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

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2006

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		
		30-Jun-06	30-Jun-05	Increase/ (Decrease)
	Note	$'000	$'000	%
Shipbuilding		123,312	96,519	27.8
Shiprepair and other marine related services		23,307	10,062	131.6
Charter and rental income		51,039	32,599	56.6
Total revenue		**197,658**	**139,180**	**42.0**
Cost of sales		(168,499)	(126,357)	33.4
Gross profit		**29,159**	**12,823**	**127.4**
Other operating income		9,953	10,304	(3.4)
Administrative expenses	1	(7,572)	(5,968)	26.9
Other operating expenses	2	(1,837)	(1,015)	81.0
Finance costs	3	(3,420)	(1,962)	74.3
Share of profit of jointly-controlled entities		257	1,923	(86.6)
Profit before taxation		**26,540**	**16,105**	**64.8**
Income tax expense		(2,919)	(2,405)	21.4
Profit for the year		**23,621**	**13,700**	**72.4**
Attributable to:				
Equity holders of the Company		**23,066**	**13,586**	**69.8**
Minority interests		**555**	**114**	**386.8**
		23,621	**13,700**	**72.4**

Notes:

1. The increase in administrative expenses was mainly due to higher manpower costs (increased by $0.8 million) which included share compensation expenses of $0.4 million accounted for in accordance with FRS 102.

2. The increase in operating expenses was mainly due to higher foreign exchange loss (increased by $0.7 million) arising mainly from the general depreciation of the United States dollars against Singapore dollars.

3. The increase in finance costs was mainly due to higher term loan interests (increased by $1.1 million) attributable to increased borrowings and higher interest costs on new borrowings secured.

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

	30-Jun-06 $'000	30-Jun-05 $'000
Allowance for doubtful trade receivables written back	163	45
Allowance made for doubtful trade receivables	(137)	(449)
Amortisation of lease prepayments	(149)	(134)
Bad debts written off (trade)	(677)	(4)
Depreciation of property, plant and equipment	(10,375)	(6,844)
Fair value loss on forward currency contract not qualifying as hedges	(21)	-
Gain on disposal of property, plant and equipment	8,501	9,589
Impairment loss on property, plant and equipment	(93)	-
Interest income	354	113
Loss on foreign exchange	(1,089)	(444)
Property, plant and equipment written off	(4)	(162)
Provision for liquidated damages	(200)	-
Share-based payments expense	(412)	-
Adjustment for over/(under) provision of tax in respect of prior years		
- Current tax expense	117	(189)
- Deferred tax expense	34	-

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	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	161,416	112,024	573	651
Lease prepayments	3,628	2,577	-	-
Subsidiaries	-	-	18,063	15,406
Interest in jointly-controlled entities	21,239	21,192	26,540	26,540
Finance lease receivables	1,728	-	-	-
	188,011	**135,793**	**45,176**	**42,597**
Current assets				
Inventories	8,855	8,335	-	-
Construction work-in-progress	21,031	13,351	-	-
Trade and other receivables	60,125	29,600	32	33
Finance lease receivables	3,843	-	-	-
Amount due from related parties	2,262	5,252	38,674	28,492
Cash and cash equivalents	28,629	31,006	1,286	1,060
Derivative instruments	2,395	-	394	-
	127,140	**87,544**	**40,386**	**29,585**
Current liabilities				
Trade and other payables	59,483	40,057	411	346
Provision for liquidated damages	200	-	-	-
Progress billings in excess of construction work-in-progress	45,170	32,915	-	-
Amount due to related parties	226	124	5,838	12,967
Amount due to minority shareholders	1,262	-	-	-
Trust receipts	6,084	13,937	-	-
Interest-bearing liabilities	21,703	11,153	3,966	2,809
Finance lease liabilities	132	99	99	95
Derivative instruments	112	-	-	-
Current tax payable	2,929	2,542	5	-
	137,301	**100,827**	**10,319**	**16,217**
Net current (liabilities)/assets	**(10,161)**	**(13,283)**	**30,067**	**13,368**
Non-current liabilities				
Loan from minority shareholders	(1,449)	(877)	-	-
Interest-bearing liabilities	(49,433)	(38,750)	(11,536)	(15,503)
Finance lease liabilities	(361)	(323)	(224)	(323)
Deferred tax liabilities	(4,920)	(3,899)	-	-
	(56,163)	(43,849)	(11,760)	(15,826)
Net assets	**121,687**	**78,661**	**63,483**	**40,139**
Share capital	54,437	21,808	54,437	21,808
Share premium	-	12,079	-	12,079
Reserves	65,014	44,503	9,046	6,252
	119,451	**78,390**	**63,483**	**40,139**
Minority interests	2,236	271	-	-
Total equity	**121,687**	**78,661**	**63,483**	**40,139**

