ASL MARINE HOLDINGS LTD (CO. REG. NO. 200008542N)

Unaudited Half Year Financial Statement Announcement

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		
	31 Dec 04	**31 Dec 03**	**Increase/ (Decrease)**
	$'000	**$'000**	**%**
Shipbuilding	48,759	20,623	136.4
Shiprepairs and other marine related services	4,820	9,927	(51.4)
Charter and rental income	15,509	16,017	(3.2)
Total revenue	**69,088**	**46,567**	**48.4**
Cost of sales	(62,152)	(42,334)	46.8
Gross profit	**6,936**	**4,233**	**63.9**
Other operating income	4,678	2,716	72.2
Administrative expenses	(2,817)	(2,425)	16.2
Other operating expenses	(1,098)	(9)	12,100.0
Profit from operations	**7,699**	**4,515**	**70.5**
Finance costs	(1,106)	(612)	80.7
Share of profit / (loss) of jointly-controlled entity	188	(6)	100.0
Profit before taxation and minority interests	**6,781**	**3,897**	**74.0**
Income tax expense	(1,012)	(1,030)	(1.7)
Profit after taxation but before minority interests	**5,769**	**2,867**	**101.2**
Minority Interests	107	(4)	NM
Net profit for the period	**5,876**	**2,863**	**105.2**

NM – Not Meaningful

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

	Group	
	31 Dec 04	**31 Dec 03**
	$'000	**$'000**
Other income including interest income	427	2,298
Gain on disposal of other financial assets	2	-
Profit on disposal of plant and equipment	4,249	418
Depreciation of property, plant and equipment	(3,358)	(2,720)
Amortisation of lease prepayments	(67)	(67)
Allowance made for foreseeable losses	-	(656)
Allowance made for doubtful trade receivables	(5)	-
Allowance for doubtful trade receivables written back	25	811
(Loss)/ gain on foreign exchange	(1,095)	41
Adjustment for (under)/ over provision for tax in respect of prior years		
- Current tax expense	(8)	-
- Deferred tax expense	3	(29)

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 04	30 Jun 04	31 Dec 04	30 Jun 04
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	74,122	64,850	457	291
Lease prepayments	2,644	2,711	-	-
Subsidiaries	-	-	15,246	15,246
Interest in jointly-controlled entity	14,822	13,686	20,540	14,540
Other financial assets	38	50	-	-
	91,626	81,297	36,243	30,077
Current assets				
Inventories	10,774	12,780	-	-
Construction work-in-progress	18,698	12,559	-	-
Trade and other receivables	37,092	31,661	757	21
Amounts due from related parties	11,314	8,042	29,022	17,726
Cash and cash equivalents	15,829	15,270	874	102
	93,707	80,312	30,653	17,849
Current liabilities				
Bank overdrafts (unsecured)	-	37	-	-
Trade and other payables	37,998	27,256	237	182
Provision for liquidated damages	-	224	-	-
Progress billings in excess of construction work-in-progress	22,228	17,329	-	-
Amounts due to related parties	-	-	7,712	7,568
Trust receipts	6,693	23,475	-	-
Interest-bearing borrowings	16,808	6,588	2,490	-
Finance lease liabilities	482	1,076	73	50
Current tax payable	2,143	2,835	-	-
	86,352	78,820	10,512	7,800
Net current assets	**7,355**	**1,492**	**20,141**	**10,049**
Non-current liabilities				
Interest-bearing borrowings	(25,086)	(11,018)	(17,510)	-
Finance lease liabilities	(225)	(163)	(225)	(159)
Deferred tax liabilities	(3,458)	(3,352)	-	-
	(28,769)	(14,533)	(17,735)	(159)
Minority interests	(8)	(118)	-	-
Net assets	**70,204**	**68,138**	**38,649**	**39,967**
Capital and reserves				
Share capital	21,808	21,808	21,808	21,808
Reserves	48,396	46,330	16,841	18,159
	70,204	**68,138**	**38,649**	**39,967**

