

JASPER INVESTMENTS LIMITED
(Company Registration No. 198700983H)

**Financial Statement Announcement for the Second Quarter and Six Months Ended
30/09/2009**

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group			
	Second Quarter		6 months ended	
	30/09/2009 US\$'000	30/09/2008 US\$'000	30/09/2009 US\$'000	30/09/2008 US\$'000
Revenue	5,165	49,712	44,190	81,027
Cost of sales	(23,897)	(25,387)	(46,542)	(41,809)
Gross Profit	(18,732)	24,325	(2,352)	39,218
Interest income	8	98	105	616
Other income	650	303	713	577
Other expenses-(expenses)/write back	(1,692)	447	(2,817)	(1,116)
Administrative and distribution expenses	(4,725)	(5,990)	(8,814)	(10,157)
Impairment of intangible asset	(18,042)	-	(18,042)	-
Interest expenses	(1,868)	(2,114)	(3,837)	(3,064)
Profit from associate and joint venture	2,378	2,817	3,751	3,629
Profit before taxation	(42,023)	19,886	(31,293)	29,703
Taxation	(1,895)	(13,753)	(13,809)	(21,831)
Profit for the period	(43,918)	6,133	(45,102)	7,872
Attributable to:				
Equity holders of the Company	(22,661)	4,718	(22,185)	5,924
Non-controlling interests	(21,257)	1,415	(22,917)	1,948
	(43,918)	6,133	(45,102)	7,872
EPS (in cents)	(1.394)	0.462	(1.365)	0.580

Note:

Taxation includes taxes withheld at source in Venezuela.

Notes to income statement

Profit after taxation include the following :

Impairment of intangible asset

Amortisation of intangible asset

Depreciation of plant and equipment

Foreign exchange loss/(gain)

Group			
Second Quarter		6 months ended	
30/09/2009	30/09/2008	30/09/2009	30/09/2008
US\$'000	US\$'000	US\$'000	US\$'000
18,042	-	18,042	-
-	1,637	1,569	3,138
5,629	5,104	11,091	10,247
1,142	1,927	2,128	1,509

Breakdown on Other expenses

Bank transaction fee (expense) / reversal ⁽¹⁾

Loss on interest rate swaps

Group			
Second Quarter		6 months ended	
30/09/2009	30/09/2008	30/09/2009	30/09/2008
US\$'000	US\$'000	US\$'000	US\$'000
(1,106)	447	(1,305)	(1,116)
(489)	-	(803)	-

Breakdown on Other income

Gain on disposal of joint venture

Miscellaneous income

Group			
Second Quarter		6 months ended	
30/09/2009	30/09/2008	30/09/2009	30/09/2008
US\$'000	US\$'000	US\$'000	US\$'000
598	-	598	-
52	303	115	577

Note:

(1) Reversal of bank transaction fee is due to an overprovision in the previous quarter.

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	
	30/09/2009 US\$'000	31/03/2009 US\$'000	30/09/2009 US\$'000	31/03/2009 US\$'000
<u>Non-Current Assets</u>				
Property, plant and equipment	818,394	760,838	226	272
Intangible asset	-	19,611	-	-
Other investments	36	36	36	36
Investment in subsidiaries	-	-	362,448	345,010
Investment in associate	10,704	10,424	1,900	1,900
Joint venture	-	115	-	136
	829,134	791,024	364,610	347,354
<u>Current Assets</u>				
Work-in-progress	2,366	2,585	-	-
Inventory	7,222	8,149	-	-
Trade and other receivables	9,019	14,881	212,588	774
Cash and bank balances	13,687	39,378	1,670	22,034
	32,294	64,993	214,258	22,808
Total Assets	861,428	856,017	578,868	370,162
<u>Capital and Reserves</u>				
Share capital	368,644	310,224	368,644	310,224
Reserves	(34,887)	(13,144)	14,779	9,144
	333,757	297,080	383,423	319,368
Non-controlling interests	117,594	140,413	-	-
Total equity	451,351	437,493	383,423	319,368
<u>Non-Current Liabilities</u>				
Borrowings	45,283	113,427	-	50,000
Deferred taxation	53	42	-	-
Interest rate swaps	1,540	1,759	-	-
	46,876	115,228	-	50,000
<u>Current Liabilities</u>				
Trade and other payables	81,291	56,854	281	794
Borrowings	279,977	244,502	195,164	-
Provision for taxation	1,933	1,940	-	-
	363,201	303,296	195,445	794
Total liabilities	410,077	418,524	195,445	50,794
Total Equity and Liabilities	861,428	856,017	578,868	370,162