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

Amount repayable in one year or less, or on demand

As at 30-Jun-06		As at 30-Jun-05	
Secured	**Unsecured**	**Secured**	**Unsecured**
$'000	**$'000**	**$'000**	**$'000**
17,835	10,084	11,252	13,937

Amount repayable after one year

As at 30-Jun-06		As at 30-Jun-05	
Secured	**Unsecured**	**Secured**	**Unsecured**
$'000	**$'000**	**$'000**	**$'000**
49,794	-	39,073	-

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 mortgage of the Group's leasehold property
- Legal mortgages over certain vessels, plant and machineries 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	
	30-Jun-06	**30-Jun-05**
	$'000	**$'000**
Operating activities		
Profit before taxation	26,540	16,105
Adjustments for:		
Depreciation of property, plant and equipment	10,375	6,844
Impairment loss on property, plant and equipment	93	-
Amortisation of lease prepayments	149	134
Gain on disposal of property, plant and equipment	(8,501)	(9,589)
Loss on disposal of financial assets	-	1
Share-based payments expense	412	-
Fair value loss on forward currency contract not qualifying as hedges	21	-
Share of profit of jointly-controlled entities	(257)	(1,923)
Provision for liquidated damages	200	-
Property, plant and equipment written off	4	162
Bad debts written off (trade)	677	4
Dividend income	-	(2)
Interest income	(354)	(113)
Interest expense	3,420	1,962

Operating profit before working capital changes	**32,779**	**13,585**
Changes in working capital:		
Inventories	(520)	4,445
Construction work-in-progress and progress billings in excess of construction work-in-progress	5,290	15,171
Trade and other receivables	(30,942)	1,469
Trade and other payables	18,657	15,244
Balances with related parties (trade)	4,512	512
Cash generated from operations	**29,776**	**50,426**
Income tax paid	(1,648)	(1,749)
Net cash inflow from operating activities	**28,128**	**48,677**
Investing activities		
Interest received	354	113
Dividend received	-	2
Purchase of property, plant and equipment	(96,071)	(76,870)
Lease prepayments	(914)	-
Proceeds from disposal of property, plant and equipment	37,384	35,250
Proceeds from disposal of financial assets	-	49
Loan to a jointly-controlled entity	-	(12,000)
Balances with related parties (non trade)	(1,420)	2,402
Net cash outflow from investing activities	**(60,667)**	**(51,054)**
Financing activities		
Interest paid	(3,294)	(1,962)
Dividend paid	(3,929)	(3,053)
Repayment of interest-bearing borrowings	(16,595)	(9,522)
Proceeds from interest-bearing borrowings	37,857	42,406
Repayment of finance lease liabilities	(109)	(1,097)
Proceeds from finance lease receivables	470	-
Proceeds from issue of shares (net)	20,426	-
Contributions from minority interests	1,051	40
Repayment of trust receipts	(59,195)	(67,237)
Proceeds from trust receipts	51,342	57,699
Loan from minority shareholders	2,202	877
Net cash inflow from financing activities	**30,226**	**18,151**
Net (decrease)/ increase in cash and cash equivalents	**(2,313)**	**15,774**
Net effect of exchange rate changes in consolidating subsidiaries	(64)	(1)
Cash and cash equivalents at beginning of the year	**31,006**	**15,233**
Cash and cash equivalents at end of the year	**28,629**	**31,006**

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 year ended 30-Jun-05 and 30-Jun-06

Group	Attributable to equity holders of the Company								Minority interests	Total Equity
	Share Capital	Share premium	Capital reserve	Employee share option reserve	Exchange translation reserve	Hedging reserve	Accumulated profits	Total Reserves		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1-Jul-04	**21,808**	**12,079**	**660**	-	**151**	**-**	**33,440**	**34,251**	**118**	**68,256**
Net effect of exchange differences	-	-	-	-	(281)	-	-	**(281)**	39	**(242)**
Net income and expenses recognised directly in equity	-	-	-	**-**	(281)	**-**	**-**	**(281)**	**39**	**(242)**
Profit for the year	-	-	-	-	-	-	13,586	**13,586**	114	**13,700**
Total recognised income for the year	-	-	-	**-**	-	**-**	**13,586**	**13,586**	**114**	**13,700**
Dividends on ordinary shares	-	-	-	-	-	-	(3,053)	**(3,053)**	-	**(3,053)**
At 30-Jun-05	**21,808**	**12,079**	**660**	**-**	**(130)**	**-**	**43,973**	**44,503**	**271**	**78,661**

