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

UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008

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 3 months ended 31 December			Group 6 months ended 31 December		
	2Q FY2009	**2Q FY2008**	**Increase/ (Decrease)**	**1H FY2009**	**1H FY2008**	**Increase/ (Decrease)**
	$'000	**$'000**	**%**	**$'000**	**$'000**	**%**
Shipbuilding	67,934	59,997	13.2	138,595	117,304	18.2
Shiprepair and other marine related services	13,228	19,717	(32.9)	36,295	32,590	11.4
Shipchartering and rental	26,532	20,314	30.6	51,452	43,479	18.3
Total revenue	**107,694**	**100,028**	**7.7**	**226,342**	**193,373**	**17.0**
Cost of sales	(87,274)	(82,457)	5.8	(184,602)	(157,256)	17.4
Gross profit	**20,420**	**17,571**	**16.2**	**41,740**	**36,117**	**15.6**
Other operating income	2,633	3,579	(26.4)	14,513	5,166	180.9
Administrative expenses	(2,775)	(2,363)	17.4	(5,722)	(4,728)	21.0
Other operating expenses	(856)	(901)	(5.0)	(863)	(1,490)	(42.1)
Finance costs	(1,537)	(1,249)	23.1	(3,075)	(2,631)	16.9
Share of results of jointly-controlled entities and associate	897	(143)	nm	1,319	107	1,132.7
Profit before tax	**18,782**	**16,494**	**13.9**	**47,912**	**32,541**	**47.2**
Tax expense	(1,889)	(2,207)	(14.4)	(6,290)	(4,922)	27.8
Profit for the period	**16,893**	**14,287**	**18.2**	**41,622**	**27,619**	**50.7**
Attributable to:						
Equity holders of the parent	**16,269**	**14,708**	**10.6**	**40,207**	**27,984**	**43.7**
Minority interests	**624**	**(421)**	**nm**	**1,415**	**(365)**	**nm**
	16,893	**14,287**	**18.2**	**41,622**	**27,619**	**50.7**

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

	Group		Group	
	3 months ended 31 December		6 months ended 31 December	
	2Q FY2009	2Q FY2008	1H FY2009	1H FY2008
	$'000	$'000	$'000	$'000
Allowance for doubtful trade receivables	(897)	(157)	(997)	(312)
Allowance for doubtful non-trade receivables	-	-	-	(35)
Write back of allowance for doubtful trade receivables	35	481	136	1,010
Write back of allowance for doubtful non- trade receivables	6	-	6	-
Amortisation of lease prepayments	(50)	(50)	(99)	(99)
Bad debts written off	-	-	-	(1)
Depreciation of property, plant and equipment	(7,056)	(4,814)	(13,483)	(10,174)
Fair value loss on forward currency contracts and interest rate swap	(255)	(133)	(888)	-
Gain on disposal of assets held for sale	1	-	6,574	-
Gain on disposal of property, plant and equipment	2,265	2,236	5,870	3,198
Interest income	196	763	382	1,003
Gain/ (loss) on foreign exchange (net)	(162)	(584)	584	(1,460)
Property, plant and equipment written off	-	(640)	(7)	(640)
Adjustment for (under)/ over provision of tax in respect of prior years				
- Current tax expense	(239)	(269)	(900)	(269)
- Deferred tax expense	234	369	152	(650)

