



**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011**

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

**Income Statement**

	Group					
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2012	2Q FY2011	Inc/ (Dec)	1H FY2012	1H FY2011	Inc/ (Dec)
	\$'000	\$'000	%	\$'000	\$'000	%
Shipbuilding	48,305	53,555	(9.8)	95,196	102,582	(7.2)
Shiprepair and conversion	9,146	31,917	(71.3)	28,356	49,301	(42.5)
Shipchartering and rental	19,903	17,640	12.8	36,911	32,630	13.1
<b>Total revenue</b>	<b>77,354</b>	<b>103,112</b>	<b>(25.0)</b>	<b>160,463</b>	<b>184,513</b>	<b>(13.0)</b>
Cost of sales	(63,999)	(88,409)	(27.6)	(137,516)	(158,991)	(13.5)
<b>Gross profit</b>	<b>13,355</b>	<b>14,703</b>	<b>(9.2)</b>	<b>22,947</b>	<b>25,522</b>	<b>(10.1)</b>
Other operating income	1,679	1,409	19.2	8,272	5,852	41.4
Administrative expenses	(2,662)	(2,387)	11.5	(5,424)	(4,683)	15.8
Other operating expenses	(396)	(150)	164.0	(902)	(1,644)	(45.1)
Finance costs	(2,770)	(2,036)	36.1	(5,325)	(4,189)	27.1
Share of results of jointly-controlled entity and associates	45	(49)	Nm	7	(217)	Nm
<b>Profit before tax</b>	<b>9,251</b>	<b>11,490</b>	<b>(19.5)</b>	<b>19,575</b>	<b>20,641</b>	<b>(5.2)</b>
Tax expense						
- current	(1,281)	(1,726)	(25.8)	(3,091)	(2,795)	10.6
- overprovision	283	693	(59.2)	271	693	(60.9)
<b>Profit for the period</b>	<b>8,253</b>	<b>10,457</b>	<b>(21.1)</b>	<b>16,755</b>	<b>18,539</b>	<b>(9.6)</b>
Attributable to:						
<b>Owners of the Company</b>	<b>7,594</b>	<b>10,029</b>	<b>(24.3)</b>	<b>16,084</b>	<b>18,055</b>	<b>(10.9)</b>
Non-controlling interests	659	428	54.0	671	484	38.6
	<b>8,253</b>	<b>10,457</b>	<b>(21.1)</b>	<b>16,755</b>	<b>18,539</b>	<b>(9.6)</b>

Nm: Not meaningful

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

**Statement of Comprehensive Income**

	Group					
	3 months ended 31 December			6 months ended 31 December		
	2Q FY2012	2Q FY2011	Inc/ (Dec)	1H FY2012	1H FY2011	Inc/ (Dec)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>	8,253	10,457	(21.1)	16,755	18,539	(9.6)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(60)	(1,125)	(94.7)	2,303	(3,874)	Nm
Share of other comprehensive income of jointly-controlled entity and associates	15	(29)	Nm	68	(97)	Nm
Net fair value changes to cash flow hedges	(4,274)	1,751	Nm	(10,002)	1,488	Nm
<b>Other comprehensive income for the period, net of tax</b>	<b>(4,319)</b>	<b>597</b>	<b>Nm</b>	<b>(7,631)</b>	<b>(2,483)</b>	<b>207.3</b>
<b>Total comprehensive income for the period</b>	<b>3,934</b>	<b>11,054</b>	<b>(64.4)</b>	<b>9,124</b>	<b>16,056</b>	<b>(43.2)</b>
Attributable to:						
<b>Owners of the Company</b>	<b>3,234</b>	<b>10,802</b>	<b>(70.1)</b>	<b>8,191</b>	<b>16,118</b>	<b>(49.2)</b>
Non-controlling interests	700	252	177.8	933	(62)	Nm
	<b>3,934</b>	<b>11,054</b>	<b>(64.4)</b>	<b>9,124</b>	<b>16,056</b>	<b>(43.2)</b>

