



UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009

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

	Group		
	3 months ended 30 September		
	1Q FY2010	1Q FY2009	Increase/ (Decrease)
	\$'000	\$'000	%
Shipbuilding	71,062	70,661	0.6
Shiprepair and other marine related services	27,985	23,067	21.3
Shipchartering and rental	18,305	24,920	(26.5)
Total revenue	117,352	118,648	(1.1)
Cost of sales	(100,659)	(97,328)	3.4
Gross profit	16,693	21,320	(21.7)
Other operating income	3,392	11,880	(71.4)
Administrative expenses	(2,292)	(2,947)	(22.2)
Other operating expenses	(1,188)	(7)	16,871.4
Finance costs	(1,868)	(1,538)	21.5
Share of results of jointly-controlled entity and associate	(113)	422	Nm
Profit before tax	14,624	29,130	(49.8)
Tax expense	(2,559)	(4,401)	(41.9)
Profit for the period	12,065	24,729	(51.2)
Attributable to:			
Owners of the parent	11,844	23,938	(50.5)
Minority interests	221	791	(72.1)
	12,065	24,729	(51.2)

Nm: Not meaningful

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

	Group		
	<u>3 months ended 30 September</u>		
	1Q FY2010	1Q FY2009	Increase/ (Decrease)
	\$'000	\$'000	%
Profit for the period	12,065	24,729	(51.2)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(115)	529	Nm
Share of other comprehensive (expense)/ income of jointly-controlled entity	(37)	68	Nm
Net fair value changes to cash flow hedges	1,965	(4,526)	Nm
Other comprehensive income/ (expense) for the period, net of tax	1,813	(3,929)	Nm
Total comprehensive income for the period	13,878	20,800	(33.3)
Attributable to:			
Owners of the parent	13,533	19,820	(31.7)
Minority interests	345	980	(64.8)
	13,878	20,800	(33.3)

Nm: Not meaningful

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

	Group	
	<u>3 months ended 30 September</u>	
	1Q FY2010	1Q FY2009
	\$'000	\$'000
Allowance for doubtful trade receivables	(160)	(100)
Write back of allowance for doubtful trade receivables	23	101
Amortisation of lease prepayments	(50)	(49)
Bad debts written off	(2)	-
Depreciation of property, plant and equipment	(7,417)	(6,427)
Fair value loss on forward currency contracts and interest rate swap	(117)	(633)
(Loss)/ gain on disposal of assets held for sale	(46)	6,573
Gain on disposal of property, plant and equipment	1,506	3,605
Interest income	50	186
(Loss)/ gain on foreign exchange (net)	(1,049)	746
Property, plant and equipment written off	-	(7)
Adjustment for under provision of tax in respect of prior years		
- Current tax expense	(313)	(661)
- Deferred tax expense	-	(82)

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

	Group		Company	
	30-Sep-09 \$'000	30-Jun-09 \$'000	30-Sep-09 \$'000	30-Jun-09 \$'000
Non-current assets				
Property, plant and equipment	405,582	397,305	118	124
Lease prepayments	4,045	4,124	-	-
Subsidiaries	-	-	31,470	31,370
Interest in jointly-controlled entity and Associate	2,400	3,350	1,558	1,558
Other receivable	-	-	2,173	2,212
	412,027	404,779	35,319	35,264
Current assets				
Inventories	11,485	12,409	-	-
Assets held for sale	1,514	845	-	-
Construction work-in-progress	118,669	108,375	-	-
Trade and other receivables	98,892	76,433	2,555	2,560
Finance lease receivables	1,306	1,717	-	-
Amount due from related parties	911	638	132,596	130,134
Derivative financial instruments	2,334	1,481	-	-
Cash and cash equivalents	81,223	96,012	17,206	17,984
	316,334	297,910	152,357	150,678
Current liabilities				
Trade and other payables	144,988	128,510	1,157	498
Progress billings in excess of construction work-in-progress	45,049	60,020	-	-
Amount due to related parties	129	117	37,326	35,918
Loan from minority shareholders of subsidiaries	2,098	1,862	-	-
Trust receipts	31,048	32,944	-	-
Interest-bearing loans and borrowings	79,845	76,567	39,024	39,024
Derivative financial instruments	2,957	4,246	1,002	822
Current tax liabilities	11,589	8,796	46	46
	317,703	313,062	78,555	76,308
Net current (liabilities)/ assets	(1,369)	(15,152)	73,802	74,370
Non-current liabilities				
Loan from minority shareholders of subsidiaries	1,449	1,475	-	-
Interest-bearing loans and borrowings	90,970	83,801	11,039	11,045
Deferred tax liabilities	9,310	9,308	-	-
	101,729	94,584	11,039	11,045
Net assets	308,929	295,043	98,082	98,589
Share capital	83,061	83,051	83,061	83,051
Treasury shares	(923)	(923)	(923)	(923)
Reserves	219,959	206,428	15,944	16,461
	302,097	288,556	98,082	98,589
Minority interests	6,832	6,487	-	-
Total equity	308,929	295,043	98,082	98,589