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 04		As at 30 Jun 04	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
7,292	16,691	6,714	24,462

Amount repayable after one year

As at 31 Dec 04		As at 30 Jun 04	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
25,311	-	11,181	-

Details of any collateral

The Group's borrowings are secured by way of:

- Corporate guarantee from the Company and certain subsidiaries
- Legal mortgage of the Group's leasehold property
- Legal mortgages over certain vessels of subsidiaries
- Legal mortgages over certain plant and machineries of subsidiaries
- Assignment of certain charter income of subsidiaries
- Assignment of insurance of certain 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	
	31 Dec 04	**31 Dec 03**
	$'000	**$'000**
Operating activities		
Profit from ordinary activities before taxation	**6,781**	**3,897**
Adjustments for:		
Depreciation of property, plant & equipment	3,358	2,720
Amortisation of lease prepayments	67	67
Gain on disposal of plant & equipment	(4,249)	(418)
Gain on disposal of financial assets	(2)	-
Bad debts written off	3	9
Allowance for foreseeable losses (net)	-	656
Allowance for doubtful trade receivables (written back)/ made (net)	(20)	(811)
Dividend income	(1)	(1)
Interest income	(44)	(16)
Interest expenses	1,106	612
Share of (profits)/ losses of jointly-controlled entity	(188)	6
Operating profit before working capital changes	**6,811**	**6,721**

Changes in working capital:		
Inventories	1,941	251
Construction work-in-progress	(1,203)	23,925
Trade and other receivables	(5,421)	(13,428)
Trade and other payables	11,427	(3,357)
Balances with related parties (trade)	(5,571)	(2,111)
Cash generated from operations	7,984	12,001
Income tax paid	(1,403)	(520)
Net cash inflow from operating activities	**6,581**	**11,481**
Investing activities		
Interest received	44	16
Dividend received	1	1
Investment in jointly-controlled entity	-	(1,500)
Loan to jointly-controlled entity	(6,000)	-
Purchase of property, plant & equipment	(21,524)	(7,052)
Proceeds from disposal of plant & equipment	16,370	1,740
Proceeds from disposal of financial assets	14	-
Balances with related parties (non trade)	2,299	598
Net cash outflow from investing activities	**(8,796)**	**(6,197)**
Financing activities		
Interest paid	(1,106)	(612)
Dividend paid	(3,053)	(2,772)
Repayment of interest-bearing borrowings	(11,248)	(1,617)
Proceeds from interest-bearing borrowings	35,535	1,360
Repayment of finance lease liabilities	(652)	(615)
Proceeds from finance lease liabilities	120	-
Proceeds from issue of shares to minority shareholder of a subsidiary	-	9
Payment for share issue expenses	-	(152)
Repayment of trust receipts	(23,475)	(7,505)
Proceeds from trust receipts	6,693	-
Net cash inflow/ (outflow) from financing activities	**2,814**	**(11,904)**
Net increase/ (decrease) in cash and cash equivalents	**599**	**(6,620)**
Cash and cash equivalents at beginning of period	15,233	9,880
Cash and cash equivalents at end of period	**15,832**	**3,260**

Note: **Cash and cash equivalents is stated net of bank overdraft and exchange differences arising from opening cash and cash equivalents of a foreign subsidiary**

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 half year ended 31 Dec 03 and 31 Dec 04 (Group)

	Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange translation reserve $'000	Accumulated profits $'000	Total $'000
At 1 Jul 2003	19,800	4,063	-	-	26,268	50,131
Net profit for the period	-	-	-	-	2,863	2,863
Dividends	-	-	-	-	(2,772)	(2,772)
At 31 Dec 2003	19,800	4,063	-	-	26,359	50,222
At 1 Jul 2004	21,808	12,079	660	151	33,440	68,138
Net profit for the period	-	-	-	-	5,876	5,876
Dividends	-	-	-	-	(3,053)	(3,053)
Exchange differences arising on consolidation	-	-	-	(757)	-	(757)
At 31 Dec 2004	21,808	12,079	660	(606)	36,263	70,204

