

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2010**

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

	Group			Group		
	3 months ended 31 March			9 months ended 31 March		
	3Q FY2010	3Q FY2009	Increase/ (Decrease)	9M FY2010	9M FY2009	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Shipbuilding	66,806	71,143	(6.1)	239,178	209,738	14.0
Shiprepair and other marine related services	24,028	12,476	92.6	70,049	48,771	43.6
Shipchartering and rental	19,294	23,274	(17.1)	54,045	74,726	(27.7)
Total revenue	110,128	106,893	3.0	363,272	333,235	9.0
Cost of sales	(95,897)	(89,685)	6.9	(317,037)	(274,287)	15.6
Gross profit	14,231	17,208	(17.3)	46,235	58,948	(21.6)
Other operating income	2,129	14,427	(85.2)	6,691	28,940	(76.9)
Administrative expenses	(2,752)	(2,583)	6.5	(7,630)	(8,305)	(8.1)
Other operating expenses	622	(3,181)	Nm	(723)	(4,044)	(82.1)
Finance costs	(2,021)	(1,701)	18.8	(5,568)	(4,776)	16.6
Share of results of jointly-controlled entity and associate	(318)	195	Nm	(596)	1,514	Nm
Profit before tax	11,891	24,365	(51.2)	38,409	72,277	(46.9)
Tax expense	(2,076)	(447)	364.4	(7,185)	(6,737)	6.6
Profit for the period	9,815	23,918	(59.0)	31,224	65,540	(52.4)
Attributable to:						
Owners of the parent	9,290	23,375	(60.3)	30,103	63,582	(52.7)
Minority interests	525	543	(3.3)	1,121	1,958	(42.7)
	9,815	23,918	(59.0)	31,224	65,540	(52.4)

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			Group		
	3 months ended 31 March			9 months ended 31 March		
	3Q FY2010	3Q FY2009	Increase/ (Decrease)	9M FY2010	9M FY2009	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	9,815	23,918	(59.0)	31,224	65,540	(52.4)
Translation differences relating to financial statements of foreign subsidiaries, net of tax	382	4,172	(90.8)	279	4,137	(93.3)
Share of other comprehensive income of jointly-controlled entity	(8)	126	Nm	(66)	195	Nm
Net fair value changes to cash flow hedges	2,138	(8,915)	Nm	3,428	(17,894)	Nm
Other comprehensive income for the period, net of tax	2,512	(4,617)	Nm	3,641	(13,562)	Nm
Total comprehensive income for the period	12,327	19,301	(36.1)	34,865	51,978	(32.9)
Attributable to:						
Owners of the parent	11,647	18,578	(37.3)	33,441	49,977	(33.1)
Minority interests	680	723	(5.9)	1,424	2,001	(28.8)
	12,327	19,301	(36.1)	34,865	51,978	(32.9)

Nm: Not meaningful

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

	Group		Group	
	3 months ended 31 March		9 months ended 31 March	
	3Q FY2010	3Q FY2009	9M FY2010	9M FY2009
	\$'000	\$'000	\$'000	\$'000
Allowance for doubtful trade receivables	(68)	(2,272)	(524)	(3,269)
Allowance for doubtful non-trade receivables	-	(180)	-	(180)
Write back of allowance for doubtful trade receivables	4	3	30	139
Write back of allowance for doubtful non-trade receivables	-	-	-	6
Bad debts written off	-	-	(2)	-
Amortisation of lease prepayments	(49)	(50)	(149)	(149)
Depreciation of property, plant and equipment	(7,653)	(6,416)	(22,060)	(19,899)
Fair value loss on forward currency contracts and interest rate swap	(289)	(55)	(583)	(943)
Gain on disposal of assets held for sale	1,052	12,911	1,232	19,485
Gain on disposal of property, plant and equipment	789	445	2,913	6,315
Impairment loss on property, plant and equipment	-	(733)	-	(733)
Interest income	21	76	109	458
Gain/ (loss) on foreign exchange (net)	689	621	(225)	1,205
Property, plant and equipment written off	(3)	-	(3)	(7)
Adjustment for (under)/ over provision of tax in respect of prior years				
- Current tax expense	(118)	17	(937)	(883)
- Deferred tax expense	-	9	713	161

