



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

Unaudited Third Quarter Financial Statement Announcement for Financial Period Ended 30 September 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		%
	Q3 2008	Q3 2007		Change	9M 2008	
Revenue	25,878	24,312	6.4	99,801	90,142	10.7
Cost of sales	(21,152)	(21,564)	(1.9)	(75,133)	(68,647)	9.4
Gross profit	4,726	2,748	72.0	24,668	21,495	14.8
Other operating income	649	124	423.4	1,756	1,851	(5.1)
Administrative expenses	(3,792)	(2,554)	48.5	(10,384)	(8,458)	22.8
Finance costs	(1,071)	(1,145)	(6.5)	(3,193)	(3,236)	(1.3)
Share of (loss)/profit of associated companies	(1,035)	276	N.M	1,230	2,046	(39.9)
(Loss)/profit before income tax	(523)	(551)	(5.1)	14,077	13,698	2.8
Income tax expense	(147)	(24)	512.5	(2,096)	(2,061)	1.7
Net (loss) /profit for the financial period	(670)	(575)	16.5	11,981	11,637	3.0
Attributable to:						
Shareholders of the Company	(1,341)	(985)	36.1	6,030	5,569	8.3
Minority interests	671	410	63.7	5,951	6,068	(1.9)
	(670)	(575)		11,981	11,637	

N.M denotes not meaningful.



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Notes to income statement:

(a) Income statement includes the following:

	Group					
	S\$'000		%	S\$'000		%
	Q3 2008	Q3 2007	Change	9M 2008	9M 2007	Change
Interest income	258	26	892.3	745	265	181.1
Foreign exchange gain/(loss)	139	(226)	N.M	548	(616)	N.M
Interest on borrowings	1,071	1,145	(6.5)	3,193	3,236	(1.3)
Depreciation of property, plant and equipment	2,052	2,068	(0.8)	6,097	6,657	(8.4)
Gain on disposal of property, plant and equipment	-	2	N.M	13	2	N.M

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 30/9/2008	As at 31/12/2007	As at 30/9/2008	As at 31/12/2007
<u>ASSETS</u>				
Current assets				
Cash and bank balances	22,553	28,152	12,241	1,308
Trade receivables	34,303	22,120	-	-
Other receivables	13,561	7,381	8,658	4,455
Inventories	7,127	5,765	-	-
Held-for-trading investments	99	99	99	99
	77,643	63,517	20,998	5,862
Non-current investments held for sale	-	1,273	-	1,273
Total current assets	77,643	64,790	20,998	7,135
Non-current assets				
Subsidiaries	-	-	57,865	53,537
Associates	24,907	23,515	8,791	8,791
Available-for-sale investments	4,880	6,567	4,880	6,567
Goodwill	18,386	18,123	-	-
Other asset	10	10	10	10
Property, plant and equipment	121,867	117,128	-	9
Leasehold prepayments	14,486	13,486	-	-
Deferred tax assets	850	801	-	-
Total non-current assets	185,386	179,630	71,546	68,914
Total assets	263,029	244,420	92,544	76,049
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Current portion of long-term loans	6,981	7,427	-	-
Trade payables	25,736	24,088	-	-
Other payables	27,853	29,704	4,540	16,089
Income tax payable	1,714	1,645	24	34
Total current liabilities	62,284	62,864	4,564	16,123
Non-current liabilities				
Long-term loans	44,517	45,310	-	-
Total non-current liabilities	44,517	45,310	-	-
Share capital and reserves				
Share capital	52,762	39,457	52,762	39,457
Reserves	63,232	57,507	35,218	20,469
Equity attributable to shareholders	115,994	96,964	87,980	59,926
Minority interests	40,234	39,282	-	-
Total equity	156,228	136,246	87,980	59,926
Total liabilities and equity	263,029	244,420	92,544	76,049



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

Amount repayable in one year or less, or on demand

As at 30/9/2008		As at 31/12/2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,981	-	7,427	-

Amount repayable after one year

As at 30/6/2008		As at 31/12/2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
44,517	-	45,310	-

Details of any collateral

The bank loans amounting to S\$43,138,000 (2007: S\$52,737,000) were secured by leasehold prepayments, property, plant and equipment of the subsidiaries, amounting to S\$8,360,000 (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	
	Q3 2008	Q3 2007
Operating activities		
Loss before income tax	(523)	(552)
Adjustments for:		
Depreciation expense	2,052	2,068
Gain on disposal of property, plant and equipment	-	2
Interest income	(258)	(26)
Interest expense	1,071	1,145
Share of loss /(profit) of associates	1,035	(276)
Operating cash flows before movements in working capital	3,377	2,361