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-08	30-Jun-08	31-Dec-08	30-Jun-08
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	305,487	255,458	136	148
Lease prepayments	4,218	4,246	-	-
Subsidiaries	-	-	20,370	20,370
Interest in jointly-controlled entities and associate	3,470	1,050	1,558	534
Finance lease receivables	-	1,238	-	-
Other receivables	-	-	2,258	2,095
	313,175	**261,992**	**24,322**	**23,147**
Current assets				
Inventories	24,390	22,759	-	-
Assets held for sale	14,919	34,572	14,040	26,540
Construction work-in-progress	95,695	64,125	-	-
Trade and other receivables	78,103	100,739	163	240
Finance lease receivables	1,978	1,372	-	-
Amount due from related parties	999	6,332	120,305	70,909
Derivative financial instruments	4,415	13,919	-	-
Cash and cash equivalents	94,482	102,995	6,669	26,832
	314,981	**346,813**	**141,177**	**124,521**
Current liabilities				
Trade and other payables	105,862	102,460	387	577
Progress billings in excess of construction work-in-progress	82,846	105,601	-	-
Amount due to related parties	38	-	24,871	5,767
Loan from minority shareholders of subsidiaries	2,006	1,899	-	-
Trust receipts	20,830	-	-	-
Interest-bearing loans and borrowings	32,109	26,831	24	23
Derivative financial instruments	5,701	3,844	1,262	118
Current tax liabilities	7,823	7,293	75	75
	257,215	**247,928**	**26,619**	**6,560**
Net current assets	**57,766**	**98,885**	**114,558**	**117,961**
Non-current liabilities				
Loan from minority shareholders of subsidiaries	1,505	1,397	-	-
Interest-bearing loans and borrowings	100,216	109,800	50,057	50,069
Deferred tax liabilities	8,975	9,484	-	-
	110,696	**120,681**	**50,057**	**50,069**
Net assets	**260,245**	**240,196**	**88,823**	**91,039**
Share capital	82,126	82,725	82,126	82,725
Reserves	173,140	153,770	6,697	8,314
	255,266	**236,495**	**88,823**	**91,039**
Minority interests	4,979	3,701	-	-
Total equity	**260,245**	**240,196**	**88,823**	**91,039**

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-08		As at 30-Jun-08	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
27,109	25,830	26,831	-

Amount repayable after one year

As at 31-Dec-08		As at 30-Jun-08	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
50,216	50,000	59,800	50,000

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 charter income and 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 3 months ended 31 December		Group 6 months ended 31 December	
	2Q FY2009	2Q FY2008	1H FY2009	1H FY2008
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit before tax	18,782	16,494	47,912	32,541
Adjustments for:				
Amortisation of lease prepayments	50	50	99	99
Allowance for / (write back of) doubtful receivables	856	(324)	855	(663)
Bad debts written off (trade)	-	-	-	1
Depreciation of property, plant & equipment	7,056	4,814	13,483	10,174
Fair value loss on forward currency contracts and interest rate swap	255	133	888	-
Gain on disposal of assets held for sale	(1)	-	(6,574)	-
Gain on disposal of property, plant and equipment	(2,265)	(2,236)	(5,870)	(3,198)
Interest expense	1,537	1,249	3,075	2,631
Interest income	(196)	(763)	(382)	(1,003)
Loss on dissolution of a subsidiary	-	-	-	52
Property, plant and equipment written off	-	640	7	640
Provision for warranty claims	-	50	300	50
Share of results of jointly-controlled entities and associate	(897)	143	(1,319)	(107)
Operating profit before working capital changes	**25,177**	**20,250**	**52,474**	**41,217**