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

Amount repayable in one year or less, or on demand

<u>As at 30/09/2009</u>		<u>As at 31/03/2009</u>	
<u>US\$'000</u>		<u>US\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
84,195	196,475	242,854	2,599

Amount repayable after one year

<u>As at 30/09/2009</u>		<u>As at 31/03/2009</u>	
<u>US\$'000</u>		<u>US\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
45,121	162	63,167	50,260

Notes:-

(1) Included in the secured borrowings of the Group as at 30 September 2009 are:-

- (i) An amount of US\$81.6 million due to banks secured, *inter alia*, by:
- a first priority mortgage over the drilling vessel, the Neptune Discoverer ("Discoverer")
 - an assignment of insurances
 - an assignment of the bare boat charter of the Discoverer

Interest rate swaps had been entered with banks whereby the Group pays fixed interest rates of 2.455% and 3.147% per annum and receives a floating rate equal to 3-months' LIBOR.

The Group has reached a Heads of Agreement ("HOA") with the banks whereby, *inter alia*, all previous breaches would be waived. Documentation is ongoing to formalise the terms of the HOA.

- (ii) An amount of US\$35 million due to a bank secured, *inter alia*, by:
- a first priority mortgage over the drilling vessel, the Neptune Finder ("Finder")
 - an assignment of insurances
 - a corporate guarantee given by the Company
 - a pledge on the shares of a subsidiary

(iii) An amount of US\$216,849 due to a bank secured by a mortgage over a subsidiary's freehold property.

(iv) An amount of US\$12.5 million due to a financial lender secured, *inter alia*, by:

- a first priority mortgage over the drilling vessel, the Neptune Explorer ("Explorer")
- an assignment of insurances
- a pledge on the shares of a subsidiary

(2) The unsecured loans repayable in less than one year include an interest bearing loan of US\$195.2 million due to the Company's controlling shareholder Morton Bay (Holdings) Pte Ltd ("Morton Bay").

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

	Group			
	Second Quarter		6 months ended	
	30/09/2009 US\$'000	30/09/2008 US\$'000	30/09/2009 US\$'000	30/09/2008 US\$'000
<u>Cash flows from operating activities</u>				
(Loss)/profit before taxation	(42,023)	19,886	(31,293)	29,703
Adjustments for :				
Depreciation of property, plant and equipment	5,629	5,104	11,091	10,247
Exchange difference on translation	30	(148)	158	(67)
Interest income	(8)	(98)	(105)	(616)
Interest expenses	1,868	2,114	3,837	3,064
Impairment of intangible asset	18,042	-	18,042	-
Impairment of inventory	94	-	665	-
Amortisation of intangible asset	-	1,637	1,569	3,138
Write off of property, plant and equipment	17	38	22	38
Gain on disposal of property, plant and equipment	-	(95)	-	(95)
Gain on disposal of joint venture	(598)	-	(598)	-
Foreign exchange loss - unrealised	883	1,199	1,822	566
Impairment in value of joint venture	-	2	-	3
Share of profit of associate and joint venture	(2,378)	(2,817)	(3,751)	(3,629)
Operating profit/(loss) before working capital changes	(18,444)	26,822	1,459	42,352
Changes in working capital				
-decrease/(increase) in inventories	264	(2,468)	263	(3,133)
-decrease/(increase) in work-in-progress	313	(962)	219	(1,185)
-decrease/(increase) in operating receivables	4,441	(13,241)	5,862	(18,178)
-increase/(decrease) in operating payables	30,536	(13,680)	23,903	3,262
Cash generated from/(used in) operations	17,110	(3,529)	31,706	23,118
Income taxes paid	(1,493)	(13,121)	(13,181)	(21,043)
Net cash generated from/(used in) operating activities	15,617	(16,650)	18,525	2,075
<u>Cash flows from investing activities</u>				
Interest received	8	144	105	615
Dividend from associate	172	821	2,965	821
Acquisition of :				
-property, plant and equipment (Note A)	(44,152)	(24,622)	(68,554)	(166,526)
Proceeds from :				
-disposal of property, plant and equipment	-	126	-	126
-disposal of joint venture	598	-	598	-
Net cash used in investing activities	(43,374)	(23,531)	(64,886)	(164,964)
<u>Cash flows from financing activities</u>				
Proceeds from issued of new shares (Note B)	-	-	58,420	280,434
Interest paid	(1,346)	(2,114)	(3,315)	(3,064)
Fixed deposits (pledge)/release as security	2,391	2,529	(250)	(2,623)
(Repayment to) / Loan from :				
-hire purchase creditor	(49)	(53)	(85)	(80)
-bank loan	(10,023)	(14,752)	(190,192)	(29,246)
-financial institution loan	12,500	-	12,500	-
-shareholder loan	13,415	-	145,164	(115,000)
Net cash generated from/(used in) financing activities	16,888	(14,390)	22,242	130,421
Net decrease in cash and cash equivalents	(10,869)	(54,571)	(24,119)	(32,468)
Effect of foreign exchange rate changes	(883)	(1,199)	(1,822)	(566)
Cash and cash equivalents at the beginning	25,189	68,466	39,378	45,730
Cash and cash equivalents at the end (Note C)	13,437	12,696	13,437	12,696