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

Amount repayable in one year or less, or on demand

As at 30-Sep-09		As at 30-Jun-09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
36,305	74,588	33,567	75,944

Amount repayable after one year

As at 30-Sep-09		As at 30-Jun-09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
79,970	11,000	72,801	11,000

Details of any collaterals

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

- Corporate guarantees from the Company and certain subsidiaries
- Legal mortgages of certain leasehold properties of subsidiaries
- Legal mortgages over certain vessels, plant and equipment of subsidiaries
- Assignment of charter income and insurance of certain vessels of subsidiaries

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

	Group	
	1Q FY2010	1Q FY2009
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	14,624	29,130
Adjustments for:		
Amortisation of lease prepayments	50	49
Allowance for/ (write back of) doubtful trade receivables	137	(1)
Bad debts written off (non-trade)	2	-
Depreciation of property, plant and equipment	7,417	6,427
Fair value loss on forward currency contracts and interest rate swap	117	633
Loss/ (gain) on disposal of assets held for sale	46	(6,573)
Gain on disposal of property, plant and equipment	(1,506)	(3,605)
Interest expense	1,868	1,538
Interest income	(50)	(186)
Property, plant and equipment written off	-	7
Provision for warranty claims	-	300
Share of results of jointly-controlled entity and associate	113	(422)
Operating profit before working capital changes	22,818	27,297

Changes in working capital:		
Inventories	924	(10,643)
Construction work-in-progress and progress billings in excess of construction work-in-progress	(25,221)	(28,255)
Trade and other receivables	(22,598)	11,904
Trade and other payables	18,423	(6,321)
Balances with related parties (trade)	(264)	2,237
Cash used in operations	(5,918)	(3,781)
Tax paid	(60)	(1,258)
Net cash used in operating activities	(5,978)	(5,039)
Cash flows from investing activities		
Interest received	50	186
Investment in associate	-	(445)
Purchase of assets held for sale	-	(3,906)
Purchase of property, plant and equipment	(17,441)	(35,694)
Proceeds from disposal of assets held for sale	95	28,500
Proceeds from disposal of property, plant and equipment	4,078	9,347
Balances with related parties (non trade)	3	1,668
Net cash used in investing activities	(13,215)	(344)
Cash flows from financing activities		
Interest paid	(1,857)	(1,524)
Repayment of interest-bearing loans and borrowings	(11,190)	(11,235)
Proceeds from interest-bearing loans and borrowings	18,747	7,562
Proceeds from finance lease receivables	411	443
Proceeds from issue of shares	8	279
Proceeds from loan from minority shareholders of subsidiaries	289	-
Repayment of trust receipts	(12,883)	(3,086)
Proceeds from trust receipts	10,987	17,133
Net cash generated from financing activities	4,512	9,572
Net (decrease)/ increase in cash and cash equivalents	(14,681)	4,189
Cash and cash equivalents at beginning of period	96,012	102,995
Effects of exchange rate changes on opening cash and cash equivalents	(108)	15
Cash and cash equivalents at end of period	81,223	107,199

