

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2012**

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 March			9 months ended 31 March		
	3Q FY2012 \$'000	3Q FY2011 \$'000	Inc/ (Dec) %	9M FY2012 \$'000	9M FY2011 \$'000	Inc/ (Dec) %
Shipbuilding	72,709	55,563	30.9	167,905	158,145	6.2
Shiprepair and conversion	22,266	15,198	46.5	50,622	64,499	(21.5)
Shipchartering and rental	18,810	15,251	23.3	55,721	47,881	16.4
Total revenue	113,785	86,012	32.3	274,248	270,525	1.4
Cost of sales	(97,810)	(75,584)	29.4	(235,326)	(234,575)	0.3
Gross profit	15,975	10,428	53.2	38,922	35,950	8.3
Other operating income	2,807	4,456	(37.0)	8,284	10,308	(19.6)
Administrative expenses	(2,096)	(2,212)	(5.2)	(7,520)	(6,895)	9.1
Other operating expenses	(6,195)	(658)	841.5	(4,302)	(2,302)	86.9
Finance costs	(2,617)	(2,095)	24.9	(7,942)	(6,284)	26.4
Share of results of jointly-controlled entity and associates	202	(15)	Nm	209	(232)	Nm
Profit before tax	8,076	9,904	(18.5)	27,651	30,545	(9.5)
Tax expense						
- current	(58)	(1,540)	(96.2)	(3,149)	(4,335)	(27.4)
- overprovision	(270)	16	Nm	1	709	(99.9)
Profit for the period	7,748	8,380	(7.5)	24,503	26,919	(9.0)
Attributable to:						
Owners of the Company	7,955	8,036	(1.0)	24,039	26,091	(7.9)
Non-controlling interests	(207)	344	Nm	464	828	(44.0)
	7,748	8,380	(7.5)	24,503	26,919	(9.0)

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 March			9 months ended 31 March		
	3Q FY2012	3Q FY2011	Inc/ (Dec)	9M FY2012	9M FY2011	Inc/ (Dec)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	7,748	8,380	(7.5)	24,503	26,919	(9.0)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(1,889)	(599)	215.4	414	(4,473)	Nm
Share of other comprehensive income of jointly-controlled entity and associates	(35)	(19)	84.2	33	(116)	Nm
Net fair value changes to cash flow hedges	6,049	191	3,067.0	(3,953)	1,679	Nm
Other comprehensive income for the period, net of tax	4,125	(427)	Nm	(3,506)	(2,910)	20.5
Total comprehensive income for the period	11,873	7,953	49.3	20,997	24,009	(12.5)
Attributable to:						
Owners of the Company	12,436	7,662	62.3	20,627	23,780	(13.3)
Non-controlling interests	(563)	291	Nm	370	229	61.6
	11,873	7,953	49.3	20,997	24,009	(12.5)

Nm: Not meaningful

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

	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2012	3Q FY2011	9M FY2012	9M FY2011
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment of doubtful trade receivables	(2,288)	(231)	(2,566)	(275)
Allowance for impairment of doubtful non-trade receivables	(280)	-	(280)	-
Allowance for impairment of doubtful trade receivables written back	79	212	82	452
Amortisation of lease prepayments	(52)	(51)	(155)	(150)
Bad debts written off (trade)	-	-	(40)	-
Depreciation of property, plant and equipment	(8,859)	(8,516)	(28,145)	(26,368)
Loss on foreign exchange (net)*	(3,702)	(639)	(907)	(2,475)
* inclusive of gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	202	424	243	771
Gain/ (Loss) on disposal of assets held for sale	1,229	(15)	3,148	3,994
Gain on disposal of property, plant and equipment	1,481	4,366	3,173	6,049
Impairment loss on property, plant and equipment	-	-	(424)	-
Interest income	29	23	95	96
Property, plant and equipment written off	(4)	-	(167)	(5)
Overprovision/ (Underprovision) of tax in respect of prior years				
- Current tax expense	-	16	271	709
- Deferred tax expense	(270)	-	(270)	-

The Group's total depreciation charge was \$1.8 million higher compared to 9M FY2011 mainly attributed to depreciation of vessel fleet.