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	Group	
	S\$'000	
	Q3 2008	Q3 2007
Inventories	(2,066)	(974)
Trade receivables	(9,578)	(6,471)
Other receivables	(5,299)	(610)
Trade payables	1,361	6,900
Other payables	4,186	5,862
Cash (used in)/from operations	(8,019)	7,068
Interest received	258	26
Income taxes paid	(1,133)	351
Net cash (used in)/from operating activities	(8,894)	7,445
Investing activities		
Dividends received from associates	-	(39)
(Addition)/disposal of held-for-trading investments	6,393	(4,950)
Purchase of property, plant and equipment	(2,650)	(3,824)
Proceeds on disposal of property, plant and equipment	124	926
Net cash from/(used) in investing activities	3,867	(7,887)
Financing activities		
Interest expense paid	(1,071)	(1,146)
Dividends paid to minority shareholders	(64)	(1,511)
Repayment from related parties	-	(103)
Net proceeds from issue of shares	-	173
Repayment of bank loans	(289)	(585)
Net cash used in financing activities	(1,424)	(3,172)
Net effect of exchange rate changes on balances held in foreign currency	139	(226)
Net decrease in cash and cash equivalents	(6,312)	(3,840)
Cash and cash equivalents at beginning of financial period	28,865	19,314
Cash and cash equivalents at end of financial period	22,553	15,474



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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 Jul 2007	39,063	-	4,789	2,386	204	(2,188)	46,534	90,788	35,927	126,715
Issue of shares on exercise of share options	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-
Capital contribution by minority shareholders	-	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	362	-	-	-	(362)	-	-	-
Translation differences	-	-	-	-	-	1,087	-	1,087	613	1,700
Additional investment in subsidiar	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	486	486	88	574
Dividend paid	-	-	-	-	-	-	-	-	1,511	1,511
At 30 Sep 2007	39,063	-	5,151	2,386	204	(1,101)	46,658	92,361	38,139	130,500
At 1 Jul 2008	52,762	-	5,669	2,727	122	(700)	54,427	115,007	38,341	153,348
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	-	-	-	-	-	2,328	-	2,328	1,285	3,613
Additional investment in subsidiar	-	-	-	-	-	-	-	-	-	-
Net profit / (Loss) for the period	-	-	-	-	-	-	(1,341)	(1,341)	672	(669)
Dividend paid	-	-	-	-	-	-	-	-	(64)	(64)
At 30 Sep 2008	52,762	-	5,669	2,727	122	1,628	53,086	115,994	40,234	156,228



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(S\$'000) Company	Share Capital	Share option Reserve	Retained Profits	Total
At 1 Jul 2007	39,063	204	20,186	59,453
Issue of shares on exercise of share options	174	-	-	174
Share-based payment expense	-	-	-	-
Net profit for the period	-	-	1,326	1,326
Dividend paid	-	-	-	-
At 30 Sep 2007	39,237	204	21,512	60,953
At 1 Jul 2008	52,762	122	35,314	88,198
Issue of shares	-	-	-	-
Issue of shares on exercise of share options	-	-	-	-
Share-based payment expense	-	-	-	-
Net loss for the period	-	-	(218)	(218)
Dividend paid	-	-	-	-
At 30 Sep 2008	52,762	122	35,096	87,980

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.

In the first nine months of year 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 30/9/2008	As at 30/9/2007
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	9,613,704

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 September 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			
	Q3 2008	Q3 2007	9M2008	9M2007
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)	(0.33)	(0.27)	1.50	1.54
(ii) On a fully diluted basis (Cents)	(0.33)	(0.27)	1.50	1.52

- (i) Basic earnings per ordinary share is computed based on the weighted average share capital of 401,509,618 ordinary shares as at 30 September 2008 (362,566,302 ordinary shares as at 30 September 2007).
- (ii) Earnings per ordinary share on a fully diluted basis is computed based on the weighted average share capital of 401,962,002 ordinary shares as at 30 September 2008 (367,051,956 ordinary shares as at 30 September 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	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
Net asset value (excluding goodwill) per ordinary share based on issued share capital (cents):	23.72	21.21	21.69	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 September 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

Third Quarter

The Group's revenue of Q3 2008 increased by 6.4% to S\$25.9 million as compared to S\$24.3 million in the previous corresponding period. The increment was mainly from the Group's hydropower plant operations and sale of power related products. Revenue from hydropower plant operations increased by 39.3% to S\$3.9 million, sales from power related products increased by 45.2% to S\$4.5 million while revenue from coal-fired power plant operations decreased by 4.3% to S\$17.4 million .

Cost of sales decreased marginally by 1.9% from S\$21.6 million in Q3 2007 to S\$21.1 million in Q3 2008.

Gross margin increased to 18% in Q3 2008 compared to 11% in Q3 2007. Traditionally, the gross margin in Q3 was lower than other quarters in the year. The main reason was due to lower revenue from heat and steam supply in coal-fired power plant operations as demand of heat and steam was low in summer season.

Other operating income increased from S\$124,000 in Q3 2007 to S\$649,000 in Q3 2008. This was mainly due to increased subsidy income received from the government in Q3 2008.

