



UNAUDITED HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2007

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		Increase/ (Decrease) %
	1H FY2008 \$'000	1H FY2007 \$'000	
Shipbuilding	117,304	100,524	16.7
Shiprepair and other marine related services	32,590	21,315	52.9
Shipchartering and rental	43,479	34,517	26.0
Total revenue	193,373	156,356	23.7
Cost of sales	(157,256)	(132,038)	19.1
Gross profit	36,117	24,318	48.5
Other operating income	5,166	2,703	91.1
Administrative expenses	(4,728)	(4,199)	12.6
Other operating expenses	(1,490)	(1,142)	30.5
Finance costs	(2,631)	(2,072)	27.0
Share of profit of jointly-controlled entities	107	50	114.0
Profit before tax	32,541	19,658	65.5
Tax expense	(4,922)	(2,538)	93.9
Profit for the period	27,619	17,120	61.3
Attributable to:			
Equity holders of the Company	27,984	16,766	66.9
Minority interests	(365)	354	(203.1)
	27,619	17,120	61.3

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

	Group	
	1H FY2008	1H FY2007
	\$'000	\$'000
Allowance for doubtful trade receivables	(312)	(489)
Allowance for doubtful non-trade receivables	(35)	-
Allowance for doubtful trade receivables written back	1,010	186
Amortisation of lease prepayments	(99)	(79)
Bad debts written off	(1)	-
Depreciation of property, plant and equipment	(10,174)	(7,646)
Fair value gain on forward currency contract not qualifying as hedges	-	18
Gain on disposal of property, plant and equipment	3,198	2,230
Interest income	1,003	352
Loss on foreign exchange (net)	(1,460)	(824)
Property, plant and equipment written off	(640)	(16)
Share-based payments expense	-	(38)
Adjustment for under provision of tax in respect of prior years		
- Current tax expense	(269)	(42)
- Deferred tax expense	(650)	(59)

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

	Group		Company	
	31-Dec-07 \$'000	30-Jun-07 \$'000	31-Dec-07 \$'000	30-Jun-07 \$'000
Non-current assets				
Property, plant and equipment	256,535	216,391	283	305
Lease prepayments	4,336	4,458	-	-
Subsidiaries	-	-	20,370	20,370
Interest in jointly-controlled entities	20,897	21,476	26,540	26,540
Finance lease receivables	1,795	235	-	-
	283,563	242,560	47,193	47,215
Current assets				
Inventories	20,888	10,681	-	-
Construction work-in-progress	55,887	36,091	-	-
Trade and other receivables	60,746	94,436	64	26
Finance lease receivables	2,130	2,223	-	-
Amount due from related parties	11,186	10,013	65,484	50,893
Derivative financial instruments	6,324	500	18	72
Cash and cash equivalents	75,156	47,668	349	446
	232,317	201,612	65,915	51,437
Current liabilities				
Trade and other payables	76,789	74,685	229	371
Progress billings in excess of construction work-in-progress	101,979	70,813	-	-
Amount due to related parties	-	-	14,170	18,774
Trust receipts	10,172	24,151	-	-
Interest-bearing liabilities	37,850	41,294	8,841	5,966
Finance lease liabilities	543	243	48	47
Derivative financial instruments	1,917	2,940	-	-
Current tax liabilities	4,923	4,301	30	29
	234,173	218,427	23,318	25,187
Net current (liabilities)/assets	(1,856)	(16,815)	42,597	26,250
Non-current liabilities				
Loan from minority shareholders of subsidiaries	(3,351)	(3,649)	-	-
Interest-bearing liabilities	(66,734)	(59,242)	-	(5,570)
Finance lease liabilities	(1,333)	(558)	(101)	(125)
Deferred tax liabilities	(7,825)	(5,551)	-	-
	(79,243)	(69,000)	(101)	(5,695)
Net assets	202,464	156,745	89,689	67,770
Share capital	80,649	58,430	80,649	58,430
Reserves	118,533	94,484	9,040	9,340
	199,182	152,914	89,689	67,770
Minority interests	3,282	3,831	-	-
Total equity	202,464	156,745	89,689	67,770