- 1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 30-Sep-09 and 30-Sep-08

Group	Attributable to owners of the parent								
	Share capital \$'000	Treasury shares \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Minority interests \$'000	Total equity \$'000
1Q FY2010									
At 1-Jul-09	83,051	(923)	7	(96)	(2,393)	208,910	206,428	6,487	295,043
Total comprehensive income/ (expense) for the period	-	-	-	(171)	1,860	11,844	13,533	345	13,878
Issue of shares under ESOS ¹	10	-	(2)	-	-	-	(2)	-	8
At 30-Sep-09	83,061	(923)	5	(267)	(533)	220,754	219,959	6,832	308,929
1Q FY2009									
At 1-Jul-08	82,725	-	54	(3,621)	7,513	149,824	153,770	3,701	240,196
Total comprehensive income/ (expense) for the period	-	-	-	385	(4,503)	23,938	19,820	980	20,800
Issue of shares under ESOS ¹	324	-	(45)	-	-	-	(45)	-	279
At 30-Sep-08	83,049	-	9	(3,236)	3,010	173,762	173,545	4,681	261,275

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 30-Sep-09 and 30-Sep-08

Company	Share capital \$'000	Treasury shares \$'000	Employee share option reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
1Q FY2010							
At 1-Jul-09	83,051	(923)	7	(822)	17,276	16,461	98,589
Total comprehensive expense for the period	-	-	-	(180)	(335)	(515)	(515)
Issue of shares under ESOS ¹	10	-	(2)	-	-	(2)	8
At 30-Sep-09	83,061	(923)	5	(1,002)	16,941	15,944	98,082
1Q FY2009							
At 1-Jul-08	82,725	-	54	(118)	8,378	8,314	91,039
Total comprehensive expense for the period	-	-	-	(470)	(64)	(534)	(534)
Issue of shares under ESOS ¹	324	-	(45)	-	-	(45)	279
At 30-Sep-08	83,049	-	9	(588)	8,314	7,735	90,784

¹ ASL Employee Share Option Scheme

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Ordinary Shares	ASL Employee Share Option Scheme ("ESOS")
Balance as at 30-Jun-09	299,589,002	62,000
Number of ESOS exercised	15,000	(15,000)
Balance as at 30-Sep-09	299,604,002	47,000

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

Category	Vesting Period	Exercise Period	Exercise Price	ESOS outstanding as at 30-Sep-09	ESOS outstanding as at 30-Jun-09	ESOS outstanding as at 30-Sep-08
Employees						
	18-Dec-05	18-Dec-05 to 17-Dec-13	\$0.55	-	-	3,000
	18-Dec-06	18-Dec-06 to 17-Dec-13	\$0.55	47,000	62,000	84,000
Total				47,000	62,000	87,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30-Sep-09	As at 30-Jun-09
Total number of issued shares	301,398,002	301,383,002
Total number of treasury shares	(1,794,000)	(1,794,000)
Total number of issued shares excluding treasury shares	299,604,002	299,589,002

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

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

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter ended 30 September 2009 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.

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared to the most recent audited financial statements as at 30 June 2009.

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.

The Group adopted the following new and revised Financial Reporting Standards (FRS) that are effective for the financial year beginning on or after 1 January 2009:-

FRS 1 (revised 2008)	Presentation of Financial Statements,
FRS 23 (revised 2007)	Borrowing Costs
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies and has no material impact to the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share based on net profit attributable to shareholders:-	Group 3 months ended 30 September	
	1Q FY2010	1Q FY2009
(i) On weighted average number of ordinary shares in issue	3.95 cts	7.95 cts
(ii) On a fully diluted basis	3.95 cts	7.95 cts

Note to item 6 (i):