Changes in working capital:				
Inventories	9,012	(1,766)	(1,631)	(10,207)
Construction work-in-progress and progress billings in excess of construction work-in-progress	(27,297)	4,448	(55,552)	11,489
Trade and other receivables	9,877	31,658	21,781	34,397
Trade and other payables	8,839	(12,783)	2,518	2,439
Balances with related parties (trade)	225	1,751	2,462	1,866
Cash generated from operations	**25,833**	**43,558**	**22,052**	**81,201**
Tax paid	(3,475)	(2,829)	(4,733)	(2,832)
Net cash generated from operating activities	**22,358**	**40,729**	**17,319**	**78,369**
Cash flows from investing activities				
Interest received	196	763	382	1,003
Investment in associate	(579)	-	(1,024)	-
Purchase of assets held for sale	(5,642)	-	(9,548)	-
Purchase of property, plant & equipment	(36,409)	(30,397)	(72,103)	(63,291)
Proceeds from disposal of assets held for sale	7,925	-	36,425	-
Proceeds from disposal of property, plant and equipment	7,018	8,574	16,365	15,456
Balances with related parties (non trade)	1,241	(3,012)	2,909	(3,039)
Net cash used in investing activities	**(26,250)**	**(24,072)**	**(26,594)**	**(49,871)**
Cash flows from financing activities				
Interest paid	(1,522)	(1,229)	(3,046)	(2,589)
Dividends paid	(11,984)	(8,317)	(11,984)	(8,317)
Repayment of interest-bearing loans and borrowings	(8,875)	(16,057)	(19,969)	(36,155)
Proceeds from interest-bearing loans and borrowings	7,664	17,286	15,226	40,203
Repayment of finance lease liabilities	(158)	(109)	(299)	(171)
Proceeds from/ (increase in) finance lease receivables	189	(1,867)	632	(1,467)
Proceeds from issue of shares	-	19,822	279	21,665
Purchase of treasury shares	(923)	-	(923)	
Repayment of loan from minority shareholders of subsidiaries	-	(119)	-	(119)
Repayment of trust receipts	(8,890)	(24,086)	(11,976)	(44,265)
Proceeds from trust receipts	15,673	12,985	32,806	30,286
Net cash (used in)/ generated from financing activities	**(8,826)**	**(1,691)**	**746**	**(929)**
Net (decrease)/ increase in cash and cash equivalents	**(12,718)**	**14,966**	**(8,529)**	**27,569**
Cash and cash equivalents at beginning of period	**107,199**	**60,232**	**102,995**	**47,668**
Effects of exchange rate changes on opening cash and cash equivalents	1	(42)	16	(81)
Cash and cash equivalents at end of period	**94,482**	**75,156**	**94,482**	**75,156**

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-08 and 31-Dec-07

	Attributable to equity holders of the parent									
Group	**Share capital $'000**	**Treasury shares $'000**	**Capital reserve $'000**	**Employee share option reserve $'000**	**Foreign currency translation reserve $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Total reserves $'000**	**Minority interests $'000**	**Total equity $'000**
1H FY2009										
Balance at 1-Jul-08	**82,725**	**-**	**-**	**54**	**(3,621)**	**7,513**	**149,824**	**153,770**	**3,701**	**240,196**
Net change in hedging reserve	-	-	-	-	-	(8,859)	-	**(8,859)**	(120)	**(8,979)**
Net effect of exchange differences	-	-	-	-	51	-	-	**51**	(17)	**34**
Net income and expenses recognised directly in equity	**-**	**-**	**-**	**-**	**51**	**(8,859)**	**-**	**(8,808)**	**(137)**	**(8,945)**
Profit for the period	-	-	-	-	-	-	40,207	**40,207**	1,415	**41,622**
Total recognised income and expenses for the period	**-**	**-**	**-**	**-**	**51**	**(8,859)**	**40,207**	**31,399**	**1,278**	**32,677**
Dividends on ordinary shares	-	-	-	-	-	-	(11,984)	**(11,984)**	-	**(11,984)**
Issue of shares under ESOS[1]	324	-	-	(45)	-	-	-	**(45)**	-	**279**
Purchase of treasury shares	-	(923)	-	-	-	-	-	**-**	-	**(923)**
At 31-Dec-08	**83,049**	**(923)**	**-**	**9**	**(3,570)**	**(1,346)**	**178,047**	**173,140**	**4,979**	**260,245**
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**

[1] ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 31-Dec-08 and 31-Dec-07

Company	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Employee share option reserve $'000	Hedging reserve $'000	Accumulated Profits $'000	Total reserves $'000	Total Equity $'000
1H FY2009								
Balance at 1-Jul-08	**82,725**	**-**	**-**	**54**	**(118)**	**8,378**	**8,314**	**91,039**
Net change in hedging reserve	**-**	-	-	-	(1,144)	-	**(1,144)**	**(1,144)**
Net expenses recognised directly in equity	**-**	**-**	**-**	**-**	**(1,144)**	**-**	**(1,144)**	**(1,144)**
Profit for the period	-	-	-	-	-	11,556	**11,556**	**11,556**
Total recognised income and expenses for the period	**-**	**-**	**-**	**-**	**(1,144)**	**11,556**	**10,412**	**10,412**
Dividends on ordinary shares	-	-	-	-	-	(11,984)	**(11,984)**	**(11,984)**
Issue of shares under ESOS[1]	324	-	-	(45)	-	-	**(45)**	**279**
Purchase of treasury shares	-	(923)	-	-	-	-	**-**	**(923)**
At 31-Dec-08	83,049	**(923)**	**-**	**9**	**(1,262)**	**7,950**	**6,697**	**88,823**
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**