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-Dec-07		As at 30-Jun-07	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
33,734	14,831	25,837	39,851

Amount repayable after one year

As at 31-Dec-07		As at 30-Jun-07	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
68,067	-	59,800	-

Details of any collateral

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 certain charter income and insurance of vessels of subsidiaries

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

	Group	
	1H FY2008	1H FY2007
	\$'000	\$'000
Operating activities		
Profit before tax	32,541	19,658
Adjustments for:		
Amortisation of lease prepayments	99	79
Allowance for/ (written back of) doubtful receivables	(663)	303
Bad debts written off (trade)	1	-
Depreciation of property, plant and equipment	10,174	7,646
Fair value gain on forward currency contracts not qualifying as hedges	-	(18)
Gain on disposal of property, plant and equipment	(3,198)	(2,230)
Interest expense	2,631	2,072
Interest income	(1,003)	(352)
Loss on dissolution of a subsidiary	52	-
Property, plant and equipment written off	640	16
Provisions	50	780
Share-based payments expense	-	38
Share of profit of jointly-controlled entities	(107)	(50)
Operating profit before working capital changes	41,217	27,942

Changes in working capital:		
Inventories	(10,207)	1,070
Construction work-in-progress and progress billings in excess of construction work-in-progress	11,489	7,678
Trade and other receivables	34,397	(24,188)
Trade and other payables	2,439	6,977
Balances with related parties (trade)	1,866	(2,880)
Cash generated from operations	81,201	16,599
Income tax paid	(2,832)	(1,107)
Net cash inflow from operating activities	78,369	15,492
Investing activities		
Interest received	1,003	352
Purchase of property, plant and equipment	(63,291)	(52,616)
Proceeds from disposal of property, plant and equipment	15,456	21,881
Balances with related parties (non trade)	(3,039)	(1,656)
Net cash outflow from investing activities	(49,871)	(32,039)
Financing activities		
Interest paid	(2,589)	(1,919)
Dividends paid	(8,317)	(5,516)
Repayment of interest-bearing liabilities	(36,155)	(15,743)
Proceeds from interest-bearing liabilities	40,203	30,198
Repayment of finance lease liabilities	(171)	(97)
Proceeds from finance lease receivables	(1,467)	1,090
Proceeds from issue of shares by the Company	21,665	886
Proceeds from issue of shares to minority shareholders of a subsidiary	-	553
Repayment of loan from minority shareholders of a subsidiary	(119)	-
Repayment of trust receipts	(44,265)	(19,477)
Proceeds from trust receipts	30,286	23,507
Net cash (outflow)/ inflow from financing activities	(929)	13,482
Net increase/ (decrease) in cash and cash equivalents	27,569	(3,065)
Cash and cash equivalents at beginning of period	47,668	28,629
Effects of exchange rate changes on opening cash and cash equivalents	(81)	(40)
Cash and cash equivalents at end of period	75,156	25,524

