



ASIA POWER CORPORATION LIMITED
(Company Registration No:-199701487C)

Unaudited Second Quarter Financial Statement Announcement for Financial Period Ended 30 June 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					
	S\$'000		%	S\$'000		%
	Q2 2008	Q2 2007		Change	1H 2008	
Revenue	33,531	26,188	28.0	74,369	65,830	13.0
Cost of sales	(21,536)	(14,843)	45.1	(53,981)	(47,083)	14.7
Gross profit	11,995	11,345	5.7	20,388	18,747	8.8
Other operating income	311	1,212	(74.3)	1,070	1,727	(38.0)
Administrative expenses	(4,724)	(3,831)	23.3	(7,001)	(5,904)	18.6
Finance costs	(1,013)	(1,109)	(8.7)	(2,122)	(2,091)	1.5
Share of profit of associates	1,552	961	61.5	2,265	1,770	28.0
Profit before income tax	8,121	8,578	(5.3)	14,600	14,249	2.5
Income tax expense	(985)	(1,334)	(26.2)	(1,949)	(2,037)	(4.3)
Net profit for the financial period	7,136	7,244	(1.5)	12,651	12,212	3.6
Attributable to:						
Shareholders of the Company	4,359	3,964	10.0	7,371	6,554	12.5
Minority interests	2,777	3,280	(15.3)	5,280	5,658	(6.7)
	7,136	7,244		12,651	12,212	



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Notes to income statement:

(a) Income statement includes the following:

	Group					Change	
	S\$'000		%	S\$'000			%
	Q2 2008	Q2 2007	Change	1H 2008	1H 2007		Change
Interest income	27	26	3.8	42	239	(82.4)	
Foreign exchange gain (loss)	47	(141)	N.M	409	(390)	N.M	
Interest on borrowings	1,013	1,109	(8.7)	2,122	2,091	1.5	
Depreciation of property, plant and equipment	2,024	2,097	(3.5)	4,045	4,589	(11.9)	
Gain on disposal of property, plant and equipment	-	2	N.M	13	2	550.0	

N.M denotes not meaningful.



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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	
	S\$'000		S\$'000	
	As at 30/6/2008	As at 31/12/2007	As at 30/6/2008	As at 31/12/2007
ASSETS				
Current assets				
Cash and bank balances	28,865	28,152	8,617	1,308
Trade receivables	24,725	22,120	-	-
Other receivables	8,654	7,381	8,914	4,455
Inventories	5,060	5,765	-	-
Held-for-trading investments	5,937	99	99	99
	73,241	63,517	17,630	5,862
Non-current investments held for sale	-	1,273	-	1,273
Total current assets	73,241	64,790	17,630	7,135
Non-current assets				
Subsidiaries	-	-	57,381	53,537
Associates	25,099	23,515	8,791	8,791
Available-for-sale investments	4,880	6,567	4,880	6,567
Goodwill	18,365	18,123	-	-
Other asset	10	10	10	10
Property, plant and equipment	117,475	117,128	1	9
Leasehold prepayments	14,005	13,486	-	-
Deferred tax assets	821	801	-	-
Total non-current assets	180,655	179,630	71,063	68,914
Total assets	253,896	244,420	88,693	76,049
LIABILITIES AND EQUITY				
Current liabilities				
Current portion of long-term loans	6,807	7,427	-	-
Trade payables	24,375	24,088	-	-
Other payables	24,184	29,704	466	16,089
Income tax payable	2,156	1,645	29	34
Total current liabilities	57,522	62,864	495	16,123
Non-current liabilities				
Long-term loans	43,026	45,310	-	-
Total non-current liabilities	43,026	45,310	-	-
Share capital and reserves				
Share capital	52,762	39,457	52,762	39,457
Reserves	62,245	57,507	35,436	20,469
Equity attributable to shareholders	115,007	96,964	88,198	59,926
Minority interests	38,341	39,282	-	-
Total equity	153,348	136,246	88,198	59,926
Total liabilities and equity	253,896	244,420	88,693	76,049



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

Amount repayable in one year or less, or on demand

As at 30/6/2008		As at 31/12/2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,807	-	7,427	-

Amount repayable after one year

Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
43,026	-	45,310	-

Details of any collateral

The bank loan amounting to S\$41,753,000 (2007: S\$52,737,000) were secured by leasehold prepayments, property, plant and equipment of the subsidiaries, amounting to S\$8,080,000 (2007: Nil) were secured by guarantee provided by shareholders of a subsidiary.

