	105.25 cents	23.88 cents	33.41 cents

Note:

The calculation of net asset value of the Group and of the Company is based on 419,511,294 ordinary shares in issue (30-Jun-10: 299,604,002 ordinary shares).

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

1H FY2011 vs 1H FY2010

Group	1H FY2011			1H FY2010			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	102,582	8,631	8.4	172,372	13,842	8.0	(69,790)	(40.5)	(5,211)	(37.6)
Shiprepair and conversion	49,301	9,702	19.7	46,021	10,288	22.4	3,280	7.1	(586)	(5.7)
Shipchartering and rental	32,630	7,189	22.0	34,751	7,874	22.7	(2,121)	(6.1)	(685)	(8.7)
	184,513	25,522	13.8	253,144	32,004	12.6	(68,631)	(27.1)	(6,482)	(20.3)

Revenue

Total group revenue for the 6 months ended 31 December 2010 ("1H FY2011") of \$184.5 million was 27.1% lower as compared to corresponding 6 months ended 31 December 2009 ("1H FY2010").

Shipbuilding revenue declined by \$69.8 million due to lower order book.

Shiprepair and conversion revenue was \$3.3 million higher mainly attributed to larger shiprepair jobs undertaken.

Shipchartering revenue was \$2.1 million lower mainly attributed to weak demand for towing jobs. The Group had a fleet size of 196 vessels as at 31 December 2010 as compared to 184 vessels as at 31 December 2009, comprising towing tugs, Anchor Handling Tugs, barges and other vessels.

Gross profit and gross profit margin

The Group's gross profit declined by \$6.5 million mainly due to lower earnings from the shipbuilding operations.

Shipbuilding's gross margin remained stable at 8.4% in 1H FY2011.

Shiprepair and conversion operations recorded a lower gross margin of 19.7% mainly attributed to pricing pressure.

Shipchartering's gross margin of 22.0% was comparable to 1H FY2010.

Other operating income

Other operating income increased by \$1.3 million to \$5.9 million in 1H FY2011.

Other operating income comprised:

1. Gain on disposal of plant and equipment of \$1.7 million from the sale of 4 vessels (1H FY2010: \$2.1 million for 7 vessels) to third parties.
2. Gain on disposal of vessels held for sale of \$4.0 million for a floating dock (1H FY2010: \$0.2 million);
3. Miscellaneous income of \$0.1 million (1H FY2010: \$2.2 million mainly due to forfeiture of deposit received); and
4. Interest income of \$0.1 million (1H FY2010: \$0.1 million).

Administrative expenses

Administrative expenses were marginally lower at \$4.7 million in 1H FY2011.

Other operating expenses

Other operating expenses were \$0.3 million higher in 1H FY2011 mainly due to higher foreign exchange loss of \$1.8 million (1H FY2010: \$0.9 million) comprising mainly unrealised foreign exchange losses arising from revaluation of foreign currency denominated assets and liabilities. This was partially offset by higher net write-back of allowance for impairment of doubtful trade receivables of \$0.2 million (1H FY2010: net allowance for impairment of doubtful trade receivables of \$0.4 million).

Finance costs

Finance costs of \$4.2 million were \$0.6 million higher mainly due to absence of capitalisation of \$0.5 million borrowing costs recorded in 1H FY2010. 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 \$0.1 million (1H FY2010: \$0.1 million).

The Group's share of \$0.1 million loss from associated company, Fastcoat Industries Pte. Ltd. and its subsidiary; was \$0.1 million lower as compared to 1H FY2010.

Profit before tax

The Group's profit before taxation declined by \$5.9 million mainly attributed to lower gross profit during the period.

Tax expense

The Group's tax expense was \$3.0 million lower in 1H FY2011. The Group's effective tax rate of 13.4% for 1H FY2011 was lower than the 18.7% recorded for 1H FY2010 mainly due to lower tax provision attributed to shipyard operations and higher tax exempt shipping profits from shipchartering operations.