Administrative expenses increased by S\$1.2 million or 48.5% to S\$3.8 million in Q3 2008 compared to S\$2.5 million in Q2 2007. This was mainly due to increased foreign exchange loss amounting to S\$696,000 and increased operating expenses in subsidiaries with salary adjustment.

Finance costs decreased by 6.5% in Q3 2008 as compared to Q3 2007. The decrease was mainly due to decreased average loan balance in Q3 2008 as compared to Q3 2007 due to repayment of bank loans.

Share of loss from associates amounting to S\$1.0 million in Q3 2008 was incurred as compare to share of profit of \$0.3 million in Q3 2007. The loss mainly due to expenses incurred related to shutdown of Changzhou Suyuan Electric Power Co., Ltd.

Income tax expenses of the Group increased by S\$123,000 from Q3 2007 to S\$147,000 in Q3 2008. The increment was due to higher income tax incurred in the hydropower plant operations .

Traditionally, the Group's Q3 result was lower than other quarters in the year due to lower main stream income from heat and steam supply in coal-fired power plant operations due to lower demand in summer season.

First nine months

The Group's revenue increased by about 10.7% from S\$90.1 million in 9M 2007 to S\$ 99.8 million in 9M 2008. The increment attributed to higher revenue from 3 main divisions namely coal-fired power plant operations, hydro power plant operations and sales of power related products. Xinbao continued to be the main revenue generator of the Group, contributing 74.3% of Group's revenue.

Compared to 9M 2007, gross profit improved by 14.8%, which was mainly attributed to higher margin from hydro power plant operations and sales of power related products. The gross profit



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margin of the coal-fired power plant division for 9M 2008 has remained the same as 9M 2007 despite increase in prices of coal.

Administrative expenses increased by S\$1.8 million or 22.8% to S\$10.4 million in 9M 2008 compared to S\$8.5 million in 9M 2007. The increase in administrative expenses was mainly due to higher operation expenses incurred in coal-fired power plant operation with salary adjustment.

Share of profit of associates decreased to by 39.9% from S\$2.1 million in 9M 2007 compared to S\$1.1 million in 9M 2008. The decrease was mainly due to expenses incurred related to shutdown of Changzhou Suyuan Electric Power Co., Ltd.

As a result of the above fluctuations, net profit attributable to shareholders of the Company increased by 8.3% from S\$5.6 million in 9M 2007 to S\$6.0 million in 9M 2008.

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\$12.2 million as at 30 September 2008, this was mainly due to the S\$13.2 million proceeds from issuing of shares and S\$3.9 million deposit received from acquirer of APC Hydro Power (investment) Pte Ltd. The increase was partially offset by increase in investment in subsidiaries.

Other receivables increased from S\$4.5 million to S\$8.6 million due to increased non-trade receivables from subsidiaries.

Investment in subsidiaries increased from S\$53.5 million to S\$57.8 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 September 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 payables decreased from S\$16.1 million to S\$4.5 million due to repayment made to a subsidiary. The decrease was partially offset by the S\$3.9 million deposit received from acquirer of APC Hydro Power (investment) Pte Ltd .

The Group

Current asset balance of the Group increased from S\$64.8 million as at 31 December 2007 to S\$77.6 million as at 30 September 2008. This was attributed to the increase in trade receivables by S\$12.2 million, other receivable by S\$6.2 million and inventories by S\$1.4 million. Trade receivables increment was mainly due to an increase of S\$11.7 million trade debtors from coal-fired power plant operations. Other receivable increased by S\$6.2 million was due to increase in dividend receivable from associates and other non-trade receivable from third parties.

Other payables were reduced to S\$27.8 million as at 30 September 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 which was partially offset by S\$3.9 million deposit received from acquirer of APC Hydro Power (investment) Pte Ltd.

Bank borrowings decreased by S\$1.3 million as at 30 September 2008 as compared to 31 December 2007 due to repayment made during the financial period.



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

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 9M 2008 are in line with the commentary made in paragraph 10 of the Group's half yearly Financial Statement and Dividend Announcement released on 8 August 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.

The Group remains unfazed by the Group's lower Q3 results as lower results in the third quarter are of a cyclical nature. This is mainly attributed to lower income from sales of steam and heat supply as a result of lower demand for such products during summer season. The Group believes that seasonal changes in the fourth quarter will see the Group's sales of steam and heat rebound and improve to contribute positively to top and bottom lines.

The Group has fully completed the disposal of APC Hydropower(Investment) Pte Ltd and its 31.6% equity interest in Chongqing Yujiankou Hydroelectricity Co., Ltd to Chong Dingtai Energy Sources Co., Ltd. Gains from this disposal will be expected in the fourth quarter.

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.

(d) Books closure date

Not Applicable.



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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
11 November 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 September 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sha Guangwen
Director
11 November 2008

Zhao Shuheng
Director