



**CSC Holdings Limited
and its Subsidiaries
Registration Number: 199707845E**

**Interim Financial Information
Six Months Ended 30 September 2005**



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INDEPENDENT REVIEW REPORT

To the Members of CSC Holdings Ltd (the “Company”)

We have been engaged by the Company to review the interim financial information for the six months ended 30 September 2005.

The Singapore Exchange Listing Manual Appendix 7.2 requires the preparation of interim financial information to be in compliance with the relevant provisions thereof. The accompanying financial information comprises the following:

- Consolidated profit and loss account for the six months ended 30 September 2005;
- Company and consolidated balance sheets as at 30 September 2005;
- Company and consolidated statements of changes in equity for the six months ended 30 September 2005;
- Consolidated statement of cash flows for the six months ended 30 September 2005; and
- Selected explanatory notes to the above financial information as set out below:
 1. Domicile and activities
 2. Summary of significant accounting policies
 3. Dividends
 4. Additional disclosure on income items
 5. Group borrowings and debt securities
 6. Net asset value per ordinary share
 7. Earnings per ordinary share

The interim financial information is the responsibility of, and has been approved by, the directors. Our responsibility is to issue a report solely for the use of the directors on the interim financial information based on our review.



We conducted our review in accordance with Singapore Statement of Auditing Practice 11: *"Review of Interim Financial Information"*. A review of interim financial information consists principally of applying analytical review procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modification that needs to be made to the accompanying interim financial information for it to be in accordance with the Singapore Exchange Listing Manual Appendix 7.2.

KPMG

KPMG
Certified Public Accountants

Singapore
14 November 2005

Balance Sheets as at 30 September 2005

	Note	The Group		The Company	
		30 September 2005 \$'000	31 March 2005 \$'000	30 September 2005 \$'000	31 March 2005 \$'000
Non-current assets					
Property, plant and equipment		39,733	38,764	–	–
Lease prepayment		1,133	1,259	–	–
Long-term progress billings receivables		3,360	3,450	–	–
Land held for development		4,670	4,670	–	–
Subsidiaries		–	–	16,391	16,391
Interest in an associate		910	1,166	–	–
Other investments		29	30	–	–
Goodwill on consolidation		314	314	–	–
Deferred tax assets		478	1,170	–	–
		<u>50,627</u>	<u>50,823</u>	<u>16,391</u>	<u>16,391</u>
Current assets					
Inventories		14,419	9,486	–	–
Trade receivables		5,315	4,343	–	–
Progress billings receivables		29,541	20,623	–	–
Other receivables, deposits and prepayments		2,798	1,742	5	17
Land held for sale		10,438	10,438	–	–
Amounts due from related parties		1,284	1,027	35,278	34,865
Cash and bank balances		5,726	3,631	50	177
		<u>69,521</u>	<u>51,290</u>	<u>35,333</u>	<u>35,059</u>
Total assets		<u>120,148</u>	<u>102,113</u>	<u>51,724</u>	<u>51,450</u>
Equity attributable to equity holders of the parent					
Share capital		8,899	8,899	8,899	8,899
Share premium		23,844	23,844	23,844	23,844
Capital reserve		18,168	18,168	18,168	18,168
Reserve on consolidation		117	117	–	–
Currency translation reserve		98	129	–	–
Accumulated losses		(1,777)	(2,901)	(9,812)	(6,418)
		<u>49,349</u>	<u>48,256</u>	<u>41,099</u>	<u>44,493</u>
Minority interest		1,353	–	–	–
Total equity		<u>50,702</u>	<u>48,256</u>	<u>41,099</u>	<u>44,493</u>
Non-current liabilities					
Loan from a shareholder		–	576	–	–
Hire purchase payables		6,957	2,925	–	–
Interest-bearing loans and borrowings (secured)		13,186	13,130	3,900	5,181
		<u>20,143</u>	<u>16,631</u>	<u>3,900</u>	<u>5,181</u>
Current liabilities					
Bank overdrafts (secured)		1,763	1,118	770	–
Trade and other payables		34,519	25,255	244	427
Excess of progress billings over construction work-in-progress	5	2,662	2,328	–	–
Amounts due to related parties		1,240	1,008	4,671	1,349
Loan from a shareholder		1,843	1,739	–	–
Hire purchase payables		1,971	1,194	–	–
Interest-bearing loans and borrowings (secured)		4,609	3,978	1,040	–
Current tax payable		696	606	–	–
		<u>49,303</u>	<u>37,226</u>	<u>6,725</u>	<u>1,776</u>
Total liabilities		<u>69,446</u>	<u>53,857</u>	<u>10,625</u>	<u>6,957</u>
Total equity and liabilities		<u>120,148</u>	<u>102,113</u>	<u>51,724</u>	<u>51,450</u>
Net asset value per ordinary share (in cents)	9	5.70	5.42	4.62	5.00