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 S\$'000	
	Q2 2008	Q2 2007
Operating activities		
Profit before income tax	8,121	8,578
Adjustments for:		
Depreciation expense	2,024	2,097
Gain on disposal of property, plant and equipment	-	(2)
Interest income	(27)	(26)
Interest expense	1,013	1,109
Share of profit of associates	(1,552)	(961)
Operating cash flows before movements in working capital	9,579	10,795



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	Group	
	S\$'000	
	Q2 2008	Q2 2007
Inventories	1,375	17
Trade receivables	367	12,945
Other receivables	376	1,015
Trade payables	(8,613)	(9,762)
Other payables	910	(16,256)
Cash from/(used in) operations	3,994	(1,246)
Interest received	27	27
Income taxes paid	(202)	(2,961)
Net cash from/(used in) operating activities	3,819	(4,180)
Investing activities		
Dividends received from associates	1,258	65
Net cash outflow from acquisition of subsidiary	(837)	-
Addition of held-for-trading investments	(3,836)	-
Proceeds from disposal of non-current investment held for sale	1,273	-
Proceeds from disposal of available-for-sale investments	1,686	-
Purchase of property, plant and equipment	(1,594)	(4,775)
Proceeds on disposal of property, plant and equipment	25	186
Net cash used in investing activities	(2,025)	(4,524)
Financing activities		
Interest expense paid	(1,013)	(1,109)
Dividends paid to shareholders of the Company	(4,461)	(3,986)
Dividends paid to minority shareholders	(3,210)	(1,150)
Repayment from related parties	-	10,487
Net proceeds from issue of shares	-	236
Repayment of bank loans	(2,196)	(995)
Net cash (used in) from financing activities	(10,880)	3,483
Net effect of exchange rate changes on balances held in foreign currency	500	234
Net decrease in cash and cash equivalents	(8,586)	(4,987)
Cash and cash equivalents at beginning of financial period	37,452	24,301
Cash and cash equivalents at end of financial period	28,866	19,314



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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.

(S\$'000) Group	Share Capital	Share Premium	Statutory Reserve	Enterprise Development Reserve	Share Option Reserve	Currency Translation Reserve	Retained earnings	Attributable to Shareholders of Company	Minority Interests	Total Equity
At 1 April 2007	38,827	-	4,789	2,386	204	(2,754)	47,042	90,494	34,671	125,165
Issue of shares on exercise of share options	236	-	-	-	-	-	-	236	-	236
Share-based payment expense	-	-	-	-	-	-	-	-	-	-
Capital contribution by minority shareholders	-	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	362	-	-	-	(362)	-	-	-
Translation differences	-	-	-	-	-	1,653	-	1,653	995	2,648
Additional investment in subsidiary	-	-	-	-	-	-	-	3,964	3,280	7,244
Net profit for the year	-	-	-	-	-	-	(3,986)	(3,986)	(807)	(4,793)
Dividend paid	-	-	-	-	-	-	-	-	-	-
At 30 June 2007	39,063	-	5,151	2,386	204	(1,101)	46,658	92,361	38,139	130,500
At 1 April 2008	52,762	-	5,669	2,727	122	(2,542)	54,529	113,267	38,161	151,428
Issue of shares	-	-	-	-	-	-	-	-	-	-
Issue of shares on exercise of share options	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-
Capital contribution by minority shareholders	-	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	-	-	-	1,842	-	1,842	1,226	3,068
Additional investment in subsidiary	-	-	-	-	-	-	-	-	(613)	(613)
Net profit for the year	-	-	-	-	-	-	4,359	4,359	2,777	7,136
Dividend paid	-	-	-	-	-	-	(4,461)	(4,461)	(3,210)	(7,671)
At 30 June 2008	52,762	-	5,669	2,727	122	(700)	54,427	115,007	38,341	153,348



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(S\$'000) Company	Share Capital	Share option Reserve	Retained Profits	Total
At 1 April 2007	38,827	204	23,863	62,894
Issue of shares on exercise of share options	236	-	-	236
Share-based payment expense	-	-	-	-
Net profit for the year	-	-	309	309
Dividend paid	-	-	(3,986)	(3,986)
At 30 June 2007	39,063	204	20,186	59,453
At 1 April 2008	52,762	122	23,609	76,493
Issue of shares	-	-	-	-
Issue of shares on exercise of share options	-	-	-	-
Share-based payment expense	-	-	-	-
Net profit for the year	-	-	16,166	16,166
Dividend paid	-	-	(4,461)	(4,461)
At 30 June 2008	52,762	122	35,314	88,198

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.