[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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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-08	300,876,002	594,000
Number of ESOS exercised	507,000	(507,000)
Number of treasury shares purchased	(1,794,000)	na
Balance as at 31-Dec-08	299,589,002	87,000

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 31-Dec-08	ESOS outstanding as at 30-Jun-08	ESOS outstanding as at 31-Dec-07
Employees						
	18-Dec-04	18-Dec-04 to 17-Dec-13	$0.55	-	-	30,000
	18-Dec-05	18-Dec-05 to 17-Dec-13	$0.55	3,000	3,000	46,000
	18-Dec-06	18-Dec-06 to 17-Dec-13	$0.55	84,000	91,000	133,000
				87,000	94,000	209,000
Independent Directors						
	18-Dec-04	18-Dec-04 to 17-Dec-08	$0.55	-	200,000	200,000
	18-Dec-05	18-Dec-05 to 17-Dec-08	$0.55	-	150,000	150,000
	18-Dec-06	18-Dec-06 to 17-Dec-08	$0.55	-	150,000	150,000
				-	500,000	500,000
Total				**87,000**	**594,000**	**709,000**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2008 and 30 June 2008, the total number of issued shares excluding treasury shares were 299,589,002 and 300,876,002 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the current financial period reported on, the Company purchased a total of 1,794,000 treasury shares. There were no sales, transfers, disposal, cancellation and/or use of treasury shares.

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 2008 to be false or misleading.

On behalf of the Board of Directors

Ang Kok Tian	**Ang Ah Nui**
Chairman and Managing Director	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 3 months ended 31 December		Group 6 months ended 31 December	
	2Q FY2009	**2Q FY2008**	**1H FY2009**	**1H FY2008**
(i) On weighted average number of ordinary shares in issue	5.42cts	5.15cts	13.38cts	10.26cts
(ii) On a fully diluted basis	5.42cts	4.98cts	13.38cts	9.58cts

Note to item 6 (i):

The calculation of basic earnings per ordinary share of the Group for 2Q FY2009 is based on net profit attributable to ordinary shareholders amounting to $16,269,000 (2Q FY2008: $14,708,000) and the weighted average of 299,940,632 (2Q FY2008: 285,853,918) ordinary shares in issue during the quarter.

The calculation of basic earnings per ordinary share of the Group for 1H FY2009 is based on net profit attributable to ordinary shareholders amounting to $40,207,000 (1H FY2008: $27,984,000) and the weighted average of 300,537,709 (1H FY2008: 272,766,959) ordinary shares in issue during the period.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share of the Group for 2Q FY2009 is based on net profit attributable to ordinary shareholders amounting to $16,269,000 (2Q FY2008: $14,708,000) and the weighted average of 299,940,632 (2Q FY2008: 295,518,449) ordinary shares in issue during the quarter.

The calculation of fully diluted earnings per ordinary share of the Group for 1H FY2009 is based on net profit attributable to ordinary shareholders amounting to $40,207,000 (1H FY2008: $27,984,000) and the weighted average of 300,599,420 (1H FY2008: 292,103,767) ordinary shares in issue during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		**Company**	
	31-Dec-08	**30-Jun-08**	**31-Dec-08**	**30-Jun-08**
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates	85.21 cents	78.60 cents	29.65 cents	30.26 cents

Note:

The calculation of net asset value of the Group and of the Company is based on 299,589,002 (30-Jun-08: 300,876,002) 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 GROUP PERFORMANCE

(a) 1H FY2009 vs 1H FY2008

Group	1H FY2009			1H FY2008			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	$'000	$'000	%	$'000	$'000	%	$'000	%	$'000	%
Shipbuilding	138,595	13,542	9.8	117,304	12,417	10.6	21,291	18.2	1,125	9.1
Shiprepair and other marine related services	36,295	11,620	32.0	32,590	10,245	31.4	3,705	11.4	1,375	13.4
Shipchartering and rental	51,452	16,578	32.2	43,479	13,455	30.9	7,973	18.3	3,123	23.2
	226,342	41,740	18.4	193,373	36,117	18.7	32,969	17.0	5,623	15.6