Non-controlling interests

Non-controlling interests' share of profits decreased by \$0.1 million mainly due to lower charter earnings recorded by non-wholly owned foreign subsidiary.

Operating cash flow

The Group recorded a net cash inflow of \$50.9 million from operating activities in 1H FY2011 as compared to \$6.1 million in 1H FY2010. The higher net cash inflow from operating activities was mainly attributed to comparatively lower work-in-progress incurred for shipbuilding projects, higher receipts on trade receivables partially offset by higher payments on trade payables.

2Q FY2011 vs 2Q FY2010

Group	2Q FY2011			2Q FY2010			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	53,555	4,136	7.7	101,310	7,800	7.7	(47,755)	(47.1)	(3,664)	(47.0)
Shiprepair and conversion	31,917	6,541	20.5	18,036	3,939	21.8	13,881	77.0	2,602	66.1
Shipchartering and rental	17,640	4,026	22.8	16,446	3,572	21.7	1,194	7.3	454	12.7
	103,112	14,703	14.3	135,792	15,311	11.3	(32,680)	(24.1)	(608)	(4.0)

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

Total group revenue for the 3 months ended 31 December 2010 ("2Q FY2011") of \$103.1 million was \$32.7 million lower as compared to the corresponding period in FY2010 ("2Q FY2010").

Shipbuilding revenue declined by \$47.8 million due to lower order book.

Shiprepair and conversion revenue was \$13.9 million higher mainly attributed to works undertaken for a floating storage and offloading (FSO) vessel in 2Q FY2011.

Shipchartering revenue was \$1.2 million higher due to marginal increase in vessel utilisation rate in 2Q FY2011.

Gross profit and gross profit margin

The Group's gross profit declined by \$0.6 million mainly due to lower earnings from shipbuilding operations.

Shipbuilding's gross profit margin remained stable at 7.7%. The gross margin of shiprepair and conversion of 20.5% and shipchartering operations of 22.8% were comparable to 2QFY2010.

Other operating income

Other operating income increased by \$0.2 million mainly due to higher gain on disposal of plant and equipment of \$0.7 million partially offset by lower other income of \$0.3 million and absence of gain on disposal of vessels held for sale of 0.2 million recorded in 2Q FY2010.

Administrative expenses

Administrative expenses were marginally lower by \$0.2 million as compared to 2Q FY2010.

Other operating expenses

Other operating expenses remained at the same level in 2Q FY2011. The higher foreign exchange loss of \$0.5 million was offset by the lower net allowance for doubtful trade receivables of \$0.5 million.

Finance costs

Finance costs were higher by \$0.4 million mainly due to absence of capitalisation of \$0.3 million borrowing costs recorded in 2Q FY2010.

Share of results of jointly-controlled entity and associate

The Group's share of loss of HKR-ASL Joint Venture Limited amounted to \$33,000 (2Q FY2010: \$35,000).

The Group's share of loss of associated company, Fastcoat Industries Pte. Ltd. and its subsidiary; was \$16,000 (2Q FY2010: \$131,000).

Profit before tax

The Group's profit before taxation of \$11.5 million was \$0.4 million lower as compared to 2Q FY2010.

Tax expense

The Group's taxation charge was \$1.5 million lower in 2Q FY 2011. This was mainly due to higher write-back of over-provision of tax of \$0.7 million (2Q FY2010: \$0.2 million), lower tax provision attributed to shipyard operations and higher tax exempt shipping profits from shipchartering operations.

Non-controlling interests

Non-controlling interests' share of profits remained at \$0.4 million in 2Q FY2011.