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-10 \$'000	30-Jun-09 \$'000	31-Mar-10 \$'000	30-Jun-09 \$'000
Non-current assets				
Property, plant and equipment	434,494	397,305	106	124
Lease prepayments	3,937	4,124	-	-
Subsidiaries	-	-	31,470	31,370
Interest in jointly-controlled entity and associate	1,903	3,350	1,558	1,558
Other receivable	-	-	2,188	2,212
	440,334	404,779	35,322	35,264
Current assets				
Inventories	12,713	12,409	-	-
Assets held for sale	3,130	845	-	-
Construction work-in-progress	66,943	108,375	-	-
Trade and other receivables	115,129	76,433	3,114	2,560
Finance lease receivables	1,310	1,717	-	-
Amount due from related parties	1,457	638	183,541	130,134
Derivative financial instruments	3,679	1,481	-	-
Cash and cash equivalents	142,983	96,012	15,562	17,984
	347,344	297,910	202,217	150,678
Current liabilities				
Trade and other payables	149,101	128,510	1,141	498
Progress billings in excess of construction work-in-progress	37,209	60,020	-	-
Amount due to related parties	210	117	30,804	35,918
Loan from minority shareholders of subsidiaries	2,081	1,862	-	-
Trust receipts	23,475	32,944	-	-
Interest-bearing loans and borrowings	87,107	76,567	39,025	39,024
Derivative financial instruments	3,049	4,246	709	822
Current tax liabilities	11,174	8,796	-	46
	313,406	313,062	71,679	76,308
Net current assets/ (liabilities)	33,938	(15,152)	130,538	74,370
Non-current liabilities				
Loan from minority shareholders of subsidiaries	1,459	1,475	-	-
Interest-bearing loans and borrowings	145,583	83,801	66,026	11,045
Deferred tax liabilities	9,298	9,308	-	-
	156,340	94,584	66,026	11,045
Net assets	317,932	295,043	99,834	98,589
Share capital	83,061	83,051	83,061	83,051
Treasury shares	(923)	(923)	(923)	(923)
Reserves	227,883	206,428	17,696	16,461
	310,021	288,556	99,834	98,589
Minority interests	7,911	6,487	-	-
Total equity	317,932	295,043	99,834	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 31-Mar-10		As at 30-Jun-09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
41,317	69,265	33,567	75,944

Amount repayable after one year

As at 31-Mar-10		As at 30-Jun-09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
79,583	66,000	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 3 months ended 31 March		Group 9 months ended 31 March	
	3Q FY2010 \$'000	3Q FY2009 \$'000	9M FY2010 \$'000	9M FY2009 \$'000
Cash flows from operating activities				
Profit before tax	11,891	24,365	38,409	72,277
Adjustments for:				
Amortisation of lease prepayments	49	50	149	149
Allowance for doubtful receivables (net)	64	2,449	494	3,304
Bad debts written off (non-trade)	-	-	2	-
Depreciation of property, plant and equipment	7,653	6,416	22,060	19,899
Fair value loss on forward currency contracts and interest rate swap	289	55	583	943
Gain on disposal of assets held for sale	(1,052)	(12,911)	(1,232)	(19,485)
Gain on disposal of property, plant and equipment	(789)	(445)	(2,913)	(6,315)
Impairment loss on property, plant and equipment	-	733	-	733
Interest expense	2,021	1,701	5,568	4,776
Interest income	(21)	(76)	(109)	(458)
Property, plant and equipment written off (Reversal)/ Provision for warranty claims	3	-	3	7
Share of results of jointly-controlled entity and associate	(130)	-	-	300
	318	(195)	596	(1,514)
Operating profit before working capital changes	20,296	22,142	63,610	74,616