Revenue

The Group's revenue increased by 17.0% from $193.4 million for the 6 months ended 31 December 2007 ("1H FY2008") to $226.3 million for the 6 months ended 31 December 2008 ("1H FY2009"). The Group recorded higher revenue in all three segments of shipbuilding, shiprepair and ship conversion as well as shipchartering.

Shipbuilding revenue was $21.3 million higher mainly due to the progressive recognition of more and higher value shipbuilding projects undertaken. Progressive recognition of shipbuilding revenue commences when the work-in-progress reaches the 10% recognition threshold.

Shiprepair revenue increased by $3.7 million mainly due to increased number of higher value shiprepair jobs undertaken.

Shipchartering revenue was $8.0 million higher mainly attributable to an increase in the Group's fleet size and that a higher proportion of shipchartering revenue came from time charters. The Group had a fleet size of 178 vessels as at 31 December 2008 as compared to 176 vessels as at 31 December 2007, comprising towing tugs, Anchor Handling Tugs, barges and other vessels.

Gross profit and gross profit margin

The Group's gross profit of $41.7 million was 15.6% higher and from all three segments contributed positively to this increase.

Shipbuilding operations recorded a lower gross profit margin mainly due to higher costs and provisions on select projects during the period.

Shiprepair operations maintained its gross profit margin at around 32%.

Shipchartering operations recorded a higher gross profit margin mainly due to more time charters which generally command better pricing and despite higher upkeep costs

Other operating income

Other operating income increased by $9.3 million to $14.5 million in 1H FY2009.

Other operating income comprised:

1. Gain on disposal of plant and equipment of $5.9 million (1H FY2008: $3.2 million) from the sale of 14 vessels (1H FY2008: 10 vessels) to third parties. The disposals are part of the Group's fleet renewal program;
2. A net foreign exchange gain of $0.6 million (1H FY2008: foreign exchange loss of $1.5 million which was shown under other operating expense) arising from ongoing operations;
3. Miscellaneous income of $7.7 million (1H FY2008: $1.0 million) which mainly comprised a gain on disposal of vessels held for sale of $6.6 million; and
4. Interest income of $0.4 million (1H FY2008: $1.0 million).

Administrative expenses

Administrative expenses increased by 21% or $1.0 million to $5.7 million. The increase was mainly attributed to higher manpower costs (increased by $0.7 million) as well as an increase in select administrative expenses and was not out of line with higher business activities (revenues rose 17%).

Other operating expenses

Other operating expenses decreased by $0.6 million to $0.9 million in 1H FY2009. This was mainly due to: lower plant and equipment written off (decreased by $0.6 million); the absence of a foreign exchange loss of $1.5 million recorded in 1H FY2008; and despite lower write-backs for doubtful trade receivables (decreased by $0.9 million) and a higher allowance for doubtful trade receivables (increased by $0.6 million).

Finance costs

Finance costs of $3.0 million were $0.4 million higher mainly due to increased borrowings arising from bond issuances in June 2008. The Group hedges against interest rate fluctuations on its long-term borrowings by way of interest rate swaps.

Share of results of jointly-controlled entities and associate

The share of results of jointly-controlled entities and of an associate of $1.3 million was $1.2 million higher as compared to 1H FY2008.

The increase was mainly attributed to the share of earnings from HKR-ASL Joint Venture Limited of $1.4 million in 1H FY2009 (1H FY2008: net loss of $0.1 million) due to commencement of a shipchartering project in December 2007, partially offset by the share of $0.1 million start-up losses incurred by its newly incorporated associated company, Fastcoat Industries Pte. Ltd. and despite the absence of share of earnings from ASL Energy Pte. Ltd. ("ASLE") which contributed a net profit of $0.2 million in 1H FY2008.

