

Half Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2005

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-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		%
	6 mths ended	6 mths ended	
	Jun 05	Jun 04	Change
		<b>Restated</b>	
<b>Revenue</b>	37,160	69,398*	-46.45%
Cost of sales	(27,228)	(57,552)*	-52.69%
<b>Gross profit</b>	9,932	11,846	-16.16%
Other income	982	2,473	-60.29%
Selling and distribution costs	(3,960)	(4,606)	-14.03%
Administrative and general costs	(3,663)	(3,828)	-4.31%
<b>Operating profit</b>	3,291	5,885	-44.08%
Finance costs	(475)	(635)	-25.20%
Share of results of associates	230	(2,313)	NM
<b>Profit before taxation and minority interest</b>	3,046	2,937	3.71%
Tax expense	(551)	(1,011)	-45.50%
Minority interest, net of tax	(47)	(3)	1466.67%
<b>Profit for the period</b>	2,448	1,923	27.30%

\* Charter hire income and its related expenses have been restated as revenue and cost of sales to be in line with the presentation of the annual report for the financial year ended 31 December 2004.

Profit before taxation included the following charges(credit):

Interest income	(309)	(398)	-22.36%
Interest on borrowings	475	635	-25.20%
Depreciation and amortisation	410	671	-38.90%
Amortisation of negative goodwill	-	(931)	NM
Provision for doubtful debts (trade)	420	406	3.45%
Provision for stock obsolescence	100	100	NM
Foreign exchange gain	(1,387)	(633)	119.12%

**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	
Jun 05	Dec 04 (Restated)	Jun 05	Dec 04

**Long-term assets**

Fixed assets	10,682	10,915	3	-
Subsidiary companies	-	-	28,706	28,706
Associated companies	1,257	964	1,178	1,116
Other investments	1,177	1,177	1,157	1,157
Other debtors	232	236	-	-
Amounts due from associated companies	8,567	10,154	-	-
Amounts due from subsidiary companies	-	-	14,416	13,937
Deferred tax assets	133	146	16	16
Intangible assets	1,680	1,753	-	-
	<b>23,728</b>	<b>25,345</b>	<b>45,476</b>	<b>44,932</b>

**Current assets**

Stocks and work-in-progress	27,023	26,157	-	-
Trade debtors	23,118	21,701	-	-
Other debtors	1,321	18,889	1	-
Amounts due from subsidiary companies, non-trade	-	-	1,478	3,282
Amounts due from associated companies	9,415	12,880	96	159
Amounts due from related parties	286	379	-	-
Fixed deposits	4,454	1,706	-	-
Cash and bank balances	4,131	2,910	13	12
	<b>69,748</b>	<b>84,622</b>	<b>1,588</b>	<b>3,453</b>

**Current liabilities**

Trade creditors and accruals	11,719	14,189	277	785
Other creditors	967	887	-	-
Amount due to subsidiary company	-	-	-	1
Amounts due to associated companies	961	800	2	1
Amounts due to bankers	19,838	22,290	-	-
Term loans	473	14,091	-	-
Hire purchase creditors	69	127	-	-
Provision for taxation	1,677	1,591	22	66
	<b>35,704</b>	<b>53,975</b>	<b>301</b>	<b>853</b>

**Net current assets** 34,044 30,647 1,287 2,600

**Long-term liability**

Term loans	-	61	-	-
Hire purchase creditors	104	137	-	-
	104	198	-	-

<b>Net assets</b>	<b>57,668</b>	<b>55,794</b>	<b>46,763</b>	<b>47,532</b>
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**Equity**

Share capital	35,051	35,049	35,051	35,049
Share premium	3,365	3,363	3,365	3,363
Revaluation reserve	2,398	2,398	-	-
Warrants reserve	2,450	2,462	2,450	2,462
Foreign currency translation	(170)	(287)	-	-
Revenue reserves	14,310	12,703	5,897	6,658
<b>Total equity attributable to shareholders of the company</b>	<b>57,404</b>	<b>55,688</b>	<b>46,763</b>	<b>47,532</b>
Minority interests	264	106	-	-
	57,668	55,794	46,763	47,532

**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 June 2005		As at 31 Dec 2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,739	9,641	29,757	6,751

**Amount repayable after one year**

As at 30 June 2005		As at 31 Dec 2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
104	-	137	61