During 1H 2008, the issued and paid up capital of the Company was increased from S\$39,457,210 to S\$52,762,533. This was due to: i) a share placement of 40,000,000 new ordinary shares issued at an issue price of S\$0.33 for each placement shares; ii) 453,333 shares at exercise price of S\$0.17 and 108,679 shares at an exercise price of S\$0.26 were issued upon exercise of options granted under Asia Power Corporation Limited Option Scheme to employees during the financial period.



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	As at 30/6/2008	As at 30/6/2007
The number of ordinary shares that may be issued on conversion of all outstanding options granted pursuant to the Asia Power Share Option Scheme	6,926,345	4,347,037

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 30 June 2008, share capital of the Company comprised 405,572,022 ordinary shares (31 December 2007: 365,010,010).

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.

The Company does not have any treasury shares.

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

The figures have not been audited nor reviewed by our 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 same accounting policies and methods of computations as in the Company's most recently audited annual financial statements have been applied.

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.

None.

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.



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	Group			
	Q2 2008	Q2 2007	1H 2008	1H 2007
Earnings per ordinary share based on profit attributable to shareholders after deducting any provision for preference dividends:				
(i) Based on existing issued share capital (Cents)	1.09	1.09	1.84	1.81
(ii) On a fully diluted basis (Cents)	1.08	1.08	1.83	1.79

- (i) Basic earnings per ordinary share is computed based on the weighted average share capital of 401,309,161 ordinary shares as at 30 June 2008 (362,053,225 ordinary shares as at 30 June 2007).
- (ii) Earnings per ordinary share on a fully diluted basis is computed based on the weighted average share capital of 402,125,592 ordinary shares as at 30 June 2008 (366,154,024 ordinary shares as at 30 June 2007).

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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Net asset value (excluding goodwill) per ordinary share based on issued share capital (cents):	23.49	21.21	21.75	16.42

Net asset value (excluding goodwill) per ordinary share is computed based on the issued and paid-up capital of 405,572,022 ordinary shares as at 30 June 2008 (365,010,010 ordinary shares as at 31 December 2007).

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.



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Financial results

Second Quarter

The Group's revenue for Q2 2008 increased by 28.0% to S\$33.5 million as compare to S\$26.2 million in the previous corresponding period. The increment was mainly from Group's coal-fired power plant operation, hydropower plant operations and sale of power related products. Revenue from coal-fired power plant increased by 25% to S\$23.1 million, sales from power related products increased by 86.1% to S\$5.2 million.

Cost of sales increased from S\$14.8 million in Q2 2007 to S\$21.5million in Q2 2008 which represents 45.1% increment which was mainly due to increase in coal prices increased cost incurred in power related product division which was in line with higher revenue generated in the same period.

Other operating income decreased from S\$1.2 million in Q2 2007 to S\$311,000 in Q2 2008. This was mainly due to reduction in subsidy income from government .

Administrative expenses increased by S\$893,000 million or 23.3% to S\$4.7 million in Q2 2008 compared to S\$3.8 million in Q2 2007. This was mainly due to additional expenses incurred which was in line with higher revenue generated in the same period.

Finance costs decreased by 8.7% in Q2 2008 compared to Q2 2007. The decrease was mainly due to average loan balance in Q2 2008 as compared to Q2 2007 due to repayment of bank loans.

Share of profit of associates increased from S\$961,000 in Q2 2007 to S\$1.6 million in Q2 2008, as a result of gain from disposal of leasedhold land by an associate and increase in other operating income.

Income tax expenses of the Group decreased by 26.2% from S\$1.3 million in Q2 2007 to S\$985,000 in Q2 2008. The decrease was due to lower taxable profits generated from the operation of subsidiaries despite an increase in sales.

As a result of the above fluctuations, net profit attributable to shareholders of the Company increased by 10.0% to S\$4.4 million in Q2 2008 as compare to S\$4.0 million in Q2 2007.

First half

The Group's revenue increased by about 13% from S\$65.8 million in 1H 2007 to S\$ 74.4 million in 1H 2008. The increment mainly attributed to higher revenue from coal-fired power plant operations and sales of power related products. Xinbao continued to be the main revenue generator of the Group, contributing 75.7% of Group revenue.

Compared to 1H 2007, gross profit improved by 8.8%, which was mainly attributed to higher margin from hydro power plant operations and sales of power related products. The gross profit margin of the coal-fired power plant division for IH2008 has remained the same as 1H 2007 despite increase in prices of coal.