Nm: Not meaningful

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

	<b>Group</b>			
	<b>3 months ended 31 December</b>		<b>6 months ended 31 December</b>	
	<b>2Q</b>	<b>2Q</b>	<b>1H</b>	<b>1H</b>
	<b>FY2012</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Allowance for impairment of doubtful trade receivables	(218)	(20)	(278)	(44)
Allowance for impairment of doubtful trade receivables written back	1	186	3	240
Amortisation of lease prepayments	(52)	(49)	(103)	(99)
Bad debts written off (trade)	(40)	-	(40)	-
Depreciation of property, plant and equipment	(9,017)	(9,389)	(19,286)	(17,852)
Gain/(Loss) on foreign exchange (net)*	249	(311)	2,795	(1,836)
* inclusive of gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	1,877	190	41	347
Gain on disposal of assets held for sale	297	-	1,919	4,009
Gain on disposal of property, plant and equipment	896	1,351	1,692	1,683
Impairment loss on property, plant and equipment	-	-	(424)	-
Interest income	41	34	66	73
Property, plant and equipment written off	(139)	(5)	(163)	(5)
Overprovision of tax in respect of prior years	283	693	271	693

The Group's total depreciation charge was \$1.4 million higher compared to 1H FY2011 due to the acquisition of vessels and yard facilities improvement totaling to approximately \$30.5 million.

**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-11 \$'000	30-Jun-11 \$'000	31-Dec-11 \$'000	30-Jun-11 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	508,520	493,278	-	-
Lease prepayments	3,828	3,844	-	-
Subsidiaries	-	-	69,505	69,505
Interest in jointly-controlled entity and associates	1,002	953	-	-
	<b>513,350</b>	<b>498,075</b>	<b>69,505</b>	<b>69,505</b>
<b>Current assets</b>				
Inventories	10,978	12,591	-	-
Assets held for sale	1,544	15,764	-	-
Construction work-in-progress	65,544	80,453	-	-
Trade and other receivables	138,405	117,395	3,133	3,344
Amount due from related parties	34,171	1,881	185,777	178,153
Derivative financial instruments	234	3,225	-	-
Bank balances, deposits and cash	94,549	49,536	77	177
	<b>345,425</b>	<b>280,845</b>	<b>188,987</b>	<b>181,674</b>
<b>Current liabilities</b>				
Trade and other payables	143,118	132,652	1,786	1,870
Progress billings in excess of construction work-in-progress	53,388	19,507	-	-
Amount due to related parties	922	147	41,431	34,643
Loan from non-controlling interests of subsidiaries	2,244	2,125	-	-
Trust receipts	33,854	34,865	-	-
Interest-bearing loans and borrowings	65,481	68,411	22,100	22,100
Derivative financial instruments	9,354	1,842	459	505
Current tax liabilities	7,614	8,266	-	-
	<b>315,975</b>	<b>267,815</b>	<b>65,776</b>	<b>59,118</b>
<b>Net current assets</b>	<b>29,450</b>	<b>13,030</b>	<b>123,211</b>	<b>122,556</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	185,323	155,539	92,900	92,900
Deferred tax liabilities	9,458	10,378	-	-
	<b>194,781</b>	<b>165,917</b>	<b>92,900</b>	<b>92,900</b>
<b>Net assets</b>	<b>348,019</b>	<b>345,188</b>	<b>99,816</b>	<b>99,161</b>
<b>Share capital</b>	83,092	83,092	83,092	83,092
<b>Treasury shares</b>	(923)	(923)	(923)	(923)
<b>Reserves</b>	255,565	253,667	17,647	16,992
	<b>337,734</b>	<b>335,836</b>	<b>99,816</b>	<b>99,161</b>
<b>Non-controlling interests</b>	10,285	9,352	-	-
<b>Total equity</b>	<b>348,019</b>	<b>345,188</b>	<b>99,816</b>	<b>99,161</b>

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.**

	<b>Group</b>			
	<b>As at 31-Dec-11</b>		<b>As at 30-Jun-11</b>	
	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>
Amount repayable in one year or less, or on demand	40,172	59,163	34,766	68,510
Amount repayable after one year	91,078	94,245	60,646	94,893
	<b>131,250</b>	<b>153,408</b>	<b>95,412</b>	<b>163,403</b>