**Details of any collateral**

The secured borrowings are secured by the Company's property at 11 Tuas Avenue 1, Singapore 639496.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Jan- Jun 2005</b>	<b>Jan- Dec 2004</b>
	<b>\$'000</b>	<b>\$'000</b>
		<b>Restated</b>
<b>Cash flows from operating activities:</b>		
Operating profit before taxation	3,046	6,221
Add / (Less) :		
Amortisation of goodwill	-	223
Amortisation of intangible asset	62	100
Amortisation of negative goodwill	-	(931)
Currency realignment	144	(106)
Depreciation of fixed assets	348	1,158
Loss on partial sale of interest in a subsidiary company	54	-
Gain on disposal of investment in an associated company	-	(1,103)
Gain on disposal of fixed assets	(20)	(3,782)
Interest income	(309)	(582)
Interest expense	475	1,541
Provision for doubtful debts	420	472
Bad debts written off	-	3
Stocks written off	-	5
Provision for stock obsolescence	100	203
Share of associated companies' (gains)/losses	(230)	3,972
<b>Operating income before reinvestment in working capital</b>	<b>4,090</b>	<b>7,394</b>
Inflow / (Outflow) :		
(Increase)/Decrease in stocks and work-in-progress	(966)	731
Increase in trade debtors	(1,837)	(1,439)
Decrease in other debtors	17,572	5,843
Decrease in amounts due from associated companies	5,030	11,216
Decrease in amounts due from related parties	93	49
Decrease in trade creditors	(2,470)	(3,649)
Increase/(Decrease) in other creditors	80	(3,344)
Increase/(Decrease) in trust receipts and bills payable	495	(16,586)
Increase in amounts due to associated companies	161	40
Decrease in amounts due to related parties	-	(4)
<b>Cash generated from operations</b>	<b>22,248</b>	<b>251</b>
Income tax paid	(453)	(1,819)
Interest received	331	1,400
Interest paid	(475)	(1,541)
<b>Net cash generated from / (used in) operating activities</b>	<b>21,651</b>	<b>(1,709)</b>

<b>Cash flows from investing activities</b>		
Inflow / (Outflow) :		
Purchase of fixed assets	(124)	(14,655)
Proceeds from dilution of interest in a subsidiary company	50	-
Proceeds from sale of fixed assets	20	1,888
Investment in associated companies	(62)	(234)
Proceeds from disposal of investment in an associated company	-	473
Purchase of investment	-	(1,157)
Purchase of Intangible assets	-	(123)
Decrease/(Increase) in fixed deposit pledged	1,637	(1,637)
<b>Net cash provided by/(used in) investing activities</b>	<b>1,521</b>	<b>(15,445)</b>
<b>Cash flows from financing activities</b>		
Inflow / (Outflow) :		
Dividend payment in respect of prior year	(841)	(841)
(Decrease)/Increase in secured bank overdrafts	(1,191)	2,890
Proceeds from issuance of warrants	-	2,804
Proceeds from issuance of shares	4	-
Expenses on issuance of warrants	(12)	(342)
Principal repayment of hire purchase financing	(91)	(204)
(Repayment of)/ Proceeds from additional term loans	(13,679)	9,254
<b>Net cash (used in)/provided by financing activities</b>	<b>(15,810)</b>	<b>13,561</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>7,362</b>	<b>(3,593)</b>
Cash and cash equivalents at beginning of period/year	565	4,158
Cash and cash equivalents at end of period/year	7,927	565

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.

Group				Company			
Amount		Shares		Amount		Shares	
1.1.2005 to 30.06.2005	1.1.2004 to 30.06.2004	1.1.2005 to 30.06.2005	1.1.2004 to 30.06.2004	1.1.2005 to 30.06.2005	1.1.2004 to 30.06.2004	1.1.2005 to 30.06.2005	1.1.2004 to 30.06.2004
S\$'000	S\$'000	'000	'000	S\$'000	S\$'000	'000	'000

Authorised:-

Ordinary shares of  
\$0.20 (2004: \$0.20)  
each

Balance at  
beginning & end of  
period

55,000	55,000	275,000	275,000	55,000	55,000	275,000	275,000
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Issued and fully  
paid capital

Ordinary shares of  
\$0.20 (2004: \$0.20)  
each

Balance at  
beginning of period

35,049	35,049	175,257	175,244	35,049	35,049	175,257	175,244
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Issuance of shares

2	-	-	-	2	-	-	-
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Balance at end of  
period

35,051	35,049	175,257	175,244	35,051	35,049	175,257	175,244
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Share premium

Balance at  
beginning of period

3,363	3,363			3,363	3,363		
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Issuance of shares

2	-			2	-		
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Balance at end of  
period

3,365	3,363			3,365	3,363		
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Revaluation  
reserve

Balance at  
beginning & end of  
period

2,398	2,398			-	-		
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Warrants reserve

Balance at  
beginning of period

2,462	-			2,462	-		
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Expenses on  
issuance of  
warrants

(12)	-			(12)	-		
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Balance at end of  
period

2,450	-			2,450	-		
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Foreign currency  
translation