Statement of Changes in Equity for the half year ended 31 Dec 03 and 31 Dec 04 (Company)

	Share capital $'000	Share premium $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
At 1 Jul 2003	19,800	4,063	-	3,600	27,463
Net loss for the period	-	-	-	(183)	(183)
Dividends	-	-	-	(2,772)	(2,772)
At 31 Dec 2003	19,800	4,063	-	645	24,508
At 1 Jul 2004	21,808	12,079	660	5,420	39,967
Net profit for the period	-	-	-	1,735	1,735
Dividends	-	-	-	(3,053)	(3,053)
At 31 Dec 2004	21,808	12,079	660	4,102	38,649

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

On 18 December 2003, the Company offered 5,850,000 options to eligible employees and non-executive directors of the Group (collectively the "Grantees") under the ASL Employee Share Option Scheme (the "Scheme") to subscribe for and be allotted an aggregate of 5,850,000 ordinary shares of $0.10 each in the Company at an exercise price of $0.55 per share. The options are exercisable in accordance with the following vesting schedule:-

- Approximately 40% of options on or after 18 December 2004;
- Approximately 30% of options on or after 18 December 2005; and
- Approximately 30% of options on or after 18 December 2006

Acceptance of the offer of options closed on 17 January 2004 and a total of 5,500,000 options have been accepted by the Grantees and are exercisable as follows:-

- 2,200,000 options on or after 18 December 2004;
- 1,669,000 options on or after 18 December 2005; and
- 1,631,000 options on or after 18 December 2006.

Since the date of grant to the end of the financial period, 900,000 options were cancelled due to resignation of staff.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 of the current financial period reported as in the last audited annual 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

NA.

6. Earnings per ordinary share of the group for the current 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	
	31 Dec 04	**31 Dec 03**
(i) Based on weighted average number of ordinary shares in issue	2.69cts	1.45cts
(ii) On a fully diluted basis	2.69cts	1.45cts

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 $5,876,460 (2003: $2,862,963) and the weighted average of 218,080,000 (2003:198,000,000) 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 $5,876,460 (2003: $2,862,963) and the weighted average of 218,080,000 (2003:198,000,000) ordinary shares in issue during the period.

The basic and diluted earnings per ordinary share of the Group are the same as the Company does not have any outstanding share options and warrants that are dilutive in nature as at balance sheet dates.

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	31 Dec 04	**30 Jun 04**	**31 Dec 04**	**30 Jun 04**
Net asset value per ordinary share based on issued share capital at end of:	32.19cts	31.24cts	17.72cts	18.33cts

Note:
The calculation of net asset value of the Group and of the Company is based on 218,080,000 ordinary shares in issue as at 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. The review must discuss 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. It must also discuss 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 2004

Revenue
Group revenue increased by 48.4% from $46.6 million for half year ended 31 December 2003 ("1H2004") to $69.1 million for half year ended 31 December 2004 ("1H2005"). The increase was mainly attributable to the increase in revenue of $28.1 million or 136.4% from shipbuilding operations. Revenue from shiprepairs and other marine related services and shipchartering and rental operations decreased by 51.4% and 3.2% respectively.

Revenue from shipbuilding operations increased from $20.6 million in 1H2004 to $48.8 million in 1H2005. The higher revenue was attributable to the recognition of revenue for the construction of 11 tugboats, 14 barges and a floating terminal in 1H2005, compared to 6 tugboats and 18 barges in 1H2004. Approximately 88% of the increase in shipbuilding revenue was attributed to the recognition of revenue for the construction of Azimuth Stern Drive tugboats which generally have a higher contract value.