- 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-Dec-07 and 31-Dec-06

Group	Attributable to equity holders of the Company								
	Share capital	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total reserves	Minority interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1H FY2008									
Balance at 1-Jul-07	58,430	595	78	(1,656)	(2,375)	97,842	94,484	3,831	156,745
Net change in hedging reserve	-	-	-	-	6,002	-	6,002	(27)	5,975
Net effect of exchange differences	-	-	-	(1,066)	-	-	(1,066)	(157)	(1,223)
Net income and expenses recognised directly in equity	-	-	-	(1,066)	6,002	-	4,936	(184)	4,752
Profit for the period	-	-	-	-	-	27,984	27,984	(365)	27,619
Total recognised income and expenses for the period	-	-	-	(1,066)	6,002	27,984	32,920	(549)	32,371
Dividends on ordinary shares	-	-	-	-	-	(8,317)	(8,317)	-	(8,317)
Issue of shares under ESOS ¹	66	-	(11)	-	-	-	(11)	-	55
Issue of shares under warrants	22,153	(543)	-	-	-	-	(543)	-	21,610
At 31-Dec-07	80,649	52	67	(2,722)	3,627	117,509	118,533	3,282	202,464
1H FY2007									
Balance at 1-Jul-06	54,437	660	288	(1,207)	2,163	63,110	65,014	2,236	121,687
Net change in hedging reserve	-	-	-	-	(1,232)	-	(1,232)	(18)	(1,250)
Net effect of exchange differences	-	-	-	(626)	-	-	(626)	(79)	(705)
Net expenses recognised directly in equity	-	-	-	(626)	(1,232)	-	(1,858)	(97)	(1,955)
Profit for the period	-	-	-	-	-	16,766	16,766	354	17,120
Total recognised income and expenses for the period	-	-	-	(626)	(1,232)	16,766	14,908	257	15,165
Dividends on ordinary shares	-	-	-	-	-	(5,516)	(5,516)	-	(5,516)
Recognition of equity-settled share options to employees	-	-	37	-	-	-	37	-	37
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	553	553
Issue of shares under ESOS ¹	729	-	(146)	-	-	-	(146)	-	583
Issue of shares under warrants	311	(8)	-	-	-	-	(8)	-	303
At 31-Dec-06	55,477	652	179	(1,833)	931	74,360	74,289	3,046	132,812

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 31-Dec-07 and 31-Dec-06

<u>Company</u>	Attributable to equity holders of the Company						
	Share capital \$'000	Capital reserve \$'000	Employee share option reserve \$'000	Hedging reserve \$'000	Accumulated Profits \$'000	Total reserves \$'000	Total Equity \$'000
1H FY2008							
Balance at 1-Jul-07	58,430	595	78	72	8,595	9,340	67,770
Net change in hedging reserve	-	-	-	(54)	-	(54)	(54)
Net expenses recognised directly in equity	-	-	-	(54)	-	(54)	(54)
Profit for the period	-	-	-	-	8,625	8,625	8,625
Total recognised income and expenses for the period	-	-	-	(54)	8,625	8,571	8,571
Dividends on ordinary shares	-	-	-	-	(8,317)	(8,317)	(8,317)
Issue of shares under ESOS ¹	66	-	(11)	-	-	(11)	55
Issue of shares under warrants	22,153	(543)	-	-	-	(543)	21,610
At 31-Dec-07	80,649	52	67	18	8,903	9,040	89,689
1H FY2007							
Balance at 1-Jul-06	54,437	660	288	394	7,704	9,046	63,483
Net change in hedging reserve	-	-	-	(168)	-	(168)	(168)
Net expenses recognised directly in equity	-	-	-	(168)	-	(168)	(168)
Profit for the period	-	-	-	-	5,629	5,629	5,629
Total recognised income and expenses for the period	-	-	-	(168)	5,629	5,461	5,461
Dividends on ordinary shares	-	-	-	-	(5,516)	(5,516)	(5,516)
Recognition of equity-settled share options to employees	-	-	37	-	-	37	37
Issue of shares under ESOS ¹	729	-	(146)	-	-	(146)	583
Issue of shares under warrants	311	(8)	-	-	-	(8)	303
At 31-Dec-06	55,477	652	179	226	7,817	8,874	64,351

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 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")	Warrants
Balance as at 30-Jun-07	256,206,000	809,000	44,615,000
Number of ESOS exercised	100,000	(100,000)	-
Number of warrants exercised	40,774,500	-	(40,774,500)
Balance as at 31-Dec-07	<u>297,080,500</u>	<u>709,000</u>	<u>3,840,500</u>