Statement of Changes in Equity for the year ended 30-Jun-05 and 30-Jun-06

Group	Share Capital $'000	Share premium $'000	Capital reserve $'000	Employee share option reserve $'000	Exchange translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Total Reserves $'000	Minority interests $'000	Total Equity $'000
	Attributable to equity holders of the Company									
Balance at 1-Jul-05, as previously reported	**21,808**	**12,079**	**660**	**-**	**(130)**	**-**	**43,973**	**44,503**	**271**	**78,661**
Effects of adopting FRS 39	-	-	-	-	-	(303)	-	**(303)**	-	**(303)**
At 1-Jul-05, as restated	**21,808**	**12,079**	**660**	-	**(130)**	**(303)**	**43,973**	**44,200**	**271**	**78,358**
Net change in hedging reserve	-	-	-	-	-	2,466	-	**2,466**	481	**2,947**
Net effect of exchange differences	-	-	-	-	(1,077)	-	-	**(1,077)**	(75)	**(1,152)**
Net income and expenses recognised directly in equity	-	-	-	-	**(1,077)**	**2,466**	**-**	**1,389**	**406**	**1,795**
Profit for the year	-	-	-	-	-	-	23,066	**23,066**	555	**23,621**
Total recognised income for the year	-	-	-	-	-	-	**23,066**	**23,066**	**555**	**23,621**
Dividends on ordinary shares	-	-	-	-	-	-	(3,929)	**(3,929)**	-	**(3,929)**
Recognition of equity-settled share options to employees	-	-	-	412	-	-	-	**412**	-	**412**
Exercise of employee share Options	124	-	-	(124)	-	-	-	**(124)**	-	**-**
Issue of ordinary shares	19,735	-	-	-	-	-	-	**-**	1,052	**20,787**
Issue of shares under ESOS*	691	-	-	-	-	-	-	**-**	-	**691**
Transfer from share premium reserve to share capital account**	12,079	(12,079)	-	-	-	-	-	**-**	-	**-**
Acquisition of subsidiaries	-	-	-	-	-	-	-	**-**	(48)	**(48)**
At 30-Jun-06	**54,437**	**-**	**660**	**288**	**(1,207)**	**2,163**	**63,110**	**65,014**	**2,236**	**121,687**

*** ASL Employee Share Option Scheme.**

**** With effect from 30 January 2006, the amount standing to the credit of the Company's share premium account became part of the Company's share capital.**

Statement of Changes in Equity for the year ended 30-Jun-05 and 30-Jun-06								
	Attributable to equity holders of the Company							Total equity
Company	**Share capital $'000**	**Share premium $'000**	**Capital reserve $'000**	**Employee share option reserve $'000**	**Hedging Reserve $'000**	**Accumulated profits $'000**	**Total Reserves $'000**	**$'000**
Balance at 1-Jul-04	**21,808**	**12,079**	**660**	**-**	**-**	**5,420**	**6,080**	**39,967**
Profit for the year	-	-	-	-	-	3,225	**3,225**	**3,225**
Total recognised income for the year	-	-	-	**-**	**-**	**3,225**	**3,225**	**3,225**
Dividends on ordinary shares	-	-	-	-	-	(3,053)	**(3,053)**	**(3,053)**
As at 30-Jun-05	**21,808**	**12,079**	**660**	**-**	**-**	**5,592**	**6,252**	**40,139**
Balance at 1-Jul-05, as previously reported	**21,808**	**12,079**	**660**	**-**	**-**	**5,592**	**6,252**	**40,139**
Effects of adopting FRS 39	-	-	-	-	(5)	-	**(5)**	**(5)**
At 1-Jul-05, as restated	**21,808**	**12,079**	**660**	**-**	**(5)**	**5,592**	**6,247**	**40,134**
Net change in hedging reserve	-	-	-	-	399	-	**399**	**399**
Net income recognised directly in equity	-	-	-	**-**	**399**	**-**	**399**	**399**
Profit for the year	-	-	-	-	-	6,041	**6,041**	**6,041**
Total recognised income for the year	-	-	-	**-**	**-**	**6,041**	**6,041**	**6,041**
Dividends on ordinary shares	-	-	-	-	-	(3,929)	**(3,929)**	**(3,929)**
Recognition of equity-settled share options to employees	-	-	-	412	-	-	**412**	**412**
Exercise of employee share options	124	-	-	(124)	-	-	**(124)**	**-**
Issue of ordinary shares	19,735	-	-	-	-	-	**-**	**19,735**
Issue of shares under ESOS*	691	-	-	-	-	-	**-**	**691**
Transfer from share premium reserve to share capital account**	12,079	(12,079)	-	-	-	-	**-**	**-**
As at 30-Jun-06	**54,437**	**-**	**660**	**288**	**394**	**7,704**	**9,046**	**63,483**