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-Mar-12 \$'000	30-Jun-11 \$'000	31-Mar-12 \$'000	30-Jun-11 \$'000
Non-current assets				
Property, plant and equipment	500,370	493,278	-	-
Lease prepayments	3,742	3,844	-	-
Subsidiaries	-	-	69,505	69,505
Interest in jointly-controlled entity and associates	1,173	953	-	-
	505,285	498,075	69,505	69,505
Current assets				
Inventories	10,075	12,591	-	-
Assets held for sale	163	15,764	-	-
Construction work-in-progress	63,989	80,453	-	-
Trade and other receivables	151,270	117,395	3,051	3,344
Amount due from related parties	33,354	1,881	160,334	178,153
Derivative financial instruments	119	3,225	-	-
Bank balances, deposits and cash	78,327	49,536	172	177
	337,297	280,845	163,557	181,674
Current liabilities				
Trade and other payables	147,428	132,652	448	1,870
Progress billings in excess of construction work-in-progress	54,626	19,507	-	-
Amount due to related parties	201	147	39,711	34,643
Loan from non-controlling interests of subsidiaries	2,364	2,125	-	-
Trust receipts	21,041	34,865	-	-
Interest-bearing loans and borrowings	68,699	68,411	21,450	22,100
Derivative financial instruments	2,989	1,842	261	505
Current tax liabilities	6,109	8,266	-	-
	303,457	267,815	61,870	59,118
Net current assets	33,840	13,030	101,687	122,556
Non-current liabilities				
Interest-bearing loans and borrowings	169,718	155,539	71,450	92,900
Deferred tax liabilities	9,515	10,378	-	-
	179,233	165,917	71,450	92,900
Net assets	359,892	345,188	99,742	99,161
Share capital	83,092	83,092	83,092	83,092
Treasury shares	(923)	(923)	(923)	(923)
Reserves	268,001	253,667	17,573	16,992
	350,170	335,836	99,742	99,161
Non-controlling interests	9,722	9,352	-	-
Total equity	359,892	345,188	99,742	99,161

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

	Group			
	As at 31-Mar-12		As at 30-Jun-11	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	40,104	49,636	34,766	68,510
Amount repayable after one year	97,253	72,465	60,646	94,893
	137,357	122,101	95,412	163,403

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 March		9 months ended 31 March	
	3Q	3Q	9M	9M
	FY2012	FY2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	8,076	9,904	27,651	30,545
Adjustments for:				
Amortisation of lease prepayments	52	51	155	150
Allowance for/ (Write-back of) impairment of doubtful receivables (net)	2,489	19	2,764	(177)
Bad debts written off (trade)	-	-	40	-
Depreciation of property, plant and equipment	8,859	8,516	28,145	26,368
Gain on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps	(202)	(424)	(243)	(771)
(Gain)/ Loss on disposal of assets held for sale	(1,229)	15	(3,148)	(3,994)
Gain on disposal of property, plant and equipment	(1,481)	(4,366)	(3,173)	(6,049)
Impairment loss on property, plant and equipment	-	-	424	-
Interest expense	2,617	2,095	7,942	6,284
Interest income	(29)	(23)	(95)	(96)
Property, plant and equipment written off	4	-	167	5
Share of results of jointly-controlled entity and associates	(202)	15	(209)	232
Operating profit before working capital changes	18,954	15,802	60,420	52,497
Changes in working capital:				
Inventories	903	(1,925)	2,516	928
Construction work-in-progress and progress billings in excess of construction work-in-progress	4,089	(36,153)	54,347	(14,629)
Trade and other receivables	(15,346)	10,088	(36,672)	12,475
Trade and other payables	9,101	(4,392)	16,862	(9,625)
Balances with related parties (trade)	893	(64)	(31,421)	(266)
Bank balances, deposits and cash (restricted use)	71	400	1,179	(384)
Cash generated from/ (used in) operations	18,665	(16,244)	67,231	40,996
Tax paid	(1,659)	(671)	(5,513)	(7,006)
Net cash generated from/ (used in) operating activities	17,006	(16,915)	61,718	33,990
Cash flows from investing activities				
Interest received	29	23	95	96
Investment in associate	(762)	-	(762)	-
Purchase of property, plant and equipment	(11,276)	(25,040)	(47,396)	(72,162)
Proceeds from disposal of assets held for sale	3,862	408	18,860	9,260
Proceeds from disposal of property, plant and equipment	3,001	6,929	11,265	9,132
Lease prepayments	-	(243)	-	(243)
Balances with related parties (non-trade)	(49)	(2)	2	(9)
Net cash used in investing activities	(5,195)	(17,925)	(17,936)	(53,926)
Cash flows from financing activities				
Interest paid	(2,801)	(2,090)	(8,432)	(6,269)
Dividends paid	-	-	(6,293)	(8,988)
Repayment of interest-bearing loans and borrowings	(36,056)	(11,317)	(69,952)	(35,428)
Proceeds from interest-bearing loans and borrowings	23,669	53,000	84,419	56,440
Proceeds from issue of shares	-	-	-	26
Loan from minority shareholders of subsidiaries	192	-	192	-
Repayment of trust receipts	(19,392)	(6,013)	(52,313)	(16,524)
Proceeds from trust receipts	6,579	6,933	38,489	14,164
Net cash (used in)/ generated from financing activities	(27,809)	40,513	(13,890)	3,421
Net (decrease)/ increase in cash and cash equivalents	(15,998)	5,673	29,892	(16,515)
Cash and cash equivalents at beginning of period	90,872	60,502	44,751	83,302
Effects of exchange rate changes on opening cash and cash equivalents	(153)	(116)	78	(728)
Cash and cash equivalents at end of period	74,721	66,059	74,721	66,059