Revenue from shiprepairs and other marine related services for 1H2005 was $4.8 million, a decrease of 51.4% compared to 1H2004. The Group had trading sales of vessels, cranes and ship plates of approximately $2.9 million in 1H2004 as compared to $0.4 million in 1H2005. In addition, there were fewer shiprepair jobs undertaken during the financial period under review as the Group focused on utilising its resources to fulfill the higher demand for shipbuilding services.

Revenue from shipchartering and rental operations decreased by $0.5 million from $16.0 million in 1H2004 to $15.5 million in 1H2005 due to discontinuance of the coal shipping contract with its jointly-controlled entity, ASL Energy Pte Ltd ("ASL Energy") in October 2004 as a result of the sale of 11 pairs of tugboats and barges to ASL Energy.

Gross profit and gross profit margin

For 1H2005, overall gross profit was $6.9 million, an increase of 63.9% compared to 1H2004. Overall gross profit margin increased from 9.1% to 10.0% due to higher gross profit margins from shipbuilding, shiprepairs and shipchartering operations.

Gross profit from shipbuilding operations was $2.4 million for 1H2005, an increase of $2.5 million compared to 1H2004, resulting in an increase in gross profit margin from -0.5% in 1H2004 to 4.9% in 1H2005. The improvement in gross profit is mainly attributed to better pricing derived from projects recognised in 1H2005 as compared to 1H2004.

Gross profit from shiprepairs and other marine related services decreased from $3.0 million in 1H2004 to $2.2 million in 1H2005, a decrease of $0.7 million. However, the gross profit margin improved from 29.8% in 1H2004 to 45.9% in 1H2005. The better margin was attributed to substantially lower proportion of trading sales of vessels, cranes and ship plates which generally yields a lower gross profit margin. The increase was also partially due to improved margins derived from the conversion works undertaken in 1H2005.

Gross profit from shipchartering and rental operations was $2.3 million, an increase of $0.9 million as compared to $1.4 million in 1H2004. Gross profit margin for shipchartering and rental operations increased from 8.6% in 1H2004 to 15.0% in 1H2005. In 1H2004, the gross profit margin was affected by higher repair and improvement costs, higher third parties vessels charter costs and mobilization costs incurred for the deployment of vessels in Indonesia for coal transportation.

Other income

Other income increased by $2.0 million from $2.7 million in 1H2004 to $4.7 million in 1H2005. Other income in 1H2005 comprised mainly gain on disposal of plant and equipment of $4.2 million which arose substantially from the sale of 11 pairs of tugboats and barges to ASL Energy (proportionately recognised) and miscellaneous income of $0.4 million. Miscellaneous income comprised mainly commission and management fee of $0.2 million received from ASL Energy.

Comparatively, other income in 1H2004 comprised mainly gain on disposal of plant and equipment of $0.4 million, miscellaneous income of $1.4 million and write back of allowance for doubtful trade receivables of $0.8 million. Miscellaneous income comprised mainly insurance compensation of $0.4 million and sale of metal scrap of $0.9 million.

Administrative expenses

Administrative expenses were $2.8 million in 1H2005 compared to $2.4 million in 1H2004. The increase was mainly attributable to increased headcount in line with the increase in business activity.

Other operating expenses

Other operating expenses were $9,000 in 1H2004 compared to $1.1 million in 1H2005. Other operating expenses in 1H2005 comprised mainly foreign exchange losses incurred of which $0.4 million were unrealised. Realised exchange loss of $0.7 million was incurred owing to the substantial depreciation of the United States Dollars (US$) against Singapore Dollars ($) during the period as a substantial portion of our revenue are denominated in US$ while the majority of our costs are in $. Unrealised exchange loss is substantially due to the revaluation of foreign currency denominated assets and liabilities at the end of the period.

Finance costs

Finance costs were $1.1 million in 1H2005 compared to $0.6 million in 1H2004. Finance costs comprised $0.9 million incurred for term loans and $0.2 million for trust receipts, which were meant substantially for our operational needs. The increase was due to higher utilization of trade finance facilities and draw down of $20 million transferable loan facility primarily to finance the increased business activities within the Group.