*** ASL Employee Share Option Scheme**

**** With effect from 30 January 2006, the amount standing to the credit of the Company's share premium account became part of the Company's share capital.**

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")
Balance as at 30-Jun-05	218,080,000	4,200,000
Shares placement	30,000,000	-
No. of ESOS exercised	1,256,000	(1,256,000)
Balance as at 30-Jun-06	249,336,000	2,944,000

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

Category	Vesting Period	Exercise Period	Exercise Price	ESOS outstanding as at 30-Jun-06	ESOS outstanding as at 30-Jun-05
Employees					
	18-Dec-04	18-Dec-04 to 17-Dec-13	$0.55	685,000	1,380,000
	18-Dec-05	18-Dec-05 to 17-Dec-13	$0.55	662,000	1,048,000
	18-Dec-06	18-Dec-06 to 17-Dec-13	$0.55	1,022,000	1,022,000
				2,369,000	3,450,000
Independent Directors					
	18-Dec-04	18-Dec-04 to 17-Dec-08	$0.55	200,000	300,000
	18-Dec-05	18-Dec-05 to 17-Dec-08	$0.55	150,000	225,000
	18-Dec-06	18-Dec-06 to 17-Dec-08	$0.55	225,000	225,000
				575,000	750,000
				2,944,000	4,200,000

Pursuant to the provisions of the Companies (Amendment) Act 2005, the concept of par value and authorised capital has been abolished with effect from 30 January 2006. The amount standing to the credit of share premium account as at that date was transferred to share capital.

As at 30 June 2006, there are 49,500,000 (2005: 49,500,000) warrants outstanding.

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 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 item 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial year ended 30 June 2006 as in the last audited financial statements for the financial year ended 30 June 2005.

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

The Group has adopted the following new Financial Reporting Standards (FRS) which took effect from financial year beginning on or after 1 January 2005:

FRS 39, Financial Instruments: Recognition and Measurement
FRS 102, Share-based payment
FRS 103, Business Combinations

The impact of the changes in accounting policies are as follows:

FRS 39
In accordance with the transitional provisions of FRS 39, the effect of recognition, derecognition and measurement of financial instruments, for the periods prior to 1 July 2005, is not restated. Consequently, the comparative figures for 2005 have not been restated. On 1 July 2005, the Company has assessed the impact of FRS 39 on its financial instruments and there was no material impact on the FY2006 financial statements as a result of this adoption.

FRS 102
FRS 102 requires the recognition of a compensation cost arising from equity-based transactions with employees, over the period in which services are rendered that entitle the employees to receive the award. The Group has assessed the option expense amount to be $280,361 as at 30 June 2005. As the amount is not material, this entire expense has been recognised in the profit and loss account of the current financial year.

FRS 103
FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. As the Group does not have any goodwill in its balance sheet, there was no impact on the financial statements for the year ended 30 June 2005.

Apart from the above, the Group adopted various revisions in FRS applicable from 1 January 2005. These do not have any financial impact on the Group. Therefore, apart from the changes in accounting policies arising from adoption of new FRS mentioned above, the Group continues to adopt the same accounting policies as in the last audited financial statements for the financial year ended 30 June 2005.

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	
	30-Jun-06	**30-Jun-05**
(i) Based on weighted average number of ordinary shares in issue	10.02cts	6.23cts
(ii) On a fully diluted basis	9.71cts	6.23cts

Note to item 6 (i):
The calculation of basic earnings per ordinary share of the Group is based on net profit for the year attributable to ordinary shareholders amounting to $23,066,000 (2005: $13,586,000) and the weighted average of 230,197,899 (2005: 218,080,000) ordinary shares in issue during the year.

Note to item 6 (ii):
The calculation of fully diluted earnings per ordinary share of the Group is based on net profit for the year attributable to ordinary shareholders amounting to $23,066,000 (2005: $13,586,000) and the weighted average of 237,565,907 (2005: 218,080,000) ordinary shares in issue during the year, adjusted for the effect arising from share options and warrants of 7,368,009 (2005: Nil) shares. The Company did not have any outstanding share options and warrants that are dilutive in nature as at 30 June 2005.

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	
	30-Jun-06	**30-Jun-05**	**30-Jun-06**	**30-Jun-05**
Net asset value per ordinary share based on issued share capital at end of financial year	47.91cts	35.95cts	25.46cts	18.41cts

Note:
The calculation of net asset value of the Group and of the Company is based on 249,336,000 (2005: 218,080,000) ordinary shares in issue as at the end of the respective financial years.