(A) Purchase of property, plant and equipment

During the financial period, the Group acquired plant and equipment with an aggregate cost of US\$68.554 million (2008 - US\$167.093 million) of which US\$Nil (2008 - US\$567,000) was acquired by means of finance lease. Cash payments of US\$68.554 million (2008 - US\$166.526 million) were made for the purchases.

(B) Issuance of shares

Group			
Second Quarter		6 months ended	
30/09/2009	30/09/2008	30/09/2009	30/09/2008
US\$'000	US\$'000	US\$'000	US\$'000
Issuance of shares	-	58,420	280,434
Cash consideration	-	58,420	280,434

(C) Cash and Cash Equivalents

Group	
As at 30 September	
2009	2008
US\$'000	US\$'000
Fixed deposits	50
Cash and bank balances	13,637
Fixed deposits pledged to bank	13,687
Cash and cash equivalents in consolidated cash flow statement	(250)
	12,696
	13,437

(D) Review of Cash Flow Statement

The Group's net cash inflow from operating activities for 1HFY2010 was US\$18.5 million. The operating cash flow was mainly contributed by operating activities of US\$1.4 million and from working capital of US\$17.1 million.

The net cash outflow of US\$64.9 million in investing activities was mainly attributed to the upgrading costs of the Explorer, amounting to US\$68.5 million. This was offset by dividend of US\$3 million received from the Group's associated company and US\$0.6 million from the divestment of the Group's joint venture company.

The net cash inflow from financing activities of US\$22.2 million was mainly due to funds raised from shareholder loans of US\$145.1 million, a loan of US\$12.5 million from a financial institution and net proceeds of US\$58.4 million pursuant to a rights issue completed on 29 May 2009. The increased proceeds raised was offset by the repayment of a bank loan amounting to US\$190.2 million.

As a result, net cash and cash equivalent increased to US\$13.4 million in 1HFY2010 as compared to US\$12.7 million in 1HFY2009.

1(d)(i) Statement of Comprehensive Income

With effect from 1 January 2009, FRS1 Presentation of Financial Statements requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognized directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	Group			
	Second Quarter		6 months ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/profit for the period	(43,918)	6,133	(45,102)	7,872
Other comprehensive (loss)/income for the period:				
Translation differences relating to financial statements of foreign subsidiaries	84	(219)	276	(157)
Increase in other reserve	44	-	44	-
Increase in hedging reserve	(17)	-	220	-
Other comprehensive income for the period	111	(219)	540	(157)
Total comprehensive (loss)/income for the period	(43,807)	5,914	(44,562)	7,715
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(22,542)	4,499	(21,743)	5,767
Non-controlling interests	(21,265)	1,415	(22,819)	1,948
Total comprehensive (loss)/income for the period	(43,807)	5,914	(44,562)	7,715

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 financial year ended 30/09/2009