The accompanying notes form an integral part of these interim financial information.

**Consolidated Profit and Loss Account
For the Six Months Ended 30 September 2005**

	Six months ended	
	30 September 2005	30 September 2004
Note	\$'000	\$'000
Revenue	56,687	45,076
Cost of sales	(49,225)	(39,369)
Gross profit	<u>7,462</u>	<u>5,707</u>
Other operating income	322	85
Distribution expenses	(55)	(48)
Administrative expenses	(381)	(299)
Other operating expenses	(4,141)	(3,742)
Finance costs	(929)	(763)
Share of results of an associate	(256)	71
Profit from ordinary activities before taxation	<u>2,022</u>	<u>1,011</u>
Income tax expense	(525)	(257)
Profit for the period	<u>1,497</u>	<u>754</u>
Attributable to:		
Equity holders of the parent	1,288	754
Minority interest	209	-
Profit for the period	<u>1,497</u>	<u>754</u>
	S\$ cents	S\$ cents
Earnings per share (basic and fully diluted)	10	<u>0.14</u>
		<u>0.08</u>

The accompanying notes form an integral part of these interim financial information.

Consolidated Statement of Changes in Equity
 For the Six Months Ended 30 September 2005

Group	Note	Share capital SS'000	Share premium SS'000	Capital reserve SS'000	Reserve on consolidation SS'000	Currency translation reserve SS'000	Accumulated losses SS'000	Total attributable to equity holders of the parent SS'000	Minority interest SS'000	Total equity SS'000
At 1 April 2004, as previously reported		8,899	23,844	18,168	117	111	(3,967)	47,172	-	47,172
Prior year adjustment	11	-	-	-	-	-	(1,029)	(1,029)	-	(1,029)
At 1 April 2004, restated		8,899	23,844	18,168	117	111	(4,996)	46,143	-	46,143
Exchange difference on translation of financial statements of foreign subsidiaries		-	-	-	-	(5)	-	(5)	-	(5)
Net profit for the period		-	-	-	-	-	754	754	-	754
At 30 September 2004		8,899	23,844	18,168	117	106	(4,242)	46,892	-	46,892
At 1 April 2005		8,899	23,844	18,168	117	129	(2,901)	48,256	-	48,256
Effect of adopting FRS 39	8	-	-	-	-	-	(164)	(164)	-	(164)
At 1 April 2005, restated		8,899	23,844	18,168	117	129	(3,065)	48,092	-	48,092
Exchange difference on translation of financial statements of foreign subsidiaries		-	-	-	-	(31)	-	(31)	-	(31)
Minority interest's share of net assets		-	-	-	-	-	-	-	1,144	1,144
Net profit for the period		-	-	-	-	-	1,288	1,288	209	1,497
At 30 September 2005		8,899	23,844	18,168	117	98	(1,777)	49,349	1,353	50,702

The accompanying notes form an integral part of these interim financial information.