Changes in working capital:				
Inventories	(1,614)	9,740	(304)	8,109
Construction work-in-progress and progress billings in excess of construction work-in-progress	49,687	24,718	19,405	(30,834)
Trade and other receivables	(19,305)	63	(39,192)	21,844
Trade and other payables	6,121	(11,639)	22,336	(9,121)
Balances with related parties (trade)	(234)	325	(727)	2,787
Cash generated from operations	54,951	45,349	65,128	67,401
Tax paid	(3,011)	(2,243)	(5,385)	(6,976)
Net cash generated from operating activities	51,940	43,106	59,743	60,425
Cash flows from investing activities				
Interest received	21	76	105	458
Investment in associate	-	-	-	(1,024)
Purchase of assets held for sale	(1,605)	(3,167)	(3,197)	(12,715)
Purchase of property, plant and equipment	(25,866)	(57,912)	(63,884)	(130,015)
Proceeds from disposal of assets held for sale	6,372	31,501	6,985	67,926
Proceeds from disposal of property, plant and equipment	1,383	440	7,343	16,805
Balances with related parties (non trade)	(1)	384	1	3,293
Net cash used in investing activities	(19,696)	(28,678)	(52,647)	(55,272)
Cash flows from financing activities				
Interest paid	(2,010)	(1,685)	(5,535)	(4,731)
Dividends paid	-	-	(11,984)	(11,984)
Repayment of interest-bearing loans and borrowings	(8,149)	(11,946)	(31,092)	(32,214)
Proceeds from interest-bearing loans and borrowings	55,793	31,383	97,356	46,609
Proceeds from finance lease receivables	-	93	411	725
Proceeds from issue of shares	-	-	8	279
Purchase of treasury shares	-	-	-	(923)
Proceeds from loan from minority shareholders of subsidiaries	-	-	289	-
Repayment of trust receipts	(23,514)	(19,426)	(76,278)	(31,402)
Proceeds from trust receipts	19,180	21,101	66,809	53,907
Net cash generated from financing activities	41,300	19,520	39,984	20,266
Net increase in cash and cash equivalents	73,544	33,948	47,080	25,419
Cash and cash equivalents at beginning of period	69,418	94,482	96,012	102,995
Effects of exchange rate changes on opening cash and cash equivalents	21	3	(109)	19
Cash and cash equivalents at end of period	142,983	128,433	142,983	128,433

- 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-10 and 31-Mar-09

Group	Attributable to owners of the parent								
	Share capital \$'000	Treasury shares \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Minority interests \$'000	Total equity \$'000
9M FY2010									
At 1-Jul-09	83,051	(923)	7	(96)	(2,393)	208,910	206,428	6,487	295,043
Total comprehensive income for the period	-	-	-	15	3,323	30,103	33,441	1,424	34,865
Dividends on ordinary shares	-	-	-	-	-	(11,984)	(11,984)	-	(11,984)
Issue of shares under ESOS ¹	10	-	(2)	-	-	-	(2)	-	8
At 31-Mar-10	83,061	(923)	5	(81)	930	227,029	227,883	7,911	317,932
9M FY2009									
At 1-Jul-08	82,725	-	54	(3,621)	7,513	149,824	153,770	3,701	240,196
Total comprehensive income for the period	-	-	-	4,179	(17,784)	63,582	49,977	2,001	51,978
Dividends on ordinary shares	-	-	-	-	-	(11,984)	(11,984)	-	(11,984)
Issue of shares under ESOS ¹	326	-	(47)	-	-	-	(47)	-	279
Purchase of treasury shares	-	(923)	-	-	-	-	-	-	(923)
At 31-Mar-09	83,051	(923)	7	558	(10,271)	201,422	191,716	5,702	279,546

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 31-Mar-10 and 31-Mar-09

Company	Share capital \$'000	Treasury shares \$'000	Employee share option reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total reserves \$'000	Total equity \$'000
9M FY2010							
At 1-Jul-09	83,051	(923)	7	(822)	17,276	16,461	98,589
Total comprehensive income for the period	-	-	-	113	13,108	13,221	13,221
Dividends on ordinary shares	-	-	-	-	(11,984)	(11,984)	(11,984)
Issue of shares under ESOS ¹	10	-	(2)	-	-	(2)	8
At 31-Mar-10	83,061	(923)	5	(709)	18,400	17,696	99,834
9M FY2009							
At 1-Jul-08	82,725	-	54	(118)	8,378	8,314	91,039
Total comprehensive income for the period	-	-	-	(909)	21,143	20,234	20,234
Dividends on ordinary shares	-	-	-	-	(11,984)	(11,984)	(11,984)
Issue of shares under ESOS ¹	326	-	(47)	-	-	(47)	279
Purchase of treasury shares	-	(923)	-	-	-	-	(923)
At 31-Mar-09	83,051	(923)	7	(1,027)	17,537	16,517	98,645

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 31-Mar-10	299,604,002	47,000

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

Category	Vesting Period	Exercise Period	Exercise Price	ESOS outstanding as at 31-Mar-10	ESOS outstanding as at 30-Jun-09	ESOS outstanding as at 31-Mar-09
Employees	18-Dec-06	18-Dec-06 to 17-Dec-13	\$0.55	47,000	62,000	62,000

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

	As at 31-Mar-10	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 third quarter and nine months ended 31 March 2010 to be false or misleading.

