

Investor Newsletter



New ROVs purchased
Aberdeen based ROV operations set to target North Sea business



The hurricane effect
Hurricane damage leads to business growth in the Gulf of Mexico



Hallin on show
Hallin exhibit at the Oceanology International Exhibition

June 2006

UK subsidiary off to a flying start with launch of ROV operation in Aberdeen

We have announced the formation of a wholly-owned UK subsidiary Hallin Marine UK in Aberdeen, the appointment of its Managing Director, Mike Arnold, and the purchase by the company of four new ROV's.

Mike, 44, is tasked with managing our increased ROV operations and targeting business in the North Sea. Hallin has ordered four new ROVs worth a total of £6.5 million with Newcastle-based SMD Hydrovision Ltd: two Quantum heavy duty construction class hydraulic ROV systems and two of its Quark general purpose work class hydraulic ROV systems.

Mike said: "I am delighted to be joining a professional team who have a very clear vision to become a major player in the worldwide subsea intervention market."

John Giddens, Chief Executive of Hallin, said: "It was crucially important to obtain someone of Mike's experience, talent and standing within the industry to head up this major development of Hallin Marine. In addition to running the UK subsidiary Mike will help market our ROV services globally."



The new Quantum ROV

New Contract Wins for Hallin

Hallin won two new contracts in June with a total minimum value of US\$ 4.3 million.

Hyundai Heavy Industries awarded Hallin the US\$2.5 million contract for diving support for subsea pipeline installation off of Thailand for local energy major PTT. The one month-long contract could be extended for up to a further two months.

Hallin has chartered the diving support vessel Gulmar Condor for the project and is planning further work for the vessel when the contract ends. The second contract was secured by PT Hallin Marine Indonesia, Hallin's recently established wholly-owned subsidiary, and is for the Underwater Repair and Maintenance contract for Premier Oil's Anoa Field in the Natuna Sea.

The base contract is valued at US\$1.8 million for the supply and operation of a dynamically positioned vessel, Workclass ROV and includes intervention services and offshore works.

Stop press:

Hallin has upgrade the investor area of its website with leading finance information provider Hemscoff – click on the investor's section at <http://www.hallinmarine.com> to access a raft of relevant information.

The Hurricane effect

Record contract signed in Gulf of Mexico

In the spring Hallin announced its first contract in the Gulf of Mexico, it was the company's largest contract worth \$16 million in the first year with an option for a further year valued at \$13.9 million. The volume of repair work following last year's hurricanes has led to a surge in demand for subsea services in the Gulf of Mexico and Hallin has high hopes for further work from the region.



Damage caused by Katrina

The contract with a US company involves the supply of technical support as well as a Dynamically Positioned (DP) vessel and sub-sea intervention

equipment, consisting of a 200 metre-rated Saturation Diving System and Air Spread Diving System. The equipment will be operated from the vessel 'Toisa Voyager' which Hallin has chartered from Sealion Shipping for the duration of the contract.

This sophisticated Dynamically Positioned vessel has just been completed at Wu Hu Yard in China and is being taken on charter by Hallin Marine in Singapore prior to mobilisation to the Gulf of Mexico. Work is expected to commence on the contract in July 2006.



A Hallin Sat Diving System Bell

Sale of Sat 03

Also as a result of the increased demand for subsea services in the Gulf of Mexico, we received an offer from the US company Onyx Special Services to purchase our Saturation Diving System Sat03 for \$5 million net.

The system was built by Hallin at its Singapore yard and completed in June 2005. It has been fully utilised since completion.

Selling diving assets is not generally part of our strategy but the deal represented excellent value for Hallin and its shareholders. Hallin planned to build one new Saturation Diving System each year for the next three years but will add to this and build two in 2006 in order to replace the Sat 03 system.

The first new system is well on target for completion in June 2006 with the second expected to be completed in October 2006.

Oceanology International 2006 Exhibition and Conference

Hallin successfully exhibited at the world's largest maritime technology event, The Oceanology International 2006 Exhibition and Conference at the Excel Centre in London's docklands.

The Hallin stand was buzzing with new, existing and potential customers during the three day long show and organisers claimed record attendances.



2005 results: record figures and maiden dividend, expansion continues

On 20th March, Hallin Marine announced its first set of preliminary results since its IPO last year. In the year ended 31 December 2005, turnover increased 32% to \$26.6 million and Gross Profit increased 107% to \$5 million. The results exceeded the City's expectations.

In addition, the Board recommended payment of a maiden final dividend of 1 pence per share which has subsequently been paid.

An EGM was held on 26th April at which the company received shareholder approval to issue new shares to the value of £6,930,000 before expenses.

Chairman Tony Ebel said funds from the placing would be used for further investment in additional plant and equipment for the Group's business: "We believe that the offshore oil and gas industry will have a high demand for the services provided by Hallin for the foreseeable future."

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