**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 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		6 months ended 31 December	
	2Q FY2012	2Q FY2011	1H FY2012	1H FY2011
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	9,251	11,490	19,575	20,641
<b>Adjustments for:</b>				
Amortisation of lease prepayments	52	49	103	99
Allowance for/ (Write-back of) impairment of doubtful trade receivables (net)	217	(166)	275	(196)
Bad debts written off (trade)	40	-	40	-
Depreciation of property, plant and equipment	9,017	9,389	19,286	17,852
Gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	(1,877)	(190)	(41)	(347)
Gain on disposal of assets held for sale	(297)	-	(1,919)	(4,009)
Gain on disposal of property, plant and equipment	(896)	(1,351)	(1,692)	(1,683)
Impairment loss on property, plant and equipment	-	-	424	-
Interest expense	2,770	2,036	5,325	4,189
Interest income	(41)	(34)	(66)	(73)
Property, plant and equipment written off	139	5	163	5
Share of results of jointly-controlled entity and associates	(45)	49	(7)	217
<b>Operating profit before working capital changes</b>	<b>18,330</b>	<b>21,277</b>	<b>41,466</b>	<b>36,695</b>
<b>Changes in working capital:</b>				
Inventories	2,725	1,870	1,613	2,853
Construction work-in-progress and progress billings in excess of construction work-in-progress	(46,742)	(8,246)	50,258	21,524
Trade and other receivables	82,967	(16,448)	(21,326)	2,387
Trade and other payables	6,241	2,544	7,761	(5,233)
Balances with related parties (trade)	(32,409)	(67)	(32,314)	(202)
Bank balances, deposits and cash (restricted use)	1,314	456	1,108	(784)
<b>Cash generated from operations</b>	<b>32,426</b>	<b>1,386</b>	<b>48,566</b>	<b>57,240</b>
Tax paid	(1,902)	(5,443)	(3,854)	(6,335)
<b>Net cash generated from/ (used in) operating activities</b>	<b>30,524</b>	<b>(4,057)</b>	<b>44,712</b>	<b>50,905</b>
<b>Cash flows from investing activities</b>				
Interest received	41	34	66	73
Purchase of property, plant and equipment	(19,573)	(16,031)	(36,120)	(47,122)
Proceeds from disposal of assets held for sale	400	-	14,998	8,852
Proceeds from disposal of property, plant and equipment	2,379	1,727	8,264	2,203
Balances with related parties (non-trade)	46	(2)	51	(7)
<b>Net cash used in investing activities</b>	<b>(16,707)</b>	<b>(14,272)</b>	<b>(12,741)</b>	<b>(36,001)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(2,870)	(2,031)	(5,631)	(4,179)
Dividends paid	(6,293)	(8,988)	(6,293)	(8,988)
Repayment of interest-bearing loans and borrowings	(23,027)	(9,872)	(33,896)	(24,111)
Proceeds from interest-bearing loans and borrowings	42,497	2,000	60,750	3,440
Proceeds from issue of shares	-	26	-	26
Repayment of trust receipts	(12,968)	(1,119)	(32,921)	(10,511)
Proceeds from trust receipts	20,588	6,378	31,910	7,231
<b>Net cash generated from/ (used in) financing activities</b>	<b>17,927</b>	<b>(13,606)</b>	<b>13,919</b>	<b>(37,092)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>31,744</b>	<b>(31,935)</b>	<b>45,890</b>	<b>(22,188)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>59,143</b>	<b>92,606</b>	<b>44,751</b>	<b>83,302</b>
Effects of exchange rate changes on opening cash and cash equivalents	(15)	(169)	231	(612)
<b>Cash and cash equivalents at end of period</b>	<b>90,872</b>	<b>60,502</b>	<b>90,872</b>	<b>60,502</b>

**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-11									
Group	Attributable to owners of the Company						Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
<u>1H FY2012</u>									
At 1-Jul-11	83,092	(923)	(4,865)	1,392	257,140	253,667	335,836	9,352	345,188
Profit for the period	-	-	-	-	16,084	16,084	16,084	671	16,755
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	2,109	-	-	2,109	2,109	194	2,303
Share of other comprehensive income of jointly-controlled entity	-	-	-	-	-	-	-	68	68
Net fair value changes to cash flow hedges	-	-	-	(10,002)	-	(10,002)	(10,002)	-	(10,002)
	-	-	2,109	(10,002)	-	(7,893)	(7,893)	262	(7,631)
<b>Total comprehensive income for the period</b>	-	-	2,109	(10,002)	16,084	8,191	8,191	933	9,124
Distributions to owners									
Dividends	-	-	-	-	(6,293)	(6,293)	(6,293)	-	(6,293)
<b>Total distributions to owners</b>	-	-	-	-	(6,293)	(6,293)	(6,293)	-	(6,293)
At 31-Dec-11	83,092	(923)	(2,756)	(8,610)	266,931	255,565	337,734	10,285	348,019