Statement of Changes in Equity
Six Months Ended 30 September 2005

	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Accumulated losses \$'000	Total \$'000
Company					
At 1 April 2004	8,899	23,844	18,168	(5,755)	45,156
Net loss for the period	-	-	-	(329)	(329)
At 30 September 2004	8,899	23,844	18,168	(6,084)	44,827
At 1 April 2005	8,899	23,844	18,168	(6,418)	44,493
Net loss for the period	-	-	-	(3,394)	(3,394)
At 30 September 2005	8,899	23,844	18,168	(9,812)	41,099

Consolidated Statement of Cash Flows
Six Months Ended 30 September 2005

	Six months ended	
	30	30
	September	September
	2005	2004
	\$'000	\$'000
Operating activities		
Profit before taxation	2,022	1,011
Adjustments for:		
Depreciation of property, plant and equipment	1,460	1,260
Amortisation of:		
- discount on loan stock	1	23
- lease prepayment	126	126
- goodwill	-	65
(Gain)/Loss on disposal of property, plant and equipment	(110)	20
Allowance made for:		
- foreseeable losses	608	871
- doubtful trade and other receivables	24	53
- inventory obsolescence	18	150
Interest expenses	804	757
Share of results of an associate	256	(71)
Impairment loss on quoted equity shares	1	-
Net loss on remeasurement of long term receivables at fair value through profit and loss	4	-
Interest income	(12)	(6)
Operating profit before working capital changes	<u>5,202</u>	<u>4,259</u>
Changes in working capital:		
Inventories	(343)	(690)
Trade and other receivables	(11,323)	4,723
Trade and other payables	9,614	(3,134)
Cash generated from operations	<u>3,150</u>	<u>5,158</u>
Income taxes paid	-	(67)
Cash flows from operating activities	<u>3,150</u>	<u>5,091</u>
Investing activities		
Interest received	12	6
Proceeds from disposal of property, plant and equipment	640	85
Interest paid	(920)	(728)
Purchase of property, plant and equipment	(800)	(1,213)
Increase in fixed deposits	(12)	(6)
Cash flows from investing activities	<u>(1,080)</u>	<u>(1,856)</u>

	Six months ended	
	30	30
	September	September
	2005	2004
	\$'000	\$'000
Financing activities		
Repayment of loan from a shareholder	(473)	-
Proceed/(Repayment) of long-term loan	685	(4,082)
Repayment of hire purchase creditors	(873)	(952)
Proceeds from issue of shares to a minority shareholder	59	-
Decrease in cash held in trustee account	19	1,202
Cash flows from financing activities	<u>(583)</u>	<u>(3,832)</u>
Net increase/(decrease) in cash and cash equivalents	1,487	(597)
Cash and cash equivalents at beginning of period	992	416
Effect of exchange rate changes on balances held in foreign currencies	(31)	-
Cash and cash equivalents at end of period	<u>2,448</u>	<u>(181)</u>
Comprising:		
Cash and bank balances	5,726	2,648
Bank overdrafts (secured)	(1,763)	(1,315)
	<u>3,963</u>	<u>1,333</u>
Less:		
Fixed deposits pledged as security for bank facilities	(1,515)	(1,495)
Cash held in trustee account for redemption of loan stock	-	(19)
	<u>2,448</u>	<u>(181)</u>

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$3.0 million (30/9/04: \$2.1 million) of which \$2.2 million (30/9/04: \$0.9 million) were acquired by means of hire purchase. Cash payment of \$0.8 million (30/9/04: \$1.2 million) were made to purchase property, plant and equipment.

The accompanying notes form an integral part of these interim financial information.

Notes to the Interim Financial Statements

These notes form an integral part of the interim financial information.

The financial statements were authorised for issue by the directors on 14 November 2005.

1 Domicile and Activities

CSC Holdings Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at No. 2, Tuas South Avenue 2, Singapore 637601.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are those relating to provision of piling services for construction projects, manufacturing and trading of welded steel products, sales and rental of construction equipment, and sale and sublet of land and property development.

The consolidated financial statements for the six months ended 30 September 2005 relate to the Company and its subsidiaries together (referred to as the "Group") and the Group's interests in an associate.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The interim financial information of the Company and its subsidiary (the "Group") have been prepared on a condensed basis in accordance with the Singapore Exchange Listing Manual requirements.

The interim financial information, which do not include the full disclosures of the type normally included in a complete set of financial information, are to be read in conjunction with the last audited financial statements as of and for the year ended 31 March 2005.