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-Mar-12									
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			
9M FY2012									
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	-	-	-	-	24,039	24,039	24,039	464	24,503
Other comprehensive income for the period, net of tax									
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	541	-	-	541	541	(127)	414
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	33	33
Net fair value changes to cash flow hedges	-	-	-	(3,953)	-	(3,953)	(3,953)	-	(3,953)
	-	-	541	(3,953)	-	(3,412)	(3,412)	(94)	(3,506)
Total comprehensive income for the period	-	-	541	(3,953)	24,039	20,627	20,627	370	20,997
Distributions to owners									
Dividends	-	-	-	-	(6,293)	(6,293)	(6,293)	-	(6,293)
Total distributions to owners	-	-	-	-	(6,293)	(6,293)	(6,293)	-	(6,293)
At 31-Mar-12	83,092	(923)	(4,324)	(2,561)	274,886	268,001	350,170	9,722	359,892

Statement of Changes in Equity for the period ended 31-Mar-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	Employee share option reserve ¹ \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total Reserves \$'000			
9M FY2011										
At 1-Jul-10	83,061	(923)	5	(55)	(967)	234,212	233,195	315,333	8,784	324,117
Profit for the period	-	-	-	-	-	26,091	26,091	26,091	828	26,919
Other comprehensive income for the period, net of tax										
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	-	(3,990)	-	-	(3,990)	(3,990)	(483)	(4,473)
Share of other comprehensive income of jointly-controlled entity and associates	-	-	-	-	-	-	-	-	(116)	(116)
Net fair value changes to cash flow hedges	-	-	-	-	1,679	-	1,679	1,679	-	1,679
	-	-	-	(3,990)	1,679	-	(2,311)	(2,311)	(599)	(2,910)
Total comprehensive income for the period	-	-	-	(3,990)	1,679	26,091	23,780	23,780	229	24,009
Contributions by and distributions to owners										
Dividends	-	-	-	-	-	(8,988)	(8,988)	(8,988)	-	(8,988)
Issue of shares under ESOS ¹	31	-	(5)	-	-	-	(5)	26	-	26
Total contributions by and distributions to owners	31	-	(5)	-	-	(8,988)	(8,993)	(8,962)	-	(8,962)
At 31-Mar-11	83,092	(923)	-	(4,045)	712	251,315	247,982	330,151	9,013	339,164