The calculation of basic earnings per ordinary share of the Group for the first quarter is based on net profit attributable to ordinary shareholders amounting to \$11,844,000 (1Q FY2009: \$23,938,000) and the weighted average of 299,592,752 (1Q FY2009: 301,134,785) ordinary shares in issue during the period.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share of the Group for the first quarter is based on net profit attributable to ordinary shareholders amounting to \$11,844,000 (1Q FY2009: \$23,938,000) and the weighted average of 299,617,888 (1Q FY2009: 301,295,169) 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 based on issued share capital as at the respective end of the reporting periods	Group		Company	
	30-Sep-09	30-Jun-09	30-Sep-09	30-Jun-09
	100.83 cents	96.32 cents	32.74 cents	32.91 cents

Note:

The calculation of net asset value of the Group and of the Company is based on 299,604,002 (30-Jun-09: 299,589,002) ordinary shares in issue as at the respective end of the reporting periods.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

REVIEW OF GROUP PERFORMANCE

1Q FY2010 vs 1Q FY2009

Group	1Q FY2010			1Q FY2009			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	71,062	6,042	8.5	70,661	6,825	9.7	401	0.6	(783)	(11.5)
Shiprepair and other marine related services	27,985	6,349	22.7	23,067	7,353	31.9	4,918	21.3	(1,004)	(13.7)
Shipchartering and rental	18,305	4,302	23.5	24,920	7,142	28.7	(6,615)	(26.5)	(2,840)	(39.8)
	117,352	16,693	14.2	118,648	21,320	18.0	(1,296)	(1.1)	(4,627)	(21.7)

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 decreased marginally by 1.1% from \$118.6 million for the 3 months ended 30 September 2008 ("1Q FY2009") to \$117.4 million for the 3 months ended 30 September 2009 ("1Q FY2010"). This was due to lower revenue from shipchartering operations partially offset by higher revenue from shipbuilding and shiprepair and ship conversion operations.

Shipbuilding revenue of \$71.1 million was marginally higher than 1Q FY2009.

Shiprepair revenue increased by \$4.9 million to \$28.0 million mainly attributed to increased number of larger ship conversion jobs undertaken including fabrication and outfitting works to a Heavy Transport Vessel and conversion of a tanker into floating storage and offloading unit.

Shipchartering revenue was \$6.6 million lower mainly due to lower vessel utilisation rate and softening of charter pricing as a result of weak market demand. The Group had a fleet size of 190 vessels as at 30 September 2009 as compared to 181 vessels as at 30 September 2008, comprising towing tugs, Anchor Handling Tugs, barges and other vessels.

Gross profit and gross profit margin

The Group's gross profit was \$4.6 million lower with decreased earnings recorded by all three segments.

Shipbuilding operations recorded a lower gross profit margin of 8.5% mainly due to higher cost provisions and unexpected technical complexities encountered on certain projects during the period.

Shiprepair operations recorded a lower gross profit margin of 22.7% mainly attributed to larger ship conversion jobs undertaken which generally has lower profit margin as compared to shiprepair jobs.

Shipchartering operations recorded a lower gross profit margin of 23.5% mainly due to lower vessel utilisation rate and lower charter pricing due to rising competition.

Other operating income

Other operating income declined by \$8.5 million to \$3.4 million in 1Q FY2010.

Other operating income comprised:

1. Gain on disposal of plant and equipment of \$1.5 million (1Q FY2009: \$3.6 million) from the sale of 4 vessels (1Q FY2009: 7 vessels) to third parties. The disposals are part of the Group's fleet renewal program;
2. Absence of gain on disposal of vessels held for sale of \$6.6 million and foreign exchange gain of \$0.7 million recorded in 1Q FY2009;
3. Miscellaneous income of \$1.8 million (1Q FY2009: \$0.8 million) mainly due to forfeiture of deposit received; and
4. Interest income of \$0.1 million (1Q FY2009: \$0.2 million).

Administrative expenses

Administrative expenses decreased by \$0.6 million to \$2.3 million mainly attributed to lower manpower costs.

Other operating expenses

Other operating expenses were \$1.2 million higher in 1Q FY2010 mainly due to a net foreign exchange loss of \$1.1 million (1Q FY2009: net foreign exchange gain of \$0.7 million shown under other operating income) and higher net provision for doubtful trade receivables of \$0.1 million (1Q FY2009: net write-back for doubtful trade receivables of \$1,000).