	Share Capital US\$'000	Other Reserve US\$'000	Exchange Translation Reserve US\$'000	(Accumulated Losses)/ Retained Profits US\$'000	Grand Total US\$'000
Company					
6 months ended 30 September 2009					
Balance as at 01/04/2009	310,224	-	-	9,144	319,368
Issued during the period	58,420	-	-	-	58,420
Total comprehensive income for the period	-	-	-	4,117	4,117
Balance as at 30/06/2009	368,644	-	-	13,261	381,905
Balance as at 30/06/2009	368,644	-	-	13,261	381,905
Total comprehensive income for the period	-	44	-	1,474	1,518
Balance as at 30/09/2009	368,644	44	-	14,735	383,423
6 months ended 30 September 2008					
Balance as at 01/04/2008	24,672	-	2,853	5,024	32,549
Issued during the period	280,434	-	-	-	280,434
Reclassification of exchange translation reserve	2,407	-	(2,853)	446	-
Total comprehensive income for the period	-	-	-	2,025	2,025
Balance as at 30/06/2008	307,513	-	-	7,495	315,008
Balance as at 30/06/2008	307,513	-	-	7,495	315,008
Total comprehensive income for the period	-	-	-	3,014	3,014
Balance as at 30/09/2008	307,513	-	-	10,509	318,022

Statement of Changes in Equity for the financial year ended 30/09/2009

	Share Capital US\$'000	Other Reserve US\$'000	Hedging Derivative Reserve S\$'000	Exchange Fluctuation Reserve US\$'000	Total Reserve US\$'000	(Accumulated Losses) Retained Profits US\$'000	Non- controlling Interests US\$'000	Grand Total US\$'000
Group								
<u>6 months ended 30 September 2009</u>								
Balance as at 01/04/2009	310,224	2,982	(975)	908	2,915	(16,059)	140,413	437,493
Issued during the period	58,420	-	-	-	-	-	-	58,420
Total comprehensive income for the period	-	-	131	192	323	476	(1,554)	(755)
Balance as at 30/06/2009	368,644	2,982	(844)	1,100	3,238	(15,583)	138,859	496,158
Balance as at 30/06/2009	368,644	2,982	(844)	1,100	3,238	(15,583)	138,859	496,158
Total comprehensive income for the period	-	44	(9)	84	119	(22,661)	(21,265)	(43,807)
Balance as at 30/09/2009	368,644	3,026	(853)	1,184	3,357	(38,244)	117,594	451,351
<u>6 months ended 30 September 2008</u>								
Balance as at 01/04/2008	24,672	2,982	-	3,698	6,680	3,001	160,651	196,004
Issued during the period	280,434	-	-	-	-	-	-	280,434
Reclassification of exchange translation reserve	2,407	-	-	(2,407)	(2,407)	-	-	-
Total comprehensive income for the period	-	-	-	62	62	1,206	533	1,801
Balance as at 30/06/2008	307,513	2,982	-	1,353	4,335	4,207	161,184	477,239
Balance as at 30/06/2008	307,513	2,982	-	1,353	4,335	4,207	161,184	477,239
Issued during the period	-	-	-	-	-	-	-	-
Reclassification of other reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(219)	(219)	4,718	1,415	5,914
Balance as at 30/09/2008	307,513	2,982	-	1,134	4,116	8,925	162,599	483,153

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 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.

Since the end of the previous quarter, there has been no change in the Company's issued share capital.

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.

The total number of issued shares, excluding treasury shares, as at 30 September 2009 was 1,845,702,160 compared to 1,186,171,830 as at 31 March 2009.

		No.of shares
1 April 2009	Balance at beginning	1,186,171,830
29 May 2009	Rights issue during the year	<u>659,530,330</u>
30 September 2009	Balance at end	<u>1,845,702,160</u>

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.

Not Applicable.

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

These figures have not been audited nor reviewed by the 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 Part 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied for the audited financial statements for the year ended 31 March 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.

Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation to Financial Statements - Revised presentation
FRS 2 (Revised)	Inventories
FRS 7 (Amendment)	Cash Flow Statements
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 16 (Revised)	Property, Plant and Equipment
FRS 19 (Amendment)	Employee Benefits
FRS 23 (Revised)	Borrowing Costs

FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 33 (Revised)	Earnings per Share
FRS 34 (Amendment)	Interim Financial Reporting
FRS 36 (Revised)	Impairment of Assets
FRS 38 (Revised)	Intangible Assets
Amendments to FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures - Reclassification of Financial Assets
FRS 108	Operating Segments

The adoption of the above new or amended FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the disclosure of a statement of comprehensive income in accordance with FRS 1 (Revised) Presentation to 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.