Statement of Changes in Equity for the period ended 31-Dec-10

Group	Attributable to owners of the Company							Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Employee share option reserve <sup>1</sup> \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000			
<b>1H FY2011</b>										
At 1-Jul-10	83,061	(923)	5	(55)	(967)	234,212	233,195	315,333	8,784	324,117
Profit for the period	-	-	-	-	-	18,055	18,055	18,055	484	18,539
Other comprehensive income for the period, net of tax										
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	-	(3,425)	-	-	(3,425)	(3,425)	(449)	(3,874)
Share of other comprehensive income of jointly-controlled entity	-	-	-	-	-	-	-	-	(97)	(97)
Net fair value changes to cash flow hedges	-	-	-	-	1,488	-	1,488	1,488	-	1,488
	-	-	-	(3,425)	1,488	-	(1,937)	(1,937)	(546)	(2,483)
<b>Total comprehensive income for the period</b>	-	-	-	(3,425)	1,488	18,055	16,118	16,118	(62)	16,056
Contributions by and distributions to owners										
Dividends	-	-	-	-	-	(8,988)	(8,988)	(8,988)	-	(8,988)
Issue of shares under ESOS <sup>1</sup>	31	-	(5)	-	-	-	(5)	26	-	26
<b>Total contributions by and distributions to owners</b>	31	-	(5)	-	-	(8,988)	(8,993)	(8,962)	-	(8,962)
<b>At 31-Dec-10</b>	<b>83,092</b>	<b>(923)</b>	<b>-</b>	<b>(3,480)</b>	<b>521</b>	<b>243,279</b>	<b>240,320</b>	<b>322,489</b>	<b>8,722</b>	<b>331,211</b>

<sup>1</sup> ASL Employee Share Option Scheme



Statement of Changes in Equity for the period ended 31-Dec-11 and 31-Dec-10

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Employee share option reserve <sup>1</sup> \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
<u>1H FY2012</u>							
At 1-Jul-11	83,092	(923)	-	(505)	17,497	16,992	99,161
Profit for the period	-	-	-	-	6,902	6,902	6,902
Other comprehensive income for the period, net of tax							
Net fair value changes to cash flow hedge	-	-	-	46	-	46	46
	-	-	-	46	-	46	46
Total comprehensive income for the period	-	-	-	46	6,902	6,948	6,948
Distributions to owners							
Dividends	-	-	-	-	(6,293)	(6,293)	(6,293)
Total distributions to owners	-	-	-	-	(6,293)	(6,293)	(6,293)
At 31-Dec-11	83,092	(923)	-	(459)	18,106	17,647	99,816
<u>1H FY2011</u>							
At 1-Jul-10	83,061	(923)	5	(368)	18,317	17,954	100,092
Profit for the period	-	-	-	-	9,207	9,207	9,207
Other comprehensive income for the period, net of tax							
Net fair value changes to cash flow hedge	-	-	-	(140)	-	(140)	(140)
	-	-	-	(140)	-	(140)	(140)
Total comprehensive income for the period	-	-	-	(140)	9,207	9,067	9,067
Contributions by and distributions to owners							
Dividends	-	-	-	-	(8,988)	(8,988)	(8,988)
Issue of shares under ESOS <sup>1</sup>	31	-	(5)	-	-	(5)	26
Total contributions by and distributions to owners	31	-	(5)	-	(8,988)	(8,993)	(8,962)
At 31-Dec-10	83,092	(923)	-	(508)	18,536	18,028	100,197

<sup>1</sup> 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.**

	<b>Number of Ordinary Shares (excluding treasury shares)</b>
Balance as at 31-Dec-11 and 30-Jun-11	419,511,294

There have been no changes in the issued and paid-up capital of the Company since 30 June 2011.

There are no outstanding share options granted under the ESOS as at 31 December 2011 and 30 June 2011.

- 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.**

	<b>As at 31-Dec-11</b>	<b>As at 30-Jun-11</b>
Total number of issued shares	422,022,894	422,022,894
Total number of treasury shares	(2,511,600)	(2,511,600)
Total number of issued shares (excluding treasury shares)	<b>419,511,294</b>	<b>419,511,294</b>

- 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.