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-Dec-07	ESOS outstanding as at 30-Jun-07	ESOS outstanding as at 31-Dec-06
<u>Employees</u>						
	18-Dec-04	18-Dec-04 to 17-Dec-13	\$0.55	30,000	80,000	170,000
	18-Dec-05	18-Dec-05 to 17-Dec-13	\$0.55	46,000	67,000	207,000
	18-Dec-06	18-Dec-06 to 17-Dec-13	\$0.55	133,000	162,000	782,000
				<u>209,000</u>	<u>309,000</u>	<u>1,159,000</u>
<u>Independent Directors</u>						
	18-Dec-04	18-Dec-04 to 17-Dec-08	\$0.55	200,000	200,000	200,000
	18-Dec-05	18-Dec-05 to 17-Dec-08	\$0.55	150,000	150,000	150,000
	18-Dec-06	18-Dec-06 to 17-Dec-08	\$0.55	150,000	150,000	225,000
				<u>500,000</u>	<u>500,000</u>	<u>575,000</u>
Total				<u>709,000</u>	<u>809,000</u>	<u>1,734,000</u>

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 half year ended 31 December 2007 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ang Kok Tian
Chairman and Managing Director

Ang Ah Nui
Deputy Managing Director

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

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

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period reported as in the last audited financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

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

Earnings per ordinary share based on net profit attributable to shareholders:-	Group	
	1H FY2008	1H FY2007
(i) On weighted average number of ordinary shares in issue	10.26 cents	6.70 cents
(ii) On a fully diluted basis	9.58 cents	6.23 cents

Note to item 6 (i):

The calculation of basic earnings per ordinary share of the Group is based on net profit for the period attributable to ordinary shareholders amounting to \$27,984,000 (31 Dec 06: \$16,766,000) and the weighted average of 272,766,959 (31 Dec 06: 250,102,821) ordinary shares in issue during the period.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share of the Group is based on net profit for the period attributable to ordinary shareholders amounting to \$27,984,000 (31 Dec 06: \$16,766,000) and the weighted average of 292,103,767 (31 Dec 06: 269,090,243) ordinary shares in issue during the period, adjusted for the effect arising from share options and warrants of 19,336,808 (31 Dec 06: 18,987,422) shares.

7. **Net asset 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.

	Group		Company	
	31-Dec-07	30-Jun-07	31-Dec-07	30-Jun-07
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates	67.05 cents	59.68 cents	30.19 cents	26.45 cents

Note:

The calculation of net asset value of the Group and of the Company is based on 297,080,500 (30 Jun 07: 256,206,000) ordinary shares in issue as at the respective balance sheet dates.

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 OPERATING PERFORMANCE FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	1H FY2008			1H FY2007		
	Revenue \$'000	Gross Profit \$'000	Gross Profit Margin	Revenue \$'000	Gross Profit \$'000	Gross Profit Margin
Shipbuilding	117,304	12,417	10.6%	100,524	6,099	6.1%
Shiprepair and other marine related services	32,590	10,245	31.4%	21,315	5,821	27.3%
Shipchartering and rental	43,479	13,455	30.9%	34,517	12,398	35.9%
	193,373	36,117	18.7%	156,356	24,318	15.6%

Revenue

The Group's total revenue increased by 23.7% from \$156.4 million for period ended 31 December 2006 ("1H FY2007") to \$193.4 million for period ended 31 December 2007 ("1H FY2008"). The Group achieved higher revenue in all three segments with revenue from shipbuilding, shiprepair and shipchartering increasing by 16.7%, 52.9% and 26.0% respectively.

Revenue from shipbuilding operations for 1H FY2008 was \$16.8 million higher as compared to 1H FY2007. The higher revenue was primarily attributable to the progressive recognition of higher value shipbuilding projects undertaken.

Revenue from shiprepair and other marine related services for 1H FY2008 was 52.9% higher as compared to 1H FY2007. This was mainly attributed to an increase in the number of shiprepair and ship conversion jobs undertaken.