2.2 Accounting policies

The interim financial information is prepared in accordance with the Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In 2005, the Group adopted the following new/revised FRSs which are relevant to its operations:

FRS 1 (revised)	<i>Presentation of Financial Statements</i>
FRS 2 (revised)	<i>Inventories</i>
FRS 8 (revised)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
FRS 10 (revised)	<i>Events After the Balance Sheet Date</i>
FRS 16 (revised)	<i>Property, Plant and Equipment</i>
FRS 17 (revised)	<i>Leases</i>

FRS 21 (revised)	<i>The Effects of Changes in Foreign Exchange Rates</i>
FRS 24 (revised)	<i>Related Party Disclosures</i>
FRS 27 (revised)	<i>Consolidated and Separate Financial Statements</i>
FRS 32 (revised)	<i>Financial Instruments: Disclosure and Presentation</i>
FRS 33 (revised)	<i>Earnings Per Share</i>
FRS 36 (revised)	<i>Impairment of Assets</i>
FRS 38 (revised)	<i>Intangible Assets</i>
FRS 39	<i>Financial Instruments: Recognition and Measurement</i>
FRS 103	<i>Business Combinations</i>
FRS 105	<i>Non-current Assets Held for Sale and Discontinued Operations</i>

The effects of adopting the new/revised FRSs in 2005 are set out in note 8.

The measurement basis used in the preparation of the interim financial information is historical cost. The interim financial information is presented in Singapore Dollar ("S\$"), rounded to the nearest thousands.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of FRSs that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 13.

2.3 Functional currency

The functional currency of the Group and of the Company is S\$. As sales and purchases are denominated primarily in S\$ and receipts from operations are usually retained in S\$, the directors are of the opinion that S\$ reflects the economic substance of the underlying events and circumstances relevant to the Group and the Company.

2.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into S\$ at foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognized in the profit and loss account. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into S\$ at foreign exchange rates ruling at the dates the fair value was determined.

Foreign entities

Assets and liabilities of foreign entities that are in functional currencies other than S\$, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to S\$ for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are recognized directly in equity. On disposal, accumulated translation differences are recognized in the consolidated profit and loss account as part of the gain or loss on sale.

2.5 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by finance leases is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis so as to write off items of property, plant and equipment and major components over their estimated useful lives to their residual values as follows:

Leasehold building	60 years
Leasehold land and properties	over the period of lease not exceeding 60 years
Plant and machinery	15 years
Office equipment, renovations and furniture and fittings	3 to 5 years
Motor vehicles and containers	5 or 10 years

The useful lives and residual values, if not insignificant, are reassessed annually.

2.6 Goodwill on consolidation

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets.

Goodwill is tested for impairment on an annual basis as described in note 2.14.

2.7 Lease prepayment

Lease prepayment comprises premium paid in respect of a leasehold property. Amortisation is provided on a straight-line basis over the lease period.

2.8 Land held for development

Land held for development is stated at the lower of cost and net realisable value. Cost of land held for development includes the purchase price of land and related expenditure, which are necessary to get the land ready for development. Net realisable value represents the estimated selling price less anticipated cost of disposal.

2.9 Land held for sale

Land held for sale is stated at the lower of cost and net realisable value. Cost of land held for sale includes purchase price of land and related expenditure which are necessary to get the land ready for resale. Net realisable value represents the estimated selling price less anticipated cost of disposal.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis except for raw materials which are determined using the weighted average cost formula and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Construction work-in-progress

The accounting policy for recognition of contract revenue is set out in note 2.20 below. When the outcome of the piling contract can be estimated reliably, contract revenue and costs are recognised as income and expense by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred and revenue is recognised only to the extent of contract costs incurred that can probably be recovered.

Costs include cost of direct materials, direct labour and costs incurred in connection with the construction. Construction work-in-progress at the balance sheet date are recorded in the balance sheet at cost plus attributable profit less recognised losses, net of progress billings and allowances for foreseeable losses, and are presented in the balance sheet as "Work-in-progress" (as an asset) or as "Excess of progress billings over construction work-in-progress" (as a liability), as applicable.