The Group had on 11 June 2008 entered into a conditional share purchase and loan novation agreement to divest its entire 50 per cent. interest in ASLE. Accordingly, the Group reclassified its net investment in ASLE under assets held for sale and ceased to take up its share of results of ASLE since 30 April 2008, the date on which the consideration was determined pursuant to the divestment. The divestment of ASLE was completed on 5 January 2009.

Profit before taxation

The Group's profit before taxation of $47.9 million for 1H FY2009 was $15.4 million or 47.2% higher as compared to 1H FY2008 attributed to growth in revenue and other operating income despite rising construction costs and provisions.

Income tax expense

The Group recorded a higher taxation charge of $6.3 million in 1H FY2009 of which $0.7 million was due to adjustments for under-provision of taxes in respect of prior years. The Group's effective tax rate of 11.9% for 1H FY2009 was lower than the 12.3% recorded for 1H FY2008 mainly attributed to higher proportion of exempt shipping profits in 1H FY2009 partially offset by higher tax provided on gain on disposal of vessels.

Minority interests

Minority shareholders' share of profits increased by $1.8 million mainly due to higher charter earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group recorded a lower net cash inflow from operating activities of $15.1 million as compared to 1H FY2008. The decrease was mainly attributed to higher work-in-progress incurred and lower progress billings received on shipbuilding projects partially offset by higher earnings recorded in 1H FY2009.

The Group funded its capital expenditure and repayment of loans and borrowings through retained earnings, proceeds from disposal of plant and equipment and assets held for sale and through proceeds from new borrowings including trust receipts. .

(b) 2Q FY2009 vs 2Q FY2008

Group	2Q FY2009			2Q FY2008			Variance			
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	$'000	$'000	%	$'000	$'000	%	$'000	%	$'000	%
Shipbuilding	67,934	6,717	9.9	59,997	5,409	9.0	7,937	13.2	1,308	24.2
Shiprepair and								-		
other marine related services	13,228	4,267	32.3	19,717	6,810	34.5	(6,489)	(32.9)	(2,543)	(37.3)
Shipchartering and rental	26,532	9,436	35.6	20,314	5,352	26.3	6,218	30.6	4,084	76.3
	107,694	20,420	19.0	100,028	17,571	17.6	7,666	7.7	2,849	16.2

The Group’s business segments are subject to different degree of seasonality, with highest impact being experienced by the shipchartering operations. As a result, the quarter on quarter results may not be a good indicator of the overall trend of the Group’s business or of the results for the whole of the financial year.

Revenue

For the 3 months ended 31 December 2008 ("2Q FY2009"), the Group’s revenue of $107.7 million was 7.7% higher as compared to the corresponding period in FY2008 ("2Q FY2008"). The Group recorded higher revenue in shipbuilding and shipchartering operations.

Shiprepair revenue was $6.5 million lower mainly due to fewer ship conversion jobs undertaken as compared to 2Q FY2008.

Gross profit and gross profit margin

The Group’s gross profit of $20.4 million was 16.2% higher mainly due to increased earnings recorded by shipbuilding and shipchartering operations.

Shipbuilding operations’ gross profit margin of 9.9% was marginally higher mainly due to progressive recognition of higher value projects undertaken partially offset by higher costs and provisions on select projects during the quarter.

Shiprepair operations’ gross profit margin of 32.3% was lower mainly due to higher margin shiprepair jobs undertaken in 2Q FY2008.

Shipchartering operations recorded higher a gross profit margin mainly due to more time charters which generally commands better pricing despite higher upkeep costs incurred.

Other operating income

Other operating income decreased by $0.9 million mainly due to lower interest income (decreased by $0.3 million) and miscellaneous income (decreased by $0.5 million due to fewer insurance claims).

Administrative expenses

Administrative expenses were $0.4 million higher mainly attributed to higher manpower costs (increased by $0.3 million) and select administrative expenses.

Other operating expenses

Other operating expenses decreased marginally by $45,000 due to: lesser plant and equipment written off (decreased by $0.6 million); absence of foreign exchange loss of $0.6 million recorded in 2Q FY2008; and despite lower write-backs of doubtful trade receivables (decreased by $0.4 million) and a higher allowance of doubtful trade receivables (increased by $0.7 million).