Revenue from shipchartering and rental operations for 1H FY2008 was \$9.0 million higher as compared to 1H FY2007. This was mainly attributable to an increase in the Group's fleet size. The Group's fleet size increased from 146 vessels (58 tugs, 1 anchor handling tug and 87 barges) as at 31 December 2006 to 176 vessels (62 tugs, 3 anchor handling tugs and 111 barges) as at 31 December 2007.

Gross profit and gross profit margin

The Group's total gross profit for 1H FY2008 was 48.5% higher as compared to 1H FY2007. The Group achieved a higher overall gross margin of 18.7% in 1H FY2008 as compared to 15.6% for 1H FY2007 due to higher gross profit margins recorded by the shipbuilding and shiprepair operations.

Gross profit from shipbuilding operations for 1H FY2008 more than doubled to \$12.4 million, an increase of \$6.3 million as compared to 1H FY2007. Gross profit margin from shipbuilding operations surged from 6.1% in 1H FY2007 to 10.6% in 1H FY2008 attributed to progressive recognition of higher value projects undertaken as well as from improved operating efficiency.

Gross profit from shiprepair and other marine related services increased by 76.0% to \$10.2 million for 1H FY2008. The Group's shiprepair operations recorded a higher gross profit margin of 31.4% in 1H FY2008 mainly attributed to higher margin shiprepair jobs undertaken during the period.

Gross profit from shipchartering and rental operations of \$13.5 million in 1H FY2008 was \$1.1 million higher as compared to 1H FY2007. The Group's shipchartering operations recorded lower gross profit margin of 30.9% for 1H FY2008 due to (i) lower vessel utilisation due to more of the Group's vessels under mandatory repair during the period; and (ii) a higher proportion of charter income under contract of affreightment which generally yields lower margin.

Other income

Other income of \$5.2 million for 1H FY2008 was \$2.5 million higher as compared to 1H FY2007.

Other income in 1H FY2008 mainly arose from a gain on disposal of plant and equipment of \$3.2 million (1H FY2007: \$2.2 million), miscellaneous income of \$1.0 million (1H FY2007: \$0.1 million) and interest income of \$1.0 million (1H FY2007: \$0.4 million). The gain on disposal of plant and equipment included the sale of 10 vessels (1H FY2007: 10 vessels) to third parties. The disposals are part of the Group's fleet renewal program. The miscellaneous income mainly comprised insurance claims.

Administrative expenses

Administrative expenses of \$4.7 million was \$0.5 million higher as compared to 1H FY2007. The increase was mainly attributed to higher manpower costs (increased by \$0.3 million) as well as an increase in certain administrative expenses in line with higher business activities.

Other operating expenses

Other operating expenses of \$1.5 million was \$0.3 million higher as compared to 1H FY2007. The increase was mainly due to higher plant and equipment written off of \$0.6 million (1HFY2007: \$16,000) and mostly unrealised foreign exchange loss arising mainly from intercompany loans of \$0.7 million (1H FY2008: \$1.5 million 1H FY2007: \$0.8 million), partially offset by write-back of allowance of doubtful trade receivables of \$0.7 million as compared to allowance made for doubtful trade receivables of \$0.3 million in 1H FY2007.

Finance costs

Finance costs of \$2.6 million in 1H FY2008 was \$0.6 million higher mainly due to higher borrowings arising from the expansion of the Group's fleet from 146 vessels to 176 vessels.

Finance costs comprised mainly of \$2.5 million interests for term loans and \$0.1 million interests for trust receipts. Term loan interests increased by \$0.6 million mainly due to increase in borrowings for fleet expansion for the shipchartering operations and yard facilities development. The Group hedges against interest rate fluctuations on its long term borrowings by way of interest rate swaps.

Share of profit of jointly-controlled entities

Share of profit of jointly-controlled entities, namely the ASL Energy Pte Ltd and its subsidiaries ("ASL Energy Group") and HKR-ASL, was \$0.1 million in 1H FY2008 (1H FY2007: \$0.05 million).