Other operating income decreased from S\$1.7 million in 1H 2007 to S\$1.1 million in 1H 2008 as a result of decrease in subsidy income from the government.



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Administrative expenses increased by S\$1.1 million or 18.6% to S\$7.0 million in 1H 2008 compared to S\$5.9 million in 1H 2007. The increase in administrative expenses was in line with higher revenue generated in the reporting period.

Share of profit of associates increased to S\$2.3 million in 1H 2008. The increase was due to gain from disposal of leasedhold land by an associate and increased in other operating income.

Income tax expenses decreased by 4.3% from S\$2.0 million in 1H 2007 to S\$1.9 million in 1H 2008. The decrease was due to lower taxable profits generated from the operation of subsidiaries despite an increase in sales.

As a result of the above fluctuations, net profit attributable to shareholders of the Company in 1H 2008 increased by 12.5% to S\$7.4 million in 1H 2008 as compare to S\$6.6 million in 1H 2007.

Balance Sheet and cash flow

The Company

Cash and bank balances of the Company increased from S\$1.3 million as at 31 December 2007 to S\$8.6 million as at 30 June 2008, this was mainly due to S\$13.2 million proceeds from issuing of shares. The increase was offset by increase in investment in subsidiaries.

Other receivables increased from S\$4.5 million to S\$8.9 million due to dividend declared by subsidiaries and an associate.

Investment in subsidiaries increased from S\$53.5 million to S\$57.4 million as the Company increased shareholding and additional paid up capital in subsidiaries.

Non-current investments held for sales decreased from S\$1.3 million as at 31 December 2007 to nil as at 30 June 2008. Available-for-sale investments decreased from S\$6.6 million as at 31 December 2007 to S\$4.9 million, which were due to disposal of unquoted debt securities.

Other payable decreased from S\$16.1 million to S\$466,000, due to repayment made to a subsidiary.

The Group

Current asset balance of the Group increased from S\$64.8 million as at 31 December 2007 to S\$73.2 million as at 30 June 2008 attributed to the increase in trade receivables S\$2.6 million, other receivable S\$1.2 million and held-for-trading investment S\$5.8 million. Held-for-trading investments increased from S\$99,000 to S\$5.9 million as one of the subsidiaries made short-term investments in quoted equities.

Other payables were reduced to S\$24.2 million as at 30 June 2008 from S\$29.7 million as at 31 December 2007. The decrease was mainly due to loan repayment of S\$4.0 million to an associate and settlement of non-trade payables of S\$2.0 million.

Bank borrowings decreased by S\$2.9 million as at 30 June 2008 as compared to 31 December 2007 due to repayment made during the financial period.

Share capital rose from S\$39.5 million to S\$52.8 million as resulted of the Group's 40 million placement shares issued at S\$0.33 each and shares issued upon exercise of employee share options.



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Group's Cash flow

Net cash used for financing activities in Q2 2008 amounted to S\$10.9 million. This was mainly due to dividend payment of S\$4.5 million to shareholders, dividend of S\$3.2 million paid to minority shareholders, interest payment of S\$1.0 million and repayment of bank loan of S\$2.2 million.

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

The Group's results for Q2 2008 are in line with the commentary made in paragraph 10 of the Group's first quarter Financial Statement and Dividend Announcement released on 14 May 2008.

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.**

China is facing its worst power crisis since 2004 with power companies either refusing to pay for sky-high coal prices or facing difficulties in sourcing for coal supplies. Even though coal price increment affects our Group's performance, with hydropower plants making up part of our revenue, we believe we are insulated from problems posed by coal to a certain extent. Coupled with a possible trend in rising power prices such as the surprise 4.7 per cent hike in power prices in June 2008, we believe this will be positive for the Group.

Our associate company - Changzhou Suyuan Electric Power Co. Ltd ("Suyuan") is expecting to be shutdown at the end of the year. This shutdown is in compliance with China's policy to cease operation of peaking power plants. The shutdown of Suyuan is of marginal impact on the Group.

Barring any unforeseen circumstances, we expect the Group to remain profitable for the fiscal year ahead.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not Applicable.



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(d) Books closure date

Not Applicable.

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

Not applicable.

Sha Guangwen
Executive Director and CEO
BY ORDER OF THE BOARD
8 August 2008



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Statement Pursuant to SGX Listing Rule 705(4) of the Listing Manual

The Directors of Asia Power Corporation Limited, do hereby confirm that, 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 results for the period ended 30 June 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sha Guangwen
Director
8 August 2008

Zhao Shuheng
Director