Finance costs

Finance costs were higher by $0.3 million due to an increase in borrowings arising from bond issuances in June 2008.

Share of results of jointly-controlled entities

The share of results of jointly-controlled entities and associate was a profit of $0.9 million as compared to $0.1 million loss recorded in 2Q FY2008.

The profit was mainly attributed to the share of earnings from HKR-ASL Joint Venture Limited of $0.9 million (2Q FY2008: net loss of $0.1 million) partially offset by the share of less than $0.1 million start-up losses incurred by its newly incorporated associated company, Fastcoat Industries Pte. Ltd.

Profit before taxation

The Group's profit before taxation of $18.8 million for 2Q FY2009 was $2.3 million higher as compared to 2Q FY2008.

Income tax expense

The Group's taxation charge decreased by $0.3 million mainly due to higher proportion of exempt shipping profits in 2Q FY2009.

Minority interests

Minority shareholders' share of profits increased by $1.0 million mainly due to higher charter and shipbuilding earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group recorded a lower net cash inflow from operating activities of $20.6 million as compared to 2Q FY2008. This decrease was mainly due to higher work-in-progress incurred for shipbuilding projects.

REVIEW OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2008

Non-current assets

Property, plant and equipment increased by $50.0 million from $255.5 million as at 30 June 2008 to $305.5 million as at 31 December 2008. The increase was mainly due to acquisition of plant and equipment of $73.5 million (inclusive of $42.0 million for vessels, $27.8 million for vessels and yard infrastructure development under construction and $3.4 million for plant and machinery) partially offset by disposal of plant and equipment with aggregate net book value of $10.5 million, depreciation charge of $12.3 million, transfer of vessels to assets held for sale of $1.0 million and others (including the write-off of plant and equipment and foreign exchange differences) of $0.3 million.

The Group's total depreciation charge was $3.3 million higher as compared to 1H FY2008 mainly attributed to increase in fleet size and acquisition of new plant and machinery.

Current assets

Current assets decreased by $31.8 million from $346.8 million as at 30 June 2008 to $315.0 million as at 31 December 2008. The decrease was mainly due to lower assets held for sale, trade and other receivables, amount due from related parties, derivative financial instruments and cash and cash equivalents partially offset by increase in inventories.

Assets held for sale comprised net investment in ASLE and vessels held for sale. The decrease in assets held for sale was due to loan repayment from ASLE and sale of vessels.

Trade receivables decreased by $16.4 million to $65.6 million. Average debtors turnover was 52 days as at 31 December 2008 as compared to 75 days as at 30 June 2008. Other receivables decreased by $6.3 million to $12.5 million mainly due to lower receivables from disposal of vessels and insurance claims.

The decrease in the amount due from related parties was mainly due to a repayment from ASLE and the HKR-ASL Joint Venture Limited.

Derivative financial instruments assets decreased by $9.5 million due to lower mark-to-market gains derived mainly from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and trade payables. The Group only enters into "plain vanilla" forward contracts to hedge for future receipts or payments.

Cash and cash equivalents decreased by $8.5 million to $94.5 million as at 31 December 2008.

Inventories increased by $1.6 million mainly due to raw materials (mainly steel) purchased for shipbuilding and shiprepair projects.

Current liabilities

Current liabilities increased by $9.3 million from $247.9 million as at 30 June 2008 to $257.2 million as at 31 December 2008.

Trade and other payables increased by $3.4 million mainly due to increase in trade payables of $5.2 million while other payables decreased by $1.8 million. Other payables comprised mainly payables for purchase of plant and equipment and deposits received on sale of vessels.

Current portion of interest-bearing loans and borrowings increased by $5.3 million to $32.1 million while trust receipts increased by $20.8 million.

Derivative financial instruments liabilities increased by $1.9 million due to higher mark-to-market losses derived mainly from interest rate swaps and foreign exchange forward contracts entered to hedge against interest rate and foreign exchange rate fluctuations for bank borrowings, trade receivables and trade payables.