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 31-Mar-12 and 31-Mar-11

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Employee share option reserve ¹ \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
9M FY2012							
At 1-Jul-11	83,092	(923)	-	(505)	17,497	16,992	99,161
Profit for the period	-	-	-	-	6,630	6,630	6,630
Other comprehensive income for the period, net of tax							
Net fair value changes to cash flow hedges	-	-	-	244	-	244	244
	-	-	-	244	-	244	244
Total comprehensive income for the period	-	-	-	244	6,630	6,874	6,874
Distributions to owners							
Dividends	-	-	-	-	(6,293)	(6,293)	(6,293)
Total distributions to owners	-	-	-	-	(6,293)	(6,293)	(6,293)
At 31-Mar-12	83,092	(923)	-	(261)	17,834	17,573	99,742
9M FY2011							
At 1-Jul-10	83,061	(923)	5	(368)	18,317	17,954	100,092
Profit for the period	-	-	-	-	8,978	8,978	8,978
Other comprehensive income for the period, net of tax							
Net fair value changes to cash flow hedges	-	-	-	(95)	-	(95)	(95)
	-	-	-	(95)	-	(95)	(95)
Total comprehensive income for the period	-	-	-	(95)	8,978	8,883	8,883
Contributions by and distributions to owners							
Dividends	-	-	-	-	(8,988)	(8,988)	(8,988)
Issue of shares under ESOS ¹	31	-	(5)	-	-	(5)	26
Total contributions by and distributions to owners	31	-	(5)	-	(8,988)	(8,993)	(8,962)
At 31-Mar-11	83,092	(923)	-	(463)	18,307	17,844	100,013

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)
Balance as at 31-Mar-12 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 March 2012 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.**

	As at 31-Mar-12	As at 30-Jun-11
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)	419,511,294	419,511,294

- 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.

Earnings per ordinary share:	Group			
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2012	3Q FY2011	9M FY2012	9M FY2011
(i) On weighted average no. of ordinary shares in issue	1.90 cents	1.92 cents	5.73 cents	6.22 cents
(ii) On a fully diluted basis	1.90 cents	1.92 cents	5.73 cents	6.22 cents
Net profit attributable to shareholders:	\$7,955,000	\$8,036,000	\$24,039,000	\$26,091,000
Number of shares in issue:				
(i) Weighted average no. of shares in issue	419,511,294	419,511,294	419,511,294	419,473,111
(ii) On a fully diluted basis	419,511,294	419,511,294	419,511,294	419,482,000

**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-Mar-12	30-Jun-11	31-Mar-12	30-Jun-11
Net Asset Value (NAV) per ordinary share	83.47 cents	80.05 cents	23.78 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 \$113.8 million for the 3 months ended 31 March 2012 ("3Q FY2012") was \$27.8 million higher compared to the corresponding period in FY2011 ("3Q FY2011"). For the 9 months ended 31 March 2012 ("9M FY2012"), the Group's total revenue of \$274.2 million was \$3.7 million higher compared to corresponding 9 months ended 31 March 2011 ("9M FY2011").

Details for revenue generated from each segment are as follows:

	Group					
	3Q	3Q	Increase/ (Decrease)	9M	9M	Increase/ (Decrease)
	FY2012	FY2011	(Decrease)	FY2012	FY2011	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shipbuilding	72,709	55,563	30.9	167,905	158,145	6.2
Shiprepair and conversion	22,266	15,198	46.5	50,622	64,499	(21.5)
Shipchartering and rental income	18,810	15,251	23.3	55,721	47,881	16.4
	<u>113,785</u>	<u>86,012</u>	<u>32.3</u>	<u>274,248</u>	<u>270,525</u>	<u>1.4</u>

Shipbuilding

Shipbuilding revenue for 3Q FY2012 of \$72.7 million and 9M FY2012 of \$167.9 million increased by \$17.1 million (30.9%) and \$9.8 million (6.2%) respectively when compared to their corresponding period. The higher revenue was primarily attributable to there being more shipbuilding projects under construction or completed during the quarter under review as well as a higher percentage of completion since revenue is recognised on percentage of completion basis.

Shiprepair and conversion

Shiprepair and conversion revenue increased by \$7.1 million (46.5%) to \$22.3 million in 3Q FY2012 but decreased by \$13.9 million (21.5%) to \$50.6 million in 9M FY2012. The significant quarter-on-quarter increase was due to more high value shiprepair jobs done in 3Q FY2012 compared to 3Q FY2011.

On the other hand revenue for 9M FY2011 included higher value conversion projects, most notably FSO conversion projects, compared to those conversion projects done in 9M FY2012.