Finance costs

Finance costs of \$1.9 million were \$0.4 million higher due to increased borrowings. 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 results of jointly-controlled entity and associate was a loss of \$0.1 million as compared to \$0.4 million profit recorded in 1Q FY2009.

The loss was mainly incurred by HKR-ASL Joint Venture Limited due to completion of its shipchartering project in March 2009.

Profit before taxation

The Group recorded a lower profit before taxation of \$14.6 million for 1Q FY2010 mainly attributed to lower earnings and other operating income during the period.

Income tax expense

Corresponding to lower earnings and other operating income, the Group recorded a lower tax expense of \$2.6 million in 1Q FY2010. The Group's effective tax rate of 15.2% for 1Q FY2010 was however higher than the 12.7% recorded for 1Q FY2009 mainly due to lower proportion of exempt shipping profits and higher proportion of profits from shipyard operations at higher foreign tax rate partially offset by a 1% reduction in Singapore corporate tax rate to 17% (1Q FY2009: 18%).

Minority interests

Minority shareholders' share of profits decreased by \$0.6 million mainly due to lower charter earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group's net cash outflow from operating activities of \$6.0 million was \$1.0 million higher as compared to 1Q FY2009. The Group funded its working capital and capital expenditure through retained earnings, proceeds from disposal of plant and equipment and new borrowings including bank loans and trust receipts.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2009

Non-current assets

Property, plant and equipment increased by \$8.3 million from \$397.3 million as at 30 June 2009 to \$405.6 million as at 30 September 2009. The increase was mainly due to acquisition of plant and equipment of \$20.4 million (inclusive of \$6.9 million for vessels, \$10.1 million for yard infrastructure development and vessels under construction and \$3.1 million for plant and machinery) partially offset by disposal of plant and equipment with aggregate net book value of \$2.6 million, depreciation charge of \$7.5 million, transfer of vessels to assets held for sale of \$0.8 million and foreign exchange differences of \$1.2 million.

The Group's total depreciation charge was \$1.0 million higher as compared to 1Q FY2009 mainly attributed to increase in fleet size and acquisition of new plant and machinery.

Current assets

Current assets increased by \$18.4 million from \$297.9 million as at 30 June 2009 to \$316.3 million as at 30 September 2009. The increase was mainly due to higher trade receivables, construction work-in-progress, assets held for sale, amount due from related parties and derivative financial instruments partially offset by decrease in cash and cash equivalents, other receivables, inventories and finance lease receivables.

Inventories on raw materials (mainly steel) were \$0.9 million lower as at 30 September 2009.

Assets held for sale pertaining to vessels held for sale increased by \$0.7 million during the period.

Trade receivables increased by \$25.1 million to \$88.8 million mainly due to higher billings for shipbuilding projects towards the end of the reporting period. Average debtors turnover was 72 days as at 30 September 2009 as compared to 55 days as at 30 June 2009. Other receivables decreased by \$2.7 million to \$10.1 million mainly due to lower receivables from disposal of vessels and downpayment made for purchase of vessels.

The Group enters into "plain vanilla" forward contracts to hedge for future receipts or payments. The value of these derivative financial instruments assets increased by \$0.9 million mainly due to higher mark-to-market gains from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables.

The amount due from related parties increased by \$0.3 million mainly due to higher amount due from its associated company, PT. Fastcoat Industries.

Finance lease receivables decreased by \$0.4 million due to repayments received.

Cash and cash equivalents decreased by \$14.8 million to \$81.2 million as at 30 September 2009.

Current liabilities

Current liabilities increased by \$4.6 million from \$313.1 million as at 30 June 2009 to \$317.7 million as at 30 September 2009.

Trade and other payables increased by \$16.5 million due to increase in trade payables of \$16.2 million and other payables of \$0.3 million. Other payables comprised mainly payables for expenditure incurred on yard developments and purchase of plant and equipment and deposits received on sale of vessels.