Profit before taxation
The Group achieved a profit before taxation of $6.8 million and $3.9 million for 1H2005 and 1H2004 respectively. The increase of $2.9 million or 74.0% was due to 63.9% increase in gross profit, higher other income and share of profits in jointly-controlled entity, offset by the increase in other operating expenses.

Income tax expense
The Group's taxation charge in 1H2005 remained marginally the same as in1H2004. The Group's effective tax rate was 11.6% for 1H2005 compared to 25.7% for 1H2004 as there was substantially higher proportion of exempt profits in 1H2005 as compared to 1H2004.

Operating cashflow
Net cash inflow from operating activities decreased by 42.7% from $11.5 million in 1H2004 to $6.6 million in 1H2005.

This was mainly due to the proportionately higher increase in construction work-in-progress compared to the increase in the advance payment received from customers, partially offset by the higher trade and other payables in 1H2005 as compared to 1H2004.,

REVIEW OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2004 AND 30 JUNE 2004

Non-current assets
Non-current assets comprised mainly property, plant and equipment which are stated at cost less depreciation and impairment loss, lease prepayments less amortisation and interest in a jointly-controlled entity. Property, plant and equipment increased by $9.2 million to $74.1 million as at 31 December 2004 from $64.9 million as at 30 June 2004. The increase was due to acquisition of vessels and plant and equipment aggregating $21.5 million, partially offset by disposal of vessels and plant and equipment of net book value totalling $8.6 million, and depreciation charge for the period of $3.4 million. During 1H2005, the Group granted loans amounting to $6.0 million to its jointly-controlled entity which was partially offset by its proportionate share of unrealised gain from sale of vessels to the jointly-controlled entity and movement in the translation reserve.

Current assets
Current assets comprised inventories, construction work-in-progress, trade and other receivables, amount due from jointly-controlled entity as well as cash and cash equivalents.

Current assets increased by $13.4 million to $93.7 million as at 31 December 2004 from $80.3 million as at 30 June 2004. The increase was mainly due to the increase in construction work-in-progress, trade and other receivables, amount due from jointly-controlled entity and cash and cash equivalents partially offset by decrease in inventories.

As at 31 December 2004, construction work-in-progress was higher than that as at 30 June 2004 by $6.1 million as we had 18 uncompleted shipbuilding projects (majority in late stages of completion) as at 1H2005 compared to 17 such projects (majority in early stages of progress) as at 1H2004. Trade receivables and other receivables increased by $0.8 million and $4.6 million respectively. Other receivables comprising deposits, prepayments and other debtors increased from $2.6 million to $7.2 million mainly due to downpayment for the purchase of vessels and machineries of $4.2 million. Amount due from jointly-controlled entity of $11.3 million mainly comprised billings for shipbuilding projects as well as chartering of vessels to the jointly-controlled entity. Inventories decreased by $2.0 million due to usage of materials for existing projects on hand.

Current liabilities
Current liabilities comprised bank overdraft, trade and other payables, provision for liquidated damages, progress billings in excess of construction work-in-progress, amount due to jointly-controlled entity, trust receipts, current portions of interest-bearing borrowings and finance lease liabilities and current tax payable.

Current liabilities increased by $7.5 million to $86.3 million as at 31 December 2004 from $78.8 million as at 30 June 2004. Trade and other payables, progress billings in excess of construction work-in-progress and current portions of interest-bearing borrowings increased by $10.7 million, $4.9 million and $10.2 million respectively, while provision for liquidated damages, trust receipts, finance lease liabilities and current tax payable decreased by $0.2 million, $16.8 million, $0.6 million and $0.7 million respectively.