On behalf of the Board of Directors

Ang Kok Tian
Chairman and Managing Director

Ang Ah Nui
Deputy Managing Director

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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 107	Improving Disclosures about Financial Instruments
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial changes to the Group's accounting policies and has no material impact on the Group's 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 owners of the parent:-	Group 3 months ended 31 March		Group 9 months ended 31 March	
	3Q FY2010	3Q FY2009	9M FY2010	9M FY2009
(i) On weighted average number of ordinary shares in issue	3.10cts	7.80cts	10.05cts	21.18cts
(ii) On a fully diluted basis	3.10cts	7.80cts	10.05cts	21.18cts

Note to item 6 (i):

The calculation of basic earnings per ordinary share of the Group for 3Q FY2010 is based on net profit attributable to owners of the parent amounting to \$9,290,000 (3Q FY2009: \$23,375,000) and the weighted average of 299,604,002 (3Q FY2009: 299,589,002) ordinary shares in issue during the quarter.

The calculation of basic earnings per ordinary share of the Group for 9M FY2010 is based on net profit attributable to owners of the parent amounting to \$30,103,000 (9M FY2009: \$63,582,000) and the weighted average of 299,600,225 (9M FY2009: 300,226,090) 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 3Q FY2010 is based on net profit attributable to owners of the parent amounting to \$9,290,000 (3Q FY2009: \$23,375,000) and the weighted average of 299,604,002 (3Q FY2009: 299,589,002) ordinary shares in issue during the quarter.

The calculation of fully diluted earnings per ordinary share of the Group for 9M FY2010 is based on net profit attributable to owners of the parent amounting to \$30,103,000 (9M FY2009: \$63,582,000) and the weighted average of 299,621,703 (9M FY2009: 300,254,704) 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	
	31-Mar-10	30-Jun-09	31-Mar-10	30-Jun-09
	103.48 cents	96.32 cents	33.32 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

9M FY2010 vs 9M FY2009

Group	9M FY2010			9M FY2009			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	239,178	18,988	7.9	209,738	20,115	9.6	29,440	14.0	(1,127)	(5.6)
Shiprepair and other marine related services	70,049	14,570	20.8	48,771	14,713	30.2	21,278	43.6	(143)	(1.0)
Shipchartering and rental	54,045	12,677	23.5	74,726	24,120	32.3	(20,681)	(27.7)	(11,443)	(47.4)
	363,272	46,235	12.7	333,235	58,948	17.7	30,037	9.0	(12,713)	(21.6)

Revenue

Total Group revenue increased by 9% from \$333.2 million for the 9 months ended 31 March 2009 ("9M FY2009") to \$363.3 million for the 9 months ended 31 March 2010 ("9M FY2010"). This was due to higher revenue from shipbuilding and shiprepair and ship conversion operations partially offset by lower revenue from shipchartering operations.

Shipbuilding revenue was \$29.4 million higher mainly due to progressive recognition of larger projects undertaken including a self-propelled cutter suction dredger, a heavy lift and pipelay vessel and a subsea operation vessel.

Shiprepair revenue increased by \$21.3 million to \$70.0 million mainly attributed to increased number of larger shiprepair and ship conversion jobs undertaken including fabrication and outfitting works to a Heavy Transport Vessel, conversion of a tanker into floating storage and offloading unit as well as conversion of a container feeder ship to Offshore Support & Maintenance Vessel.

Shipchartering revenue was \$20.7 million lower mainly due to lower vessel utilisation rate and reduced charter pricing attributed to weaker market demand during the period. The Group had a fleet size of 181 vessels as at 31 March 2010 as compared to 188 vessels as at 31 March 2009, comprising towing tugs, Anchor Handling Tugs, barges and other vessels.

Gross profit and gross profit margin

The Group's gross profit was \$12.7 million lower with decreased earnings recorded by all three segments.

Shipbuilding operations recorded a lower gross profit margin of 7.9% mainly due to increased costs incurred for certain projects owing to technical complexities encountered during the period.

Shiprepair operations recorded a lower gross profit margin of 20.8% mainly due to pricing pressure and a change in business mix with larger ship conversion jobs undertaken which generally has lower profit margin.