- 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 accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2011 except in the current financial period, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position 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.**

	Group			
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2012	2Q FY2011	1H FY2012	1H FY2011
<b>Earnings per ordinary share:</b>				
(i) On weighted average no. of ordinary shares in issue	1.81 cents	2.39 cents	3.83 cents	4.30 cents
(ii) On a fully diluted basis	1.81 cents	2.39 cents	3.83 cents	4.30 cents
<b>Net profit attributable to shareholders:</b>	\$7,594,000	\$10,029,000	\$16,084,000	\$18,055,000
<b>Number of shares in issue:</b>				
(i) Weighted average no. of shares in issue	419,511,294	419,463,374	419,511,294	419,454,434
(ii) On a fully diluted basis	419,511,294	419,476,513	419,511,294	419,469,812

**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	
	31-Dec-11	30-Jun-11	31-Dec-11	30-Jun-11
Net Asset Value (NAV) per ordinary share	80.51 cents	80.05 cents	23.79 cents	23.64 cents
NAV has been computed based on the share capital of	419,511,294	419,511,294	419,511,294	419,511,294

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**

*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 of \$77.4 million for the 3 months ended 31 December 2011 ("2Q FY2012") was \$25.8 million lower compared to the corresponding period in FY2011 ("2Q FY2011"). For the 6 months ended 31 December 2011 ("1H FY2012"), Group's total revenue of \$160.5 million was \$24.1 million lower compared to corresponding 6 months ended 31 December 2010 ("1H FY2011").

Details for revenue generated from each segment are as follows:

	<b>Group</b>					
	<b>2Q</b>	<b>2Q</b>	<b>Increase/</b>	<b>1H</b>	<b>1H</b>	<b>Increase/</b>
	<b>FY2012</b>	<b>FY2011</b>	<b>(Decrease)</b>	<b>FY2012</b>	<b>FY2011</b>	<b>(Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding	48,305	53,555	(9.8)	95,196	102,58	(7.2)
Shiprepair and conversion	9,146	31,917	(71.3)	28,356	49,301	(42.5)
Shipchartering and rental income	19,903	17,640	12.8	36,911	32,630	13.1
	<b>77,354</b>	<b>103,112</b>	<b>(25.0)</b>	<b>160,463</b>	<b>184,51</b>	<b>(13.0)</b>

#### **Shipbuilding**

Shipbuilding revenue for 2Q FY2012 of \$48.3 million and 1H FY2012 of \$95.2 million declined by \$5.3 million (9.8%) and \$7.4 million (7.2%) respectively when compared to the corresponding periods due mainly to the lower order book achieved. The lower order book is in turn due to the continued weakness in several important segments of the shipping industry.

#### **Shiprepair and conversion**

Shiprepair and conversion revenue decreased by \$22.8 million (71.3%) to \$9.1 million in 2Q FY2012 and \$20.9 million (42.5%) to \$28.4 million in 1H FY2012 mainly attributed to fewer number of bigger shiprepair and conversion jobs undertaken in 2Q FY2012.

In the previous corresponding quarter, there was a major shiprepair conversion job undertaken for a floating storage and offloading (FSO) vessel and revenue of \$10.1 million was recorded in 2Q FY2011.

#### **Shipchartering**

Shipchartering revenue improved by 12.8% to \$19.9 million in 2Q FY2012 and 13.1% to \$36.9 million in 1H FY2012 as a result of higher charter income generated from the operation of bigger vessels, partially offset by lower barge utilisation rates. These bigger vessels included the Anchor Handling Tugs (AHT) which were acquired in 4Q FY2011 and the ROV support vessel that was acquired in 1Q FY2012.

The Group's fleet size of 194 vessels as at 31 December 2011 (31 December 2010: 196) comprised of barges, towing tugs, Anchor Handling Tugs, Anchor Handling Towing/Supply vessels, ROV support vessel and other vessels.

### Gross profit and gross profit margin

The Group's overall Gross Profit decreased by \$1.3 million (9.2%) in 2Q FY2012 and \$2.6 million (10.1%) in 1H FY2012 compared to the respective corresponding periods.