Non-current liabilities

Non-current liabilities decreased by $10.0 million to $110.7 million as at 31 December 2008 mainly due to lower interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings decreased by $4.3 million to $132.3 million as at 31 December 2008. The decrease was mainly due to redemption and repayment made of $20.3 million during the period partially offset by new term loans and borrowings of $16.0 million.

Deferred tax liabilities decreased by $0.1 million to $9.0 million as at 31 December 2008.

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

In the first quarter financial statements announcement made on 7 November 2008, it was stated that the Group was cautiously optimistic of achieving higher revenue and earnings in FY2009 as compared to FY2008.

In line with the prospect statement indicated in the announcement made on 7 November 2008, the Group recorded higher revenue and profit after tax in 1H FY2009 as compared to 1H FY2008. However, the Group's various business segments are subject to different degrees of seasonality, with the highest impact being experienced by the shipchartering operations. As a result, the quarter on quarter results contained within may not be a good indicator of the overall trend of the Group's business or of the results for the whole of the financial year.

In the first quarter financial statements announcement made on 7 November 2008, the Group also announced plans to further strengthen its shipchartering fleet by taking delivery of 20 vessels worth approximately $48 million. During 2Q FY2009, the Group had taken delivery of 4 vessels worth $8 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

As expected, the marine industry has tracked the rapid decline in global economic conditions. Despite this, and, based on the Group's outstanding shipbuilding order book, enhanced shiprepair capability and larger fleet available for shipchartering operations, and barring any unforeseen circumstances and fair value provisions, the Group continues to be cautiously optimistic of achieving higher earnings in FY2009 as compared to FY2008.

To prepare for a further worsening in economic conditions and for uncertain challenges ahead, the Group will continue its focus on strengthening project execution, on marketing , on cost control and on cash flow management. Whilst the Group is relooking at costs and capital expenditure, the Group is also seeking to take advantage of any situation that may arise. Given the projected cashflow and cash position of the Group, the Group believes that it is in a good position to make selective investments and to exploit strategic opportunities in related businesses.

Shipbuilding and Shiprepair Operations

Progressive recognition of shipbuilding revenue commences when the work-in-progress reaches the 10% recognition threshold. As at 31 December 2008, the Group's shipbuilding operation had an outstanding order book of approximately $663 million for external customers. The order book comprised 42 vessels, including offshore support vessels such as heavy lift and pipelay vessels, subsea operation vessels, tugs, self-propelled cutter suction dredgers and other vessels. Order book deliveries are scheduled for execution up to financial year ending 30 June 2011. Barring any unforseen circumstances, approximately 26% of the order book is expected to be recognised within the six months ending 30 June 2009. In addition, the Group had an outstanding shipbuilding order book of approximately $58 million for the building of 9 vessels for companies from within the Group.

To prepare for the sharp decline in shipbuilding demand and anticipated pricing pressures in shipchartering and shiprepair, the Group will continue to streamline its businesses and its cost structure to ensure it remains competitive. The Group will also continue to pursue its on-going strategy of focusing on the less cyclical shiprepair segment and the diversification of its shipbuilding portfolio.

Given the enhancements made at its Batam facilities and given the significant increase in the global fleet over the last few years, the Group is reasonably optimistic about its shiprepair business and despite current market weaknesses.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 23% of shipchartering revenue in 1H FY2009 came from long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 December 2008, the Group had an outstanding order book of approximately $17 million with respect to long term shipchartering contracts.

The shipchartering operations will continue to focus on the marine infrastructure, harbour and terminal services sectors in Singapore, Southeast Asia as well as Australia. At present demand for such services appears stronger than had been expected but price pressures are evident. Amidst the current downturn, further challenges are expected in this segment.

Despite the current market weaknesses, the Group remains strategically committed to its renewal and enhancement program. In difficult times, and when clients have more choices, quality of vessels is a competitive issue. The Group current plan is to increase its shipchartering fleet by taking delivery of 19 vessels worth approximately $77 million including towing tugs, Anchor Handling Towing/ Supply vessel and tanker of which 6 vessels have committed charter. Of the 19 vessels, 9 vessels worth S$58 million are being built internally by the Group.

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 2008.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
11 February 2009