Shipchartering

Shipchartering revenue improved by \$3.6 million (23.3%) to \$18.8 million in 3Q FY2012 and \$7.8 million (16.4%) to \$55.7 million for 9M FY2012 due mainly to the additional charter income of approximately \$5.2 million received from the operation of the Anchor Handling Towing/ Supply vessels (AHTS) acquired in 4Q FY2011 and the ROV support vessel acquired in 1Q FY2012. Higher revenue of approximately \$3.1 million from the charter of tugs due to improved utilisation rates also contributed to the increase in shipchartering revenue. The overall increase in revenue from chartering of AHTS and tugs were however offset by the lower charter income from Anchor Handling Tugs of approximately \$0.7 million.

	Group			
	3Q	3Q	9M	9M
	FY2012	FY2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Shipchartering revenue				
Spot charter	12,214	13,291	39,580	40,792
Long term charter	5,520	1,219	12,709	5,254
Total charter	17,734	14,510	52,289	46,046
Trade sales	846	582	2,709	1,350
Rental	230	159	723	485
	18,810	15,251	55,721	47,881

Gross profit and gross profit margin

The Group's overall gross profit increased by \$5.5 million (53.2%) in 3Q FY2012 and \$3.0 million (8.3%) in 9M FY2012 compared to the respective corresponding periods.

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

	Group							
	3Q FY2012		3Q FY2011		9M FY2012		9M FY2011	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	8,635	11.9%	4,225	7.6%	17,467	10.4%	12,856	8.1%
Shiprepair and conversion	2,660	11.9%	2,345	15.4%	9,366	18.5%	12,047	18.7%
Shipchartering and rental income	4,680	24.9%	3,858	25.3%	12,089	21.7%	11,047	23.1%
	15,975	14.0%	10,428	12.1%	38,922	14.2%	35,950	13.3%

Shipbuilding

Shipbuilding's gross profit margin increased from 7.6% to 11.9% in 3Q FY2012 and from 8.1% to 10.4% in 9M FY2012 due to progressive recognition of more profitable projects. Better controls meant there were fewer costs over-runs in 3Q FY2012.

Shiprepair and conversion

Although revenue increased by 46.5%, gross profit only increased marginally by \$0.3 million in 3Q FY2012 compared to corresponding quarter. Gross profit margin for the quarter ended 31 March 2012 dropped by 3.5 percentage points to 11.9%. The fall in gross profit margin is attributable mainly to unbooked additional costs amounting to approximately \$1.0 million incurred for some shiprepair jobs undertaken in 2Q FY2012. Excluding these costs, profit margin for 3Q FY2012 would have been 16.3%.

A 21.5% decline in 9M FY2012 revenue resulted in gross profit for the 9-month period falling by 22.3% to \$9.4 million.

Shipchartering

Shipchartering operations recorded higher gross profit in 3Q FY2012 and 9M FY2012 due to the commencement of the operation of the bigger vessels including AHTS and ROV support vessel during the period. Gross profit margin of 21.7% in 9M FY2012 was however, 1.4% lower compared to 9M FY2011 due mainly to the additional depreciation charge of \$0.7 million recorded in 1Q FY2012 arising from the cancellation of vessels held for sale.

Other operating income

Other operating income decreased by \$1.6 million (37.0%) to \$2.8 million in 3Q FY2012 and \$2.0 million (19.6%) to \$8.3 million in 9M FY2012.

Details for other operating income are as follows:

	Group			
	3Q	3Q	9M	9M
	FY2012	FY2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of plant and equipment	1,481	4,366	3,173	6,049
Gain/ (Loss) on disposal of assets held for sale	1,229	(15)	3,148	3,994
Interest income	29	23	95	96
Miscellaneous income	68	82	1,868	169
	2,807	4,456	8,284	10,308

Miscellaneous income of \$1.8 million in 9M FY2012 comprised mainly a forfeiture of \$1.3 million deposit received due to cancellation of vessels held for sale.

Administrative expenses

Compared to the respective corresponding periods, administrative expenses fell by 5.2% to \$2.1 million in 3Q FY2012 but increased by 9.1% to \$7.5 million in 9M FY2012. The higher administrative expenses in 9M FY2012 were due mainly to additional legal and facility fees incurred for the additional bank financing obtained.