Breakdown for gross profit and profit margin from each segment are as follows:

	Group							
	2Q FY2012		2Q FY2011		1H FY2012		1H FY2011	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	5,657	11.7%	4,136	7.7%	8,832	9.3%	8,631	8.4%
Shiprepair and conversion	2,753	30.1%	6,541	20.5%	6,706	23.6%	9,702	19.7%
Shipchartering and rental income	4,945	24.8%	4,026	22.8%	7,409	20.1%	7,189	22.0%
	<u>13,355</u>	<u>17.3%</u>	<u>14,703</u>	<u>14.3%</u>	<u>22,947</u>	<u>14.3%</u>	<u>25,522</u>	<u>13.8%</u>

### Shipbuilding

Shipbuilding's gross profit margin increased from 7.7% to 11.7% in 2Q FY2012 and from 8.4% to 9.3% in 1H FY2012 due to progressive recognition of more profitable projects resulting from lower costs over-run in 2Q FY2012. The rise was despite lower throughput arising from a lower order book.

### Shiprepair

Paralleling the decrease in revenue, shiprepair and conversion operations recorded lower gross profit of \$2.8 million in 2Q FY2012 and \$6.7 million in 1H FY2012. However shiprepair's gross profit margin rose by 9.6% to 30.1% in 2Q FY2012 and 3.9% to 23.6% in 1H FY2012 due mainly to the higher number of smaller shiprepair jobs undertaken of which the profit margins are generally more attractive.

### Shipchartering

Shipchartering operations recorded higher gross profit in 2Q FY2012 and 1H FY2012 due to full operation of the bigger vessels including Anchor Handling Tugs and ROV support vessel in 2Q FY2012. However gross profit margin of 20.1% in 1H FY2012 was 1.9% lower compared to 1H FY2011 due mainly to the lower overall utilisation rate for other vessels and the additional depreciation charge of \$0.7 million recorded in 1Q FY2012 which arose from the cancellation of vessels held for sale.

### Other operating income

Other operating income increased by \$0.3 million (19.2%) to \$1.7 million in 2Q FY2012 and \$2.4 million (41.4%) to \$8.3 million in 1H FY2012.

Details for other operating income are as follows:

	Group			
	2Q	2Q	1H	1H
	FY2012	FY2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of plant and equipment	896	1,351	1,692	1,683
Gain on disposal of assets held for sale	297	-	1,919	4,009
Gain on foreign exchange*	249	-	2,795	-
Interest income	41	34	66	73
Miscellaneous income	196	24	1,800	87
	<u>1,679</u>	<u>1,409</u>	<u>8,272</u>	<u>5,852</u>

\* net foreign exchange loss of \$0.3 million in 2Q FY2011 and \$1.8 million in 1H FY2011 shown under other operating expenses

The foreign exchange gain of \$2.8 million in 1H FY2012 attributed mainly from unrealised foreign exchange gain arising from revaluation of foreign currency denominated assets and liabilities.

Miscellaneous income of \$1.8 million in 1H FY2012 comprised mainly a forfeiture of \$1.3 million deposit received due to cancellation of vessels held for sale.

#### Administrative expenses

Higher administrative expenses of \$0.3 million (11.5%) in 2Q FY2012 and \$0.7 million (15.8%) in 1H FY2012 was due mainly to higher legal and facility fees incurred for the additional bank financing obtained during the period under review.

#### Other operating expenses

Other operating expenses comprised the followings:

	Group			
	2Q FY2012	2Q FY2011	1H FY2012	1H FY2011
	\$'000	\$'000	\$'000	\$'000
Allowance for/ (Write-back of) impairment of doubtful trade receivables (net)	217	(166)	275	(196)
Bad debts written off (trade)	40	-	40	-
Loss on foreign exchange	-	311	-	1,835
Impairment loss on property, plant and equipment	-	-	424	-
Property, plant and equipment written off	139	5	163	5
	<b>396</b>	<b>150</b>	<b>902</b>	<b>1,644</b>

#### Finance costs

Finance costs increased by 36.1% to \$2.8 million in 2Q FY2012 and 27.1% to \$5.3 million in 1H FY2012 compared to the corresponding 2011 periods due mainly to the higher amount of borrowings. Total Group's interest-bearing loans and borrowings grew from \$223.9 million as at 30 June 2011 to \$250.8 million as at 31 December 2011, an increase of \$26.9 million.