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 FULL YEAR ENDED 30 JUNE 2006

	Group					
	FY 2006			FY 2005		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	$'000	$'000		$'000	$'000	
Shipbuilding	123,312	5,286	4.3%	96,519	3,062	3.2%
Shiprepair and other marine related services	23,307	7,785	33.4%	10,062	3,472	34.5%
Charter and rental	51,039	16,088	31.5%	32,599	6,289	19.3%
	197,658	29,159	14.8%	139,180	12,823	9.2%

Revenue

The Group's total revenue increased by 42.0% from $139.2 million for financial year ended 30 June 2005 ("FY2005") to $197.7 million for financial year ended 30 June 2006 ("FY2006"). The Group achieved higher revenue in all three segments with revenue from shipbuilding, shiprepair and shipchartering increased by 27.8%, 131.6% and 56.6% respectively.

Revenue from shipbuilding operations increased by $26.8 million from $96.5 million in FY2005 to $123.3 million in FY2006. The higher revenue was primarily attributable to the progressive recognition of revenue from the construction of tugs with higher contract values.

Revenue from shiprepair and other marine related services for FY2006 has more than doubled to $23.3 million, an increase of $13.2 million as compared to FY2005. This was primarily due to more and bigger shiprepair jobs undertaken in FY2006 since the operation of the floating dock in Batam in May 2005.

Revenue from shipchartering and rental operations increased by $18.4 million from $32.6 million in FY2005 to $51.0 million in FY2006. The higher revenue was attributable to increase in fleet size (number as well as capacity), changes in revenue mix and a general increase in charter rates. The Group continued to expand and renew its fleet with the acquistion of more sophisticated, larger and newly built vessels in FY2006. The Group's fleet of vessels have increased from 107 (43 tugs and 64 barges) as at 30 June 2005 to 126 (53 tugs and 73 barges) as at 30 June 2006. The Group recorded higher proportion of time and lump sum charter, which generally command better pricing.

Gross profit and gross profit margin

In line with the higher revenue, the Group's gross profit increased by 127.4% to $29.2 million in FY2006. The Group's overall gross profit margin has also increased from 9.2% for FY2005 to 14.8% for FY2006 with higher earnings recorded for all three segments.

Gross profit from shipbuilding operations increased by $2.2 milion to $5.3 million in FY2006. The Group recorded higher gross profit margin of 4.3% for FY2006 as compared to 3.2% in FY2005 mainly due to better pricing derived from higher value projects recognised in FY2006.

Gross profit from shiprepair and other marine related services increased by $4.3 milion to $7.8 million for FY2006. The higher profit generated was attributed to more and bigger repair jobs undertaken since the operation of the floating dock in Batam in May 2005.

Gross profit from shipchartering and rental operations increased significantly by $9.8 million to $16.1 million in FY2006, with higher gross profit margin of 31.5% as compared to 19.3% for FY2005. This was attributed to higher proportion of time and lumpsum charter performed in FY2006 as compared to projects under contract of affreightment which are of longer contracted terms but generally yields lower margin. In addition, there has been a general increase in charter rates for tugs and barges.

Other income
Other income decreased marginally by $0.3 million from $10.3 million in FY2005 to $10.0 million in FY2006.

Other income in FY2006 comprised mainly gain on disposal of plant and equipment of $8.5 million (FY2005: $9.6 million), miscellaneous income of $1.1 million (FY2005: $0.6 million) and interest income of $0.4 million (FY2005: $0.1 million). The gain on disposal of plant and equipment of $8.5 million comprised the sale of 8 tugs and 27 barges to third parties and sale of 1 tug and 2 barges to a jointly-controlled entity HKR-ASL Joint Venture Ltd (gain recognised proportionately based on ASL Marine's 50% interest).

Included in miscellaneous income are $0.2 million of insurance compensation (FY2005: $0.04 million) and $0.7 million (FY2005: $0.4 million) of commission and management fee received from its jointly-controlled entity, ASL Energy Pte Ltd and its subsidiaries ("ASL Energy Group").

Administrative expenses
Administrative expenses increased by $1.6 million from $6.0 million in FY2005 to $7.6 million in FY2006. The increase was mainly attributable to higher manpower costs (increased by $0.8 million) which included share compensation expenses of $0.4 million accounted for in accordance with FRS 102, as well as general increase in certain administrative expenses in line with higher business activities.