The increase in trade and other payables was in line with the increased level of business activities. Progress billings in excess of construction work-in-progress increased due to advance billings made for tugboats in accordance with agreed milestones. The increase in current portions of interest-bearing borrowings by $10.2

million resulted from the increased use of short term loans amounting to $9.0 million to finance the Group's increased level of business activities and the draw down of $20 million transferable loan which was partially offset by redemption of three term loans during the period under review. The provision for liquidated damages was utilised for claims made under one of the shipbuilding projects. The trust receipts decreased due to settlement made from utilisation of cash and cash-equivalents and term loans drawn down in 1H2005.

Non-current liabilities
Non-current liabilities comprised interest-bearing borrowings, finance lease liabilities and deferred tax liabilities. Non-current liabilities increased by $14.2 million to $28.8 million as at 31 December 2004 from $14.5 million as at 30 June 2004. The increase was mainly due to draw down of the $20 million transferable loan, partially offset by redemption of loans during the financial period under review.

Share capital and reserves
Shareholder's equity, comprising share capital, share premium, capital reserve, exchange translation reserve and accumulated profits, increased by $2.1 million to $70.2 million as at 31 December 2004 from $68.1 million as at 30 June 2004. This was due to the net profits of $5.9 million earned by the Group for 1H2005 set off against dividend of $3.0 million paid for FY2004 and foreign exchange translation movement of $0.8 million during 1H2005.

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

Overall, there is no variance between the actual results for 1H2005 and the prospect statement indicated in the announcements made on 26 August 2004. Based on the generally more positive business environment and the Group's outstanding order books, the Group is optimistic that the revenue and profit after tax for the Group for FY2005 will be higher than that of FY2004.

10. A commentary at the date of the announcement of the 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

Industry Outlook
The marine industry is expected to continue its positive industry outlook.

In view of the Group's strong order books, the Group expects to achieve revenue and profitability growth for FY2005, barring the adverse impact that may be caused by further increases in insurance premium and prices of steel and fuel.

Shipyard Operations
As at 31 December 2004, the Group has an outstanding order book for shipbuilding of approximately $175.4 million. Approximately 50% of these projects are expected to be recognised within the six months ending 30 June 2005 ("2H2005"), with the balance to be recognised in the financial year ending 30 June 2006 ("FY2006"). Subsequent to 31 December 2004, an additional contract for the construction of 1 barge worth $2.2 million was secured.

Overall, revenue and gross profit margin for shipbuilding in FY2005 are expected to be higher as vessels with better contract value and margins are expected to be built in FY2005 as compared to FY2004. Revenue from shiprepairs and other marine related services in FY2005 is expected to be depressed as resources will be utilised to fulfill the shipbuilding commitments while the gross profit margin is expected to be maintained. The shiprepair revenue is expected to improve when the 5,000 dwt floating dock facility becomes operational in the later part of 2H2005 as more types of repair works would be undertaken with the expanded dock facility.

Shipchartering Operations
As at 31 December 2004, the Group has an outstanding order book for shipchartering of approximately $10.1 million. In addition, a substantial portion of shipchartering revenue is short-term and ad-hoc in nature.

Further, the Group will be taking delivery of 9 vessels in 2H2005 amounting to approximately $15.0 million. The Group is also in active discussion with various parties to form strategic alliances/joint ventures to take advantage of the buoyant shipchartering market in the region.

Jointly-controlled Entity Operations
ASL Energy has taken delivery of 18 tugboats and 13 barges worth an aggregate $20.1 million in 1H2005. With these acquisitions, ASL Energy has retired most of the third parties vessels on charter and as a result thereof, the profit margin is expected to further improve.

On the Indonesian coal concession, the first shipment of coal from our Tabang coal concession is expected to be in 2H2005. However, as production of coal would take some time to reach its optimal capacity, the guaranteed minimal operating cashflow for FY2005 of US$2.3 million would be the likely profit contribution expected for the coal mining and marketing business.

For the medium to longer term, the 65,000 dwt floating terminal is expected to be completed and operational by the end of the first half of FY2006. This strategic investment serves to further strengthen our foothold in the Indonesian coal industry and thereby securing continuity to the operations.

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 2004.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
3 February 2005