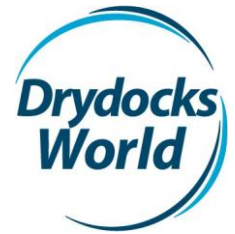


Message from the CEO

Thursday, 6 May, 2010



The events at our Graha Shipyard two weeks ago received worldwide coverage in the media and were damaging to our reputation and that of the industry in Batam in general. There are no winners in these circumstances but there are lessons to be learned and it is encouraging to report that the effort to understand and address the issues has involved the full spectrum of interested parties all of whom are determined to put the event behind us, repair the damage, and move on stronger from the unfortunate experience.

Constructive discussions have been held with all parties representing the employee and commercial interests of Batam as well as Drydocks World. These include the Mayor's office, the Batam Industrial Development Association (BIDA), the Investment Ministry, Unions, the Police & Military, the Subcontractors Association, the Indian High Commission, and members of the Batam community. I extend my thanks to everyone for their support. We are all committed to ensuring that the disruption is not repeated and to reassure our employees, customers, suppliers, and the full cross section of individuals involved in our industry regardless of race or nationality, that they are safe and welcome in our shipyards.

To this end, we have taken a number of initiatives that we hope will address the possible causes of the disturbance.

- We will host a friendship evening in Batam to which all of the above will be invited.
- We will organize talks on intercultural awareness and communications skills to be attended by our management and supervisors.
- We are modifying our new employee induction programme to include a section on cultural awareness.
- We are reviewing workplace security.
- We are summarizing the main points of the company's grievance procedure and will prominently display the HR contact details for anyone who feels that they may be being treated unfairly or without due respect.
- We are reviewing our subcontractor appointment procedures to ensure that payments to their work force are made promptly and that there are no unfair deductions.

We have some real challenges to get Graha up and running to full capacity and recover the time that has been lost on some high value and high profile contracts. Our customers have been very supportive and we owe it to them to do our very best to minimize the impact on their business.

It would be dishonest of me to suggest that the events have not had a serious impact on our efforts to win new business, but the positive news is that we have a strong order book and even at the height of the problems we have secured further high tech work from an existing customer. More on this in the future, in the meantime, the best thing that we can do is to put this behind us and demonstrate our teamwork by meeting or exceeding our customer's expectations.

A handwritten signature in blue ink, appearing to read 'Denis Welch', with a horizontal line underneath.

Denis Welch

Chief Executive Officer

Drydocks World – Southeast Asia Pte. Limited