Progress claims not yet paid by the customer are included in the balance sheet under "Progress billings receivables".

2.12 Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful receivables.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management, fixed deposits pledged as security for bank overdraft and cash held in trustee account for redemption of loan stock.

2.14 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Goodwill are tested for impairment annually and as and when indicators of impairment are identified.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the profit and loss account. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Liabilities and interest

Trade and other payables are stated at cost.

2.16 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised at cost.

2.17 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the profit and loss account as incurred.

2.18 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.19 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

2.20 Revenue recognition

Contract revenue

Revenue from piling contracts is recognised based on the percentage of completion method, measured by reference to the value of work performed relative to the total contract value. Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

Sales of land

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services or other sales taxes. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Rental income

Rentals are recognised as income in the accounting period in which they are earned.

Interest income

Interest income from bank deposits is accrued on a time-apportioned basis.

Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

2.21 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

2.22 Finance costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

3 Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Dividends

Since the end of the last financial year, no dividend has been paid in respect of that previous financial year. No dividend has been paid or is proposed to be paid in respect of the financial period under review.

5 Excess of progress billing over work-in-progress – The Group

	30	31
	September	March
	2005	2005
	\$'000	\$'000
Cost incurred and attributable profit	181,578	153,402
Allowance for foreseeable losses	(2,065)	(1,663)
Progress billings	(182,175)	(154,067)
Excess of progress billing over work-in-progress	(2,662)	(2,328)

6 Additional Disclosure on Income Items – The Group

	30 September 2005 \$'000	30 September 2004 \$'000
Loss on redemption of loan stock	–	39
(Gain)/Loss on disposal of property, plant and equipment	(110)	20
Depreciation of property, plant and equipment	1,460	1,260
Impairment loss on quoted equity shares	1	–
Amortisation of:		
- lease prepayment	126	126
- goodwill	–	65
- discount on loan stock	1	23
Allowance made for:		
- foreseeable losses	608	871
- doubtful trade and other receivables	24	53
- inventory obsolescence	18	150
Net loss on remeasurement of long term receivables at fair value through profit and loss	4	–
Foreign exchange (gain)/loss	(71)	8

7 Borrowings and Debt Securities (Secured) – The Group

	30 September 2005 \$'000	31 March 2005 \$'000
Amount repayable:		
- in one year or less, or on demand	11,338	8,222
- after one year	20,143	16,055
	31,481	24,277

The Group's borrowings are secured by legal mortgages over the Group's:

- (i) Leasehold land and buildings and the wire mesh machinery;
- (ii) Industrial land held for development and for sale;
- (iii) Fixed and floating charge on assets of certain subsidiaries; and
- (iv) Fixed deposits of a subsidiary.

8 Changes in Accounting Policies – The Group

The accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended 30 September 2005.

The changes in accounting policies arising from the adoption of FRS 39 *Financial Instruments: Recognition and Measurement*, FRS 103 *Business Combinations*, FRS 36 (revised) *Impairment of Assets* and FRS 38 (revised) *Intangible Assets* are summarized below:

FRS 39 *Financial Instruments: Recognition and Measurement*

The adoption of FRS 39 resulted in the Group recognizing the non-current portion of retention monies at fair value. This change has been accounted for by increasing the opening balance at 1 April 2005 of the accumulated losses by \$164,000. Comparatives have not been restated.

FRS 103 *Business Combinations*, FRS 36 (revised) *Impairment of Assets* and FRS 38 (revised) *Intangible Assets*

The adoption of FRS 103, FRS 36 (revised) and FRS 38 (revised) has resulted in a change in the accounting policy for goodwill.

Goodwill which arose following the acquisition of THL Engineering Pte Ltd during the financial year ended 31 March 2003, is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired. This change has resulted in an increase in the profit for the six months ended 30 September 2005 by \$64,950, being the goodwill amortisation which would be charged to the profit and loss account.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards.