Shipchartering operations recorded a lower gross profit margin of 23.5% due to the double impact of lower vessel utilisation rate and reduced charter pricing.

Other operating income

Other operating income declined by \$22.2 million to \$6.7 million in 9M FY2010.

Other operating income comprised:

1. Gain on disposal of plant and equipment of \$2.9 million (9M FY2009: \$6.3 million) from the sale of 12 vessels (9M FY2009: 16 vessels) to third parties.
2. Gain on disposal of vessels held for sale of \$1.2 million (9M FY2009: \$7.3 million)
3. Absence of gain on disposal of jointly-controlled entity, ASL Energy Pte. Ltd. ("ASLE") of \$12.2 million and net foreign exchange gain of \$1.2 million recorded in 9M FY2009;
4. Miscellaneous income of \$2.5 million (9M FY2009: \$1.4 million) mainly due to forfeiture of deposit received; and
5. Interest income of \$0.1 million (9M FY2009: \$0.5 million).

Administrative expenses

Administrative expenses decreased by \$0.7 million to \$7.6 million mainly attributed to lower manpower costs.

Other operating expenses

Other operating expenses decreased by \$3.3 million to \$0.7 million in 9M FY2010.

Other operating expenses comprised:

1. Net provision for doubtful receivables of \$0.5 million (9M FY2009: \$3.3 million);
2. Absence of impairment loss on vessels of \$0.7 million provided in 9M FY2009; and
3. Foreign exchange loss of \$0.2 million (9M FY2009: net foreign exchange gain of \$1.2 million shown under other operating income)

Finance costs

Finance costs of \$5.6 million were \$0.8 million higher due to increased borrowings. The Group mainly hedges against interest rate fluctuations on its long-term borrowings by way of "plain vanilla" interest rate swaps.

Share of results of jointly-controlled entity and associate

The Group's share of results of jointly-controlled entity and associate comprised of the share of \$0.1 million loss (9M FY2009: \$1.8 million share of profit) incurred by HKR-ASL Joint Venture Limited and share of \$0.5 million loss (9M FY2009: \$0.3 million) incurred by associated companies, Fastcoat Industries Pte. Ltd. and its subsidiary.

HKR-ASL Joint Venture Limited recorded lower earnings mainly due to the completion of its shipchartering project since March 2009.

Profit before taxation

The Group recorded a lower profit before taxation of \$38.4 million for 9M FY2010 mainly attributed to lower gross profit and other operating income as well as higher finance costs and share of loss of jointly-controlled entity and associate.

Income tax expense

Despite lower earnings, the Group recorded a higher tax expense of \$7.2 million in 9M FY2010 with a higher effective tax rate of 17.8% (9M FY2009: 8.5%). The increase was mainly due to a higher tax provision attributed to the Group's non-Singapore shipyard operations which attracts a higher foreign tax rate.

Minority interests

Minority shareholders' share of profits declined by \$0.8 million mainly due to lower shipchartering and shipbuilding earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group's net cash inflow from operating activities of \$59.7 million was marginally lower by \$0.7 million as compared to 9M FY2009.

The Group funded its working capital and capital expenditure through retained earnings, new borrowings including bonds issuance, bank loans and trust receipts as well as proceeds from disposal of plant and equipment and assets held for sale.

(b) 3Q FY2010 vs 3Q FY2009

Group	3Q FY2010			3Q FY2009			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	%	\$'000	%
Shipbuilding	66,806	5,146	7.7	71,143	6,573	9.2	(4,337)	(6.1)	(1,427)	(21.7)
Shiprepair and other marine related services	24,028	4,282	17.8	12,476	3,093	24.8	11,552	92.6	1,189	38.4
Shipchartering and rental	19,294	4,803	24.9	23,274	7,542	32.4	(3,980)	(17.1)	(2,739)	(36.3)
	110,128	14,231	12.9	106,893	17,208	16.1	3,235	3.0	(2,977)	(17.3)

The Group's business segments are subject to different degree of seasonality, with the 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 the Group's business or of the results for the whole of the financial year.

Revenue

For the 3 months ended 31 March 2010 ("3Q FY2010"), the Group's revenue of \$110.1 million was \$3.2 million higher as compared to the corresponding period in FY2009 ("3Q FY2009") due to higher revenue recorded by shiprepair and ship conversion operations partially offset by lower revenue from shipbuilding and shipchartering operations.

Shipbuilding revenue was \$4.3 million lower mainly due to lesser number of projects undertaken as compared to 3Q FY2009.