The share of net profit from ASL Energy Group was \$0.2 million in 1H FY2008 as compared to a loss of \$0.1 million in 1H FY2007. ASL Energy Group recorded higher earnings in 1H FY2008 mainly attributed to higher charter income from its fleet of vessels including a 65,000 dwt floating terminal, offset by higher bank loan interest and absence of share of profit contribution from Tabang coal concession. ASL Energy Group had in July 2007 entered a conditional agreement to dispose its entire interests in Tabang coal concession, in the event that completion does not occur on or before 30 June 2008, the conditional agreement will lapse.

Profit before taxation

In line with revenue growth and higher gross profit margins, the Group's profit before taxation of \$32.5 million for 1H FY2008 was \$12.9 million or 65.5% higher as compared to 1H FY2007.

Income tax expense

The Group's taxation charge rose by \$2.4 million to \$4.9 million in 1H FY2008 of which \$0.7 million was due to an adjustment for prior year deferred tax expense. The Group's effective tax rate of 12.3% for 1H FY2008 was marginally lower than the 12.4% recorded for 1H FY2007 mainly attributed to the 2% reduction in Singapore corporate tax rate to 18% offset by higher proportion of non-exempt shipping profits in 1H FY2008.

Minority interests

Minority shareholders' share of losses amounting to \$0.4 million in 1H FY2008, consequently the Group's profit attributable to equity holders for the period was \$28.0 million. The reasons for the losses incurred by non-wholly owned foreign subsidiaries were due to higher foreign exchange losses, allowance for doubtful debts and initial start up costs.

Operating cash flow

Net cash inflow from operating activities of \$78.4 million in 1H FY2008 was \$62.9 million higher as compared to 1H FY2007. During the financial period, the Group funded its vessel fleet expansion mainly through its positive operating cash flows, external borrowings and proceeds from issuance of shares due to conversion of warrants.

REVIEW OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2007

Non-current assets

Property, plant and equipment increased by \$40.1 million from \$216.4 million as at 30 June 2007 to \$256.5 million as at 31 December 2007. The increase was mainly due to acquisition of plant and equipment of \$64.5 million (inclusive of \$45.0 million for vessels and \$6.1 million for plant and machinery) partially offset by disposal of plant and equipment of net book value totalling \$12.3 million, depreciation charge of \$10.3 million and others (including the write-off of plant and equipment) of \$1.8 million.

The Group's total depreciation charge of \$10.2 million in 1H FY2008 was \$2.6 million higher as compared to 1H FY2007 mainly attributed to increase in fleet size from 146 vessels as at 31 December 2006 to 176 vessels as at 31 December 2007.

Current assets

Current assets increased by \$30.7 million from \$201.6 million as at 30 June 2007 to \$232.3 million as at 31 December 2007. The increase was mainly due to higher inventories, construction work-in-progress, amount due from related parties, derivative financial instruments and cash and cash equivalents offset by decrease in trade and other receivables.

Inventories increased by \$10.2 million mainly due to raw material (mainly steel) purchased for shipbuilding projects.

Amount due from related parties comprised of receivables from the Group's jointly-controlled entities, ASL Energy Pte Ltd and HKR-ASL.

The increase in derivative financial instruments assets pertained to mark-to-market gains derived mainly from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and bank borrowing. The Group entered into "plain vanilla" forward contracts to hedge against foreign currency fluctuations.

Cash and cash equivalents increased by \$27.5 million to \$75.2 million which comprised payments received from customers based on progress billings mainly for shipbuilding projects.

Trade and other receivables of \$60.7 million comprised of trade receivables of \$47.1 million and other receivables of \$13.7 million. Due to improvement in collection and lower shipbuilding milestone billings towards the end of current financial period end, average debtors turnover improved from 84 days as at 30 June 2007 to 49 days as at 31 December 2007.

Current liabilities

Current liabilities increased by \$15.7 million from \$218.4 million as at 30 June 2007 to \$234.2 million as at 31 December 2007.