The earnings per share is calculated by dividing the loss attributable to shareholders of US\$22.185 million (30 September 2008: profit US\$5.924 million) by the weighted average number of shares of 1,625,858,717 (30 September 2008: 1,021,804,415 shares) in issue during the financial period.

The diluted earnings per share is calculated by dividing the loss attributable to shareholders of US\$22.185 million (30 September 2008: profit US\$5.924 million) by the adjusted weighted average number of shares of 1,625,858,717 (30 September 2008: 1,021,804,415) in issue during the financial period.

	<u>Group</u>			
	<u>Second Quarter</u>		<u>6 months ended</u>	
	<u>30/09/2009</u>	<u>30/09/2008</u>	<u>30/09/2009</u>	<u>30/09/2008</u>
Basic EPS (in cents - US\$)	(1.394)	0.462	(1.365)	0.580
Fully diluted EPS (in cents - US\$)	(1.394)	0.462	(1.365)	0.580

7. Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>30/09/2009</u>	<u>31/03/2009</u>	<u>30/09/2009</u>	<u>31/03/2009</u>
	Net Assets Value ("NAV") per share (in cents - US)	18.08	25.05	20.77

NAV per share is calculated by dividing the net assets by the existing issued share capital of 1,845,702,160 shares (31 March 2009: 1,186,171,830 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

General Developments

The Group's joint venture, Zhejiang Econ Foundation Engineering Co. Ltd ("JV") established with Zhejiang Construction Engineering Group Co. Ltd ("Zhejiang Construction") expired on 23 August 2009. As a result, the Group entered into a share transfer agreement with Zhejiang Construction to dispose of its interest in the JV for a consideration of approximately US\$598,000. The transaction was completed on 3 September 2009 whereupon the JV ceased to be a Group company.

The Discoverer underwent repairs, which included repairing the compensator, installation of failsafe valves on the BOP stack and new BOP control pods, in July 2009. The Discoverer subsequently resumed operations on 13 October 2009.

For The Six Months Ended 30 September 2009 (1HFY2010)

The Group registered lower revenue of US\$44.2 million in 1HFY2010 as compared to US\$81 million in 1HFY2009. This represents a drop of 45%. The decline from offshore drilling and building services divisions was 43% and 61% respectively.

The Group suffered operating loss before tax and non-controlling interests of US\$31.3 million in 1HFY2010. After taking into consideration tax amounting to US\$13.8 million, of which US\$13 million was withholding tax for income derived by the Neptune Marine Oil & Gas Ltd ("Neptune Marine") group in Venezuela, the Group incurred a net loss after tax and non-controlling interests of US\$22.2 million in 1HFY2010 against a net profit of US\$5.9 million in 1HFY2009. Due to the downtime suffered by the Discoverer in its drilling operations and the prevailing industry climate, the Company reviewed its intangible assets which relates to the long term drilling contract and deemed it prudent to recognise an impairment loss of US\$18 million.

Offshore Drilling

Revenue for 1HFY2010 decreased from US\$68.6 million in 1HFY2009 to US\$39.4 million. The decrease in revenue in 1HFY2010 over the same period last year was due to the Discoverer being out of operations due to repairs from early July to mid October 2009.

The Neptune Marine group generated negative earnings before interest, impairment, depreciation and amortisation of US\$12.1 million for 1HFY2010.

The Neptune Marine group suffered an operating loss of US\$38.4 million in 1HFY2010 after deducting depreciation of US\$11 million, amortisation of intangible asset of US\$1.6 million, impairment of intangible asset of US\$18 million and interest expense of US\$8.7 million. Additionally, the Neptune Marine group had withholding taxes deducted from income derived from Venezuela at a rate of 30.6%. After deducting US\$13 million of withholding tax expense, the Neptune Marine group recorded a loss US\$51.4 million. Non-controlling interests' share of Neptune Marine's loss was US\$22.9 million.

Building Services

The building services division recorded a profit after tax of US\$2.2 million in 1HFY2010 as compared to US\$3.4 million in 1HFY2009.

Statement of Financial Position

Non-current assets

The Group's fixed assets rose to US\$818.4 million as at 30 September 2009 from US\$760.8 million as at 31 March 2009. This was mainly the result of an increase in capital expenditure on the Explorer due to upgrading work.