Operating cash flow

The Group recorded a net cash outflow of \$4.1 million from operating activities in 2Q FY2011 as compared to the net cash inflow of \$13.1 million in 2Q FY2010. The decrease was mainly due to comparatively lower receipts on trade receivables and higher work-in-progress incurred on shipbuilding projects.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Non-current assets

Property, plant and equipment increased by \$24.0 million from \$437.7 million as at 30 June 2010 to \$461.7 million as at 31 December 2010. The increase was mainly due to acquisition of plant and equipment of \$51.2 million (inclusive of \$14.6 million for vessels, \$3.3 million for plant and machinery, \$32.9 million for yard infrastructure development and vessels under construction) partially offset by disposal of plant and equipment with aggregate net book value of \$0.5 million, depreciation charge of \$18.2 million, transfer of vessel to assets held for sale of \$0.4 million and foreign exchange differences of \$8.1 million.

The Group's total depreciation charge was \$3.4 million higher as compared to 1H FY2010 mainly attributed to higher capital expenditure on vessel fleet and yard facilities.

Current assets

Current assets decreased by \$55.4 million from \$295.2 million as at 30 June 2010 to \$239.8 million as at 31 December 2010.

Inventories on raw materials (mainly steel) were \$2.9 million lower as at 31 December 2010.

Assets held for sale was \$4.4 million lower mainly due to disposal of a floating dock in 1H FY2011.

Trade receivables of \$93.7 million and other receivables of \$18.1 million were \$1.9 million and \$0.3 million lower respectively as at 31 December 2010.

The amount due from related parties increased by \$0.3 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 \$1.2 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.

Bank balances, deposits and cash of \$68.1 million included balances amounting to \$7.6 million of restricted use as at 31 December 2010 (\$6.8 million as at 30 June 2010).

Current liabilities

Current liabilities decreased by \$21.2 million from \$270.1 million as at 30 June 2010 to \$248.9 million as at 31 December 2010.

Trade and other payables decreased by \$9.7 million due to decrease in trade payables of \$6.6 million and other payables of \$3.1 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 remained at \$51.0 million while borrowings under trust receipts decreased by \$3.2 million to \$21.8 million.

Derivative financial instruments liabilities decreased by \$0.9 million due to lower mark-to-market losses derived from interest rate swaps and foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and payables.

The Group's net construction work-in-progress of \$6.0 million was \$21.2 million lower as compared to 30 June 2010. The decrease in net construction work-in-progress was mainly attributed to lower work-in-progress incurred for shipbuilding projects.

Non-current liabilities

Non-current liabilities decreased by \$17.8 million to \$126.6 million as at 31 December 2010 mainly due to lower interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings decreased by \$16.5 million to \$167.7 million as at 31 December 2010. The decrease was mainly due to redemption and repayment made of \$24.1 million partially offset by new term loans and borrowings of \$7.6 million during the period. The Group's gearing ratio maintained at 0.59 as at 31 December 2010 (30 June 2010: 0.66).

Deferred tax liabilities decreased by \$0.2 million to \$9.9 million as at 31 December 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 1H FY2011.

The Group had on 10 November 2010 announced an outstanding delivery order of 33 vessels worth approximately \$105 million for its shipchartering operations. During 2Q FY2011, the Group had taken delivery of 20 vessels worth \$6 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.

Despite general over-supply situation in the shipping industry, there are encouraging signs of activity levels picking up in various segments particularly the offshore oil and gas segment.

Amidst the competitive operating environment, the Group remains positive on the outlook for the shiprepair and conversion operations in view of the healthy demand in the region particularly within Indonesia.

Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 30 June 2011.

Shipbuilding Operations

Including recent secured orders worth approximately \$17 million, the Group has an outstanding shipbuilding order book from external customers of approximately \$265 million for 52 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. Barring any unforeseen circumstances, approximately 34% of the order book is expected to be recognised within the six months ending 30 June 2011.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 14% of shipchartering revenue in 1H FY2011 was attributed to long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2010, the Group had an outstanding order book of approximately \$22 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 13 vessels worth approximately \$101 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 9 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 31 December 2010.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
11 February 2011