Other operating expenses
Other operating expenses increased by $0.8 million from $1.0 million in FY2005 to $1.8 million in FY2006. Other operating expenses in FY2006 comprised mainly foreign exchange loss of $1.1 million (FY2005: $0.4 million), trade debts written off of $0.6 million and impairment loss of $0.1 million. The foreign exchange loss arose mainly from the general depreciation of United States dollars ("USD") against Singapore dollars ("SGD").

Finance costs
Finance costs increased by $1.4 million from $2.0 million in FY2005 to $3.4 million in FY2006. Finance costs in FY2006 comprised of $2.9 million incurred for term loans and $0.4 million for trust receipts. The term loan interests increased by $1.1 million in FY2006 due to increase in borrowings in line with increased level of business activities, as well as higher interest costs on new borrowings secured. To hedge against the general increase in interest rates, the Group undertook interest rate swaps on its floating rate interest-bearing liabilities.

Share of profit of jointly-controlled entities
Share of profit of jointly-controlled entities, namely the ASL Energy Group and HKR-ASL Joint Venture Ltd, decreased from $1.9 million in FY2005 to $0.3 million in FY2006.

The share of profit from ASL Energy Group decreased by $1.4m to $0.5 million in FY2006. ASL Energy Group recorded lower earning in FY2006 notwithstanding an increase in contributing vessels from 62 (30 tugs and 32 barges) as at 30 June 2005 to 72 (39 tugs and 33 barges) as at 30 June 2006. The decrease was mainly due to higher foreign exchange loss of $1.4 million (proportionate based on ASL Marine's interest of 50%) arising mainly from the general depreciation of USD against SGD, as well as provision for doubtful trade debts. On the other hand, the Group's share of profit contribution from the Tabang coal concession after deducting amortisation expenses increased by $0.2 million in FY2006 (proportionate based on ASL Marine's interest of 25.1%) due to higher amount of guaranteed minimal operating cashflow in FY2006

Profit before taxation
In line with higher revenue and gross profit, the Group achieved a higher profit before taxation of $26.5 million for FY2006, an increase of $10.4 million or 64.8% as compared to $16.1 million for FY2005.

Income tax expense
The Group's taxation charge of $2.9 million in FY2006 was $0.5 million higher as compared to FY2005. The Group's effective tax rate of 11.0% for FY2006 was lower than the 13.2% recorded for FY2005 as there was substantially higher proportion of exempt profits in FY2006 as compared to FY2005.

Operating cashflow
Net cash inflow from operating activities decreased by $20.6 million from $48.7 million in FY2005 to $28.1 million in FY2006. The reduction in cash inflow was mainly attributable to the increase in trade receivables in line with increased level of business activities at all segments and changes in the Group's construction work in progress incurred and progress billings received from projects which varies at different stages of completion.

During the financial year, the Group funded its on-going shipyards development and vessel fleet renewal through its positive operating cash flows, proceeds from share placement and sale of vessels and external borrowings.

REVIEW OF FINANCIAL POSITIONS AS AT 30 JUNE 2006

Non-current assets
Property, plant and equipment increased by $49.4 million from $112.0 million as at 30 June 2005 to $161.4 million as at 30 June 2006. The increase was mainly due to acquisition of plant and equipment of $96.3 million (inclusive of $78.7 million for vessels and $4.1 million for plant and machinery) partially offset by disposal of plant and equipment of net book value totalling $34.9 million, write-off of plant and equipment of $0.1 million and depreciation charge for the year of $11.1 million.

Lease prepayments increased by $1.0 million to $3.6 million mainly due to purchase of land for a new shipyard development in China.

Interest in jointly-controlled entities comprised Group's share of net profit and reserves in these jointly-controlled entities, partially offset by the unrealised gain from Group's sale of vessels to these jointly-controlled entities. During the financial year, the Group invested in a new jointly-controlled entity, HKR-ASL Joint Venture Limited ("HKR-ASL JV") which was incorporated on 19 July 2005 in Hong Kong for the purpose of engaging in the provision of marine transportation services, shipping agency, marine related engineering works and other related services in China.

Finance lease receivables pertain to sale of four vessels during the year which was accounted for as finance leases in accordance with FRS 17 with lease terms ranging from 1 to 2 years.

Current assets
Current assets increased by $39.6 million from $87.5 million as at 30 June 2005 to $127.1 million as at 30 June 2006. The increase was mainly due to higher construction work-in-progress, trade and other receivables, finance lease receivables and derivative instruments partially offset by decrease in amount due from related parties and cash and cash equivalents.

Trade receivables increased by $21.0 million to $43.8 million as at 30 June 2006. The increase in trade receivables was in line with higher level of business activities. Average debtors turnover was 81 days and 66 days as at 30 June 2006 and 30 June 2005 respectively. The increase in debtors turnover was mainly due to higher billings towards the current financial year end for shipbuilding projects as compared to last financial year.