Intangible assets (value of the long term drilling contract for the Discoverer) of US\$19.6 million as at 31 March 2009 was fully amortised and impaired during 1HFY2010.

Investment in associate increased from US\$10.4 million as at 31 March 2009 to US\$10.7 million as at 30 September 2009 due mainly to the Company's share of profit of US\$3.3 million less dividend of US\$3 million received.

Current assets

Group current assets decline by US\$32.7 million from US\$65 million as at 31 March 2009 to US\$32.3 million as at 30 September 2009 due mainly to a decrease in cash balance which was used for Group working capital.

Equity attributable to equity holders of the Group

Equity attributable to shareholders of the Group increased by US\$36.7 million from US\$297.1 million as at 31 March 2009 to US\$333.8 million as at 30 September 2009. Share capital increased by US\$58.4 million as a result of the rights issue completed on 29 May 2009. Negative reserve increased from US\$13.1 million as at 31 March 2009 to US\$34.9 million as at 30 September 2009 due to a loss of US\$22.2 million registered in 1HFY2010.

Non-Current Liabilities

Non-current liabilities decreased by US\$68.3 million from US\$115.2 million as at 31 March 2009 to US\$46.9 million as at 30 September 2009 due primarily to the repayment of a US\$50 million bridge loan from Morton Bay.

Current Liabilities

The Group's current liabilities increased by US\$59.9 million from US\$303.3 million as at 31 March 2009 to US\$363.2 million as at 30 September 2009. This was due to a US\$38 million increase in shareholder's loan to fund the upgrading of the Explorer and repairs carried out on the Discoverer. Trade and other payables increased by US\$24.4 million due mainly to shipyard and upgrading costs incurred for the Explorer.

For The Second Quarter Ended 30 September 2009 (Q2FY2010)

Group revenue decreased by 90% from US\$49.7 million in Q2FY2009 to US\$5.2 million in Q2FY2010. The decline was due principally to the downtime on the Discoverer.

Revenue from offshore drilling decreased by 94% from US\$42.7 million in Q2FY2009 to US\$2.5 million in Q2FY2010. Revenue from building services declined by 61% from US\$7 million in Q2FY2009 to US\$2.7 million in Q2FY2010.

The Group suffered a net loss after tax and non-controlling interests of US\$22.7 million in Q2FY2010 as compared to a profit of US\$4.7 million in Q2FY2009.

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

The Group's second quarter results are consistent with the commentary issued in the announcement of its results for the previous quarter.

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.

Oil prices are currently trading in the region of US\$75 to US\$80 per barrel. The Group believes that as the global economy recovers, the demand for oil and gas exploration services such as deepwater drilling will improve.

On 2 October 2009, the Group's main subsidiary, Neptune Marine, announced that it had completed the upgrading of the Explorer. The Explorer is a dynamically positioned deepwater drilling rig equipped to work in water depths of up to 5,000 feet. At present, Neptune is actively exploring commercial options to deploy the Explorer.

The Discoverer had completed its repairs and had resumed operations on 13 October 2009.

The Company held 45% of Resource Holding Limited ("Resource"). On 11 October 2009, the Company together with the other shareholders of Resource, entered into a sale and purchase agreement with Keller Holdings Limited ("Keller") to sell the entire equity interest in Resource to Keller. The sale was completed on 14 October 2009. The disposal of Resource is in line with the Company's strategic focus to divest its non-core businesses and to realign its resources on its core business of offshore drilling.

11. Dividend

Current Financial Period Reported On

None.

Corresponding Period of the Immediately Preceding Financial Year

None.

Date payable

Not applicable.

Books closure date

Not applicable.

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

No interim dividend has been recommended.

13. Interested Person Transaction

<u>Name of interested person</u>	Aggregate value of all interested person transactions conducted under shareholders' mandate for 1HFY2010 pursuant to Rule 920 of the Listing Manual <u>(excluding transactions of less than S\$100,000)</u>
Morton Bay (Holdings) Pte Ltd	US\$5.43 million
Ashmore Global Special Situations Fund 2 Limited	US\$0.24 million

The above transaction values represent the interest expense on loans from interested persons. There was no transaction which was not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual in 1HFY2010.

14. Negative assurance statement

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the first half financial results as at 30 September 2009 to be false or misleading, in any material respect.

BY ORDER OF THE BOARD

Lee Mee Kium
Company Secretary

11 November 2009