Balance at  
beginning of period

(287)	(198)			-	-		
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Foreign currency translation adjustment	117	(343)	-	-
Balance at end of period	<u>(170)</u>	<u>(541)</u>	<u>-</u>	<u>-</u>
<b>Revenue reserves</b>				
Balance at beginning of period as previously reported	12,671	8,613	6,658	7,808
Cumulative effect of change in accounting policy	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at beginning of period after cumulative effect of change in accounting policy	12,703	8,613	6,658	7,808
Profit for the period	2,448	1,891	80	315
Effect of change in accounting policy	<u>-</u>	<u>32</u>	<u>-</u>	<u>-</u>
Restated profit for the period after cumulative effect of change in accounting policy	2,448	1,923	80	315
Final dividend declared in respect of previous financial year	<u>(841)</u>	<u>(841)</u>	<u>(841)</u>	<u>(841)</u>
Balance at end of period	<u>14,310</u>	<u>9,695</u>	<u>5,897</u>	<u>7,282</u>
<b>Total equity attributable to shareholders of the company</b>	<u>57,404</u>	<u>49,964</u>	<u>46,763</u>	<u>45,694</u>
<b>Minority interests</b>				
Balance at beginning of period	106	69	-	-
Profit for the period	<u>158</u>	<u>11</u>	<u>-</u>	<u>-</u>
Balance at end of period	<u>264</u>	<u>80</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>57,668</u>	<u>50,044</u>	<u>46,763</u>	<u>45,694</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the year, the Company issued 13,000 ordinary shares of \$0.20 each upon the exercise of 13,000 warrants at the exercise of \$0.22 per share, with 35,035,775 warrants remaining unexercised at the date of this announcement.

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

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2004.

- 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.**

With effect from 1 January 2005, the Group changed its accounting policy with respect to the treatment on amortisation of goodwill in order to conform with the new requirements of FRS103 "Business Combinations", which is effective for financial periods beginning on or after 1 July 2004.

The effects arising from the adoption of the above FRS are summarised in the statement of changes in equity in paragraph 1(d)(i).

Apart from the above, the various revisions in FRS applicable from 1 January 2005 are currently assessed to have no material impact on the results of the Group.



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.**

<b>Group</b>	
<b>Latest period</b>	<b>Previous corresponding period</b>
<b>June 05</b>	<b>June 04</b>
	<b>Restated</b>

- |  |            |            |
|--|------------|------------|
| (i) Based on the weighted average number of ordinary shares on issue | 1.40 cents | 1.10 cents |
| (ii) On a fully diluted basis  | 1.34 cents | NA         |

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

<b>Group</b>		<b>Company</b>	
<b>Jun 05</b>	<b>Dec 04</b>	<b>Jun 05</b>	<b>Dec 04</b>

Net asset value per ordinary share as at the end of the period/year	32.75 cents	31.78 cents	26.68 cents	27.12 cents
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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.**

Group turnover for the first six months ended 30 June 2005 was S\$37.2 million, representing a decline of 46.4% from S\$69.4 million for the corresponding period last year. The decline in turnover was attributable mainly to the decline in Engineering, Procurement and Construction ("EPC") project sales from the Group's key market, namely, Indonesia and a one-off charter hire income amounting to S\$1.8 million in the last financial period. The decline in EPC sales was partly due to delays in the project award cycle in Indonesia and partly due to a shift in emphasis to better value-added services and the Group becoming more selective in participating in EPC projects.

However, gross profit margin rose to 26.7% for the six-month period ended June 2005 from 17.1% for the same period last year, as a result of lower EPC sales which usually command a lower profit margin.

The fall in the Group's operating profit by 44.0% to S\$3.3 million was mainly due to negative goodwill written off amounting to S\$0.9 million in the last financial period. In addition, there was a decrease in territorial commission from manufacturers, gain on disposal of fixed assets and interest on trade overdues.

Net profit stood at S\$2.4 million for the six month period which was higher than last financial period. This is due to the fact that the last year's results reflected a share of losses in associates amounting to S\$2.3 million which was largely contributed by our 20%-owned associated company, PT Gunanusa Utama (PTG), while the current financial period saw a turnaround in PTG.

During the year, there was an increase in investment in associated companies which include Sapex International Pte Ltd and FLZ Marine Pte Ltd. There was a reduction in other debtors as the remaining balances of proceeds for the sale of barge and disposal of our associated company, Shanghai KVC Valve Co. Ltd in prior year totalling S\$17.9 million had been received during the year. The proceeds have been used to discharge all the short-term loans and some portion of the amounts due to bankers.

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

The results are in line with the prospect statement made in the full year results dated 25 February 2005.

**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 first half of the year saw the Group making efforts to diversify its customer base geographically so as to reduce reliance on any particular market or customer. Looking forward, the Group is currently exploring opportunities in onshore and offshore energy-related businesses.

The Directors are confident that the Group would be able to reap the results of the strategic investments and alliances made in the last eighteen months, which will contribute positively towards the Group's income base.

Barring any unforeseen circumstances, as the bulk of the supplies for projects secured in the first half will be delivered in the next six months, the Directors are optimistic that the Group will remain profitable in the second half of the financial year.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared 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/recommendeded, a statement to that effect.**

No dividend has been declared for the current financial period ended 30 June 2005.

**BY ORDER OF THE BOARD**

**Chng Geok**  
**Company Secretary**  
10 August 2005