Other receivables comprised mainly downpayment made for purchase of vessels and machinery, prepayments and other debtors. Other receivables increased by $9.5 million to $16.3 million as at 30 June 2006 mainly due to advance payments made for purchase of vessels and yards development.

Amount due from related parties comprised billings to jointly-contolled entities, the decrease was mainly due to payment received during the year.

The derivative instruments of $2.4 million arose from fair valuing of interest rate swaps and foreign exchange forward contracts entered into by the Group for hedging purposes as a result of adopting FRS 39 in FY2006.

Current liabilities
Current liabilities increased by $36.5 million from $100.8 million as at 30 June 2005 to $137.3 million as at 30 June 2006. Trade and other payables, progress billings in excess of construction work-in-progress and current portion of interest-bearing borrowings increased by $19.4 million, $12.3 million and $10.6 million respectively. The increase was partially mitigated by the reduction of trust receipts by $7.9 million.

The increase in trade and other payables was in line with the increased level of business activities.

The increase in current portion of interest-bearing borrowings was mainly due to new term loans of $37.9 million partially offset by the redemption and repayment of loans of $16.6 million in FY2006.

Net current liabilities
Included in the net current liabilities are construction work-in-progress of $21.0 million (FY2005: $13.4 million) and progress billings in excess of construction work-in-progress of $45.2 million (FY2005: $32.9 million). There was a net increase in progress billings in excess of construction work-in-progress from $19.5 million as at 30 June 2005 to $24.2 million as at 30 June 2006. The increase was mainly due to increased number of projects, more higher value contracts secured as well as higher proportion of progressive billings made in accordance with agreed milestones towards the financial year end as compared to last financial year. There were 35 projects in progress as at 30 June 2006 as compared to 26 projects in progress as at 30 June 2005.

Excluding the construction work-in-progress and progress billings in excess of construction work-in-progress, the Group's net current assets as at 30 June 2006 and 30 June 2005 would be $14.0 million and $6.2 million respectively.

Non-current liabilities
Non-current liabilities increased by $12.3 million from $43.9 million as at 30 June 2005 to $56.2 million as at 30 June 2006. The increase was mainly due to draw down of new term loans in FY2006.

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

In line with the prospects provided in the half year financial statement announcement on 26 January 2006, the Group recorded higher revenue and profit after tax for FY2006.

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.

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

In view of the Group's strong order books and increased shipyard capability and capacity, the Group expects to achieve revenue and profit growth for FY2007, barring the adverse impacts that may be caused by further increases in the prices of fuel and raw materials, manpower and subcontractor shortages.

Shipbuilding and Shiprepair Operations
As at 30 June 2006, the Group has an outstanding order book for shipbuilding of approximately $358 million. These include $328 million for the building of 27 vessels (including tankers, tugs and offshore support vessels), $25 million for the building of 7 barges and $5 million for the remaining construction works of a floating terminal for ASL Energy Group. Approximately 58% of these projects are expected to be recognised in the financial year ending 30 June 2007 ("FY2007"), with the balance to be recognised in the financial year ending 30 June 2008 ("FY2008"). The outstanding order book for shipbuilding excludes order book for the building of 3 tugs and 4 barges amounting to $11 million and $1 million respectively for companies within the Group, where revenue and profit will be fully eliminated on group consolidation.

Revenue and gross profit for the shipbuilding and shiprepair operations are expected to be higher in FY2007 in view of the outstanding order book and the full year operation of the 150,000 dwt graving dry dock in Batam.

Shipchartering Operations
The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts, with approximately 30% contribution from long term chartering contracts (contract duration more than one year). As at 30 June 2006, the Group has an outstanding order book of approximately $34 million for long term shipchartering contracts.

In line with the Group's continuing effort to renew its fleet, the Group expects to take delivery of 13 tugs and 14 barges worth an aggregate $43 million (of which 3 tugs and 4 barges worth $16 million are being built internally) in the first half of FY2007.

Jointly-controlled Entities Operations
As at 30 June 2006, ASL Energy Group has a total of 39 tugs and 33 barges.

On the Indonesian coal concession which ASL Energy Group owns 50.2% equity interest, the coal production has yet to reach its optimum capacity. The expected contribution from the coal concession for FY 2007 will continue to be limited to the guaranteed minimal operating cashflow of US$3 million less the amortisation (over 20 years) of the marketing and mining rights to the coal concession which is valued at $40 million.

Due to variations requested by the charterer on the construction of the 65,000 dwt floating terminal, the delivery of the floating terminal is expected to be postponed to the end of first quarter of FY2007. The contribution from chartering is expected to commence in first half of FY2007.