Other operating expenses

Other operating expenses comprised the followings:

	Group			
	3Q	3Q	9M	9M
	FY2012	FY2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Allowance for/ (Write-back of) impairment of doubtful receivables (net)	2,489	19	2,764	(177)
Bad debts written off (trade)	-	-	40	-
Loss on foreign exchange	3,702	639	907	2,475
Impairment loss on property, plant and equipment	-	-	424	-
Property, plant and equipment written off	4	-	167	5
	6,195	658	4,302	2,303

The additional allowance for impairment of doubtful receivables made in 3Q FY2012 and 9M FY2012 included a trade debt provision of \$2.3 million owing from a customer for shiprepair works provided previously.

Included in the \$3.7 million loss on foreign exchange in 3Q FY2012 is an unrealised foreign exchange loss of \$2.9 million arising from the revaluation of foreign currency denominated assets and liabilities as at 31 March 2012. The losses were mainly attributed to depreciation of US\$ against S\$ and depreciation of IDR against S\$ during the quarter ended 31 March 2012.

Finance costs

Finance costs increased by 24.9% to \$2.6 million in 3Q FY2012 and 26.4% to \$7.9 million in 9M FY2012 compared to the respective corresponding periods due mainly to the additional borrowings obtained for the financing of vessels. Total Group's interest-bearing loans and borrowings grew from \$223.9 million as at 30 June 2011 to \$238.4 million as at 31 March 2012, an increase of \$14.5 million.

The Group hedges against interest rate fluctuations on its long-term borrowings by way of interest rate swaps. These interest rate swaps are 'plain vanilla' 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			
	3Q	3Q	9M	9M
	FY2012	FY2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
<u>Jointly-controlled entity</u>				
HKR-ASL Joint Venture Limited	1	(32)	(144)	(99)
<u>Associates</u>				
PT. Hafar Capitol Nusantara	201	-	353	-
Fastcoat Industries Pte. Ltd. and its subsidiary ("Fastcoat")	-	17	-	(133)
	202	(15)	209	(232)

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

PT. Hafar Capitol Nusantara ("PT Hafar") is an associate newly set up for the provision of marine and shipping services in Indonesia. The Group's effective interest 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

Despite the increase in gross operational earnings, the Group's profit before tax decreased by \$1.8 million to \$8.1 million in 3Q FY2012 due mainly to lower gain on disposal of vessels, higher allowance for impairment of doubtful receivables and higher foreign exchange losses (mainly unrealised arising from revaluation of foreign currency denominated assets and liabilities).

Tax expense

The Group's current tax expense was \$1.5 million lower in 3Q FY2012 due mainly to lower tax provision attributed to shipchartering operations and reversal of tax expense by our Indonesia subsidiary. The lower tax expense of approximately \$0.4 million for shipchartering operations was due to recognition of Group relief in 3Q FY2012 while tax expense for our Indonesia subsidiary decreased by approximately \$1.0 million resultant from the huge foreign exchange loss recognised.

Overall the Group recorded a lower effective tax rate of 11.5% in 9M FY 2012 (9M FY2011: 14.1%).

Non-controlling interests

Non-controlling interests' share of profits decreased by \$0.3 million to \$0.5 million in 9M FY2012 mainly due to lower charter earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group recorded a net cash inflow of \$17.0 million from operating activities in 3Q FY2012 compared to the net cash outflow of \$16.9 million in 3Q FY2011. The improvement in operating cash flow was due mainly to lower trade payments, higher progressive billings in excess of work-in-progress for shipbuilding projects partially offset by lower receipts from customers.

The Group recorded a higher net cash inflow of \$61.7 million from operating activities in 9M FY2012 compared to 9M FY2011 due mainly to comparatively higher earnings, higher progressive billings in excess of work-in-progress for shipbuilding projects and lower trade payments partially offset by lower receipts from customers and higher trade balances due from related parties.

REVIEW OF FINANCIAL POSITION AS AT 31 March 2012

Non-current asset

Property, plant and equipment ("PPE") increased by \$7.1 million from \$493.3 million as at 30 June 2011 to \$500.4 million as at 31 March 2012.

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

	\$'000
Balance as at 1 July 2011	493,278
Acquisition of property, plant and equipment (Inclusive of \$16.1 million for vessels and \$24.6 million for yard infrastructure development and vessels under construction)	47,397
Net transfer of vessels to assets held for sale	(111)
Translation differences	(1,091)
Disposal of plant and equipment	(8,093)
Depreciation charge	(30,419)
Impairment loss and write-off	(591)
Balance as at 31 March 2012	<u>500,370</u>

Current assets

Current assets increased by \$56.5 million from \$280.8 million as at 30 June 2011 to \$337.3 million as at 31 March 2012.