Trade payables and other payables increased by \$2.1 million in line with the increased level of business activities.

Trust receipts decreased by \$14.0 million due to repayment made during the period.

The decrease in current portion of interest-bearing liabilities of \$3.4 million was mainly due to lower short term loan borrowings as at 31 December 2007.

The decrease of derivative financial instruments liabilities was mainly due to lower mark-to-market losses derived mainly from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and payables.

Net current liabilities

The net current liabilities of \$1.9 million as at 31 December 2007 and \$16.8 million as at 30 June 2007 included net progress billings in excess of construction work-in-progress of \$46.1 million and \$34.7 million respectively. The increase in net progress billings in excess of construction work-in-progress were mainly attributed to initial milestone billings received for certain shipbuilding projects. There were 46 projects as at 31 December 2007 (30 June 2007 : 45 projects).

Excluding the construction work-in-progress and progress billings in excess of construction work-in-progress, the Group's net current assets as at 31 December 2007 and 30 June 2007 was \$44.2 million and \$17.9 million respectively.

Non-current liabilities

Non-current liabilities increased by \$10.2 million to \$79.2 million as at 31 December 2007. The increase was mainly due to higher interest bearing liabilities and deferred tax liabilities.

Non-current interest bearing liabilities rose by \$7.5m. Total interest-bearing liabilities (including current and non-current interest bearing liabilities) increased by \$4.0 million to \$104.6 million as at 31 December 2007. The increase was mainly due to new term loans of \$40.2 million partially offset by the redemption and repayment of loans of \$36.2 million in 1H FY2008.

Deferred tax rose by a net \$2.3 million to \$7.8 million as at 31 December 2007.

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

In the FY2007 full year financial statements announcements made on 23 August 2007, the Group was optimistic of achieving revenue and earnings growth in FY2008.

The Group recorded higher revenue and profit after tax in 1H FY2008 as compared to 1H FY2007 which is in line with the prospect statement indicated in the announcements made on 23 August 2007.

In the FY2007 full year financial statements announcement made on 23 August 2007, the Group announced plan to further strengthen its shipchartering fleet by taking delivery of 37 vessels worth approximately \$85 million in FY2008. During 1H FY2008, the Group had taken delivery of 31 vessels worth \$45 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

Based on the Group's outstanding order book for shipbuilding, expanded shiprepair capabilities and enlarged fleet size for shipchartering operations, barring any unforeseen circumstances, the Group is optimistic of achieving higher revenue and earnings in FY2008 as compared to FY2007.

Shipbuilding and Shiprepair Operations

As at 31 December 2007, the Group had an outstanding order book for shipbuilding of approximately \$609 million for the building of 46 vessels including offshore support vessels, offshore construction vessels, tugs, barges, water injection dredger and other vessels.

Barring any unforeseen circumstances, approximately 25% of the order book is expected to be recognised within the six months ending 30 June 2008 ("2HFY2008"). Subsequent to 31 December 2007, the Group secured additional shipbuilding contracts for 4 vessels worth \$51 million where recognition of income is expected after FY2008. In addition, the Group has an outstanding shipbuilding order book of approximately \$31 million for the building of 7 vessels for companies from within the Group.

The outlook for the Group's shiprepair operations remains positive which is underpinned by healthy demand for shiprepair, enhanced docking facilities and a newly completed finger pier in Batam.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts, with approximately 16% contribution from long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2007, the Group had an outstanding order book of approximately \$16 million with respect to long term shipchartering contracts.

As at 31 December 2007, the Group had plan to increase its shipchartering fleet by taking delivery of 15 vessels worth approximately \$53 million including towing tug, Azimuth Stern Drive tug, Straight Supply vessel, Anchor Handling Towing/ Supply vessel and Anchor Handling tug (of which 7 vessels worth approximately \$31 million are to be built internally).

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 December 2007.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
4 February 2008