Overall
Based on the generally positive business environment, the Group's outstanding order books and increased capacity and capability, the Group is optimistic that the revenue and earnings for FY2007 will be higher than that of FY2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	First & Final Normal Dividend	Special Dividend
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1.8 cents per ordinary share (Tax-exempt)	0.4 cents per ordinary share (Tax-exempt)
Tax Rate	0%	0%

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

Name of Dividend	First & Final Normal Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.8 cents per ordinary share (Tax-exempt)
Tax Rate	0%

(c) Date payable

The first and final dividend, if approved at the Annual General Meeting, will be paid on 10 November 2006.

(d) Books closure date

Notice is hereby given that the share transfer book, register of members and register of warrantholders of the Company will be closed on 31 October 2006. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited up to the close of business at 5.00 p.m. on 30 October 2006 will be registered to determine shareholders' entitlements to the dividend. All warrantholders who exercise their conversion rights (provided they are entitled to do so by 3.00 p.m. on 30 October 2006) will be registered before entitlements to the dividend are determined. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to the CDP which will in turn distribute entitlements to holder of shares in accordance with its practice.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business Segments

2006	Shipbuilding $'000	Shiprepair and related services $'000	Charter and rental services $'000	Investment holding $'000	Eliminations $'000	Consolidated $'000
Revenue						
Revenue from external customers	123,312	23,307	51,039	-	-	197,658
Inter-segment revenue	27,745	5,427	16,259	6,600	(56,031)	-
Total revenue	151,057	28,734	67,298	6,600	(56,031)	197,658
Results						
Segment results	3,898	7,427	20,544	7,017	(7,779)	31,107
Unallocated expenses						(1,404)
Finance costs						(3,420)
Share of profit of jointly-controlled entities						257
Income tax expense						(2,919)
Profit for the year						23,621
Assets						
Segment assets	114,917	30,459	146,235	2,301	-	293,912
Unallocated assets						21,239
Total assets						315,151
Liabilities						
Segment liabilities	79,154	17,518	10,819	411	-	107,902
Unallocated liabilities						85,562
Total liabilities						193,464
Capital expenditure	15,435	5,703	75,112	-	-	96,250
Depreciation	2,050	385	7,863	77	-	10,375

2005	Shipbuilding $'000	Shiprepair and related services $'000	Charter and rental services $'000	Investment Holding $'000	Eliminations $'000	Consolidated $'000
Revenue						
Revenue from external customers	96,519	10,062	32,599	-	-	139,180
Inter-segment revenue	32,450	5,087	8,678	3,800	(50,015)	-
Total revenue	128,969	15,149	41,277	3,800	(50,015)	139,180
Results						
Segment results	4,327	3,369	18,073	4,346	(12,604)	17,511
Unallocated expenses						(1,367)
Finance costs						(1,962)
Share of profit of jointly-controlled entity						1,923
Income tax expense						(2,405)
Profit for the year						13,700
Assets						
Segment assets	87,758	12,957	99,685	1,745	-	202,145
Unallocated assets						21,192
Total assets						223,337
Liabilities						
Segment liabilities	59,849	7,222	6,554	348	-	73,973
Unallocated liabilities						70,703
Total liabilities						144,676
Capital expenditure	12,815	2,621	61,300	414	-	77,150
Depreciation	1,578	165	5,047	54	-	6,844

(b) Geographical segments

	Singapore $'000	Indonesia $'000	Rest of Asia $'000	Europe and Other Countries $'000	Consolidated $'000
2006					
Revenue from external customers	57,786	12,560	24,189	103,123	197,658
Capital expenditure	78,712	17,158	380	-	96,250
2005					
Revenue from external customers	58,659	6,747	6,864	66,910	139,180
Capital expenditure	69,679	7,471	-	-	77,150

The Directors believe it would be inaccurate to analyse the segment assets by geographical segment because certain vessels cannot be meaningfully allocated to the different geographical areas. For the charter services, charterers of the Group's vessels have the discretion to operate within a wide trading area and are not constrained by a specific sea route.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

15. A breakdown of sales.

	Group		
	30-Jun-06	30-Jun-05	Increase
	$'000		%
Sales reported for first half year	105,165	69,088	52.2
Profit attributable to shareholders reported for first half year	12,332	5,876	109.9
Sales reported for second half year	92,493	70,092	32.0
Profit attributable to shareholders reported for second half year	10,734	7,710	39.2

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend	Latest full year	Previous full year
	$'000	$'000
Ordinary	5,485	3,925
Preference	-	-
Total	5,485	3,925

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
24 August 2006