Inventories on raw materials (mainly steel) were \$2.5 million lower as at 31 March 2012.

Assets held for sale was \$15.6 million lower as at 31 March 2012 due mainly to the sale of vessels and reclassification arising from cancellation of vessels held for sale.

Trade receivables increased by \$35.0 million to \$130.6 million whilst other receivables decreased by \$1.1 million to \$20.7 million as at 31 March 2012. The increase in trade receivables was due mainly to comparatively higher shiprepair receivables and billings for shipbuilding projects as at the end of reporting period. Subsequent receipts totaling \$34.4 million have been collected in April 2012.

The amount due from related parties increased by \$31.5 million to \$33.4 million as at 31 March 2012 as a result of a sale of a vessel worth \$31.5 million (equivalent to US\$25 million) from the Company to the newly formed associated company, PT Hafar. Subsequent receipts totaling \$3.4 million (equivalent to US\$2.7 million) have been collected in the month of April 2012.

The Group enters into "plain vanilla" forward contracts to hedge future receipts or payments. The value of derivative (financial instrument) assets decreased by \$3.1 million mainly due to lower mark-to-market gains arising from foreign exchange hedges (mainly against the US\$).

Bank balances, deposits and cash of \$78.3 million included balances amounting to \$3.6 million of restricted use as at 31 March 2012 (30 June 2011: \$4.8 million).

Current liabilities

Current liabilities increased by \$35.7 million from \$267.8 million as at 30 June 2011 to \$303.5 million as at 31 March 2012.

Trade and other payables increased by \$14.8 million due to increase in trade payables of \$14.1 million and other payables of \$0.7 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.

Current portion of interest-bearing loans and borrowings increased by \$0.3 million to \$68.7 million while borrowings under trust receipts decreased by \$13.8 million to \$21.0 million.

Derivative financial instruments liabilities increased by \$1.1 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 arising from interest rate swaps.

The Group recorded net construction work-in-progress in excess of progress billings of \$9.4 million as at 31 March 2012 as compared to \$60.9 million as at 30 June 2011 mainly attributed to higher progress billings for shipbuilding projects in 9M FY2012.

Non-current liabilities

Non-current liabilities increased by \$13.3 million to \$179.2 million as at 31 March 2012 due to higher interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings increased by \$14.5 million to \$238.4 million as at 31 March 2012. The increase was due to additional term loans and borrowings of \$84.5 million partially offset by the redemption and repayment of loans of \$70.0 million made during the period under review.

The Group's gearing ratio as at 31 March 2012 was 0.74 compared to 0.77 as at 30 June 2011.

Deferred tax liabilities decreased by \$0.9 million to \$9.5 million as at 31 March 2012.

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 9M FY2012.

The Group had on 10 February 2012 announced an outstanding delivery order of 11 vessels worth approximately \$35 million for its shipchartering operations. During 3Q FY2012, the shipchartering operations had taken delivery of 6 vessels worth \$15 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

With oil prices staying above US\$80 a barrel and given the increased activities in the offshore oil and gas industry, we are seeing an improvement in demand for offshore oil exploration and production vessels.

The continued investment by oil companies in deepwater exploration and production activities should create demand for more offshore production vessels and improved vessels chartering rates.

Shipbuilding and Shiprepair Operations

As at 31 March 2012, the Group has an outstanding shipbuilding order book from external customers of approximately \$642 million for 40 vessels with progressive deliveries up to second quarter of 2014. The order book comprised offshore support vessels, AHTS, self-propelled cutter suction dredgers, tugs and barges.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 24% of shipchartering revenue in 9M FY2012 was attributed to long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2012, the Group had an outstanding order book of approximately \$57 million with respect to long term shipchartering contracts.

The Group remains strategically committed to maximising deployment, enhancing and renewing its fleet to better meet customers' needs. The Group's shipchartering operations currently have an outstanding delivery order of 21 vessels worth approximately \$127 million. These 21 vessels comprising Anchor Handling Tug, AHTS, ROV support vessel, tugs and barges are being built internally by the Group.

Barring any unforeseen circumstances, 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 March 2012.

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 third quarter and nine months ended 31 March 2012 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
9 May 2012