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 associates

The Group's share of profit/ (loss) of jointly-controlled entity and associates comprised:

	Group			
	2Q FY2012	2Q FY2011	1H FY2012	1H FY2011
	\$'000	\$'000	\$'000	\$'000
<b><u>Jointly-controlled entity</u></b>				
HKR-ASL Joint Venture Limited	(107)	(33)	(145)	(67)
<b><u>Associates</u></b>				
PT. Hafar Capitol Nusantara	152	-	152	-
Fastcoat Industries Pte. Ltd. and its subsidiary ("Fastcoat")	-	(16)	-	(150)
	<b>45</b>	<b>(49)</b>	<b>7</b>	<b>(217)</b>

HKR-ASL Joint Venture Limited has been dormant since FY2009.

The Group's 75% owned subsidiary, PT. Cipta Nusantara Abadi ("PT CNA"), had recently entered into a Joint Venture Agreement (the "Joint Venture Agreement") with PT. Hafar Daya Samudera ("PT HDS") to set up a joint venture company in Indonesia called PT. Hafar Capitol Nusantara ("PT Hafar") for the provision of marine and shipping services in Indonesia.

Under the terms of the Joint Venture Agreement, PT CNA has a 49% interest and PT HDS has a 51% interest in PT Hafar. ASL Marine's effective beneficial shareholding in PT Hafar is 36.75%.

No further losses of Fastcoat were recorded during the current reporting periods as the Group has restricted its share of losses to its cost of investment since FY2011.

#### **Profit before tax**

The Group's profit before tax reduced by 19.5% to \$9.3 million in 2Q FY2012 and 5.2% to \$19.6 million in 1H FY2012 as a result of the lower earnings generated from operations and the higher finance costs incurred.

#### **Tax expense**

Despite the lower profit achieved, the Group recorded a higher tax expense of \$2.8 million in 1H FY2012 due mainly to higher tax provision attributed to shipyard operations partially offset by higher tax exempt shipping profit from shipchartering operations. Overall the Group recorded a higher effective tax rate of 15.8% in 1H FY 2012 (1H FY2011: 13.4%).

#### **Non-controlling interests**

Non-controlling interests' share of profits increased by \$0.2 million to \$0.7 million in 2Q FY2012 and 1H FY2012 since charter and shipbuilding earnings recorded by non-wholly owned foreign subsidiaries have improved.

#### **Operating cash flow**

The Group recorded a net cash inflow of \$30.5 million from operating activities in 2Q FY2012 compared to the net cash outflow of \$4.1 million in 2Q FY2011. The improvement in operating cash flow was due mainly to comparatively higher receipts from trade receivables partially offset by higher work-in-progress relating to shipbuilding projects and higher trade balances due from related parties.

The Group recorded a lower net cash inflow of \$44.7 million from operating activities in 1H FY2012 compared to 1H FY2011 due mainly to lower receipts from trade receivables and higher trade balances due from related parties partially offset by lower payments on trade and other payables and higher progressive billings in excess of work-in-progress for shipbuilding projects.

### **REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

#### **Non-current assets**

Property, plant and equipment ("PPE") increased by \$15.2 million from \$493.3 million as at 30 June 2011 to \$508.5 million as at 31 December 2011.

Movement in PPE during the period under review is as follows:

	<b>\$'000</b>
Balance as at 1 July 2011	493,278
Acquisition of property, plant and equipment (Inclusive of \$8.4 million for vessels and \$22.1 million for yard infrastructure development and vessels under construction)	36,121
Net transfer of vessels from assets held for sale	1,141
Translation differences	5,587
Disposal of plant and equipment	(6,572)
Depreciation charge	(20,448)
Impairment loss and write-off	(587)
Balance as at 31 December 2011	<u>508,520</u>

#### **Current assets**

Current assets increased by \$64.6 million from \$280.8 million as at 30 June 2011 to \$345.4 million as at 31 December 2011.

Inventories on raw materials (mainly steel) were \$1.6 million lower as at 31 December 2011.

Assets held for sale was \$14.2 million lower as at 31 December 2011 due mainly to the sale of vessels and reclassification arising from cancellation of vessels held for sale.

Trade receivables increased by \$19.3 million to \$114.9 million whilst other receivables increased by \$1.7 million to \$23.5 million as at 31 December 2011. The increase in trade receivables was due mainly to comparatively higher billings for shipbuilding projects as at end of reporting period.