Shiprepair revenue was \$11.6 million higher mainly due to increased number of larger shiprepair and ship conversion jobs undertaken including the conversion of a container feeder ship to Offshore Support & Maintenance Vessel.

Shipchartering revenue declined by \$4.0 million mainly due to lower charter pricing attributed to weaker market demand in 3Q FY2010.

Gross profit and gross profit margin

The Group's gross profit of \$14.2 million was \$3.0 million lower than 3Q FY2009.

Shipbuilding operations recorded a lower gross profit margin of 7.7% mainly due to increased costs for certain projects undertaken.

Shiprepair operations recorded a lower gross profit margin of 17.8% mainly due to a higher proportion of larger ship conversion jobs undertaken with lower profit margin.

Shipchartering operations recorded lower gross profit margin of 24.9% mainly due to lower charter pricing during the quarter.

Other operating income

Other operating income declined by \$12.3 million mainly due to absence of gain on disposal of ASLE of \$12.2 million recorded in 3Q FY2009.

Administrative expenses

Administrative expenses were marginally higher by \$0.2 million in 3Q FY2010.

Other operating expenses

Other operating expenses declined by \$3.8 million mainly due to a lower net allowance for doubtful trade receivables of \$2.4 million and absence of impairment loss on vessels of \$0.7 million provided in 3Q FY2009.

Finance costs

Finance costs were higher by \$0.3 million mainly due to an increase in borrowings.

Share of results of jointly-controlled entity and associate

The share of results of jointly-controlled entity and associate comprised of the share of \$35,000 loss (3Q FY2009: \$0.4 million share of profit) from HKR-ASL Joint Venture Limited and share of \$0.3 million loss (3Q FY2009: \$0.2 million) incurred by associated companies, Fastcoat Industries Pte. Ltd. and its subsidiary.

HKR-ASL Joint Venture Limited recorded lower earnings mainly due to the completion of its shipchartering project since March 2009.

Profit before taxation

The Group's profit before taxation of \$11.9 million for 3Q FY2010 was \$12.5 million lower as compared to 3Q FY2009 mainly due to lower gross profit and other operating income as well as higher share of loss of jointly-controlled entity and associate.

Income tax expense

The Group's taxation charge of \$2.1 million in 3Q FY2010 was \$1.6 million higher than 3Q FY2009. This was mainly due to a higher proportion of earnings attributed to the Group's shipyard operations which attracts a higher tax rate and absence of an adjustment pertained to a 1% reduction in Singapore tax rate to 17% in 3Q FY2009.

Minority interests

Minority shareholders' share of profits attributed to non-wholly owned foreign subsidiaries declined marginally by \$18,000.

Operating cash flow

The Group recorded a higher net cash inflow from operating activities of \$8.8 million for 3Q FY2010. The increase was mainly due to comparatively higher progressive billings on shipbuilding projects and lower payments on trade payables partially offset by lower receipts on trade receivables and higher payment for inventories.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2010

Non-current assets

Property, plant and equipment increased by \$37.2 million from \$397.3 million as at 30 June 2009 to \$434.5 million as at 31 March 2010. The increase was mainly due to acquisition of plant and equipment of \$69.9 million (inclusive of \$9.6 million for vessels, \$52.6 million for yard infrastructure development and vessels under construction as well as \$7.4 million for plant and machinery) partially offset by disposal of plant and equipment with aggregate net book value of \$4.5 million, depreciation charge of \$22.8 million, transfer of vessels to assets held for sale of \$4.8 million and others (including write-off of plant and equipment and foreign exchange differences) of \$0.6 million.

The Group's total depreciation charge was \$2.2 million higher as compared to 9M FY2009 mainly attributed to depreciation charges of the Group's fleet of vessels.

Current assets

Current assets increased by \$49.4 million from \$297.9 million as at 30 June 2009 to \$347.3 million as at 31 March 2010.

Inventories on raw materials (mainly steel) were \$0.3 million higher as at 31 March 2010.

Assets held for sale pertaining to vessels held for sale increased by \$2.3 million during the period.

Trade receivables increased by \$36.2 million to \$99.9 million mainly due to higher billings for shipbuilding projects towards the end of the reporting period. Average debtors turnover was 77 days as at 31 March 2010 as compared to 55 days as at 30 June 2009. Other receivables increased by \$2.5 million to \$15.2 million mainly due to higher prepayments and insurance claims.