The changes in accounting policies have the following impact on the net profit for the period:

	Six months ended	
	30 September	30 September
	2005	2004
	\$'000	\$'000
Profit before changes in accounting policies	1,219	754
Effects of adopting FRS 39	4	59
Effects of adopting FRS 103	65	65
Profit for the period	1,288	878

9 Net Asset Value Per Ordinary Share

	Group		Company	
	30 September 2005 \$'000	31 March 2005 \$'000	30 September 2005 \$'000	31 March 2005 \$'000
Net asset value	50,702	48,256	41,099	44,493
	No. of shares			
Issued and fully paid ordinary shares	889,913,561	889,913,560	889,913,561	889,913,560
Net asset value per ordinary share (in cents)	5.70	5.42	4.62	5.00

Net asset value as at 30 September 2005 and 31 March 2005 were computed based on total assets less total liabilities.

10 Earnings Per Ordinary Share – The Group

	Six months ended	
	30 September 2005	30 September 2004
Earnings per ordinary share for the period based on net profit attributable to shareholders:		
Basic and fully diluted (in cents)	0.14	0.08
Basic and fully diluted earnings per share were based on:		
Net profit for the period (\$'000)	1,288	754
	No. of shares	
Weighted average shares outstanding at beginning and end of the period	889,913,561	889,913,560

11 Prior Year Adjustment

Deferred tax assets as at 31 March 2004 had been overstated by about \$1,029,000, resulting from understatement of taxable temporary differences from property, plant and equipment. The correction of the error that related to prior years had been adjusted by restating the following opening balances in accordance with FRS 8 *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*:

	Previously reported \$'000	Prior period adjustment \$'000	Restated \$'000
Taxation for the six months ended 30 September 2004	66	191	257
Net profit for the six months ended 30 September 2004	945	(191)	754
Opening accumulated losses as at 1 April 2004	3,967	1,029	4,996
Deferred tax assets	2,863	(1,029)	1,834

12 Commitments

Commitments not reflected in the financial statements at the balance sheet date are as follows:

(a) Capital commitments

As at balance sheet date, the Group has these capital commitments as follows:

	30 September	31 March
	2005	2005
	\$'000	\$'000
Authorised but not contracted for acquisition of plant and machinery	50	1,642

(b) Operating lease commitments

As at balance sheet date, the future minimum lease payments under non-cancellable operating leases as follows:

	30 September	31 March
	2005	2005
	\$'000	\$'000
Payable:		
- within 1 year	191	764
- after 1 year but within 5 years	536	573
- after 5 years	—	58
	727	1395
Receivable:		
- within 1 year	465	643
- after 1 year but within 5 years	—	133
	465	776

13 Accounting Estimates and Judgements

Management discussed with the Audit Committee on the development, selection and disclosure of the Group and Company's critical accounting policies and estimates and the application of these policies and estimates.

In accordance with the accounting policy on assessment of goodwill impairment, management will test goodwill for impairment annually at the financial year-end. Management was not aware of any indicator of impairment in goodwill as at balance sheet date.

14 Comparative Information

Comparative in the interim financial statements have been changed from the previous period due to the changes in accounting policies as described in notes 2.2 and 8.

The following comparatives have been reclassified to conform with current period's presentation:

	As previously reported \$'000	Amount reclassified \$'000	As reclassified \$'000
Balance sheet			
<i>Non-current assets</i>			
Long-term progress billing receivables	–	3,450	3,450
<i>Current assets/ (liabilities)</i>			
Progress billing receivables	–	20,623	20,623
<i>Work-in-progress</i>			
Cost incurred and attributable profit	269,212	(115,810)	153,402
Progress billings	(244,102)	90,035	(154,067)
Allowance for foreseeable losses	(2,700)	1,037	(1,663)
Allowance for rectification costs	(665)	665	–
<i>Work-in-progress/ (Excess of progress billings over construction work-in-progress)</i>			
	21,745	(24,073)	(2,328)
Other receivables, deposits and prepayments	2,769	(1,027)	1,742
Amounts due from related parties	–	1,027	1,027
Trade and other payables	(26,263)	1,008	(25,255)
Amounts due to related parties	–	(1,008)	(1,008)
Profit and loss account			
Cost of sales	(39,417)	48	(39,369)
Distribution expenses	–	(48)	(48)