The amount due from related parties increased by \$32.3 million to \$34.2 million as at 31 December 2011 resulted from the sale of a vessel \$32.4 (equivalent to US\$25 million) to the newly formed associated company, PT. Hafar.

The Group enters into "plain vanilla" forward contracts to hedge for future receipts or payments. The value of these derivative financial instruments assets decreased by \$3.0 million due mainly to the lower mark-to-market gain arising from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and payables.

Bank balances, deposits and cash of \$94.5 million included balances amounting to \$3.6 million of restricted use as at 31 December 2011 (30 June 2011: \$4.8 million).

#### **Current liabilities**

Current liabilities increased by \$48.2 million from \$267.8 million as at 30 June 2011 to \$316.0 million as at 31 December 2011.

Trade and other payables increased by \$10.5 million due to increase in trade payables of \$4.6 million and other payables of \$5.9 million. Other payables comprised mainly payables for expenditure incurred on yard developments, deferred income and deposits received from customers for shiprepair, ship charters and sale of vessels. The increase in other payables was mainly due to higher deposits received for shiprepair jobs.

Current portion of interest-bearing loans and borrowings decreased by \$2.9 million to \$65.5 million while borrowings under trust receipts decreased by \$1.0 million to \$33.9 million.

Derivative financial instruments liabilities increased by \$7.5 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 Group recorded net construction work-in-progress in excess of progress billings of \$12.2 million as at 31 December 2011 as compared to \$60.9 million as at 30 June 2011 mainly attributed to higher progress billings for shipbuilding projects in 1H FY2012.

#### **Non-current liabilities**

Non-current liabilities increased by \$28.9 million to \$194.8 million as at 31 December 2011 due to higher interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings increased by \$26.9 million to \$250.8 million as at 31 December 2011. The increase was due to additional term loans and borrowings of \$60.8 million partially offset by the redemption and repayment of loans of \$33.9 million made during the period under review.

The Group's gearing ratio as at 31 December 2011 was 0.84 compared to 0.77 as at 30 June 2011.

Deferred tax liabilities decreased by \$0.9 million to \$9.5 million as at 31 December 2011.

### **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 17 August 2011 with respect to the financial year ended 30 June 2011, the Group had remained profitable in 1H FY2012.

The Group had on 10 November 2011 announced an outstanding delivery order of 12 vessels worth approximately \$32 million for its shipchartering operations. During 2Q FY2012, the shipchartering operations had taken delivery of 4 vessels worth \$5 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**

Given the protracted Eurozone debt, the Group expects the overall operating environment to remain challenging but believes that it can continue to tap on pockets of demand in Indonesia and Australia.

**Shipbuilding and Shiprepair Operations**

Including recent secured orders worth approximately \$54 million, the Group has an outstanding shipbuilding order book from external customers of approximately \$553 million for 39 vessels with progressive deliveries up to first quarter of 2014. The order book comprised offshore support vessels, Anchor Handling Towing/ Supply vessels, self-propelled cutter suction dredgers, tugs and barges. Barring any unforeseen circumstances, approximately 16% of the order book is expected to be recognised within the next six months for the financial year ending 30 June 2012.

**Shipchartering Operations**

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 21% of shipchartering revenue in 1H FY2012 was attributed to long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2011, the Group had an outstanding order book of approximately \$57 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 an outstanding delivery order of 11 vessels worth approximately \$35 million. These 11 vessels comprising Anchor Handling Tugs and barges are being built internally by the Group.

Barring any unforeseen circumstances such as a significant deterioration in the shipping industry, the Directors expect the Group to remain profitable for the financial year ending 30 June 2012.

**11. Dividend**

**(a) Current Financial Period**

Any dividend recommended for the current financial period reported on?

No dividend has been declared or recommended.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared or recommended.

**(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 2011.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

- 14. Negative confirmation pursuant to Rule 705(5).**

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 interim financial statements of the Group and the Company for the second quarter and six months ended 31 December 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

**Ang Kok Tian**  
Chairman and Managing Director

**Ang Ah Nui**  
Deputy Managing Director

**BY ORDER OF THE BOARD**

Ang Kok Tian  
Chairman and Managing Director  
10 February 2012