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

The amount due from related parties increased by \$0.8 million mainly due to higher amount due from its associated company, PT. Fastcoat Industries.

The Group enters into "plain vanilla" forward contracts to hedge for future receipts or payments. The derivative financial instruments assets increased by \$2.2 million to \$3.7 million which comprised mainly mark-to-market gains derived from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables.

Cash and cash equivalents increased by \$47.0 million to \$143.0 million as at 31 March 2010 mainly due to proceeds from bonds issuance of \$55 million received in March 2010.

Current liabilities

Current liabilities increased marginally by \$0.3 million from \$313.1 million as at 30 June 2009 to \$313.4 million as at 31 March 2010.

Trade and other payables increased by \$20.6 million due to increase in trade payables of \$14.3 million and other payables of \$6.3 million. Other payables comprised mainly payables for expenditure incurred on yard developments and deposits received on sale of vessels.

Current portion of interest-bearing loans and borrowings increased by \$10.5 million to \$87.1 million while borrowing under trust receipts decreased by \$9.5 million to \$23.5 million.

Derivative financial instruments liabilities decreased by \$1.2 million due to lower mark-to-market loss 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 loss derived from interest rate swaps.

The net current assets of \$33.9 million as at 31 March 2010 and net current liabilities of \$15.2 million as at 30 June 2009 included net construction work-in-progress of \$29.7 million and \$48.4 million respectively. There were 21 shipbuilding projects as at 31 March 2010 (30 June 2009: 33 projects).

Non-current liabilities

Non-current liabilities increased by \$61.8 million to \$156.3 million as at 31 March 2010 mainly due to higher interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings increased by \$72.3 million to \$232.7 million as at 31 March 2010. The increase was mainly due to bonds issuance of \$55 million in March 2010 and other borrowings of \$48.4 million partially offset by redemption and repayment made of \$31.1 million during the period. The Group's gearing ratio increased from 0.67 as at 30 June 2009 to 0.83 as at 31 March 2010.

Deferred tax liabilities maintained at \$9.3 million as at 31 March 2010.

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

In line with the prospect statement indicated in the full year financial statements announcement made on 19 August 2009 for the financial year ended 30 June 2009 (FY 2009), the Group recorded lower earnings for 9M FY2010 as compared to 9M FY2009 mainly due to lower gross profit and other operating income.

In the 2Q FY2010 financial statements announcement made on 10 February 2010, the Group had announced an outstanding delivery order of 11 vessels worth approximately \$75 million for its shipchartering operation. The Group had not taken any delivery of vessels in 3Q FY2010.

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

In spite of clearer signs that global economic conditions are improving, the pace of recovery remains uncertain. Against this backdrop and the over-supply in some important sub-sectors of the shipping industry, demand for new shipbuilding orders are expected to remain sluggish.

The Group however remains reasonably positive over the longer term outlook of the shiprepair and shipchartering segments despite intensifying competition within the marine industry.

Shipbuilding and Shiprepair Operations

Progressive recognition of shipbuilding revenue commences when the work-in-progress reaches the 10% recognition threshold. As at 31 March 2010, the Group's shipbuilding outstanding order book for external customers was approximately \$342 million with progressive deliveries until end of 2011. The order book comprised 21 vessels, including offshore support vessels such as diving support vessel, Anchor Handling Towing/ Supply vessels, tugs, self-propelled cutter suction dredgers and other vessels.

The Group expects the facility expansion at Batam yard with respect to the lengthening of existing 150,000 dwt dry dock and a second new medium-sized dry dock to be completed in the fourth quarter of FY2010.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 21% of shipchartering revenue in 9M FY2010 came from long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2010, the Group had an outstanding order book of approximately \$9 million with respect to long term shipchartering contracts.

Besides maximizing deployment of its fleet, the Group remains strategically committed to enhancing and renewing its fleet to better meet customers' needs. In addition to the outstanding delivery order of 11 vessels worth approximately \$75 million announced in the 2Q FY2010 financial statements announcement, the Group plans to increase its fleet size by an additional 2 new vessels worth approximately \$2 million. The Group's total outstanding delivery order as at 31 March 2010 were 13 vessels comprising towing tugs, barges, Anchor Handling Towing/ Supply vessel and a tanker. Of the 13 vessels, 12 vessels worth \$71 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 31 March 2010.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
12 May 2010