Current portion of interest-bearing loans and borrowings increased by \$3.3 million to \$79.8 million while trust receipts decreased by \$1.9 million to \$31.0 million.

Derivative financial instruments liabilities decreased by \$1.3 million due to lower mark-to-market losses derived from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables partially offset by higher mark-to-market losses derived from interest rate swaps.

The Group recorded net current liabilities of \$1.4 million as at 30 September 2009 mainly due to payment made for acquisition of vessels where proceeds from new borrowings are expected to be received after 1Q FY2010.

The net current liabilities of \$1.4 million as at 30 September 2009 and \$15.2 million as at 30 June 2009 included net construction work-in-progress of \$73.6 million and \$48.4 million respectively. The increase in net construction work-in-progress was mainly attributed to higher work-in-progress incurred for shipbuilding projects. There were 31 shipbuilding projects as at 30 September 2009 (30 June 2009: 33 projects).

Non-current liabilities

Non-current liabilities increased by \$7.1 million to \$101.7 million as at 30 September 2009 mainly due to higher interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings increased by \$10.4 million to \$170.8 million as at 30 September 2009. The increase was mainly due to new term loans and borrowings of \$21.6 million partially offset by redemption and repayment made of \$11.2 million during the period. The Group's gearing ratio maintained at 0.67 as at 30 September 2009.

Deferred tax liabilities maintained at \$9.3 million as at 30 September 2009.

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

In 1Q FY2009, the Group recorded a net profit attributable to equity holders of \$23.9 million which included a total of \$10.2 million gain on disposal of vessels. In 1Q FY2010, the Group recorded a net profit attributable to equity holders of \$11.8 million which included a total of \$1.5 million gain on disposal of vessels. In line with the prospect statement indicated in the full year financial statements announcement ("FY2009") made on 19 August 2009, the Group recorded lower but healthy earnings for 1Q FY2010 as compared to 1Q FY2009 mainly due to lower other operating income and pricing pressure under the current economic environment.

In the full year financial statements announcement made on 19 August 2009, the Group had announced plans to further strengthen its shipchartering fleet by taking delivery of 12 vessels worth approximately \$60 million in FY2010. During 1Q FY2010, the Group had taken delivery of 8 vessels worth \$8 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

Demand for new shipbuilding orders is expected to be bleak amidst the uncertainty over economic recovery and the over-supply situation in the shipping sector.

While the longer term outlook of the shiprepair and shipchartering segments remains reasonably positive, the Group expects these segments to continue experiencing pricing pressure amidst rising competition.

Shipbuilding and Shiprepair Operations

Progressive recognition of shipbuilding revenue commences when the work-in-progress reaches the 10% recognition threshold. As at 30 September 2009, the Group's outstanding order book for shipbuilding operation was approximately \$457 million for external customers. The order book comprised 31 vessels, including offshore support vessels such as heavy lift and pipelay vessels, subsea operation vessels, tugs, self-propelled cutter suction dredgers and other vessels.

As at 30 September 2009, the Group also had an outstanding order book of approximately \$14 million for shiprepair and ship conversion projects including conversion of a container feeder ship to Offshore Support & Maintenance Vessel.

The Group expects the facility expansion at Batam yard for the lengthening of existing 150,000 dwt dry dock and the addition of two new medium-sized dry docks to be completed in the third quarter of FY2010.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 24% of shipchartering revenue in 1Q FY2010 came from long term chartering contracts (meaning contracts with a duration of more than one year). As at 30 September 2009, the Group had an outstanding order book of approximately \$16 million with respect to long term shipchartering contracts.

The Group remains strategically committed to maximising deployment of its fleet and renewal and enhancement to meet customers' needs. The Group currently plan to increase its shipchartering fleet by taking delivery of 10 vessels worth approximately \$71 million including towing tugs, barges, Anchor Handling Towing/ Supply vessel and a tanker. Of the 10 vessels, 8 vessels worth S\$64 million are being built internally by the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No interim dividend has been declared for the period ended 30 September 2009.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
11 November 2009